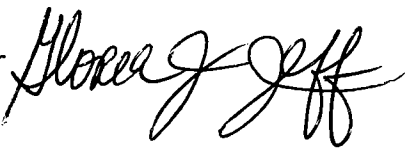


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: June 2, 2006

To: The Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Wendy Greuel, Chair, Transportation Committee

From: Gloria J. Jeff, General Manager
Department of Transportation 

Subject: **FREE METERED PARKING PILOT PROGRAM FOR HYBRID VEHICLES,
C.F. NO. 04-1362**

RECOMMENDATIONS:

That the City Council, subject to the concurrence of the Mayor:

1. FIND that the pilot program enabling certain hybrid vehicles to park for free at City parking meters is achieving the goal of increasing the sales of hybrid vehicles.
2. REQUEST the City Attorney to prepare and present an ordinance amending Sections 88.00, 88.07, 88.13, 88.57 and 88.63 of the Los Angeles Municipal Code to make the program permanent by:
 - a. Establishing an hourly rate of \$0.00 (i.e., free) for Alternate Fuel Vehicles properly displaying California Department of Motor Vehicle (DMV) Clean Air Vehicle Decals at all Department of Transportation on- and off-street parking meters in the City of Los Angeles until January 1, 2008.
 - b. Exempting Alternate Fuel Vehicles properly displaying California Department of Motor Vehicle (DMV) Clean Air Vehicle Decals from the requirements to deposit coins in parking meters at Department of Transportation on- and off-street parking meters in the City of Los Angeles until January 1, 2008.
3. DIRECT the Department of Transportation to extend the free metered parking pilot program for hybrid vehicles as currently configured until the ordinance modifying the program as described above is in effect.
4. DIRECT the Department of Transportation to publicize the changes to the free metered parking pilot program for hybrid vehicles once the ordinance described above becomes effective.

5. DIRECT the Department of Transportation to issue warning notices instead of citations to any of the four, previously eligible, hybrid vehicles observed parked at expired City parking meters without properly displaying California Department of Motor Vehicle (DMV) Clean Air Vehicle Decals for 30 days after the ordinance described above becomes effective.

DISCUSSION:

On September 28, 2004, the City Council directed the Department of Transportation (DOT) to modify its parking enforcement policy to add four designated hybrid vehicles to the existing Zero Emission Vehicle/Super Ultra Low Emission Vehicle (ZEV/SULEV) free metered parking program for the period from October 1, 2004 through March 31, 2005. On March 23, 2005, the City Council extended the hybrid pilot program until May 31, 2005. On May 31, 2005, the Council directed DOT to extend the pilot program again to a new termination date of June 30, 2006, and to:

1. Publicize the free, metered parking for hybrid vehicles pilot program.
2. Monitor participation in the program.
3. Report back to the Council by May 1, 2006, with information on the current number of hybrid vehicles registered statewide and an analysis of future cost and revenue impacts beyond the pilot period with recommendations whether and how to continue the program.

The Council action establishing this pilot program for hybrid vehicles added four eligible hybrid vehicles (Toyota Prius, Honda Civic Hybrid, Honda Insight and Ford Escape Hybrid) to the City's existing ZEV/SULEV free metered parking pilot program. This was accomplished by revising the current parking enforcement policy that allows vehicles with Clean Air Vehicle decals issued by the California Department of Motor Vehicles to park for free at City parking meters as long as they obey all posted time limits and higher-order parking restrictions (e.g., Tow Away No Stopping during peak periods, No Parking Street Cleaning, etc.). The four hybrid vehicle models were added to the list of vehicles eligible to receive the free parking benefits of this program but were not required to display Clean Air Vehicle decals. The Department's Traffic Officers were trained to recognize these four eligible vehicles and afford them the same free parking privileges as vehicles with Clean Air Vehicle decals. The required enforcement policy revision was prepared, adopted by the Board of Transportation Commissioners and implemented in the field on October 1, 2004. The DOT website was also updated to reflect the inclusion of the four hybrid vehicles in the Free Metered Parking program. The 21-month pilot program will end at midnight on June 30, 2006, if the City Council does not act to extend the program.

Publicizing the Free Metered Parking Pilot Program for Hybrid Vehicles

Subsequent to the Council's May 31, 2005, action, DOT staff updated the City's 3-1-1 Community Services Directory (www.lacity.org) and the DOT website (www.lacity.org/ladot/freepark.htm) to include the June 30, 2006, expiration date and added language to more fully explain the free parking program and identify the eligible hybrid models. Information on the pilot program was also provided to several media outlets, other Internet websites and "blogs". Information on the City's pilot program is now featured on such national websites as the Alternative Fuels Data Center webpage maintained by the U.S. Department of Energy (www.eere.energy.gov/afdc).

Participation in the Pilot Program

The number of vehicles participating in the free metered parking pilot program for hybrid vehicles was sampled on two occasions. On Thursday, April 7, 2005, just over six months into the pilot program, Traffic Officers throughout the City of Los Angeles were instructed to record every eligible hybrid vehicle they saw parked at a City meter. During this typical ten-hour day (8:00 a.m. to 6:00 p.m.), a total of 217 eligible hybrids were observed. The same survey was performed approximately 14 months later on Thursday, June 1, 2006. The 2006 survey yielded 261 observations of eligible hybrid vehicles parked at City meters – a 20 percent increase.

Current Number of Hybrid Vehicles

DOT staff has not yet been able to obtain information from the DMV on the current number of hybrids registered statewide. However, information from hybrid vehicle websites on the Internet indicates that the California DMV is issuing Clean Air Vehicle decals to qualified hybrid vehicles at a rate of approximately 1,000 per month with about 60,000 decals issued statewide since the program began in January 2006.

Revenue Loss from the Hybrid Pilot Program

Assuming that each of the 284 hybrid vehicle observations on June 1, 2006, represented a vehicle parked for free for the typical maximum time limit of two hours at a typical meter rate of \$0.25 to \$0.50 per hour, the estimated annual revenue loss would be between \$35,500 and \$71,000 (e.g., 284 vehicles X 2 hours X \$0.25/hour X 250 operating days/year = \$35,500/year).

With total anticipated meter revenues this fiscal year of approximately \$21.0 million, the projected loss of revenue represents less than a 0.34 percent reduction in annual meter revenue.

Hybrid Vehicle Incentives

The free, metered parking pilot program was one of several incentives designed to encourage purchases of hybrid vehicles. The other major incentives, federal income tax credits and single occupant use of California carpool lanes, both have "sunset"

clauses that will phase out the incentives once a certain level of participation has been reached or by a fixed date, whichever comes first. The federal tax credits for hybrid vehicles will not be offered for vehicles purchased after December 31, 2010, and will begin to be phased out for each manufacturer once the manufacturer has sold 60,000 hybrid and lean-burn vehicles starting from January 2006. California's law (California Vehicle Code Section 5205.5) allowing hybrid vehicles that have a 45 miles per gallon or greater fuel economy highway rating to use the State's high-occupancy vehicle lanes with only a single occupant will be automatically repealed on January 1, 2008. CVC Section 5205.5 also limits the number of Clean Air Vehicle decals that may be issued to qualified hybrid vehicles to 75,000 statewide.

When the City's pilot program was begun in October 2004, hybrid vehicles were not eligible to be issued Clean Air Vehicle Decals. The passage of CVC Section 5205.5 and federal legislation allowing states to determine under what conditions single occupant vehicles could use carpool lanes have led to approximately 60 percent of eligible hybrid owners in the Los Angeles area acquiring the Clean Air Vehicle decals, based on DOT's June 1, 2006, survey.

Long-Term Fiscal Impact

Although the current financial loss associated with the free metered parking pilot program for hybrid vehicles does not represent a substantial loss in meter revenue at this time, continued growth in hybrid vehicle ownership as well as the ever-increasing number of hybrid vehicle models could result in a significant impact on meter revenue if the list of eligible vehicles were expanded or their numbers were not controlled in some way. The current program also continues to cause confusion with the public and with DOT Traffic Officers because only certain hybrid vehicle models are eligible for the free metered parking incentive, and those eligible models may or may not be eligible for or have Clean Air Vehicle decals. Therefore, DOT recommends limiting the potential long-term financial loss to the City and simplifying the public education and enforcement of the program by extending the free metered parking benefit to only those hybrid vehicles that properly display a Clean Air Vehicle decal issued by the California DMV. This approach would ensure that no more than 75,000 hybrids statewide would be eligible to receive this parking benefit and that the benefit would expire on January 1, 2008, when CVC Section 5205.5 is automatically repealed.

CONCLUSION

Due to the success of the free metered parking pilot program in achieving higher levels of hybrid vehicle ownership and the current, relatively small financial impact on City meter revenues, DOT recommends making the program permanent through changes to existing City ordinances but limiting eligibility to vehicles with Clean Air Vehicle decals issued by the California DMV. Los Angeles Municipal Code (LAMC) Section 88.00 would need to be amended to establish a Citywide hourly rate \$0.00 for eligible hybrid vehicles at all DOT on-street parking meters, and LAMC Section 88.57 would need a similar amendment to establish the same hourly rate at meters in DOT's off-street parking lots. Several sections of the LAMC (e.g., 88.07, 88.13, 88.57 and 88.63) would

also need to be amended to exempt the drivers of eligible hybrid vehicles from the requirement to immediately deposit money in the meter when parking at DOT's on- and off-street parking meters and to exempt the drivers of eligible hybrid vehicles from the penalties for failure to do so.

FISCAL IMPACT STATEMENT:

At this time only 261 eligible hybrid vehicles have been observed participating in the free metered parking pilot program resulting in an estimated annual revenue loss of between \$32,500 and \$65,000, or less than 0.31 percent of total annual meter revenue. In spite of the potential for increased levels of hybrid ownership, the recommended linking of the program to the DMV's Clean Air Vehicle decal program is expected to limit any further decrease in parking meter revenue to the Special Parking Revenue Fund as well as any reduction in General Fund revenue from parking citations issued for parking meter violations.

COORDINATION:

This matter has been discussed with staff of Council District 13 and is also being presented for comment to the Board of Transportation Commissioners, the designated administrators of the Special Parking Revenue Fund into which all meter revenues are deposited.

AEW:

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