



**PARKING MANAGEMENT**

## PARKING PROBLEMS?

Increased traffic congestion is making it tougher and tougher to get around on our region's roads. To make matters worse, when you finally reach your destination, you often can't find a place to park.

Many employers and businesses are facing a parking crunch. Merchants want parking for their customers. Employers provide parking for most employees. Cities and suburbs devote huge tracts of land to workday parking, while the rest of the time, the lots stand empty. Yet, when need is greatest — getting to work or the train station in rush hour or on heavy shopping days — there never seems to be enough parking.

## WHAT'S GOING ON?

Demand for parking has become so entrenched that for every car in America, there are eight parking spaces. Each of us has a parking space at home, the shopping center, at work, at school — practically everywhere we go. Local zoning ordinances, building codes, bank financing rules and other development practices result in an oversupply of parking spaces in many suburban locales and an inefficient use of existing parking in cities. Parking facilities take up lots of space — about 300 sq. ft. per car including turning space.

Devoting so much land to parking costs a bundle and imposes other fiscal, social and environmental costs. Without building even more parking, what can be done?

## WHAT ARE THE SOLUTIONS?

Government and employers around the country are taking innovative approaches to the demand for parking. Government is reducing parking requirements in zoning and building codes. Businesses are using economic incentives that encourage employees to use public transit or carpool.

This brochure lays out the facts, research and strategies available to employers, developers, municipalities and citizens to better manage parking supply and demand.

## AVERAGE COST FOR SUPPLYING AND SUPPORTING SUBURBAN PARKING

### Construction

Surface Parking Lot: \$1,400 per space

Two Story (one elevated deck): \$10,000 per space

Underground Parking (two levels): \$21,000 per space

Source: National Association of Industrial and Office Properties

### Operations/Maintenance:

All types \$400 per space per year

Source: New Brunswick, New Jersey Parking Authority



*"For every car in America, there are eight parking spaces."*

## THE TRUE COST OF PARKING.

Parking is never really free — it's subsidized. Although employers may offer parking to employees free of charge, someone pays for it. First the builder pays. Then the employer or merchant who maintains the parking pays again. Some parking spaces are "paid for" continually. The costs, whether hidden or obvious, are expensive. Employees pay for parking with reduced wages or benefits whether they drive or not. Shoppers pay for parking with higher costs of goods and services. Taxpayers pay for public parking. In 1996, the federal Department of Transportation and the Environmental Protection Agency valued employee parking benefits at \$36 billion per year.

## **MORE PARKING = MORE DRIVING**

Free parking affects travel choices. Plentiful free parking in suburban areas and cheap parking in cities encourage employees and shoppers to drive to their destinations, rather than using available transit services.

Case studies of employers in Washington, DC and Los Angeles found that about one-fourth of employees began driving alone to work once employers offered free parking.

A 1984 survey by the Port Authority of New York and New Jersey found that employers subsidized 64% of motorists driving into Manhattan over the George Washington Bridge or through the Lincoln or Holland Tunnels. A whopping 84% of those

subsidized motorists got “free” parking. Subsidies help these commuters “choose” to drive despite notorious traffic delays.

In fact, the availability of free or cheap parking is one of the biggest determinants of whether a person drives to his or her destination, or takes transit, walks, bicycles or carpools. In America, 95% of employees working in suburbia park free. Not surprisingly, 91% of employees drive to work and of those who drive, 92% drive alone.

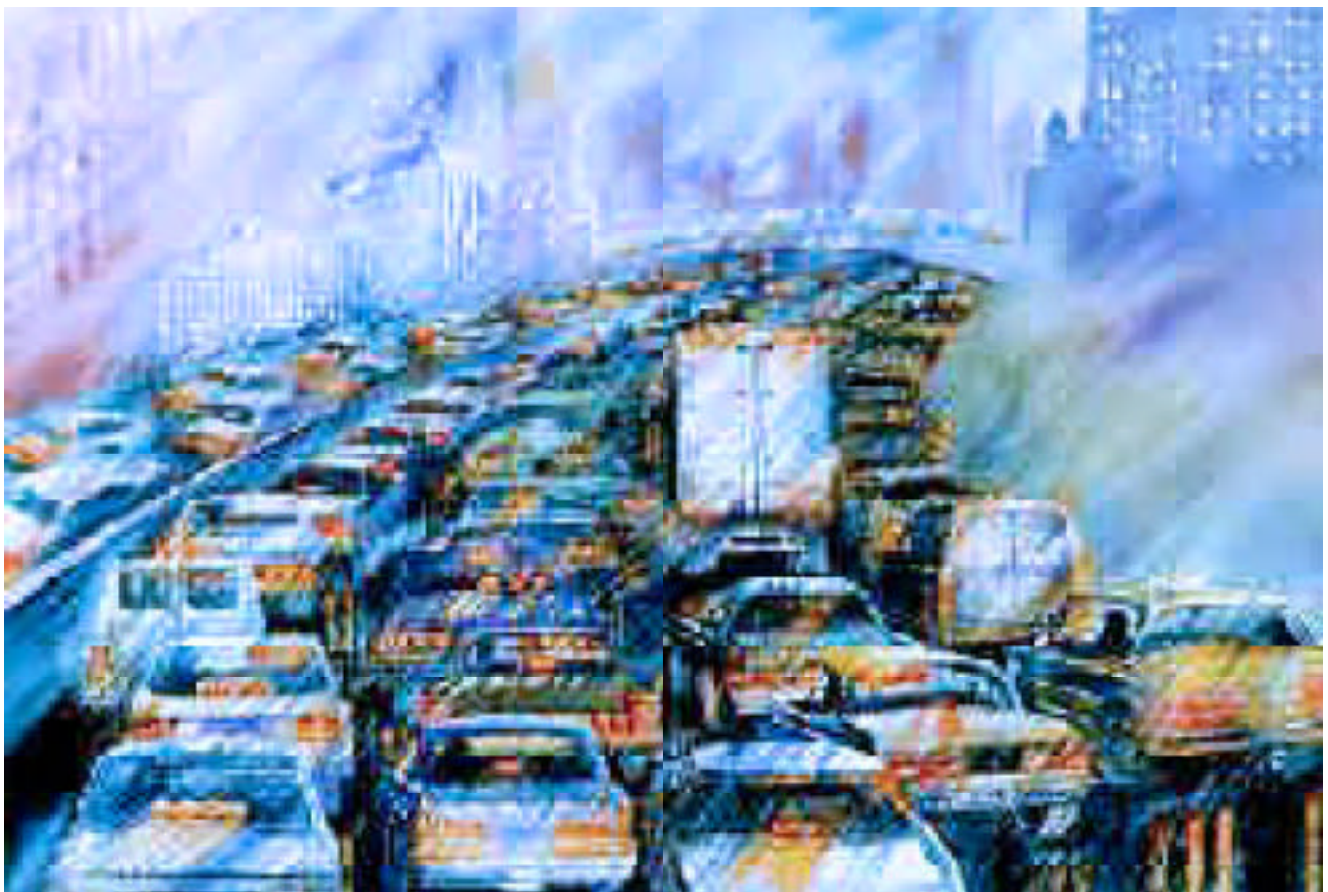
## **MORE DRIVING = MORE TRAFFIC**

When employee parking is cheap or free, and most workers are expected to arrive at work all at once, drivers experience gridlock. This peak period traffic, in turn, causes govern-

ment to try to “solve” congestion with more pavement. Rather than providing motorists and employers with incentives to shift travel out of peak periods or to switch to transit, highway departments often build new lanes or bypass roads (even though there’s plenty of space on the roads outside of peak travel times). Road construction costs taxpayers a fortune and cause delays that waste years of motorists’ time.

## **INNOVATIVE PARKING STRATEGIES ARE NEEDED**

Parking management strategies tailored to specific locations can help employers, merchants and communities solve parking problems, from traffic congestion, to over- or under-supply, to high employer and developer costs. Businesses that are planning to expand can reduce or eliminate the need to build



new parking. Money that would otherwise be spent on supplying, supporting and maintaining parking can be put into the business or the employees' benefits package. The key is developing the right mix of strategies.

A variety of parking management strategies can be combined or used separately. Some types include:

- ▶ Zoning or Building Code Changes to Reduce Parking Requirements
- ▶ "Cashing-Out" the Value of Parking
- ▶ Parking Pricing (charging for parking)
- ▶ Transportation Allowance
- ▶ Congestion Parking Pricing

## WHAT CAN GOVERNMENT DO?

### Zoning Code Changes

Most municipal codes require developers and employers to provide a certain number of parking spaces for every built square foot of space, or for a certain number of employees or customers at the site. Local governments can amend parking requirements to limit, rather than require a minimum number of parking spaces per floor area or employee. Such an approach preserves land for other purposes, encourages development density necessary for a pleasant walking environment and helps support cost-effective transit service.

Parking limits also make it easier for employers to adopt parking management programs and reduce demand for parking (and driving).

Code changes will be especially effective where transit, walking, bicycling and ridesharing options exist or need to be promoted. Towns can devise parking policies that don't encourage everyone to drive but still avoid illegal parking, especially if they combine parking limits with incentives to "cash-out" parking and use transit.

Cities, towns and developers across the region are also taking a new approach to parking problems. On Long Island, firms in industrial parks in the Town of North Hempstead must try to reduce employees' trips before building a parking deck. The town requires the firm to study the feasibility of "cashing out" parking, using car and vanpools, transit, walking and bicycling to get to work, or telecom-muting, working fewer days/week or using flex time to avoid rush hours.

In New York's Hudson Valley, the City of Poughkeepsie encourages the joint use of parking by adjoining owners, defers required parking up to 25% for commercial and industrial uses, and will often waive parking requirements if a development is within 600 feet of a municipal lot.

Along the Hudson River waterfront, office and residential developers have agreed with Jersey City and Weehawken that less parking is needed than would have been required under local zoning ordinances where sites are served by transit. In Maplewood and other New Jersey towns, demand for more parking at rail stations was met with jitney services that take commuters from neighborhoods to the station. In New Jersey's uniform site development standards law, less parking or shared parking is encouraged for mixed use developments or where density is high.



FREE PARKING CAUSES:	MANAGED PARKING RESULTS IN:
More traffic congestion Worsened air pollution	Improved traffic flow Better air quality (reduced cold engine starts)
More solo driving Employees to avoid using available transit	Fewer vehicle trips and miles of travel More transit use, carpooling, walking and cycling
Valuable land to be wasted on parking	More available land for valuable, productive endeavors or recreation and open space
Disparity in employee benefits	Uniform incentives for employees to use transit, carpool, walk or bicycle
Higher construction, operation, maintenance and security costs	Lower employer and developer costs
Pollution due to run-off from parking lots	Cleaner air, water and land

Innovative parking management techniques control demand, revitalize business districts, create pedestrian-friendly shopping areas, and make more land available for productive uses or for recreation and open space. Traffic and pollution also decrease.

## WHAT CAN BUSINESSES DO?

### Cashing-Out Free Parking

One of the most effective ways to reduce demand for parking and better manage existing parking supply is “cashing out” the value of parking. In this program, employers who fully or partially subsidize parking offer workers the option to give up their parking space in exchange for its monetary value. In other words, employers offer cash directly to employees willing to forego parking spaces and carpool, vanpool, take transit, walk or bicycle to work. Employees decide whether to continue to use a parking space or choose another form of travel or telecommute, if possible.

The money offered for the unused parking space is put into the employees’ paycheck. Employers can

sweeten the package by providing employees pre-tax benefits such as transit passes and vanpool incentives.

Pressure to cut air pollution has made California a leader in cashing out parking. Employers there say administrative and record-keeping procedures remain a very small part of regular accounting tasks.

### Cash-out Example:

An employer pays \$50/month to lease a parking space. Under a cash-out program, the employer would offer \$50/month to an employee who foregoes a parking space. Many employees will take advantage of this offer, and carpool, bicycle or take transit.

### Parking Cash-Out Can Work

In All Situations. Where parking areas are owned by the firm, employers can save money by offering employees higher income in exchange for parking, and put excess parking to more productive uses. Where costs for parking are “bundled” into the firm’s rent payment, employers may be able to renegotiate leases, separate the cost for a specified number of spaces, and then proceed to “cash-out” parking as a company with leased parking would.

In 1995, in Bellevue, Washington, all office buildings greater than 50,000 sq. ft. were required to identify parking costs as a separate line item on the lease and charge a minimum rate for monthly longterm parking. Tenants are still free to lease parking and give it away to their employees “free” but if they want to cash-out parking, their lease will not prevent it.

### Parking Pricing (eliminating parking subsidies)

Companies can charge more for parking to reflect its high costs, or set a value on currently subsidized parking spaces, and charge workers accordingly. Depending on the price set, this form of parking management is a cost-effective way to encourage drivers to carpool or use transit. Companies may use a portion of money saved to finance vanpools, train shuttles and transit passes. While potentially effective at reducing driving, parking pricing will be less attractive to employees than a parking cash-out program that offers compensation for not driving and parking.

### Transportation Allowance

Some employees receive a set amount of money each month for transportation costs. The employee decides how to get to work and individually pays for his transportation, using this allowance. If he decides to drive to work alone, he pays for his parking place, which may cost more than his allowance.

#### Example:

GEICO (Friendship Heights, MD) adopted a parking management program when it consolidated 2,500 employees into a new headquarters. GEICO restricted on-site parking to 1,020 spaces; charged \$30-\$60/month for the parking garage and \$10/month for a surface lot; allowed free parking for car and vanpools; subsidized vanpools and offered transit subsidies. Just 40% of GEICO's employees drive alone to work, 20% rideshare and 31% use transit. Compared to nearby employers with similar conditions, GEICO's worksite requires 39% fewer parking spaces.

### Transit Passes

Transit programs such as TransitChek®, authorized by IRS code section 132(f), enable employers to allow employees to set aside a portion of their salary to pay for transit and vanpool commuting costs. Employees can use TransitChek regardless of whether their employer has a parking management program in place. Employees can set aside up to \$65 each month (\$780 per year) of their gross income before federal (and in some instances, state) taxes to pay for commuting costs. The benefit amount will rise to \$100/month in January 2002. Employers save on payroll taxes as well. So, both employees and employers save.

#### Example Annual Savings with Pre-Tax TransitChek®

Employee Wages \$22,000  
Employee Payroll Tax Savings \$239  
Employer Payroll Tax Savings \$79

\*Based on TransitChek amount of \$780/year: The income tax rates used are for a married individual. Employee payroll taxes that are exempted include: Federal, NY State and NYC Income Tax, Social Security and Medicare. Employer payroll taxes that are exempted include: FICA, Medicare, Federal and State Unemployment Insurance, and Worker's Compensation. Actual savings may vary.

### What Employers Say About Parking Cash-Out

*In a 1997 UCLA study, the following comments were made to Professor Donald Shoup, who teaches urban planning at UCLA and has studied cash-out parking programs.*

*"Since we moved to cash-out, we've always received a good response. It's also a good hiring incentive for us."*

*"Parking cash-out is an excellent recruiting point because people count it as income. "*

*"I think it makes the firm look like we're doing something to help the environment. Some of the recruits think more of our firm because of this policy."*

### Congestion Parking Pricing

Local municipalities can charge more during peak driving hours for on-street parking using advanced parking meters. This encourages drivers with flexibility to drive during less congested hours, spreading parking demand more evenly throughout the day, and reducing local traffic congestion.

### EXAMPLES OF PARKING MANAGEMENT IN ACTION

Employers around the country have taken innovative approaches to the demand for parking, including changing the cost or location of parking and offering incentives for transit use, to affect supply and demand. In 1993, Nestle USA (Glendale, CA) offered its 1,400 employees a package of rideshare incentives including free and preferred carpool parking, a guaranteed ride home program, cash subsidies to vanpools (40% of cost), subsidies to transit users (\$21-\$50/month), shuttle service and ride matching services, while instituting a parking charge for single-driver cars of \$40/month. Nestle USA now saves \$80,000 per year by leasing fewer parking spaces and reducing parking subsidies.

Cornell University, faced with increased traffic on campus and demand for 2,500 more parking spaces, reduced parking subsidies and offered monetary incentives to carpool or take transit to campus. More than one-third of Cornell's 9,000 faculty and staff no longer drive to work alone, averting the need for a 1,200 space parking facility and its associated maintenance and security expenditures. The University of

Washington decreased the number of solo drivers to campus by 22% by raising solo parking fees and instituting a pass for use on the Seattle transit system. Between 1991 and 1998, campus ridership on the Metro transit system grew by 68%, from 4.7 million to 7.8 million annual trips.

Companies across the nation are developing innovative programs to reduce congested highways and streets and are serving as role models for other businesses. In Northern California, Kaiser Permanente offers bicycle parking, showers, financial incentives to use transit, and provides a mid-day

Other success stories include:

**Santa Monica, California**

In Santa Monica, CA, 26 employers offer cash in lieu of parking. Twenty percent of employees take advantage of the cash option and carpool or find other ways to get to work. A 1998 report by the City of Santa Monica Transportation Management office found that: "all of the employers surveyed agreed that parking cash-out is a very strong incentive" and "employers have found parking cash-out to be simple to implement, extremely effective at encouraging carpooling, and economical for the company."

**Pleasanton, California**

The suburban City of Pleasanton, California initiated a parking cash-out program in January 1994, offering \$1.50 per day to employees who use an alternative to driving alone to work. Before the program started in 1994, only 28 employees used alternative modes. By the next year, this more than doubled to 66, eliminating 20,625 trips, saving 12,375 gallons of fuel and preventing 123 tons of carbon dioxide emissions.

**Cambridge, Massachusetts**

The city requires a parking and a transportation demand management plan before more than 20 new parking spaces can be added. The plan is designed to minimize parking and to take advantage of transit passes and incentives, shuttle services, bicycle and pedestrian facilities, and flexible work hours. Applicants can request fewer parking spaces than the minimum in the zoning ordinance, or can use off-site parking spaces.



*"Demand for more parking at rail stations was eased with jitney services that take commuters from neighborhoods to the station."*

shuttle for its employees. More than half of AT&T managers nationwide telecommute from home six days per month. Bank of America employees in the Los Angeles region earn money for each mile accrued via alternative commuting on a personalized debit card. Other firms have adopted creative programs and earned awards for increasing transportation options while reducing greenhouse gases by reducing vehicle trips.

**Louisville, Kentucky**

The parking cash-out program at the Louisville and Jefferson County Metropolitan Sewer District in Kentucky encouraged 21% of its employees to switch from driving alone to using alternatives. The District was able to eliminate some of the parking it had been leasing, saving \$125,000 each year.

**THE FUTURE OF PARKING**

Let us help you benefit from parking management strategies. If the problems and high cost of parking are to be reduced, demand must be controlled. Everyone will benefit from less driving, reduced congestion, shorter commutes and healthier air. Call us.

Parking Management -- still another way the Tri-State Transportation Campaign is mobilizing the region.



TRI-STATE TRANSPORTATION CAMPAIGN

240 West 35th Street Suite 801

New York, NY 10001

Telephone 212-268-7474 Fax 212-268-7333

Web: [www.tstc.org](http://www.tstc.org)