



Parking Cash Out

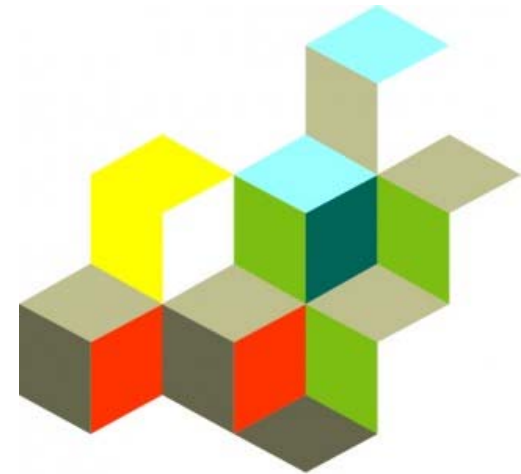
Transportation Solutions Workshop Series

April 19, 2017

Workshop Series Sponsors



CITY OF
GRAND
RAPIDS



DOWNTOWN
GRAND RAPIDS INC.



**GRAND RAPIDS AREA
CHAMBER OF COMMERCE**

Workshop Agenda

- Welcome from the Chamber of Commerce
- Grand Rapids is Changing
- New Approach to Transportation

- Parking Cash Out
 - What is Parking Cash Out
 - Benefits
 - Taxation Considerations
 - Enhancing Parking Cash Out

- Case Studies – Smaller and Larger Business Examples
 - DGRI
 - Spectrum Health's IT division

- Questions, Discussion and Resources



Grand Rapids is Changing



- Fastest growing metro area in Michigan and one of the fastest in US.
- Significant business and institutional growth, especially in Downtown where office occupancy is higher than 90%.
- Downtown resident population doubled over past 20 years and is projected to double *again* by 2026.
- 23% of Downtown workers live within 1 mile of Downtown
- Changing demographics and desire for transportation choices.
- City downtown area parking facilities operating at ~95% capacity for monthly parking cards. Downtown occupancy at historic high (+90%)

FACT: *Employer-paid or subsidized parking is one of the most influential factors in how people choose to get to work.*

New Approach to Transportation

GR FORWARD

GR Forward – 21st Century Mobility Strategy

Approved unanimously by City Commission – December 2015

MAJOR FOCUS AREAS

- Diverse transportation options to support economic development
- Collaborate on new mobility options and promote “Park Once” concept
- Effectively manage parking supply for commuters, visitors and events
- Connect downtown and surrounding neighborhoods
- Improve walking and bicycling safety, convenience and comfort
- Enhance and distribute transportation information resources
- Integrate technological services and real-time info
- Provide quality waiting areas and amenities for DASH riders
- Offer transportation education and encouragement programs

<http://downtowngr.org/our-work/projects/gr-forward>

New Approach to Transportation



Parking Services Department —————> Mobile GR

- Expanded focus on *mobility*
- Effectively manage demand for parking:
 - Market- and location-appropriate pricing
 - Shared parking arrangements
 - Improved DASH transit service and connectivity to Rapid routes
 - Strategic investments in new parking capacity.
- Collaborate with partners on affordable, attractive and convenient transportation choices:
 - Enhanced transit services
 - Improved pedestrian facilities
 - Bicycling facilities, including end of trip amenities
 - Expanded shared mobility options

What is Parking Cash Out




- Employer offers employees the *option* of cash transportation benefit instead of a subsidized parking card/ space.
- Cash out is equivalent to or a % of the parking subsidy.
- Allows employees to choose how they want to get to work:
 - Continue accepting a subsidized parking card/space *or*
 - Accept cash in lieu of parking card/space, which can be *used how they want*:
 - Transit passes,
 - Bicycling or walking to work,
 - Less expensive parking that the employee arranges,
 - Ridesharing, or
 - A combination of any or all of above.
- Implementation
 - Create internal procedures for employees to opt in
 - Market new benefit to existing employees, new hires and potential candidates
 - Payroll system changes to account for employees who elect to “cash out”


Parking Cash Out Benefits

- Voluntary – empowers employees to choose what best suits them
- Low cost and innovative benefit offering
- Reduce parking costs
- More efficient use of existing parking lots and ramps
- Possible health benefits if employees shift to “active” modes
 - Complements health and wellness initiatives
- Reduce single-occupant vehicles, congestion and emissions
 - Supports community growth, livability and “green” initiatives.





Taxation Considerations



- Parking Cash Out *is* taxable as regular compensation:
 - Employer incurs payroll taxes, and
 - Employee's taxable income increases.
- Some employers offset additional payroll tax by slightly lowering the cash out amount to match the increase in payroll tax costs.
- Offer tax-free transit or vanpool benefits to employees as well (currently capped at \$255/month per employee*).

EXAMPLE 1: Employer offers \$100 parking cash out benefit plus a transit benefit. The employee can take \$47 of the \$100/month for a 31-day Rapid pass tax free and pocket the remaining \$53 (taxable).

EXAMPLE 2: Employee can use his/her \$100 cash out benefit to pay for qualified vanpool expenses (wmrideshare.org), which results in a tax free option to both the employee and the employer.

* Commuter tax benefits are regulated by the Internal Revenue Code, Section 132(f)—Qualified Transportation Fringe.

Enhancing the Parking Cash Out Benefit



Parking Cash Out is *most effective* when offered with more commute options:

- Remote Parking / DASH Service – lower priced parking connected with downtown via the *free* DASH circulator transit service
- Monthly or Multi-Ride Transit Passes – consider offering them as pre-tax deductions or subsidize cost to enhance attractiveness
- Ridesharing Information – West Michigan Ride Share to form carpools or vanpools (www.wmrideshare.org)
- Bicycle Commuting Support – secure, preferably covered, bicycle parking options; lockers to store clothing; access to showers.
- Guaranteed Ride Home Program – emergency rides home available if you use an alternative to driving alone at least once a week (www.wmrideshare.org/guaranteed-ride)

Parking Cash Out Small Business Example:

Downtown Grand
Rapids, Inc.



2012 – Only offered employer-paid parking spaces to staff.

2013 – Began offering option between employer-arranged monthly parking card at the Pearl-Ionia ramp or Parking Cash Out.

RESULT: 2 of the 9 DGRI employees chose Parking Cash Out.

2015 – Transitioned to offering cash equivalent of a monthly parking card to employees who can then choose to:

- Drive and park at Pearl-Ionia ramp or at another parking facility but the monthly card is now arranged by *employee*;
- Use other ways to get to work – bicycle, rideshare, take transit, walk, drive as needed, etc.

RESULT: 9 of 10 DGRI employees chose NOT to purchase a parking card in the Pearl/Ionia ramp.

Parking Cash Out Larger Business Example:

Spectrum Health's IT Department



SPECTRUM HEALTH

2016 – Spectrum Health moved ~480 staff (IT division) to 25 Ottawa Ave., which has no parking.

Spectrum offered a Parking Cash Out benefit given the limited available parking options near the building:

- Spectrum offers free Rapid transit passes to all employees
- Close partner with The Rapid on carpool matching (popular option)
- First Spectrum business unit where Parking Cash Out has been offered
- \$75 parking cash out stipend

RESULT: 20% – 30% of IT group take advantage of Parking Cash Out

- Some seasonal fluctuation
- All modes being utilized – bicycling, using The Rapid, ridesharing, walking to work and teleworking from home.
- Some still drive but select lower cost remote parking options

Spectrum Health continues to look to expand its Alternative Transportation Program -- the goal is to give staff *more choices*, not be punitive.

Expanded Mobility Options in the Works



- Free DASH Circulator Service
 - Route modifications made in September 2016
 - Additional “free” service zone on the Silver Line to expand options to travel around downtown
 - Rebranding effort to begin in late Spring 2017
 - Service and route needs routinely reevaluated
- Active Commute Week – June 12 – 16, 2017 (www.acwgr.org)
- Transit Stop Improvements (DASH and Rapid) - \$1 million being invested in various locations in 2017-18
- Bike Share Feasibility Study/Business Plan – Spring 2017 kick-off
- Targeted Transportation Solutions Program – proposed in the City’s FY 2018 budget (under consideration now)

Questions Discussion Resources

- Parking Cash Out Information Handout
 - Online Survey Link
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For information on The Rapid
(corporate fare card options)
and/or West Michigan Rideshare
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