

# THE DOWNTOWN SEATTLE ACCESS PROJECT PARKING CASH OUT EXPERIENCE: RESULTS AND RECOMMENDATIONS

King County Metro  
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## **THE DOWNTOWN SEATTLE ACCESS PROJECT EXPERIENCE: RESULTS AND RECOMMENDATIONS**

This report first reviews the experience of the Downtown Seattle Access Project (DSAP) with implementation of parking cash out and related incentives (referred to as FlexPark) in downtown Seattle. It then presents several conclusions, and describes lessons learned. Finally, the report suggests an alternative way to use the remaining funds in the parking cash-out allotment of the downtown Seattle value pricing project.

### **1.0 BACKGROUND/EXPERIENCE**

The Federal Highway Administration (FHWA) supports innovative roads and parking pricing projects focused on understanding the effectiveness of different market-based approaches for reducing congestion and automobile emissions. In 2001 King County Metro received a grant from the FHWA in part to develop and test a project intended to increase the opportunity cost and decrease the convenience of commuter parking. One strategy included in this program was parking cash-out.

Cash-out is a value pricing strategy whereby employees with employer-provided parking receive the option of giving up their parking in exchange for a monthly cash amount. Employers negotiate with parking/building managers to pay for fewer monthly parking spaces, using part of their savings to provide incentives to employees. Parking/building managers then let the relinquished spaces at higher hourly parking market rates. In theory, everyone wins. Employees receive more in their monthly paychecks, employers pay less for subsidized parking, and parking operators receive more from hourly parkers than from previous monthlies.

The overall goal of the project was to assess cash-out and other facilitating incentives as means to shift commuter parkers to HOV modes. The cash-out strategy supported several other objectives of the downtown Seattle value pricing program, including shifting stalls from long-term monthly leases to either short-term, daily or HOV parking.

### **2.0 IMPLEMENTING CASH-OUT**

The cash out program, referred to as FlexPark, was designed as a voluntary incentive-based program to engage employers in actively trying to reduce the number of employees receiving an employer-paid parking benefit.

## 2.1 Program Definition

The DSAP team engaged in several research efforts prior to designing the downtown cash-out model.

### 2.1.1 Conjoint Study

A conjoint study is a survey instrument designed to allow comparison between numerous different package components, in order to arrive at the "ideal" package to achieve a particular end. In this case, the end was defined as "convincing an individual to give up their parking space". The list of package elements to be compared included changes in parking costs, free or discounted bus passes, free or discounted carpool parking, free or discounted vanpool fares, free or discounted flexible parking days, free emergency taxi ride home, cash bonus, use of a car for personal or work needs, and shower-only gym memberships. The results of the conjoint study indicated the monthly package most likely to sway an individual into giving up a free parking space consisted of a free bus pass, five flexible parking days (free or discounted), and a cash bonus of \$125.

### 2.1.2 Discussion Groups

The concept of parking cash out was also presented to three different discussion groups: 1) building managers, 2) employers, and 3) employee transportation coordinators. Building managers expressed reservations about participating in a program that was designed to reduce the number of monthly parking leases in their building. The concept was seen as potentially advantageous in a market where demand outstripped supply, and the spaces could be sublet or sold on a daily basis. Most building managers agreed they would not renegotiate tenant leases to change their allowable number of monthly parking spaces, but would allow tenants to reduce their monthly allotment on a month to month basis.

Employers were highly skeptical of the parking cash-out concept. Common objections were that only very senior individuals or those that really need a car for work currently received a parking benefit. Discussion regarding the first group, senior individuals or partners, was that there would be no reasonable package that an employer could afford to offer that would result in a choice to give up the parking space. Parking was described as something you earned, a perk on par with the corner office, a status symbol. Options such as Flexcar for the second group, sales staff or others that really need

their car for work, were dismissed as unworkable. A final group identified as receiving parking benefits were shift workers, for which other commute options were not viable.

### 2.1.3 The FlexPark Product

Based on the research findings, the DSAP team determined that a key element of implementing cash-out was to provide an incentive to engage employers in trying this approach. In addition, we thought that we could help employers customize program offerings, and thereby make those offerings more acceptable both to employer and employee.

Incentives for employers to choose from in creating FlexPark packages included: monthly cash added to an employee's paycheck; a free or subsidized bus pass; some monthly free parking days (number determined by employer); emergency taxi ride home; car sharing enrollment and usage credits; gym membership subsidies and other elements that employers defined.

King County offered employers both a financial incentive and technical support in administering the FlexPark program, as detailed below.

- Initial financial incentive - - \$125 a month per employee receiving free parking prior to program implementation
- Second financial incentive - calculated after 9 months, additional \$125 per employee relinquishing free parking space
- Employee survey - to determine most attractive package elements
- Employee brochure - customized, describing employer-defined FlexPark program
- Employee Trip Planning Assistance
- Information Packets - including travel options, cost of driving information

## **2.2 Market Estimation**

The team conducted focus group and quantitative research to help:

- define the downtown market (*Downtown Seattle Drive-Along Commuter Market*), and
- segment the drive-alone market to identify likely market segments for FlexPark (*Downtown Seattle Rider/Nonrider Survey Respondent Segments: Exploring Potential For New Transit Markets in Downtown Seattle*).

Initial market sizing efforts estimated that there were between approximately 36,000 to 52,000 people parking in downtown Seattle that received a parking subsidy (Kodoma, 2001, King County, 2000). Applying a conservative estimate that 2% of these parkers would be convinced to relinquish their parking space, the cash-out target of approximately 720 to 1,040 individuals was identified.

### **2.3 Marketing Strategy**

Staff decided to market FlexPark using existing avenues for employer outreach, rather than launching a separate marketing campaign targeted to FlexPark employers or targeting employees directly. We thought this approach would be an efficient use both of funding and staff resources. We approached employers about FlexPark in two main ways.

First, we worked with existing King County Employer Transportation Representatives (ETRs). The ETR's job is to work one-on-one with employers affected by the state Commute Trip Reduction (CTR) law to reduce drive-alone commuting. This law generally applies to all employers having 100 or more employees commuting to work during the am peak period. In the DSAP project area, 94 employers were affected by the CTR law in 2001, and four King County ETRs work with them to reduce drive-alone commuting. The ETRs received training in the FlexPark product offering, along with brochures, presentation packets and implementation materials. The ETRs presented the FlexPark option to a total of 11 CTR-affected employers. Three eventually elected to implement FlexPark.

Second, we worked with Downtown Seattle Association (DSA) staff already marketing Metro products. The DSA is a broker for an employer bus pass product called FlexPass. The DSA markets FlexPasses exclusively to employers not affected by the CTR law, and focuses on employers with between 25 and 99 employees. The DSA screened every potential client for eligibility and interest in FlexPark. In the nine-month period between January and September 2002, the DSA made a total of 744 sales calls. Only eight FlexPark referrals (1%) resulted from all of these sales calls. Three employers agreed to a presentation, and none elected to participate in the program.

In addition, FlexPark staff presented the program at two different employer network meetings in downtown Seattle (representing 27 employers), and

distributed over 700 FlexPark brochures at transportation fairs held at major high-rise buildings throughout downtown.

## 2.4 FlexPark Results

Despite all efforts, the anticipated market did not develop. Through October 2002, three businesses and 18 employees were participating in FlexPark (see Table 1).

**Table 1: FlexPark Program Participants**

	<i>Milliman USA</i>	<i>Safeco</i>	<i>HellerEhrman</i>
Number of Parkers	40	85	42
Number of Participants	3	13	1
Number of Continuing Participants	3	10	N/A
Reduction in SOV trips (weekly/annualized)	20/960	94/4,512	N/A
New Transit trips (weekly/annualized)	20/960	78/3,744	N/A
Other HOV trips		16/768	N/A

Note: Annualized numbers based on 48 work weeks per year.

Of these three worksite FlexPark programs, two have been operating for a full year. The results for these two programs are presented in Table 1. The third company, Heller Ehrman, began the FlexPark program in August 2002 and is still in the enrollment process.

## 2.5 Assessment of FlexPark

The team assessed the program internally and from the employer's perspective (*A Qualitative Assessment of the FlexPark Product and Sales Strategy: Employment Transportation Coordinator Interviews*) to try to understand employer and employee barriers. We considered refocusing on employers who had some specific characteristics the assessment suggested might facilitate interest ( Attachment 1). We also hired a marketing consultant to help better identify the market. The consultant's recommendation was that the market was too small to warrant spending additional time and money to target it (Attachment 2).

## 2.6 Conclusion

We have concluded that the employer market for cash-out in downtown Seattle, even with added incentives, is too small and fragmented to be cost efficiently targeted. The remainder of this report describes why the project team has come to this conclusion and then suggests new approaches focusing on individual commuters.

### 2.6.1 Limitations of the Cash-Out Market in Downtown Seattle

Downtown Seattle seemed an ideal candidate for a cash-out pilot study at the start of the project. It possesses all the key elements thought to promote cash-out success:

- Transit service is excellent to downtown from many parts of King County
- Parking leases are unbundled from floor space leases
- Parking supply is limited
- Parking prices are high
- King County Metro offers a wide array of transit pass and other products to help employers move employees to high occupancy vehicle (HOV) options
- The CTR law is in place to encourage large employers to take advantage of this assistance.

Ironically, we found that the cash-out strategy, which is designed to rationalize the decision to offer free parking and so change it, was superfluous in downtown Seattle. Downtown employers, acting in their own best self interests to save money and work within the real constraints of inadequate parking supply, had already done the job. The result is that parking subsidies have been eliminated for most employees who either do not need their cars for work or are not at the upper levels of company management. Even smaller employers who pay for parking do so only for those employees they feel have to have it (e.g. for work reasons or prestige reasons) and may already provide some support for public transportation options—like bus passes. Thus, employees who still receive a parking benefit are the most resistant and least able to use public transportation.

Our surveys of downtown Seattle drive-alone commuters showed that 35 percent of those with free or reduced-fee parking have incomes above \$100,000 annually. Forty-four percent of this group rate “needing a car to do one’s work” as a significant barrier to using public transportation (6 or 7 on a

7 point scale). Thirty-nine percent similarly rate the barrier "often having to work late."

### 2.6.2 Other Limitations of the Cash-Out Pilot

#### *Employers and Parking Managers Were Disinterested in Key Elements of Cash-Out*

The Conjoint Study conducted in 2001 to help define the most appealing packages to downtown drive-alone commuters found that respondents valued the incentive of having five days of parking each month, even if it cost them \$7 a day. Building managers were resistant to giving up monthly leases and to giving tenants discounts off the daily rate to facilitate promotion of flexible parking days. This made the cost of offering employees a free-park day benefit potentially very expensive to employers.

#### *Recession Added to Market Issues*

Downtown Seattle has been severely affected by the economic downturn that began here in the second quarter of 2000. Over the 2000 - 2001 period the dot.com jobs loss alone, including secondary effects, was about 4.5% of area jobs. Many of those jobs were located in downtown Seattle.

King County employment decreased 1.4% in 2001, and recent employment data suggest 2002 will see another 3% of jobs shed. This is the worst two-year showing for employment in Metro Transit records of area economic growth dating back to 1973.

Employers may be unwilling to try new ideas in this climate. Anecdotally, many employers contacted to participate in FlexPark seemed to be focusing strictly on business, in contrast to prevailing ideas that hard times open minds to cost reducing strategies.

With office vacancies on the rise and parking prices appearing to decrease, building/parking management want to do what they can to keep tenants and maintain revenues. They are hesitant to engage in incentives to decrease the number of monthly parking leases.

#### *Linking FlexPark to Commute Trip Reduction (CTR)-Related Sales*

In planning for FlexPark, the project team thought that adding the product to Metro's CTR product portfolio would result in cost and time efficiencies, since



Metro's CTR sales staff had already presented or were presenting transportation demand management measures to these employers. In retrospect, this strategy had several drawbacks.

During the employer interviews, several Employee Transportation Coordinators (ETCs) at CTR-affected employment sites expressed irritation with being asked to do something more. These ETCs felt they were doing everything reasonable to move people to public transportation, and they were not interested in discussing how they could do more.

In addition, FlexPark sometimes was lost among discussion of other options. Employers interviewed as part of the project assessment commented on this frequently. For example, one ETC said, "There seemed to be a lot being gone over, a lot of different concepts to deal with." Another commented on having FlexPark included with other CTR-related information saying it was "hard to process."

Finally, several CTR-affected employers technically are located in downtown Seattle, but outside the core area where Metro Transit service is frequent and conveniently located, and in places where parking is abundant and cheap. There was no interest in FlexPark in these areas.

#### *Contracting with the Downtown Seattle Association (DSA) for FlexPark Referrals*

DSA staff sells Metro FlexPasses to smaller (non-CTR) employers in downtown Seattle. DSAP also contracted with the DSA to include FlexPark in their discussions with employers, and refer employers who might be interested to Metro sales staff. Again this appeared to be a way to approach the many small employers in downtown Seattle cost efficiently.

The DSA used two screening questions to identify potential FlexPark candidates: 1) Do you pay for 10 or more employee parking spaces, and 2) would you be interested in saving money on employee parking by offering your employees an alternative to their current parking benefit?

As previously described, this approach resulted in only eight referrals. This suggests the product may not be of interest to small employers or a sales strategy requiring a secondary referral to someone at Metro was a barrier, or both.

### Having an Employer's ETC as the Contact Point for Selling FlexPark

The ETC was a convenient entrée into CTR-affected employment sites, since Metro had established relationships with these workers. Using ETCs, however, has several drawbacks. First, the ETC typically is not at a high enough level to make decisions about complicated benefit options. This meant that the ETC not only had to understand the FlexPark product, but also had to take time from his or her regular assignments to strategize about how to communicate about FlexPark to higher levels and then follow through. This commitment of time and effort may be part of the reason most ETCs decided not to become involved.

Second, it was completely up to the ETC to decide if others in the organization might be interested in FlexPark and therefore to pursue or not pursue communications to higher levels. This represents a potential barrier at a relatively low level in an organization that could prevent employees in an organization from even hearing about the program.

Third, because ETCs and not Metro sales staff were responsible for talking to appropriate decision makers, Metro did not know whether or how correctly and completely the ETCs actually communicated the concept.

In addition, smaller companies (not affected by CTR law) often do not have an ETC. Gaining access to decision makers to discuss FlexPark was difficult.

### FlexPark as a Tailored and Individualized Product

FlexPark is positioned as a tailored and highly individualized product that employers customize to meet employee needs. Sales materials reinforce that "you design a FlexPark package..." "...(you) build a unique...program or your company." "...(you) choose elements that are right for your employees."

In retrospect, the high level of flexibility may not be optimal. Because of the flexibility, the product is perceived as complicated and may affect ETCs' understanding and/or may compromise their abilities to communicate with management. It also requires higher level management to become involved in what it may see as rather unimportant business details.

During assessment interviews, one ETC said "It was a little too flexible, there were too many options."

Another ETC said "I really didn't understand it. I couldn't understand what they're offering. It's confusing."

This may suggest a better plan would be to offer - as one ETC put it - "something more like you get with photography - package a or package b .... Something where the choice is understandable, something more simple."

### **3.0 LESSONS LEARNED AND CASH-OUT RECOMMENDATIONS**

#### **3.1 Cash-Out Potential**

Although employer-oriented cash-out does not appear to be a functional strategy in downtown Seattle, it may be suited to "new" market areas where economic or regulatory forces have not yet induced employers to reassess parking expenses. Some potential for cash-out success likely exists in areas where:

- Employers provide free parking to employees at all levels
- There is little or no on-street free parking available as an alternative
- There is good transit service oriented to commute hours
- Recent regulatory mandates require action to reduce employee drive-alone commuting
- Air quality is deteriorating noticeably
- Congestion during commute hours is viewed by the public as a problem

Research is needed to further develop potential characteristics of likely cash-out markets and to assess and identify potential candidates nationally.

#### **3.2 Improvements to the Process/Product**

Although cash-out has not worked well in downtown Seattle, the project learned a great deal that may help others initiating cash-out in other areas where it may have more potential to succeed. The following recommendations flow from those lessons.

- Try to target employers more specifically in order to eliminate companies with predominantly outside sales employees, high-income workers, brokers, and others who need cars, have irregular or unpredictable work hours, or have shown active disinterest via surveys or other public opinion research.

- Simplify the product offering. Offer a limited number of packages, address implementation concerns, and provide assistance in communications with decision makers.
- Identify ways to effectively target benefits decision. Eliminate the need to give lower-level employees responsibility they may not want for communicating about cash-out up the line.
- Sell cash-out independently from existing portfolios of CTR or other TDM products.

#### **4.0 POTENTIAL PROJECT FOR FUNDING REALLOCATION**

King County will continue to market FlexPark to employers that are good candidates for participation. Given our past experience, however, the DSAP team feels that while additional cases may arise where FlexPark will fit an employer's needs, the number of these cases will be limited, and will not require additional Federal funding.

Consequently, the DSAP team recommends that the remaining federal dollars associated with the cash-out portion of the Seattle project be allocated to a demonstration of variable priced parking, as described below.

#### **4.1 Variable Price Parking Demonstration**

King County Metro proposes to demonstrate variable price parking in one or more parking garages in or adjacent to high-rise office buildings in Downtown Seattle. The project will show the effects of a new pricing model on mode choice; provide accurate information on technology requirements and implementation costs for future replication; assess the conditions under which variable price parking will be attractive to building owners; and determine customer satisfaction with variable price parking.

##### **4.1.1 What is Variable Price Parking?**

Variable price parking (VPP) encourages consumers of parking services to consider a broader range of mode choices using two principles: 1) customers are charged by the day rather than by the month, and 2) they are informed about the relative cost and quality of alternatives. The parking customer can weigh the price and value of parking on a given day against the price and value of an alternative mode.

Consumers who pay a fixed price for parking tend to use it more than is efficient because there is no cost associated with consuming an additional day of parking.<sup>1</sup> A monthly parking customer is unlikely to use transit because each transit trip has an additional specific price, yet each day of parking is “included” and has no specific price attached to it. An efficient market requires that consumers chose among options to purchase a combination of goods that maximizes their utility. If monthly parking is the only practical parking service available, individuals who would prefer to spend less on parking and more on alternative modes are unable to maximize utility.

In the long term, in a market such as downtown Seattle with constrained supply and excess demand, this tendency to over-purchase parking will lead to pressure to increase the parking supply as new development occurs. Increasing parking supply will lead to increased congestion—every parking space is an automobile trip generator.

Efficient markets and consumer optimums require not simply choice, but *informed choice*. The second principle of VPP provides the information component. For some individuals, simple information may be sufficient (transit schedules, fare information etc.). For others, information must be of the experiential variety—they must actually try the other modes in order to learn whether they provide appropriate service and superior value. For this reason, variable price parking includes measures to encourage use, such as refundable transit fare media, or support while trying bicycle commuting.

#### 4.1.2 The Relationship between VPP and Parking Cash-out

Parking cash-out offers individuals a choice between monthly parking and cash and/or other benefits. Variable price parking eliminates monthly decision making from the set of choices, and focuses instead on the ability of the market to provide choice based on the daily price of travel options.

Variable price parking is also different from parking cash-out in that it applies to a broader market. Parking cash-out affects an employer/employee arrangement. Variable price parking is aimed at individuals who pay for their own parking, and can

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<sup>1</sup> Although daily parking is available in most garages, it is typically priced at unattractive rates, does not allow in-and-out privileges, does not guarantee access, and requires inconvenient daily transactions. Garage access controls and billing systems can be adjusted to provide daily parking customers with all the convenience, and guaranteed access benefits that are now only available with monthly parking.

also be structured to include employer-paid parking. As noted earlier, because parking rates are high in Seattle, many employers have already chosen to eliminate parking benefits for their employees. Variable price parking reaches those who choose to pay for their own parking, but who might sometimes choose HOV modes if price and payment systems facilitated frequent mode switching.

Variable price parking is similar to parking cash-out in that it provides a mechanism for an individual to choose between a financial benefit (the cost savings of using alternative mode) and parking. With VPP the choice is offered daily rather than monthly or as a permanent change in benefits. Although VPP is not focused specifically on employers, it might lead to parking cash out. For example, if a building introduced a billing system that charges only for the days parked, a business that pays for employee parking will quickly see a link between cost and parking usage. The price structure might lead the business to reduce expenses by offering incentives to employees to drive less without requiring them to forego all their parking benefits.

Depending on the specific implementation and billing mechanism, VPP could be a *de facto* cash-out program. A VPP system is likely to use access cards linked to customer accounts. An account could be credited with a full month of parking value, the garage operator could debit the account for each daily use and offer the card-holder a full or partial refund for the unused days. The card-holder could claim the refund for the unused parking without requiring any action by an employer. Thus, the system could allow an individual to cash out as little or as much parking as she liked.

#### 4.1.3 Benefits to Building

At first glance, variable price parking seems to be a losing proposition for a building owner—it encourages an owner's parking customers to buy less parking. Downtown office buildings, however, tend to have greater demand for parking than they can supply. Under high demand conditions variable price parking can reduce demand and allow building management to accommodate more customers and tenants within the garage.

It is also important to recognize that a parking garage in an office building is a tenant amenity, not simply a revenue generator. In a competitive market for office space, requiring tenants to pay for only the parking they actually use could be attractive to prospective tenants. If VPP works to decrease parking demand, a

building might be able to offer tenants more than the standard one parking permit per 1000sf leased.

Although there are long term benefits for buildings that implement VPP, under existing conditions in Seattle's CBD it could lead to short-term reductions in revenue if mode switching by monthly customers cannot be made up with increased hourly and transient business. Therefore, the proposed demonstration project must include a risk fund to compensate building owners in the event of decreased revenue from garage operations.

#### 4.1.4 Variable Price Parking at the University of Washington

The University of Washington (UW) began a VPP demonstration project at its West Campus garage in August 2002. Referred to as Pay-Per-Use-Parking the program eliminated flat rate parking and implemented a system with the following features:

- Rate increases with the number of uses
- Participants receive free transit pass
- Participants receive car sharing (Flexcar) memberships
- Employee ID Card used for access
- Parking paid through payroll deduction
- Usage/fee information provided frequently

The system implemented at UW attracted 1239 participants. Preliminary results from Fall 2002 indicate an 18% reduction in trips by SOV parkers that had been using the garage prior to program implementation. Managers at UW Transportation Services see it as a tool to manage growing demand for parking on campus, and are considering expansion to other lots.

The UW has the advantage of being the owner of the parking facilities as well as the employer of the customers. Because these conditions can't be replicated in a downtown environment, implementation of VPP in Downtown Seattle will require some alterations.

#### 4.1.5 Implementing VPP as a Downtown Seattle Demonstration Project

King County Metro proposes implementation of VPP with two main elements: 1) a two-tiered rate schedule and 2) information about and sales of alternative mode services.

### Pricing Principles

- 1) The first several days of parking per month would be offered at a moderate rate<sup>2</sup>
- 2) Subsequent days in the month would be priced at a higher rate
- 3) If the system is applied to all monthly customers in a garage, the maximum monthly cost should be set at the existing monthly parking price<sup>3</sup>

#### Example:

First five parking days in a calendar month:	\$11/day
Each day thereafter:	\$15/day
Maximum monthly parking cost:	\$240 (monthly rate)

A customer parking 18 days per month or more would pay \$240.

Variable price parking will be linked to other transportation options in ways that encourage the use of those options and underscore the relative costs of the various alternatives. The parking customer should receive information about other transportation options, and have a no-risk opportunity to purchase transit fare media at the beginning of each month. Options presented should consist of the following:

<i>Basic Elements</i>	<i>Supplementary Elements</i>
□ Transit	□ Flexcar
□ Carpool/Vanpool	□ Bike tune-up
□ HFG	□ Bike commute support

These options might be offered in the form of a "package" of transportation options. In order to encourage the fullest consideration of alternatives, customers who purchase transit services in advance (fare ticket books) should have the opportunity to return unused portions for refunds.

Under the most likely scenario, Metro will implement VPP in a facility owned by the City of Seattle. In this case the demonstration will seek to eliminate all monthly

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<sup>2</sup> The moderate rate should be set at or near the "early-bird" daily rate for garages that offer such rates. This will prevent people who rarely drive alone under existing conditions from *driving more* because a lower rate was available for a limited number of days.

<sup>3</sup> Setting a monthly maximum prevents complaints from existing monthly parking customers and tenants. It should also allow for participation of tenants whose monthly parking rate is set in lease agreements.



parking in the garage, except in cases where lease arrangements preclude it. Setting a monthly maximum fee will prevent problems with customers and tenants who would be disinclined to participate if participation was optional.

If VPP is implemented in private buildings, owners may be reluctant to make a wholesale change in parking rates. Thus the program would likely be offered as an option to customers. As such, the VPP program could test a rate structure that does not use a monthly rate cap.

4.1.6 Demonstration Implementation Strategy and Tentative Schedule  
King County Metro proposes a two-phase approach to implementing VPP in the downtown Seattle market. During the first phase, Metro would work with stakeholder groups to identify project feasibility. Phase II would consist of implementing a demonstration project in cooperation with a facility owner and operator.

#### Phase I—Feasibility Assessment

While a version of variable priced parking has been successfully implemented in an institutional setting, work is required to ensure the concept would be feasible in an open market, such as downtown Seattle. We propose to form a stakeholders group, consisting of property managers and parking operators, with which we could explore both the market realities and technical issue associated with a variable priced approach to parking management in downtown.

Issues to be addressed in the feasibility assessment include:

- Identifying technical and administrative obstacles to implementation,
- analyzing facility-specific conditions that provide a favorable environment for variable pricing policies,
- assessing customer interest in a variable priced approach to parking, and
- identifying candidate facilities for implementation of a pilot project.

#### *Workshops*

*Fall 2003*

We will conduct two workshops with stakeholder groups, as defined below to present the concept, and gather feedback regarding operational, financial, and customer service impacts.

Workshop 1: Garage operators (accessory and principal-use parking facilities)

Workshop 2: Building owners/managers (accessory use parking facilities)  
Leasing agents/real estate professionals

After completion of the workshop series, we will prepare an assessment of the feasibility of project implementation in downtown Seattle. This will include identification of building owners/managers that indicated interest in pursuing a demonstration at their building site.

### *Customer Surveys*

Surveys will be used to gauge customer interest in/acceptance of a variable priced approach to parking. This information is important for property managers as they consider potential impacts on existing or future tenants, and implications for leasing activities. Survey results will be shared with workshop participants, and will be used to finalize the parking product offering.

### Phase II - Implementation

The Downtown Seattle Access Project (DSAP) approach to implementing VPP would restructure parking rates in one or two test facilities; offer information about alternative commute modes, and possibly facilitate the purchase of alternative mode services; and evaluate the impacts on mode choice and frequency of SOV travel. The following tasks are envisioned in the implementation of the pilot project.

1) Identification of pilot parking facilities, Fall, 2003  
Based on

- size—the facility should have at least 500 spaces—large enough to be seen as a valid test for future implementers
- high number/percentage of monthly customers
- electronic access and fee systems installed
- high current occupancy of garage
- willingness to participate—the most likely candidates for the pilot are parking facilities owned by the City of Seattle. The City's transportation goals are consistent with the goals of the pilot project and it has the long-term goal of managing its facilities to encourage alternatives to SOV use.

- 2) Establish agreements with building owner(s) Winter 2004  
Because the current market for monthly parking in the Seattle CBD is somewhat soft, building owners could lose revenue in the short term by implementing VPP. Agreements with building owners will likely include risk mitigation funds to insure that revenues are maintained. Any risk pool funding agreement will consider the following,
- revenue from monthly parking sales (average of previous 12 months)
  - short-term parking revenue
  - discounted parking sales (carpool, HOV incentives, etc.)
  - transient parking revenue (early birds and other daily sales)
  - building occupancy rates

- 3) Upgrade access and billing systems as necessary Winter 2004  
Depending on the pilot parking facilities selected, an evaluation of on-site revenue control systems will likely be necessary to assure that such systems can process the variable rate program. At minimum, reprogramming existing fee computers will be necessary. Appropriate modifications to access controls, on-site fee computers and accounting/billing programs will be made. The intent would be to integrate variable rate pricing into existing card access systems to facilitate ease of use by the customer.

- 4) Finalize program elements (may vary by facility) Summer - Winter 2004
- conversion of all monthlies to VPP or customer option
  - use of monthly maximum price cap
  - develop alternative transportation services component
  - create effective messaging tools and customer program information
  - set rate structure based on:
    - existing monthly and early-bird rates
    - early bird rates at adjacent facilities

- 5) Implement new pricing system Spring 2004

- 6) Evaluate/Survey Jan. 2004 (baseline)  
Spring 2005

Based on:

- Shifts in mode choice (using comparative survey data from a control population)

- Shifts in parking usage (using parking data available from key card access)
- Customer response (solicit comments from individuals, businesses and track unsolicited comments and complaints to garage operator)
- Feasibility (cost, time to implement, disruptions to garage operations, technical obstacles)

7) Develop VPP implementation information package to insure that success can be replicated

#### 4.1.7 Evaluation

Effects of the pilot study will be evaluated using both quantitative and qualitative methods. Quantitative research will address effects of the pilot on commuters who pay all or most of their own parking costs (the most sensitive to price signals), as well as other commuters who pay some of their parking costs at varying levels. In addition qualitative research will explore the experiences of commuters who choose and who do not choose to participate in the VPP to better understand what works and what does not work and to gain insights on how to improve offerings that best meet the needs of commuters. Qualitative techniques will also be used to help assess cost and benefit issues and to assess the perspectives of garage operators.

#### Quantitative Evaluation

Effects of the pilot study on commuters who currently pay monthly parking costs will be evaluated using analysis of trends in the number of days a month using parking at the pilot and control garages separately for those who pay all their monthly costs and for those who have some subsidy. While random assignment is not possible, this design still controls several threats to internal validity, such as history (or what respondents bring to the study), and maturation (or changes in respondents during the course of the study).

Assumptions for this evaluation approach include:

- ✓ The City controlled garage, where all parking will become VPP, parking key card use, monthly parking costs, and VPP participation levels will be able to be tracked at the individual level
- ✓ One or more control garages in downtown Seattle will also cooperate with the VPP pilot evaluation, and these garages will also have the capability of tracking parking key card use and monthly parking costs at the individual

level. Project consultants will work with them to collect and store baseline and outcome data consistent with City garage system data collection.

Following any necessary billing systems reprogramming or upgrades, and after electronic systems at the control garage(s) have been tested to ensure comparability of reporting, the team will collect baseline data at pilot and control sites. Baseline data collection will occur before those parking in the City facility receive information about the change to value priced parking. Attachment 3 shows a sketch of an approach to data formatting.

Data will continue to be reported throughout the pilot study period. This will allow for fine tuning the pilot offerings and marketing as the project progresses as well as for trend analysis outcome comparisons of control and pilot garages. Attachment 4 shows an example of some fortuitous hypothetical results for those who currently pay all their own parking costs at VPP pilot and control garages.

#### Qualitative Evaluation

In order to gain as much information as possible about the experiences and perceptions of VPP participants, as well as identify improvements in the VPP offering and its marketing, the project will also conduct focus group research with study participants and those with the opportunity to participate, but do not. We anticipate four focus groups with 10 to 12 individuals each, recruited at relevant building/garage sites.

In addition, the team will conduct interviews with building/garage managers to hear concerns and conclusions about the pilot, and to address the feasibility of adopting a VPP, including implementation time and costs, administrative and technical obstacles, and perceived costs and benefits.

The team will also interview employers to determine their reactions to the program and assess the potential for VPP to affect employer's parking policies and benefits. Interview will explore the following questions:

- Are some (or all) parking costs passed on to individual employees?
  - If the employee pays all or part of the cost how is the payment collected?

- Would changes in current policies or billing systems be required if parking costs changed from month to month?
- Did the new pricing system lead to a change in parking benefit administration?
  - If not, did was it considered?
  - Would a change be more likely if price changes were permanent?
- Is the employer CTR affected?
- Are transportation benefits provided to non-SOV commuters?

4.1.8 Budget (demonstration in two facilities, not to exceed \$450,000)

Stakeholder Workshops	\$10,000
Customer Surveys	\$15,000
Billing System Upgrades	\$50,000/garage
Risk Pool Funds	\$69,000/garage <sup>4</sup>
Implementation - outreach, promotions	\$70,000
Evaluation consultant services	\$50,000 <sup>5</sup>
Total	\$383,000

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<sup>4</sup> Assumes a 600 space garage, 60% of spaces taken up by monthly customers, 20% of monthly customers take advantage of VPP and park only 12 days each month. Existing rate of \$240/month, VPP rates of first five days in a month at \$11/day and subsequent days at \$15/day. Result rounded to nearest thousand.

<sup>5</sup> Includes consultant costs and respondent payments. Our experience with drive-alone commuters in downtown Seattle suggests they must be paid to participate in any research involving HOV matters.

Attachment 1: Potential Characteristics of Cash Out Target Companies

<i>Characteristic</i>	<i>Rationale</i>	<i>Code</i> <sup>•</sup>
Willingness of building/parking mgt to work with the program	Key starting point without which no progress can be made	Q
Employer site size 50-99 <sup>1 see below</sup>	Smaller not cost effective, larger already addressed by CTR	L
Priority geog=Olive-Cherry and 7 <sup>th</sup> to 1 <sup>st</sup>	Redefined core CBD where parking costs are highest	L
Secondary geog=Denny-Dearborn, water -I5 <sup>2</sup>		L
Not primarily outside sales-based	Sales-based employees need their cars to do their work	L/Q
In industry doing worse than others	Increases likelihood of interest in cost-reducing ideas	L/Q
Mostly normal hours of operation	Employees schedules correspond to Metro bus schedules	L/Q
Corporate philosophy progressive/environmental, leader, etc <sup>3</sup>	Top-down support quick way to make things happen	Q
Currently lease or subsidize large amounts of parking <sup>4</sup>	Costs are high	Q
Non-attorney/medical practice/other very highly paid professionals/stock brokers/inspectors/	Incentives not likely to be effective/often irregular hours	L

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• "L" likely available from existing lists, "Q" requires querying to find out  
 King County Metro  
 July 9, 2003



## Key Information

- 1 A. Caution: only 10% of drive-alone commuters work at sites downtown of 51-99 employees, whereas 42% work at sites 50 or fewer.  
B. Is the downtown site headquarters or a branch? If a branch may not have authority to make changes independently.  
C. Is the company a public, private, partnership, single prop?  
D. What is the name of the CEO and CFO?
- 2 A. What is the level of transit service for companies in the secondary area?  
B. How much free or low cost parking is there in the secondary area?
- 3 Perhaps DSA could provide their perspectives here? Perhaps also search of Washington CEO magazine?
- 4 When is the lease up? What is the monthly cost per space?

## Attachment 2: Assessment of Direct Marketing to Mid-Size Employers

Using the selection criteria described in Attachment 1, 683 organizations were identified with contact information for 1802 people (CFO's, CEO's). Analyzing those numbers can give us a good picture of the likelihood of success in the market. Following is an assessment of the "best case" scenario...

- We put together an "offer" or "ask" for our contacts (i.e., meet with us about employee transportation and we'll save you money)
- We contact 683 companies (1802 people) through either direct mail or telemarketing efforts
- We get a 10% response rate (normal response rates are 2-3%, 5% is considered phenomenal)
- 10% = 68 companies
- We meet with the 68 companies and get 25% to agree to promote Parking Cash-out (25% is HUGE compared to where you're currently running)
- 25% = 17 companies
- Within those 17 companies, you get three employees each to give up their parking spots (again, HUGE compared to your current levels)
- 17 companies X 3 employees = 51 parking spots gained

As this analysis shows, the absolute best case scenario coupled with unheard-of success in getting responses would generate only 51 Parking Cash-out supporters at best.

**Source:** DDB Public Relations  
1008 Western Ave, Ste 601  
Seattle, WA 98104

**Attachment 3  
Sample Approach to Data Formatting**

BASELINE DATA --JAN AND FEBRUARY 2004							PILOT STUDY PERIOD - MARCH 2003 - FEB 2004							
Parking Behavior and Out of Pocket Cost to Park							Pay	VPP participant?	days March	average cost	days April	average cost	... etc	average cost
ID	Jan days	cost average	Feb days	cost average	... ETC	cost average	100% parking?							
	1													
	2													
	3													
	4													
	5													
	6													
PILOT	7													
	.													
	.													
	.													
	n													
	1													
	2													
	3													
	4													
	5													
CONTROL	6													
	7													
	.													
	.													
	n													

Attachment 4  
Hypothetical Results - Average Days Parked by Month in Pilot and Control

