



## THE CITY OF SAN DIEGO

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### OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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# Review of the Mayor's Parking Reform Package

## OVERVIEW

On June 2, 2025, the Mayor's Office will present a comprehensive parking reform package that will fundamentally change how the City manages both on-street and off-street parking. This proposal includes changes to several Council Policies to clarify how parking meter revenue can be used and the proportion that is shared with Community Parking Districts. It also clarifies rules and procedures surrounding the development and administration of parking meter zones, and establishing fees at City-owned surface parking lots. Many of these reforms were included in a [Parking Demand Management Study](#) that was presented to the Active Transportation & Infrastructure Committee in January 2025.

Some proposed reforms will also expand where and how paid parking is implemented throughout the City, which is expected to result in additional revenue if approved by the City Council. Some revenue from these reforms has been incorporated into the Mayor's FY 2026 Proposed Budget, providing relief to the General Fund. This report provides additional detail on how revenue estimates were derived, including which estimates are based on a partial year or full year basis, to inform Council about the potential financial implications of amending various parts of the reform package.

## FISCAL AND POLICY DISCUSSION

While many administrative reforms are being presented, some of the changes in the parking reform are anticipated to result in additional revenue for the City, including the General Fund. As discussed in our review of the Proposed Budget, \$18.4 million is anticipated from on-street parking (i.e. metered parking) and \$11.0 million is anticipated from implementing paid parking in and around Balboa Park. These amounts are discussed separately below.

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### **Metered Parking**

The Proposed budget includes \$18.4 million in additional meter revenue, though not all of this amount is derived from the parking reforms being proposed. This revenue is based on three specific changes:

- an increase in the hourly base rate from \$1.25 to \$2.50 an hour, per Council action in January;
- an expectation that certain zones will be designated for special events, where metered rates will be temporarily higher given the increased parking demand for during those events; and
- an expanded enforcement hours of parking meters, including Sundays.

Each of these increases is discussed below.

#### *Increase to Base Rate for Metered Parking*

Most increased revenue - \$9.6 million - results from the already implemented increase to \$2.50 per hour in the base meter rates. While current-year revenues briefly lagged below expectations as of the Third Quarter Budget Monitoring Report, discussions with the Parking Management Team in the Transportation Department suggest this is due to seasonal variation. As of May, FY 2025 revenue projections for parking meter revenue appear to be back in alignment with earlier projections.

To fully realize this revenue in FY 2026 and beyond, the Council will need to approve the proposed amendment to Council Policy 100-18 revising the funding split between the City and Community Parking Districts. This policy was waived in FY 2025 when parking meter rates were increased from \$1.25 to \$2.50. Moving forward the policy should be amended consistent with the prior action; without a permanent amendment, Council will have to either waive the policy again in FY 2026 or make corresponding General Fund cuts elsewhere.

Notably, the proposed reforms would give City staff the authority to implement dynamic pricing, adjusting rates based on real-time demand and utilization rates. However, current revenue projections do not include additional revenue from this proposal, as its timeline for implementation and potential impact on the overall meter revenue is unknown.

#### *Special Event Parking*

The next largest increase - \$6.3 million - is projected from giving City staff the authority to temporarily increase meter rates in adjacent parking zones during special events. The estimate is based on an assumed increase in special event meter rates to \$10 per hour during Padres games.

To develop this estimate, City staff started with actual revenue generated from meters during a recent Padres game, and then determined how much revenue would have been generated at the higher rate. That amount, multiplied by 80 games, derived the estimate of \$6.3 million, as shown in the table below.

Special Event Revenue Estimate			
<i>Current Petco Revenue</i>	<i>Updated Revenue Per Event</i>	<i>Events</i>	<i>Total Revenue</i>
\$ 9,800	\$ 78,400	80	\$ 6,272,000

While this estimate represents a full year of special event rates, actual implementation of special event rates may not occur until September or later due to the need to form a special event district and place signage. Based on that implementation timeline, there would be 26 to 42 fewer Padres games than the 80 games assumed in the FY 2026 revenue projections. Additionally, this estimate includes the *total* amount of revenue generated, and not just the additional *incremental* revenue beyond what was already being generated from current rates during Padres Games, which is roughly \$1.5 million. Because the implementation timeline would result in fewer games being covered in FY 2026, and the revenue estimate did not correct for revenues currently coming from existing rates, FY 2026 revenue estimates may be overstated.

However, two offsetting factors support the estimate's reasonableness. First, while the estimate assumes a \$10 per hour special event rate, the proposed amendments to the municipal code will allow for higher rates for some events. Second, other events at Petco Park such as concerts are not factored into the revenue estimate and could make up for fewer games during the initial year of implementation. Notably, the special event revenue estimate also does not include other special event zones that could be developed for the Convention Center or other event venues. Given this, the special events meter revenue estimate for FY 2026 may be reasonable provided there are no additional delays in implementation.

#### *Extended Hours/Sundays*

Extending enforcement hours and adding Sundays is expected to generate \$2.6 million in meter revenue in FY 2026. This assumes implementation in February 2026, which would allow time to update signage in all parking zones and to develop a residential parking permit program. This amount is roughly evenly split between the extended hours and the Sunday enforcement.

Sunday enforcement is estimated to generate \$1.2 million in FY 2026 (annualized revenue would be roughly \$3.2 million). City staff assumed that Sunday usage would mirror current usage on Saturdays. Saturday meter revenue currently totals roughly \$61,000 per day. This was then multiplied by 20 (reflecting the February implementation) to generate the \$1.2 million estimate for FY 2026.

Extended enforcement hours are estimated to generate \$1.3 million in FY 2026 (\$3.5 million annualized). This estimate assumes the average hourly revenues currently generated during the early and late periods of existing enforcement hours (roughly \$5,000 per hour) would be generated during two additional hours. The estimate is *inclusive* of Sundays but *excludes* holidays.

Earlier implementation of this extended enforcement could generate additional revenue, though there are restrictions on the use of parking meter revenue, as will be discussed below. Regardless, as the FY 2026 Proposed Budget assumes additional revenue from these items, not

moving forward with these reforms would remove revenues currently assumed for FY 2026 that would need to be addressed through offsetting expenditure cuts or mitigations during Council's final budget adoption.

#### *Restrictions on Metered Parking Revenue*

As noted in our review of the FY 2026 Proposed Budget, an additional \$18.4 million in revenue from these reforms is assumed to reimburse the General Fund for eligible expenses in FY 2026. This includes \$8.6 million for Police, \$6.9 million for Transportation, and \$3.0 million for Stormwater. Unlike parking revenue from off-street lots, revenue generated from metered parking has restrictions on how and where it can be used. Eligible activities include administration of parking meters, enforcement activities, and activities to improve and manage the right-of-way within the parking meter zone where revenue is generated.

Parking meter rates in prior years did not generate sufficient revenue to fully reimburse the General Fund for all eligible expenses, but these reforms should generate revenue that would come close to fully reimbursing those expenses in FY 2026. While earlier implementation of these parking reforms could generate greater levels of revenue in FY 2026, and when annualized revenues in FY 2027 and beyond will be higher, without additional capacity for General Fund reimbursements these revenues will need to be directed to enhancements within the rights-of-way where they are generated.

#### **Balboa Park Parking**

The Proposed Budget assumes that \$11.0 million in parking revenue could be generated through a proposed Balboa Park Parking Program that would be implemented beginning January 2026. City staff projects that \$6.3 million of this amount would be derived from off-street (i.e., parking lots) within Balboa Park, including all Central Mesa parking lots and the parking spaces located along Balboa Drive north of Laurel Street on the West Mesa. This assumes an hourly parking rate of \$2.50 per hour enforced between the hours of 8AM and 8PM and is based on parking occupancy data obtained in Summer 2024 and reported in the Parking Demand Management Study. Adjustments were assumed to account for seasonality, reduced demand due to the introduction of paid parking, a set-aside of 800 unpaid parking spaces to be restricted for park employees, and an offset for parking meter overhead/maintenance costs.

Those assumptions are preliminary and expected to change. For example, a tiered, location-based rate structure is being considered, where areas with higher parking demand (nearer the center of the park) would have higher rates than outer areas; a full-day fee is also being discussed as an alternative to the \$2.50 hourly rate. If these changes were implemented, additional revenue above the \$6.3 million projection could be generated, though our office has not been provided any other specific scenarios or projections. [According to the City Attorney's Office, any fee structures that exceed \$2.50 per hour will require further City Council action beyond what is currently proposed.]

In order to establish paid off-street parking, the proposed parking reform package includes an amendment to Municipal Code Section 86.0106 which extends the City Manager's (i.e., Mayor) authority to determine parking time limits to include "any property or parking lots owned, leased, or operated by the City of San Diego." This change provides the mechanism necessary to enforce

paid off-street parking. The Mayor otherwise already possesses the authority to implement and determine fee amounts for paid parking on City property (e.g., paid parking at the Central Library and the Evan V. Jones Parkade). For Balboa Park parking, the City Attorney's office advised that Balboa Park parking fees could be included within the Park and Recreation Department's user fee schedule, which is subject to Council approval. **Our Office recommends that a user fee schedule update be presented to the City Council at the earliest opportunity once a parking rate structure for Balboa Park has been established. We also recommend that parking fees associated with any further implementation of paid off-street parking on City property be included in the appropriate department user fee schedule and updated periodically in accordance with Council Policy 100-05 (User Fee Policy).**

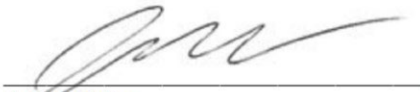
In addition to the implementation of paid *off-street* parking in Balboa Park, staff is also considering instituting paid *on-street* parking in and around Balboa Park, including Park Boulevard, 6<sup>th</sup> Avenue, and park roads (outside of the right-of-way) within Balboa Park (e.g., President's Way, Balboa Drive, and others), as well as paid zoo parking. The revenue potential from these sources is uncertain. While the revenue projections for *off-street* paid parking in Balboa Park can be supported by actual parking supply and demand information provided within the Parking Demand Management Study, similar information for assumed *on-street* paid parking is not currently available. Additionally, in order to generate revenue from paid zoo parking, the City will need to negotiate a revenue sharing agreement with the San Diego Zoo. The Parks and Recreation Department recently began conversations with the San Diego Zoo, indicating that it should shift to paid parking at the same time as the rest of Balboa Park. Implementation of these two components will require future City Council action, including the adoption of a new Parking Meter Zone (covering areas of Balboa Park that are not already within an existing Parking Meter Zone) and approval of a revenue sharing agreement with the San Diego Zoo. Given the information outlined above, is reasonable to believe that at least \$11.0 million in parking revenue *could* be generated in FY 2026, *provided the City moves expeditiously over the coming months*. Should implementation be delayed beyond January 2026, a revenue shortfall could occur which would impact the FY 2026 budget.

## CONCLUSION

The proposed parking reform package should streamline the City's ability to both install parking meters and to create new programs and expand parking enforcement, which would allow the City to generate additional revenue both from on-street and off-street parking. The implementation of this proposal is currently anticipated to generate an additional \$18.4 million from on-street parking in existing parking zones, and \$11.0 million from on-street and off-street parking in Balboa Park. This revenue is currently assumed in the FY 2026 Proposed Budget. If Council desires to make changes to the policy, it should be aware that any changes that impact revenue generation in FY 2026 will need to be addressed during Council's final budget deliberations.

Beyond the proposed items in the parking reform package, we also recommend that off-street parking rate structures be included in future updates to the City's user fee schedule and updated periodically in accordance with Council Policy 100-05.

Our Office would like to thank the Transportation Department, Mayor's Office, and Department of Finance for assisting us with the development of this report, and we stand ready to assist the Council.



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