



## 5. parking cash-out

The cost of providing parking is often hidden from the user. Parking is free, for the most part, to employees, customers, patients and visitors in Shelby County. In a Parking Cash-Out program, an employer would pay an employee for not using their parking space. Offering a monetary incentive to an employee not to drive can be the most effective means of changing behavior and reducing parking demand. Parking cash-out has even been shown to work even in the absence of other seemingly viable transportation options, and has saved employers money. ***Parking Cash Out has been shown to reduce auto commuting and parking demand by 10-30%***

### Benefits

Employers continue to offer parking, but offer the cash value (full or partial) of the parking subsidy to any employee who does not use it. The parking cash-out program can benefit employers by:

- Reducing the need for employee parking and costs associated with leasing parking space
- Reduce the maintenance costs of parking areas
- Allow businesses to convert employee parking spaces to operational space, customer parking spots or revenue-producing activities
- Eliminate the need for new parking construction
- Reduce parking crunches associated with daily or seasonal peak demands
- Employees benefit from a parking cash-out program because it gives them the option of receiving extra money instead of driving to work, or gives them the value of the parking space if they cannot use it. Because there is no detrimental effect on employees who continue to drive to work, the program is perceived as fair to both employees who opt in and those who opt out.

### How it works

- The cash value of the parking subsidy can be offered in these forms:
- Employees can be given a general “transportation fringe benefit” for not parking. This can be as little as \$20/month or priced less than or equal to the market value of an employee parking space.
- A transit/vanpool subsidy equal to the value of the parking subsidy (of which up to \$120 is tax-free for both employer and employee).
- A taxable carpool/walk/bike subsidy equal to the value of the parking subsidy.

### Best Practice

**CALIBRE in Alexandria, Virginia**, provides taxable cash incentives to employees who commute to work via carpools and vanpools that are not eligible for the company’s transit subsidy program. Employees who carpool with other employees to one of the company’s facilities will each receive \$32.50 per month in taxable income and must agree to accept a shared company provided parking benefit in lieu of an individual company provided parking benefit. Employees who work at CALIBRE facility and who do not require any parking will receive \$65 per month in taxable income and must agree to waive their right to a company provided parking benefit<sup>1</sup>.



1 [http://www.bestworkplaces.org/pdf/ParkingCashout\\_07.pdf](http://www.bestworkplaces.org/pdf/ParkingCashout_07.pdf)

## Application to Mid-South

Parking cash-out programs can work anywhere, even in places where few options for alternative transportation seem to exist. Cash-out may be the most regionally applicable strategy, as it does not rely on the presence of other infrastructure or programs for its success, though those other mechanisms amplify the benefits of a parking cash-out program. Nevertheless, parking cash-out can work best in the following types of situations:

- When employers are providing free parking in an area of high parking demand and limited land availability. This is especially true where an employer maintains, has built or is considering parking garages. (Note that parking garages can cost \$20,000 space/minimum + an annual maintenance cost of \$150/space). Most of these locations are likely in downtown Memphis or the Medical District.

**Potential Locations : Methodist Hospital, University District, Baptist Hospital**

- The business is located in an area with multiple transportation options (transit, bicycle facilities) or where employees live close to work

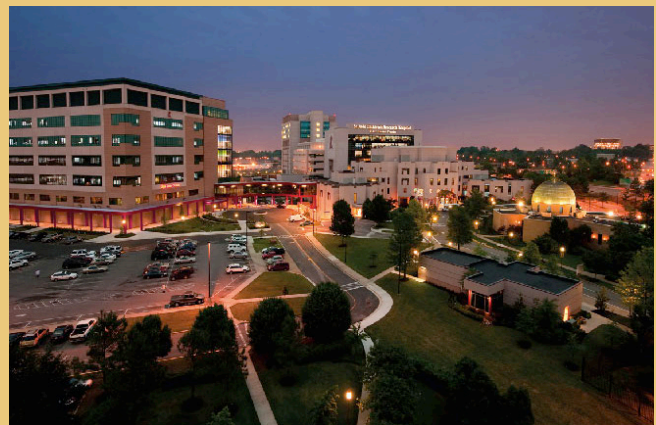
**Potential Locations : Aerotropolis, Downtown**

- Where a business has seasonal peak needs, and leases added space just for parking

**Potential Locations : Olive Branch, FedEx**

- Cash-out can work even in situations where non-peak shifts make other TDM options infeasible, by encouraging informal car-sharing

**Potential Locations : Germantown Road Shopping Mall Areas, President's Island**



Methodost Hospital, Memphis