

## **Madison Parking Cash-Out©**

*A Transportation Demand Management Project by UrbanThoreau LLC*

### **Introduction**

UrbanThoreau LLC is planning a Parking Cash-Out program for downtown Madison. Parking Cash-Out is a program through which employers can offer their employees the choice of a parking space or cash. For example, if a company currently leases monthly parking spaces at a rate of \$100 each for their employees, the employees can be offered the choice of the space or \$100 in cash. If the employee chooses cash, the employer can then ‘unlease’ the space or use it for some other purpose, such as customer parking. Parking Cash-Out actually creates parking capacity without new infrastructure.

Parking Cash-Out usually costs employers no more than subsidized employee parking. Instead of paying for a leased space, employers can pay the same amount of money to their employees who choose to walk, bike, bus or carpool to work. Since there is a proven and growing market for parking in downtown Madison, ‘unleasing’ a space will be a boon for employee, employer, local governments and downtown retailers alike.

If the City of Madison and Dane County were to participate in this program along with their employees, they could potentially: a) Reduce the taxpayer-borne costs of employee-dedicated spaces, b) Raise new revenues by leasing unused spaces to downtown businesses and c) Discover the true “market value” of these excess spaces.

The intent of this Parking Cash-Out program is to align the financial interests of downtown employers, their employees and local governments in the effort toward dampening parking demand (without reducing the numbers of people going downtown, of course). The ultimate goal is to: a) reduce pressure on local street systems, b) reduce the demand for motor vehicle parking, c) create flexibility in the parking supply, d) promote efficient land utilization, and e) head off emerging air quality problems - all in an effort to enhance the vitality of downtown Madison

### **Planning for Place**

We know that downtown Madison is well-served by transit lines converging upon it from all directions. Madison’s close-in residential neighborhoods are heavily populated by dedicated pedestrians. Well-used bicycle paths, lanes and routes criss-crossing downtown Madison also serve thousands of commuters every day. Car & vanpooling is popular and expanding among downtown commuters. Every year, ridership statistics show that these alternative modes grow in popularity. According to the 1998 *Isthmus 2020 Committee Report*, denser residential and commercial development downtown will continue apace into the foreseeable future. We believe that Parking Cash-Out works in perfect synergy with these positive downtown trends. PCO is about getting more people downtown more efficiently, thus maintaining and building upon the unique urban character of the area.

### **Transportation Choice as a Benefit**

Madison Parking Cash-Out economically rationalizes transportation benefits. With PCO, the current uni-modal benefit (car parking) will become a multi-modal benefit.

When employees receive free parking at a workplace they are in fact receiving a *de facto* if *not de jure* compensation/benefit. Once the perception of parking becomes one of entitlement, an employer is destined to treat it as a part of overall compensation. The bottom line is that it probably would not be good human resources management policy to simply yank a benefit—a benefit not viewed as such until threatened. The literature on PCO (more below), in fact, frequently notes this. The resistance to parking policy change will be strong unless employees are given something in return.

How to rationalize transportation benefits without it costing the employer? How to do it without alienating the employee? Liquidate it. Provide the option to cash-out parking or receive transit passes. Offer these benefits to all employees who currently are eligible for parking, and the choice for walking, biking, carpooling and transit become attractive indeed.

### **Combining PCO with Other Programs**

Transportation choice will be infused throughout this Parking Cash-Out program. To achieve this goal, we propose that the new parking policies be combined with other programs such as the “guaranteed ride home” and a discounted parking pass program and a reserved place in the parking space queue.

First, our proposal will make it clear that those entitled to a parking space but who choose to try a different mode for a month or more will be able go back to the top of the parking queue any time they so choose. This was the problem encountered in the 1997 Madison Bike Commute Program (conducted by the Bicycle Federation of Wisconsin). At one participating employer if you give up your space for even one month, you went down to the bottom of the waiting list (even if you originally had the highest seniority in the company). The result, of course: No one wanted to give up their place in line, so no one ever gave up their space - even those who regularly rode a bike to work! Precious downtown parking spaces often went unused - wasted.

Second, we propose providing a free emergency ride home as a part of the benefit for those who choose not to drive. The University of Wisconsin-Madison has instituted this for its vanpoolers with great success.

We will also investigate Seattle’s successful flexible Parking Pass program (<http://www.bts.gov/ntl/DOCS/PHI.html>).

In sum, commuters are provided psychological comfort in their choice when PCO is offered in conjunction with:

- a reserved place in the queue for a parking space,
- a guaranteed emergency ride home program, and
- the flexibility to commute by car once in a while.

People can then experiment with their commute options in ways they never would have without those comforting clauses.

All aspects of the Parking Cash-Out program are voluntary. Obviously, not everyone will choose to give up driving alone. But recent Parking Cash-Out programs in several cities have

gotten upwards of 30% of employees to leave their cars at home when they are offered cash or a bus pass in lieu of a parking space.

### **Models of Successful Parking Cash-Out Programs**

This program will follow the guidance of balanced “Commuter Choice” programs found at: USDOT’s Federal Transit Administration (<http://www.fta.dot.gov/library/policy/ecco.htm>), FTA’s “commuter choice toolkit” (<http://www.fta.dot.gov/library/policy/cc/cctoc1.htm>), EPA’s commuter choice site (<http://www.epa.gov/oms/transp/comchoic/ccweb.htm>), International Council for Local Environmental Initiatives (<http://www.iclei.org/us/cashout/>). We will also refer to the detailed, clear and concise description of up and running government programs that could be emulated here, such as Connecticut’s “Deduct-a-Ride” program at: <http://www.deductaride.com/faq.htm>. This site has useful sample worksheets to calculate both employer and employee tax-free benefits of PCO’s, transit & vanpool & carpool vouchers. It also details a phased-in implementation program.

King Co., Washington (which encompasses Seattle) has a very well-developed commuter choice program - including PCO - quite nicely described here: [http://transit.metrokc.gov/programs\\_info/employer/empcommute.html](http://transit.metrokc.gov/programs_info/employer/empcommute.html).

### **PCO Accounting**

Employers can use existing payroll systems to either credit an employee’s pay or issue a separate check in the amount of the cash-out. The paperwork burden is minimal and specifically written into law to that end.

For a human resources/compensation/tax perspective, ADP (the payroll processing giant) has a short newsletter article describing the tax implications of parking, transit and cash-out options: <http://www.adp.com/taxfin/taxresearcher/sep98/1.html>.

### **Long-Term Sustainability of PCO**

Since most studies have found very little, if any, cost to employers, these programs tend to be self-sustaining once they are up and running. The whole point of this grant program is to "jump start" the initiative and get it to where it will be self-perpetuating. If the program meets with the success other cities have experienced with PCO (which we believe it will), other area employers will want to develop their own programs.

### **Philosophy behind PCO**

The urban renaissance going on across the country keeps running into parking problems—problems that could easily be avoided with a full-fledged cash-out program. One author suggests throwing out the old zoning codes and their parking minimums, allow developers to develop more densely, charge market rates for parking and lo & behold, cities will flourish. Sprawl will get reigned in, energy supplies will stabilize, air will get cleaner and taxes will go down. It is all in a visionary statement by Alan Durn in an Elmstreet Writers Group piece at <http://www.mlui.org/projects/growthmanagement/sprawl/durnparkedit.asp>.

Don Shoup, something of the world expert on PCO’s (he was formulating PCO back in ‘82), has quantified the effects of PCO’s on bringing down parking demand at

<http://www.sierraclub.org/sprawl/transportation/cashout.asp>). Madison could easily produce even better results since it already has a high rate of transit use and probably has better public transportation, biking and walking opportunities than some of the places that participated in PCO in Shoup's report. Here are the key parts of the paper:

“Some firms in California have already begun to offer their employees the option to cash out parking subsidies, and I have recently completed case studies of eight firms that have complied with California's cash-out requirement. For the 1,694 employees of these eight firms, the solo-driver share fell from 76 percent before cashing out to 63 percent after cashing out. The carpool share rose from 14 to 23 percent, the transit share rose from 6 to 9 percent, and the combined walk and bicycle share rose from 3 to 4 percent. Per 100 commuters, cashing out employer-paid parking induced 13 solo drivers to shift to another mode. Of these 13 former solo drivers, 9 joined carpools, 3 began to ride transit, and one began to walk or bicycle to work. These mode shifts reduced the number of solo drivers by 17 percent, increased the number of carpoolers by 64 percent, increased the number of transit riders by 50 percent, and increased the number who walk or bike to work by 39 percent.

“Employers praised the cash option for its simplicity and fairness, and said that it helped to recruit and retain employees. The benefit/cost ratio of the eight cash-out programs was at least 4/1. In summary, these eight case studies show that cashing out employer-paid parking can benefit commuters, employers, taxpayers, and the environment.”

### **Start Date & Timelines: A Proven Track Record of Results**

The Madison Parking Cash-Out program was unveiled in March of 2002. Dane County, a downtown business organization and several major downtown landlords are now working with UrbanThoreau toward implementing the parking cash-out program. Other interested employers should call (608)345-2621 (see information below).

The project author and director, Michael D. Barrett, M.S. Geography, (University of Wisconsin-Madison), is a research and grantwriting consultant specializing in livable communities and sustainable transportation. His civic involvement includes:

- Council member of the Schenk-Atwood-Starkweather-Yahara Neighborhood Association;
- Chair of SASY Transportation and High Speed Rail committees;
- Neighborhood representative to the Schenk-Atwood Business Improvement District;
- Mayoral appointee to the 2000 Schenk-Atwood-Starkweather-Worthington Park Master Plan Committee;
- Key citizen committee member in the development of the forward-looking *Dane County Bicycle Transportation Plan* (2000).
- Board Member, Bicycle Federation of Wisconsin 1994-2000.
- Board member, Madison Hostel 1999-2002.

In 1997, Barrett wrote and successfully applied for the Madison Bicycle Commute Project grant through Wisconsin Department of Transportation. The work was completed on schedule, on budget and with a successful program evaluation. Through the “Parking for Free” employee/employer handbook on bicycle commuting strategies, the program lives on well after

the grant ended. The book is still in great demand by Wisconsin localities and employers and even state agencies.

The Madison Parking Cash-Out feasibility project is funded in part by a Wisconsin Department of Transportation grant and local sponsors.

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