

# How to Create a Parking Permit Program



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## Overview

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**Parking in the United States is big business.** In 2013, roughly 2,600 owners of lots and garages had a combined annual revenue of approximately \$9 billion, according to a report released by First Research earlier this year. Much of that wealth was concentrated, with the top fifty businesses collecting 70 percent of the revenue.<sup>1</sup>

Those kinds of profits have influenced the industry's growth, which has accelerated in recent years. Low barriers to entry help, says a staff member of the National Parking Association. Relating the early history of Towne Park, now one of the country's top valet parking and parking management companies, he went on to describe how the founders bought orange vests, going to various hotels and asking if they could park cars. The business grew from there, and today the parking industry is gaining more and more attention from financial investors attracted by its profit margins.

But many owners of lots and garages—about 90 percent—operate just one facility, and this guide is meant for them. Smaller operations or entities, such as hospitals and high schools, may view parking as ancillary, a service secondary to the primary business at hand: caring for the ill or educating the young, for example. Often they have neither the time nor the resources to hire consultants who can produce a turnkey parking permit program ready for implementation.

Or maybe you're an owner who already has a program in place, and you simply want to fine-tune it. This guide will help with that, too, introducing factors you'll want to keep in mind as you create or improve a program for your nonprofit, college, apartment complex, or small commercial enterprise. Whether you're industry representatives, seasoned program managers at large organizations, or supervisors of smaller programs, the insight found in these pages will allow you to get started right, or refine what you already have in place.

<sup>1</sup> [www.firstresearch.com/Industry-Research/Parking-Lots-and-Garages.html](http://www.firstresearch.com/Industry-Research/Parking-Lots-and-Garages.html) accessed 5/20/14.



## Getting started

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Understanding why you're creating a parking permit program is key to your success. Perhaps you oversee a congregation interested in renting out its large side lot for events held during weekdays, when the church sees few of its flock. Offering event parking could net the congregation badly needed funds.

In other cases, it's about traffic flow: The suburban high school where you work offers parking to its upperclassmen, and you have to design a safe and efficient system that ensures students can park their cars just as easily before morning classes as after school, when they're at soccer practice or club meetings.

Or maybe you manage an apartment complex or gated community with high residential turnover and limited parking spaces. It's important to have a permit program that's fair to all residents, who may squabble with one another over coveted parking spots or move suddenly, taking the hangtag for parking space #6 with them.

Each situation has different priorities. For one, generating revenue is important; for another, having an organized and safe parking program is what matters. Knowing your goals will go a long way towards crafting a successful parking permit program.

## Estimating costs

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No matter your circumstances, understanding the costs involved is the first step in creating a permit-parking program. There are "deceptively simple budgeting costs," says Adan Tejada, director of public safety at St. Mary's College of California, "but don't forget to factor in all the costs."

Expenses can be broken down into what it takes to set the system up and what it costs to maintain it. These will be influenced by your starting capital, annual budget (which may fluctuate, depending on allocations determined by the public school district or hospital's board of trustees—basically, a governing body out of your control), or the prices you set for the parking permits and violation fees, e.g., how much you charge offenders who fail to park in their assigned spots.

## Let's get physical

Establishing your lot or garage begins with material considerations, such as the parking spaces themselves. Their dimensions, whether they're angled or marked with straight lines—these are variables that determine how many spaces you have on hand.

The more parking spots there are, **the more revenue you may be able to earn** with permit sales.

You don't want to sacrifice safety for profit, though, or run afoul of local ordinances that may regulate the size and construction of parking spaces. Check with your local transportation or planning department to see which laws may affect you. You might also consider hiring a transportation engineer or architect to design your surface parking lot. Although retaining their services may come at a premium, they'll save you from having to learn how to navigate local regulations and public agencies, as well as help you avoid costly design errors—pack your spaces in too tightly and you may find yourself dealing with one car accident after another. Fortunately, when accidents happen on private property, it's a civil matter, one that drivers can generally settle themselves without involving you.

Sometimes the accidents happen to the machinery you choose. For example, you might think barrier gate arms are a good way to control access to your lot or garage, but careless drivers can break the security arms easily so you have to factor in repair costs. (Adan Tejada of St. Mary's describes barrier gates as "...ancient technology that has a really high overhead.")

They're also motor-operated, which adds to your electric bill, another expense that can sometimes be overlooked. In fact, according to the U.S. Department of Energy, owners spend more than \$6 billion lighting their garages and lots.<sup>2</sup> Lest that figure worry and tempt you to scrimp on costs, remember that proper lighting enhances safety. It can prevent driving accidents and act as a selling point for motorists concerned about their safety at your lot during off hours.

Nonetheless, "lighting can be expensive," concedes Bob Trudeau, who manages parking for a condo hotel. He recently upgraded all external lights to LEDs, which cost more initially but save money in the long run – and allow you to promote your lot as having balanced, environmentally friendly lighting.

<sup>2</sup> [www.parking-net.com/parking-news/u-s-parking-facilities-efficient-lighting](http://www.parking-net.com/parking-news/u-s-parking-facilities-efficient-lighting) accessed on 5/21/14.



There are other environmental costs to keep in mind. For instance, you may think floodlights are a good idea for your lot, but “that may be too much,” Trudeau says. On the Florida coast, where he’s located, such lights can harm sea turtles that are protected by local ordinances; blind a baby sea turtle and you may incur a heavy fine.<sup>3</sup> If you think your lot may be subject to special lighting regulations, think about consulting a lighting expert, Trudeau says.

But repaving a lot is the single biggest expense, he says. Tejada recommends asking nearby lot owners how often they have to repave their properties—let’s say it’s every twelve years. “Well, if it costs \$12,000 to rebuild the lot, then you have you to build a thousand dollars a year in costs and you have to count for inflation, so it might be more than that,” he says.

The weather may also affect the frequency of repaving. In areas where it snows often, for instance, pavements degrade at a higher rate. Repaving necessarily means restriping your lot, too, so don’t forget to factor in labor and paint costs.

There are a host of additional expenses to consider, and we’ve listed them below, along with those we’ve discussed above. You may choose to forego some in exchange for others, but it doesn’t hurt to know the universe of possible costs and how they may affect your bottom line.

### **Possible costs**

- Cleaning, such as janitorial services
- Utilities, such as lighting
- Repairs, such as broken security gates
- Landscaping
- Materials, such as signage and parking decals
- Staffing, such as hiring a grounds crew or program administrator
- Maintenance, such as restriping parking spaces or repaving
- Insurance, which may be necessary if you’re leasing your lot out for events
- Snow removal or debris cleanup after big storms

Your expenses will be offset in some part by the fees you levy for daily, weekly, monthly, or annual parking passes. In deciding what price to charge, one manager suggests looking at what those nearby are offering. In Portland, Oregon, where some neighborhoods have a residential parking-permit program, one

<sup>3</sup> [www.myfwc.com/wildlifehabitats/managed/sea-turtles/turtles-lights/](http://www.myfwc.com/wildlifehabitats/managed/sea-turtles/turtles-lights/) accessed on 5/21/14.

manager found that modeling his parking program after the city's system made permit sales easier.

"We didn't want to create something that was totally different that didn't function," he said. "It just **made communication a lot easier**. It's a lot easier to say, 'The four neighborhoods around us? It's the exact same as that.'"

Researching the prices and policies of neighboring lots and garages will also ensure you know what the going rates are. If you set your prices too low, you may incite drivers to sublease their parking spot, especially if you're near a college or university.

"You get people who will sublet their spaces to students to make money. If your fees are close to market rates, then they can't really do that," said one administrator. "So, if all the lots around you are charging \$80 a month and you're charging \$70 or \$75, subletting isn't really going to make them money because they can't give students a deal."

## Tracking users

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Before launching your program, you'll want to create a system for tracking your users. At a minimum, you should consider requesting the following information from permit applicants:

- Make, model, year, and color of their vehicle(s);
- Registration;
- Driver's license; and
- License plate number.

For those with larger budgets, there are vendors, such as Rydin Decal, who sell self-contained databases that identify in advance the customer data you need to track. Some vendors can also satisfy fulfillment, including uploading customer information to a database and mailing permits to customers. Others provide software that incorporates a point-of-sale system for credit-card transactions or that processes online applications.

For owners and administrators with smaller budgets or more manageable lot sizes, there

are alternatives that are easy to implement. One high school administrator uses an Excel spreadsheet to gather data. She provides printouts of the spreadsheet to her enforcement officers, who drive around the lot eyeballing license tags from their rear view mirrors.

Assigned or numbered parking spots is another option, but one administrator warns against it. “It was bad when they had individual spots,” she says about the students at the high school where she works. “If someone was in their spot, we’d have the domino effect. The whole row would be off.”

Since abandoning a numbered parking system, operations have proceeded more smoothly. “You don’t have to worry about one kid taking another kid’s spot,” she said.

### **Sticking versus hanging**

Whatever process you create or purchase, you’ll also have to choose between external tracking systems—namely, parking stickers or hangtags. One manager at an apartment building said that she and her colleagues prefer parking decals because they can’t be shared, allowing staff to more easily monitor the vehicles permitted at their lot, which has a limited number of spaces for tenants.

She and her coworkers apply the decals by hand so that they know they’re stuck on the same spot on each vehicle. Because the decals can be found at the same location on all vehicles, she and her staff don’t waste time determining whether the car belongs on the lot. We don’t have the manpower to check the lot every day, she said.

Other administrators say their users complain about parking stickers. “People don’t want to put stuff on their cars,” said one. With hangtags, she explained, drivers can remove them, though that feature can also cause problems since drivers can lose them and they’re easier to steal, especially if left hanging on the rear view mirror of a convertible with its top down, as one administrator noted.

Newer technologies, such as license-plate readers (LPRs), sidestep physical constraints. Using optical character recognition to read images, this technology easily tracks registration plates. Drivers may have encountered it before on toll roads, where it’s been a method for electronic toll collection, or at intersections, where CCTVs have been used to identify cars traveling above the speed limit.

In parking management, LPRs can be found as hand-held devices or affixed onto vehicles that enforcement staff drive at lots. At Oregon Health & Science University (OHSU), which uses a LPR mounted onto a truck, the manager there reports that the investment has paid off. “We increased in ticket revenue for a month and then everybody just started complying with it when they realized they couldn’t get away without paying,” he said. “We’re going to get less than a year payback on the capital that we paid for the truck.”

## Enforcement

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With your tracking system solidified and your lot operational, **you should now think about enforcement.** How will you deal with drivers who park at your lot without a permit or who would otherwise cause trouble?

To answer that question, the manager at OHSU believes organizations must decide which is more important: compliance or revenue, if indeed violations are penalized with fees versus other actions, such as towing. “Our stance is we don’t want to ticket,” he says. “Ticketing is not looked at as a revenue-generator for us.”

Enforcement or compliance should also be weighed against other goals. For instance, at the condo-hotel where Trudeau manages parking, keeping guests happy is more important than ensuring all vehicles on the lot are properly permitted. In her haste to begin enjoying a beach vacation, a guest may neglect to put the hangtag on her rear view mirror, for example, and Trudeau isn’t interested in ruining her fun. He and his colleagues like to warn guests, giving them one to two hours to contact the front desk before a towing company is called.

However, “If you do go with a tow company, don’t give them carte blanche,” he says. Otherwise, the company may more closely police your lot, looking for any excuse to tow and so potentially harming your customer relationships. You may want to establish an agreement with the company that it will only tow after your staff has verified the violation.

To be sure, towing as a form of enforcement sends a strong message to your lot’s users. By involving



the towing company as a third party, it also frees you from dealing with the situation directly, unlike booting, which requires enforcers to manually clamp a vehicle's wheel to prevent it from moving. Towing also frees a parking space for use by another driver.

Towing can incite a stronger reaction from motorists, who may initially believe that their vehicle has been stolen. Booting, however, keeps a vehicle on site, which gives you some leverage with drivers angered at being penalized: At least they don't have to travel to an impound lot to pick up their car.

To avoid even getting to the point where towing or booting is needed, Trudeau promotes signage. "We have it everywhere," he says. Properly communicating expectations and penalties lowers the chances of violations, so make sure your signs are placed in prominent, well-lit locations.

Good signage doesn't mean you won't have offenders, though, and you or your colleagues should be prepared to deal with drivers frustrated by citations. So, when hiring for enforcement, look for applicants who are honest, work well independently, enjoy being outdoors, excel at customer service, and don't mind the threat of being yelled at repeatedly.

You should also consider timing. For instance, at the start of every school year, there will be new students and faculty who aren't familiar with your rules and regulations. Infractions are likely to increase, and that may be a time when you ticket more aggressively or issue more warnings to educate users about your lot's policies.

If you experience regular abuses, such as loitering, the problem may be you. You may have unintentionally created an attractive nuisance, a legal term that describes instances when a property features objects or conditions whose hazards are unlikely to be appreciated by others.

Tejada offers an example: "You are in an area where everybody else is charging a lot of money for parking, and you charge almost no money. People can stay there all day. Well, if there's a sporting event and people are tailgating and drinking, there's no disincentive to leave, because it doesn't cost them much [to be there]."

## Looking ahead

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There's a revolution going on in the parking industry today, brought on by technological changes. There are now numerous apps that communicate real-time information such as parking availability or that offer mobile payment options. In addition to being convenient for drivers, the apps allow lot and garage owners to move away from cash payments. Fewer employees are needed to handle such transactions, too.

"Our assumption now is that all our parkers either have a cell phone or credit card, so we don't need to offer the cash option," said one manager. "It's just half our theft happens if there's cash involved."

Parking demand may also fall in the future. Recent studies indicate that Americans are buying fewer cars, and the rise of car-sharing companies suggests a corresponding decrease in the number of vehicles on the road.<sup>4</sup> Self-driving cars will also affect the location of lots and garages, because such cars can park farther from their destinations. Passengers, who don't generally like to walk far distances, can just be picked up when needed.

Driver-less cars may not become the norm for some years, however, nor are Americans likely to completely sever their love affair with cars.

In the meantime, you can **develop a parking permit program that works for you and your users** and continue to evolve with America's changing car culture.

<sup>4</sup> Elisabeth Rosenthal, "The End of Car Culture."  
*New York Times*, 29 June 2013.



## Resources

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Below is a list of national organizations and publications that address parking issues, but Tejada suggests checking out local resources, too. Owners of lots and garages nearby, as well as the city planning or transportation agency of your town, know the local ordinances that may affect you and can offer helpful advice or support as you work to establish or improve your parking program.

### [MyParkingSign Blog](#)

Our blog and the [associated Twitter feed](#) monitor the ins and outs of parking apps, environmental and legislative concerns over on- and off-street parking alike, transportation policy, urbanism, and land use.

### [Green Parking Council](#)

This nonprofit offers expert advice and insight to owners interested in converting their parking lots and garages to sustainable, environmentally responsible assets.

### [International Parking Institute \(IPI\)](#)

A member-based nonprofit, the IPI features a job board for those seeking career opportunities in the field, an open Requests for Proposals (RFP) portal, and many information-sharing events and classes, as well as numerous publications to assist the parking professional today.

### [National Parking Association](#)

This trade association of 2,000-strong members offers its network of parking professionals a wealth of research materials, the latest news on legislation affecting the industry, and numerous events providing education and opportunities for members to exchange information.

### [Parking Network](#)

An online community for parking professionals, this network may be joined for free, with users able to post press releases, news items, job vacancies, and other information.

### [Parking Today](#)

Subscribers to this magazine receive breaking news in the parking industry, and its website features a marketplace listing consultants, job openings, RFPs, and much more.