



# Parking Problems? Transit Programs As a Cost Effective Solution

November 2013  
Omaha, Nebraska



Commissioned by:



Prepared by:





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# Executive Summary

## Do bus pass programs reduce parking demand in Omaha, NE?

The first question this study asked was “Do bus pass programs actually reduce parking demand in Omaha, NE?”. Current bus pass program users at local Omaha colleges and businesses answered questions about what their current and pre- transit pass commute patterns are. Non-bus pass users answered questions about their current and potential commute patterns. We compared both groups’ responses to answer the questions, To what extent do transit programs reduce parking demand and what potential parking reduction exists if transit programs were used by everyone who wanted to use them.

The following conclusions can be drawn:

- **Existing Bus Pass Programs Reduce Parking Demand:** Bus pass programs offered by colleges and employers reduce parking demand for those students and employees who would otherwise drive for some of their commute trips each week.
  - **Students:** Students participating in a college-provided bus pass program are reducing the number of parking spaces needed by 172 parking spaces per day.
  - **Employees:** Employees participating in an employer-provided bus pass program are reducing the number of parking spaces needed by 67 spaces per day.
- **Potential for Further Parking Demand Reduction:** Some students and employees currently do not participate in a bus pass program, but would participate if they knew about it or if it were available to them.
  - **Students:** At the University of Nebraska at Omaha (UNO), for every 100 additional participants, parking demand is expected to be reduced by 16 spaces per day. At Metropolitan Community College, for every 100 additional participants, parking demand is expected to be reduced by six spaces per day.
  - **Employees:** For employers in this survey, for every 100 additional participants, parking demand is expected to be reduced by 54 spaces per day.

## How much does a transit program cost compared to parking?

The second question this study asked was “How much does a transit program cost compared to parking?” Through research of local parking and transit costs, the following information was compiled:

- **Bus Pass Program Costs:** Regardless of who pays, a 30-day unlimited ride pass will cost between \$42-\$55 per pass. Organizations who become Metro Partners can receive bulk discounts reducing the cost of the 30-day unlimited ride pass to \$42.
- **Parking Costs:** Parking costs vary based on several factors. Is parking provided by the employer or leased? Is it a garage or surface lot? Is there a shuttle provided between the parking lot and the college or business? Regardless of who pays, the following are the costs of parking in Omaha:
  - **Employer Leased + Provided Parking:** Monthly leased parking ranges between \$48 per space for surface parking and \$70 for garage parking.
  - **Employer Provided Surface Parking:** The cost for providing surface parking, including land, design and construction, and operations and maintenance, ranges between \$73 - \$163 per space per month. (20 years at 4% interest)
  - **Employer Provided Garage Parking:** The cost for providing garage parking, including land, design and construction, and operations and maintenance, ranges between \$119 - \$224 per space per month. (35 years at 4% interest)
  - **Parking Shuttles:** When needed, parking shuttles can cost on average between \$13 - \$28 per space per month.

## Conclusion

For organizations with parking challenges, transit programs are a cost effective solution to reduce parking demand. Providing a transit pass to those employees and students who want to use it costs less per month than providing parking.



# Overview & Methodology

## What's in this report?

This report addresses two major questions:

1. Are transit programs effective at reducing parking demand?
2. How much does a transit program cost compared to parking?

A four-part study was conducted to answer these two questions. The study included:

1. A survey
2. An organizational information request
3. Research of transit program costs and structure at Omaha organizations
4. Research of parking costs specific to the Omaha market

### Survey

A survey was conducted to determine how effective transit programs are at reducing parking demand. Metropolitan Community College and the University of Nebraska at Omaha both have existing transit programs for their students. Between both colleges 2,342 students responded to the survey. Pacific Life and Union Pacific also provided the survey to their employees, of which 625 total employees responded.

The survey was open to all students and employees regardless of participation in the organization's transit program. Distribution of the survey included one or more of the following: an organization-wide email inviting students or employees to take the survey, a link on the intra-net site of each organization with email from organizational distribution lists pointing potential participants to the link, and an announcement posted in the "news" section of an organization's website indicating the survey was open.

The student response rate achieves a 95% confidence level with a confidence interval of +/- 2. The employee response rate achieves a 95% confidence level with a confidence interval of +/- 4. The confidence intervals assume random sampling. Given the large response rate of both students and employees, there is a strong likelihood that the samples are representative of

the entire population. Please use the confidence levels as a guide since this survey sample was not a true random sample.

The survey asked general questions about commute modes and times as well as general attitudes toward parking and transit programs. The survey also asked detailed questions about travel modes in three different scenarios:

1. Current travel modes
2. Travel mode prior to a transit pass program
3. Travel mode if the respondents college or employer offered a no-cost transit pass to anyone who wanted one

These three scenarios provided a means to see if the current mode had more transit trips than before the transit programs existed and what the potential would be if anyone who wanted a pass could get one at no cost.

The survey data informed the answer to the question "Are transit programs effective at reducing parking demand?"

### Organizational Information Request

All participating organizations in the survey were also asked to fill out organizational information about the type of transit program, participation rates, costs, and basic organizational data such as number of employees or students. In addition to those who participated in the survey, First National Bank completed an organizational information request.

The information request also inquired about parking programs at each organization. Information included the number of parking spaces, number of parking permits issued, and parking costs.

Organizational information provided helped assess if transit programs reduce parking demand. Additionally, this information was used to compare costs between transit and parking programs.



# Overview & Methodology (continued)

## Transit Research

Information on the structure, cost, and implementation of transit programs came both from the organizational information request and the Transit Authority of the City of Omaha, doing business as Metro. Metro provided information on the Metro Partners program along with costs and transit program structures for existing pass programs.

## Parking Research

Additional research was conducted at non-participating organizations to gather more information about Omaha-specific parking costs. A literature review was also conducted to find what other parking cost studies have been completed that are relevant to the Omaha market. This research informed the section on parking costs.

## Study Period

The study period for this report was the Spring of 2013. This included the Spring semester at the University of Nebraska at Omaha (UNO) and the Spring quarter at Metropolitan Community College (MCC). The survey period included March and April 2013.

In Omaha, the cost of surface parking (\$73-\$163/month) and garage parking (\$119 - \$224/month) is substantially higher than providing or cost-sharing a transit pass for an employee (\$42-\$55/month).

Students



2 out of 3

students in Omaha say it  
is important for their  
school to support  
transportation options  
beyond cars.





# What bus pass incentives are available to students?



## MavRide and Pass to Class

Both Metropolitan Community College (MCC) and the University of Nebraska at Omaha (UNO) have programs for students to obtain free bus passes. The details of each program are slightly different, but in both cases students are able to obtain unlimited ride passes for trips to and from class for a given school term.

MavRide at UNO started in the Fall of 2011 with a pilot program limited to 400 passes after the Student Government conducted a survey in 2010 to assess student demand for more transportation options. The survey showed that although more than 80 percent of UNO students had never ridden a Metro bus, over 75 percent of students responding to the survey would ride the bus two or more times per week if it were free to students. The program now offers 800 passes per semester.

Pass to Class at MCC started in December 2009 when 483 passes were distributed to students for rides to and from MCC locations and for other education-related purposes. Now the program distributes between 750-1,000 passes each quarter. According to MCC, the goals of the program are to:

- increase access to education for Omaha metro residents
- decrease parking congestion and vehicular traffic on campus
- reduce emissions

Both programs also support the goals of Metro to learn more about ridership patterns and increase ridership.

Omaha benefits from these programs because they help reduce single-occupancy vehicle trips and thereby reduce traffic and congestion. Reducing single-occupancy vehicle trips also improves the air quality in Omaha by reducing vehicle emissions.

## Clarkson College

Clarkson College also offers a program similar to the MCC and UNO programs, but on a much smaller scale for a smaller student body.

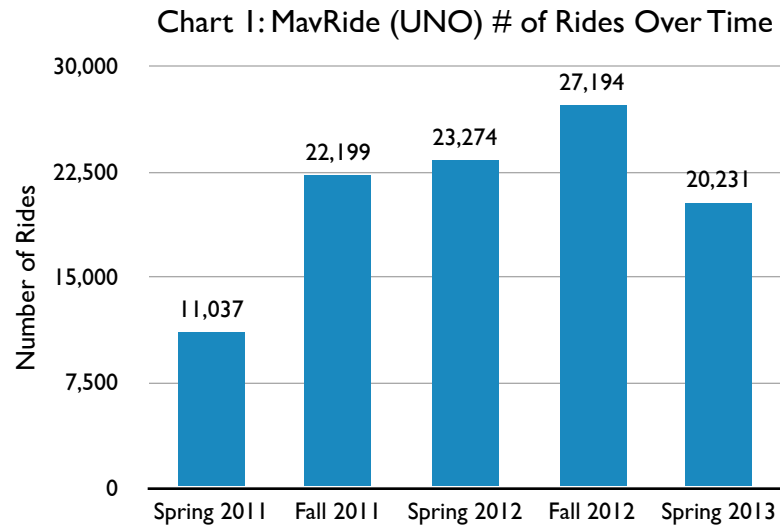


# 1,000,000+

the number of rides taken by students since MCC, UNO, and Clarkson College began their student transit programs.



# How successful is UNO's MavRide?



*UNO's MavRide program reduces parking demand by about 130 spaces per day.*

## UNO MavRide

Data show that UNO's MavRide program has been a huge success. In addition to strong ridership numbers and popularity among students, the MavRide program is helping to reduce parking demand on and off campus.

UNO's Student Government conducted a survey of students participating in MavRide in the Spring of 2011 when the program was still in "pilot" mode and only 400 passes were provided. Among students receiving a MavRide pass and responding to the survey, 93 percent reported driving to campus fewer times per week. UNO's Student Government estimated that the 400 MavRide passes reduced parking demand by 119 spaces per day among MavRide users. The program now offers 800 passes per semester and has recently expanded to include the summer term as well.

Two years after the pilot, a mature MavRide program is still reducing parking demand. When extrapolated to 800 MavRide passes, current survey data show that MavRide reduces demand for campus parking by 61 spaces per day and for other parking by 69 spaces per day, or a total of about 130 spaces per day. This substantial reduction in parking occurred during Spring 2013, when there were fewer total rides than the previous three semesters.

Note:

MavRide has fewer rides than MCC's Pass to Class program (page 12) but has a larger reduction in parking demand. One possible explanation is the MavRide program is attracting more riders that would drive to school otherwise. On the other hand, Pass to Class program may attract some students who would drive otherwise, but that more of the students who participate in Pass to Class would still use transit if Pass to Class didn't exist. The survey did not ask if transit programs were a determining factor in their enrollment in school so there is no way to account for increased riders in either program because of access to education.

# How successful is MCC's Pass to Class?

## MCC Pass to Class

Data show that MCC's Pass to Class program has been a huge success. In addition to strong ridership numbers and popularity among students, the Pass to Class program is helping reduce parking demand on and off campus.

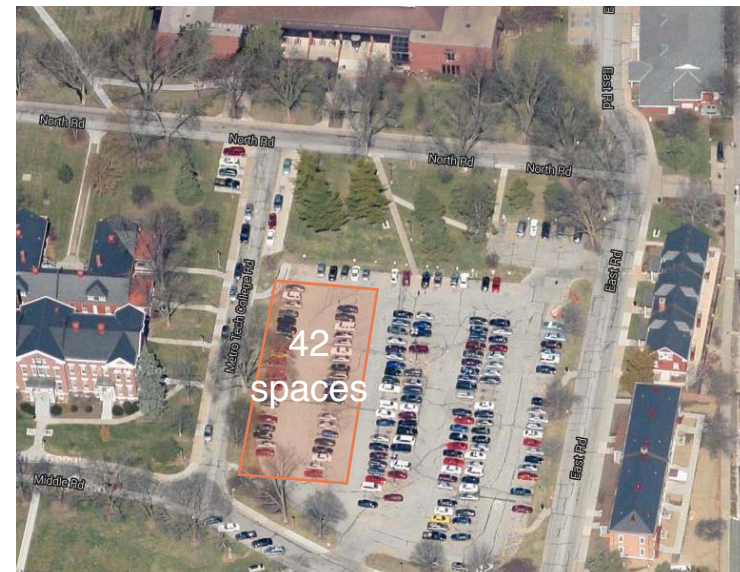
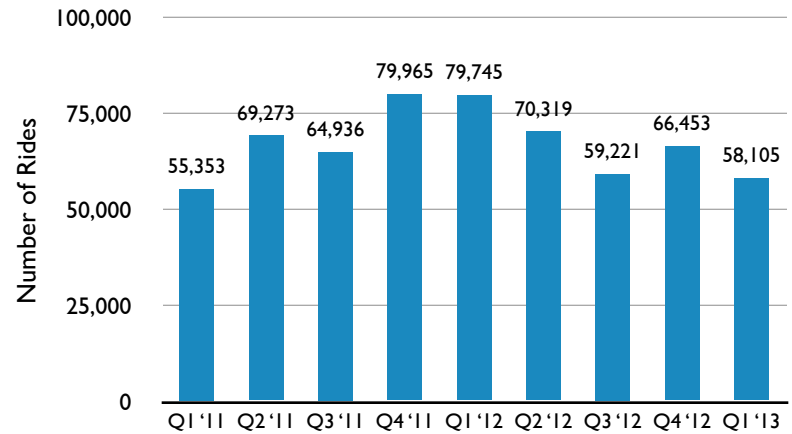
A mature Pass to Class program has been reducing parking demand for over three years. When extrapolated to the 746 passes issued in MCC's Spring Quarter 2013, current survey data show that Pass to Class reduces demand for campus parking by 34 spaces per day and for other parking not provided by the college by 8 spaces per day, or a total of about 42 spaces per day. That is equivalent to about 1/3 of the parking lot south of the main classroom building (Building 10) on MCC's Fort Omaha Campus.

Since its inception in 2009, MCC's Pass to Class program has logged over 900,000 rides and served over 30,000 students. These numbers help show the context for how MCC has contributed to cleaner air, increased access to education, and reduced congestion and road wear and tear on MCC's campuses.

“If it were not for the bus pass benefits I would not be able to attend MCC to be able to further my education.”

- MCC student's survey comment

Chart 2: Pass to Class (MCC) # of Rides Over Time

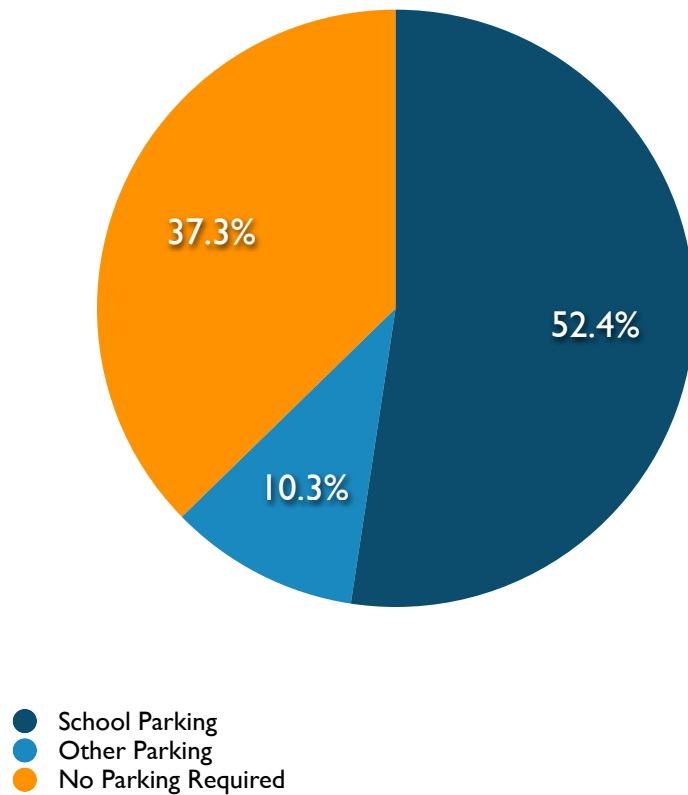


MCC's Pass to Class program reduces parking demand by about 42 spaces per day.



# Where do students park without a bus pass program?

Chart 3: Where Students Would Park Without a Bus Pass Program (MCC + UNO combined)



## Baseline Parking Demand

The study determined a baseline for students' demand on parking without the bus pass program. The baseline combines current commuting patterns of students who are not participating in the bus pass program and the patterns of students who are participating in the program, *but before they started participating*. **In other words, the baseline determines the demand for parking when no students are using bus passes provided by the school.**

The baseline shows that about 5 out of 8 trips to campus will require some kind of parking, and about 3 out of 8 trips will not require parking. The graph shows the percent of trips each week and their impact on parking. These values were determined by asking how many days per week a student commutes using various methods of transportation, assuming each student commutes five days per week. Students selected from the following options:

### School Parking

- Drive alone and park in a school-provided parking area
- Carpool and park in a school-provided parking area

### Other Parking

- Drive alone and use other parking
- Carpool and use other parking

### No Parking Required

- Ride in a carpool and get dropped off at school
- Ride a bus
- Ride a bicycle
- Walk
- Study at home or don't have class
- Other (undefined)

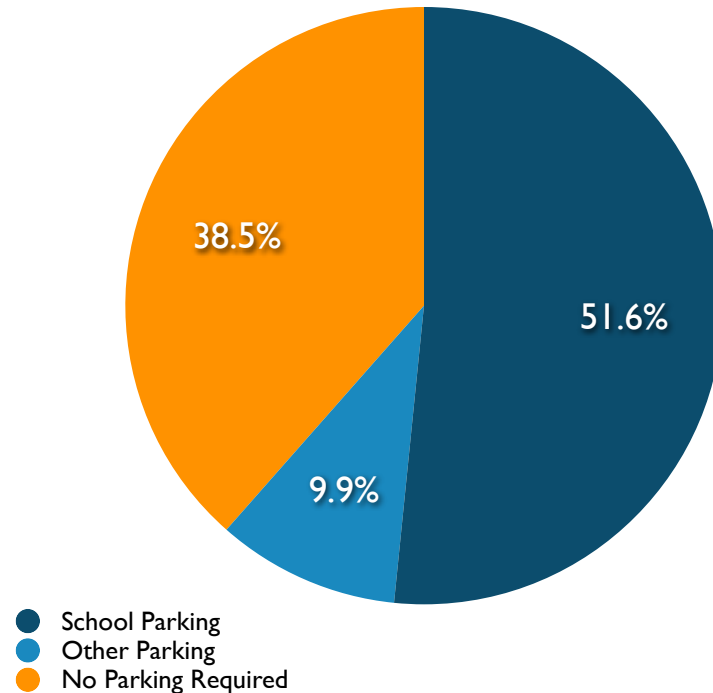
# Where do students park with current bus pass programs?

## Current Parking Demand

Current parking demand at UNO and MCC is decreased because both schools currently offer bus passes to students. The breakdown of parking demand with the bus pass programs does not appear much different than the demand without the bus programs; the categories vary by only one percent or so.

However, the bus pass program allowed the 257 students who responded to the survey and indicated they currently participate to make 157 more “parking free” trips to campus each week. When extrapolated to the 800 passes distributed by UNO and the 746 distributed by MCC, the increase in the “no parking required” category from baseline to current represents 172 additional trips per day that do not require parking.

Chart 4: Where Students Park With the Current Bus Pass Program (MCC + UNO combined)

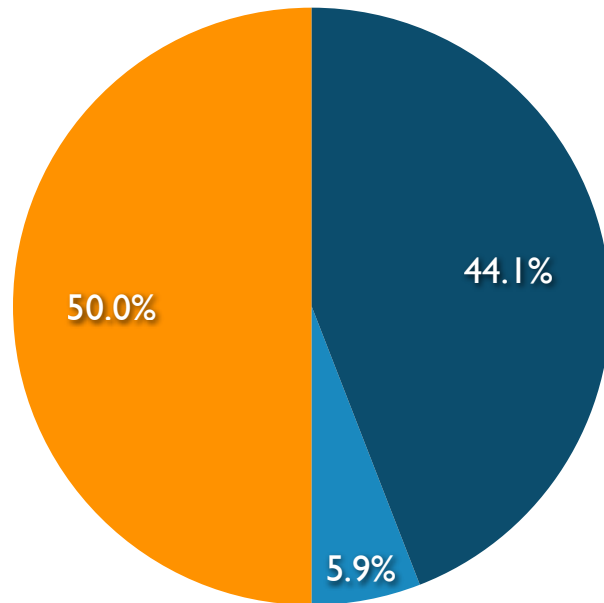


The increase in the “no parking required” category from baseline to current represents 172 additional trips per day that do not require parking.



# Where would students park if the bus pass program reaches its potential?

Chart 5: Where Students Would Park if a Bus Pass Program Reached its Potential (MCC + UNO combined)



- School Parking
- Other Parking
- No Parking Required

## Free Passes Can Decrease Parking

The survey also obtained data about how students would commute if a college-provided bus pass program reaches its potential--meaning a free bus pass was available to any student who wanted one. This data considers responses from current bus pass program users and the expected pattern of students who have never participated in the program previously but could obtain a free bus pass.

In this scenario, students surveyed indicated that half the trips they make to campus would not require parking. Offering free bus passes to students could increase the percent of trips not requiring parking 10 percentage points or more. In this survey, non-parking trips to school would increase 11.5 percentage points.

On the other side of the equation, and perhaps most importantly, the portion of trips that use school parking decreases 7.5 percentage points. There is evidence that students using both school parking and other parking have an interest in using modes that do not require parking.

# What do student commuting trips look like if the bus pass program reaches its potential?

## Fewer Parking Spaces Needed

In terms of managing parking demand, it appears that offering a free bus pass to every student who wants one would shift students modes to campus. Some students who currently drive would start riding the bus at least during part of the week and would therefore reduce parking demand compared with the current parking demand.

Students were asked how they would choose to get to school with access to a free bus pass. Those with access to a free bus pass show a clear shift toward increased use of the bus. These new bus trips appear to reduce the trips made using all other modes except for “carpooling and parking at school” or “riding a bike”. The latter increase could be explained by students considering riding a bike part way and using the bike racks on the bus for the other part of their trip.

One caveat is the tendency for social desirability bias in individual responses. This bias reflects that individuals will respond to a survey with responses that tend to align with socially desirable behaviors or outcomes. But while this bias might explain some of the increase in the number of trips by bus indicated among survey respondents, the bias is tempered by two facts: First, the bias would affect only the responses of students who are not and have not participated in a bus pass program. In other words, only some of the responses may be biased. Second, the increase over the current pattern is much larger than the potential error due to the bias.

The conclusion, based on the data, is that the availability of free bus passes to all students will both increase the number of trips to campus on the bus, and reduce the number of trips by modes that would require parking spaces on and around campus.

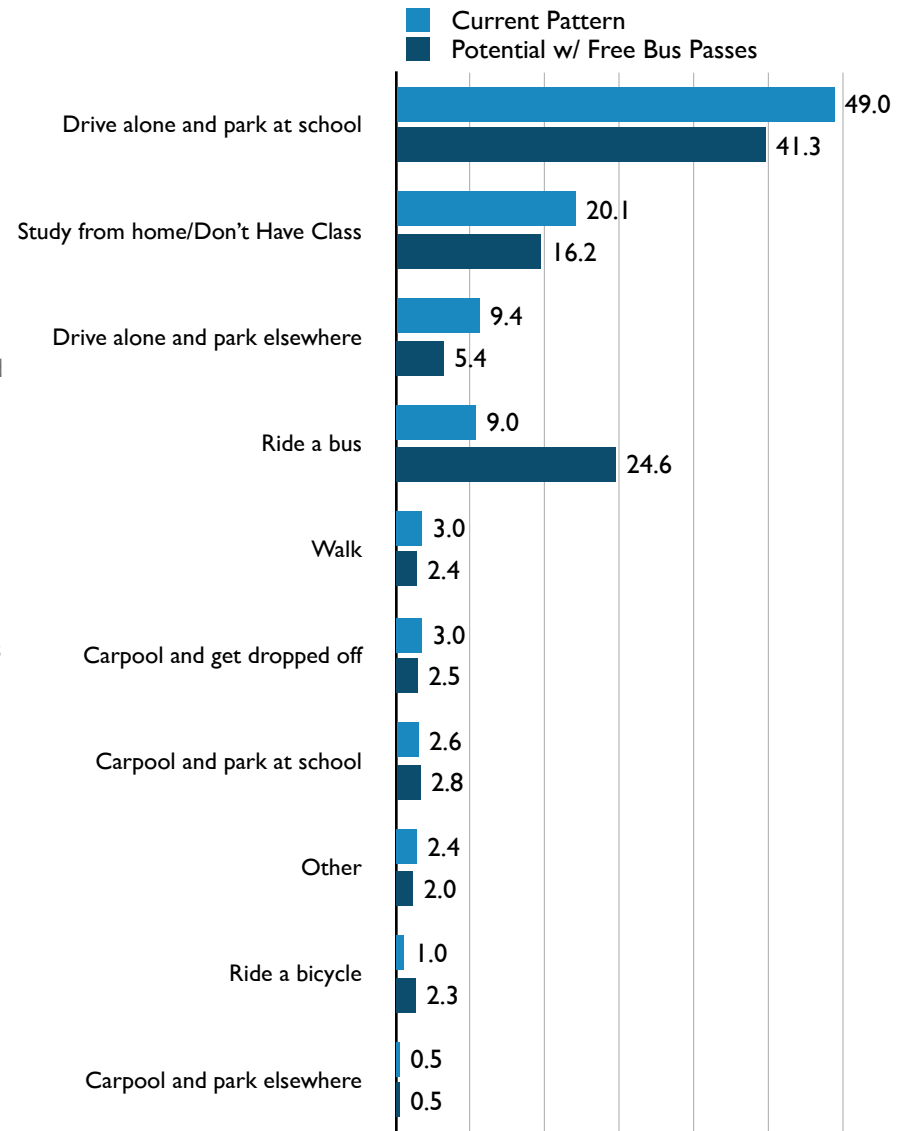


Chart 6: Percent of Commuting Trips





# Summary: How does a bus pass incentive impact student parking demand?

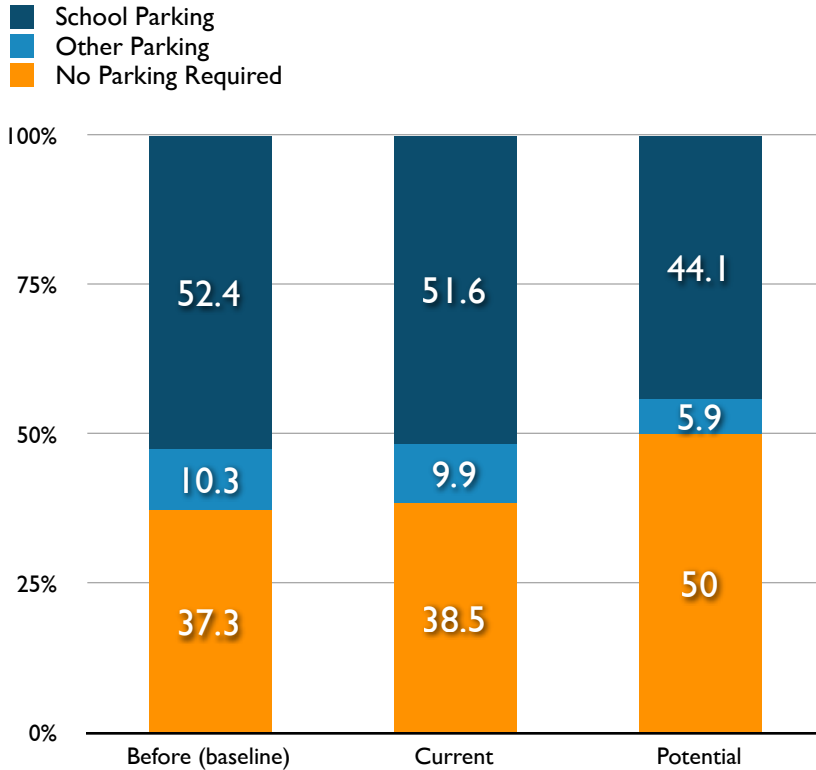


Chart 7: Before, Current, and Potential Student Parking Demand Scenarios

For every 1% increase in MavRide program participation, one could see a reduced need for parking by up to 25 spaces *per day*.

## Shifting Parking Demand

The data shows that while many students would continue to drive and park at school even if they could obtain a free bus pass, the percentage of students not requiring parking would increase from 37% to 50% if passes were made available.

Whereas 52.4 percent of trips made to school require school parking without any bus pass program, and 51.6 percent of trips require school parking with bus pass programs at current levels, there exists a potential to reduce that demand an additional 8 percent if the pass program was well marketed and promoted and any student who wanted a pass could obtain one.

If 800 riders account for 130 spaces per day that do not require parking, then for every additional 100 participants in the MavRide program it can be estimated that an additional 16.3 parking spaces will not be required per day. At MCC, the ratio is 5.6 parking spaces not required each day for every additional 100 participants.

Another way to present this is that for every 1% increase in participation of students in the MavRide program, one could expect to see about 25 additional parking spaces open up per day. For every 1% increase in participation of students in the Pass to Class program, one could expect to see about six additional parking spaces open up per day.

# 20



average minutes for students' one-way commute if driving.

Employees



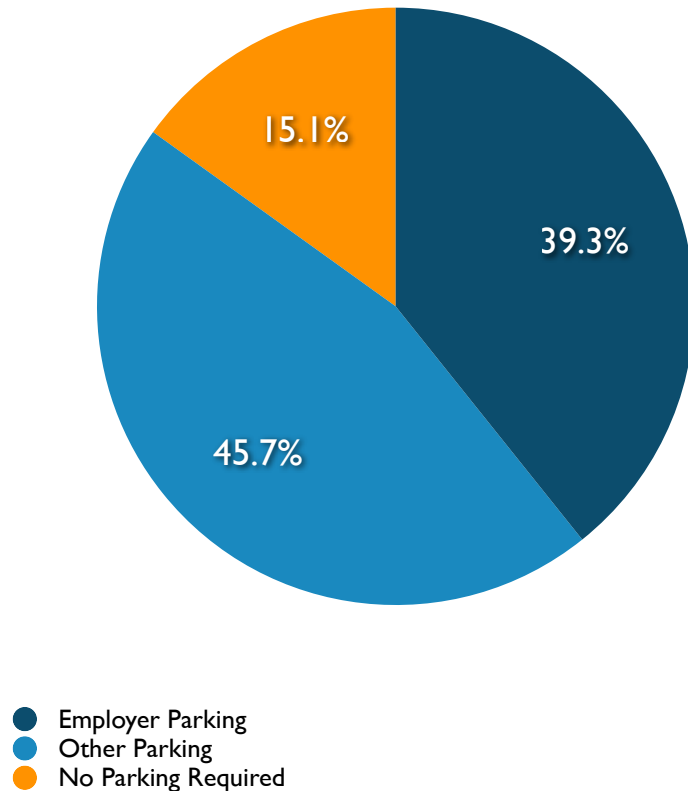
**3** out of **5**

Omaha employees  
say it is important for  
their employer to  
support  
transportation  
options beyond cars.



# Where do employees park without a bus pass program?

Chart 8: Where Employees Would Park Without a Bus Pass Program



## Baseline Parking Demand

The study determined a baseline for employees' demand on parking without a bus pass program. The baseline combines current commuting patterns of employees who are not participating in the bus pass program as well as the patterns of employees who are participating in the program, *but before they started participating*. **In other words, the baseline determines the demand for parking when no employees are using bus passes provided by the employer.**

The baseline shows that about 6 out of 7 trips to work will require some kind of parking, and about 1 out of 7 trips will not require parking. Chart 8 shows the percent of trips each week and their impact on parking. These values were determined by asking how many days per week an employee commutes using various methods of transportation, assuming each employee commutes five days per week. Employees selected from the following options:

### Employer Parking

- Drive alone and park in a employer-provided parking area
- Carpool and park in a employer-provided parking area

### Other Parking

- Drive alone and use other parking
- Carpool and use other parking

### No Parking Required

- Ride in a carpool and get dropped off at work
- Ride a bus
- Ride a bicycle
- Walk
- Work from home
- Other (undefined)

# Where do employees park with current bus pass programs?

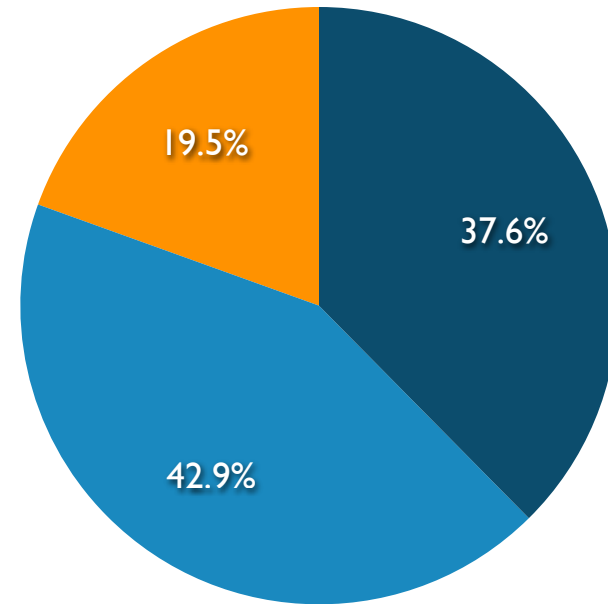
## Current Parking Demand

Bus pass programs decrease parking demand by employees. Survey data shows that employees make about 1 out of 5 trips by modes that do not require parking with the current bus pass programs in place (compare to 1 out of 7 trips without a bus pass program). The data shows that nearly all of the increase from 15.1 percent to 19.5 percent of trips not requiring parking is due to increased use of the bus rather than walking, biking, carpooling, and working from home.

The increased trips not requiring parking pulls 1.7 percentage points from trips that use employer parking and 2.8 percentage points from trips that use other parking.

The bus pass program allowed the 55 employees who responded to the survey *and* currently participate to make 150 more “parking-free” trips to work each week. When extrapolated to the 124 passes distributed by employers in this study, parking demand is reduced by 67 parking spots per day by those companies who participated in the study.

Chart 9: Where Employees Park With Current Bus Pass Program



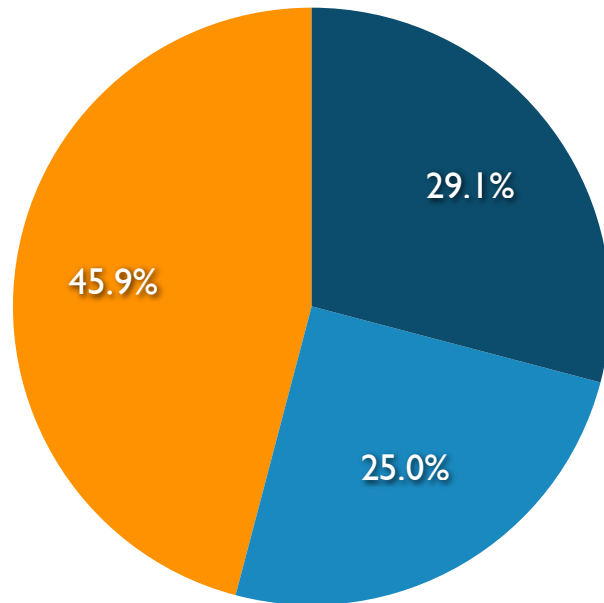
- Employer Parking
- Other Parking
- No Parking Required

Current bus pass programs reduce parking demand by 67 spots *per day* by those companies who participated in the study.



# Where would employees park if bus pass programs reach their potential?

Chart 10: Where Employees Would Park if a Bus Pass Program Reached its Potential



- Employer Parking
- Other Parking
- No Parking Required

## Free Passes Decrease the Need for Parking

The survey also obtained data about how employees would commute if free bus passes were available to any employee who wanted one. This data is a combination of looking at responses from current bus pass program users, the patterns of former bus pass program users when they were using the program, and the expected pattern of employees who have never participated in the program, but would if they could obtain a free bus pass.

In this scenario, employees surveyed indicated more than 45 percent of the trips they make to work would not require parking. Offering free bus passes to employees could increase the percent of trips not requiring parking 10 percentage points or more. In this survey, non-parking trips to work would increase 30.8 percentage points from the baseline of not having a bus pass program.

On the other side of the equation, and perhaps most importantly, the portion of trips that use employer parking decrease 8.5 percentage points when free bus passes are made available to employees. There is evidence that employees using both employer parking and other parking have an interest in using modes that do not require parking.

# What do employees' commuting trips look like if bus pass programs reach their potential?

## Parking Demand Could Fall

In terms of managing parking demand, offering employees free bus passes reduces parking demand according to the data.

Employees with access to a free bus pass show a clear shift toward increased use of the bus. These new bus trips appear to reduce the trips made using all other modes except for walking, riding a bike, and other. The latter increase in biking could be explained by employees considering riding a bike part way and using the bike racks on the bus for the other part of their trip.

One caveat here is the tendency for social desirability bias in individual responses. This bias reflects that individuals will respond to a survey with responses that tend to align with socially desirable behaviors or outcomes. But while this bias might explain some of the increase in the number of trips by bus indicated among survey respondents, the bias is tempered by two facts. First, the bias would affect only the responses of students who are not and have not participated in a bus pass program. In other words, only some of the responses may be biased. Second, the increase over the current pattern is much larger than the potential error due to the bias.

The conclusion, based on the data, is that the availability of free bus passes will both increase the number of trips to work on the bus, and reduce the number of trips by modes that would require parking spaces provided by the employer and nearby public parking.

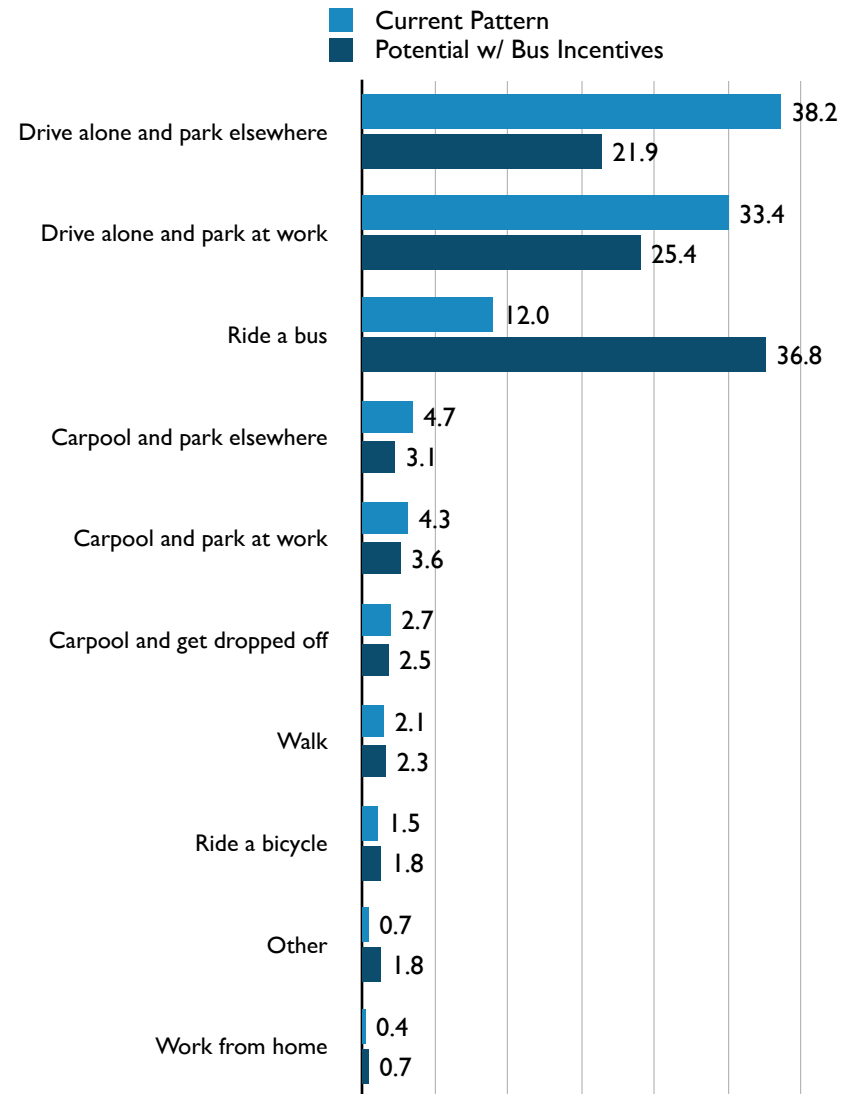


Chart 11: Percent of Commuting Trips





# Summary: How does a bus pass incentive impact employee parking demand?

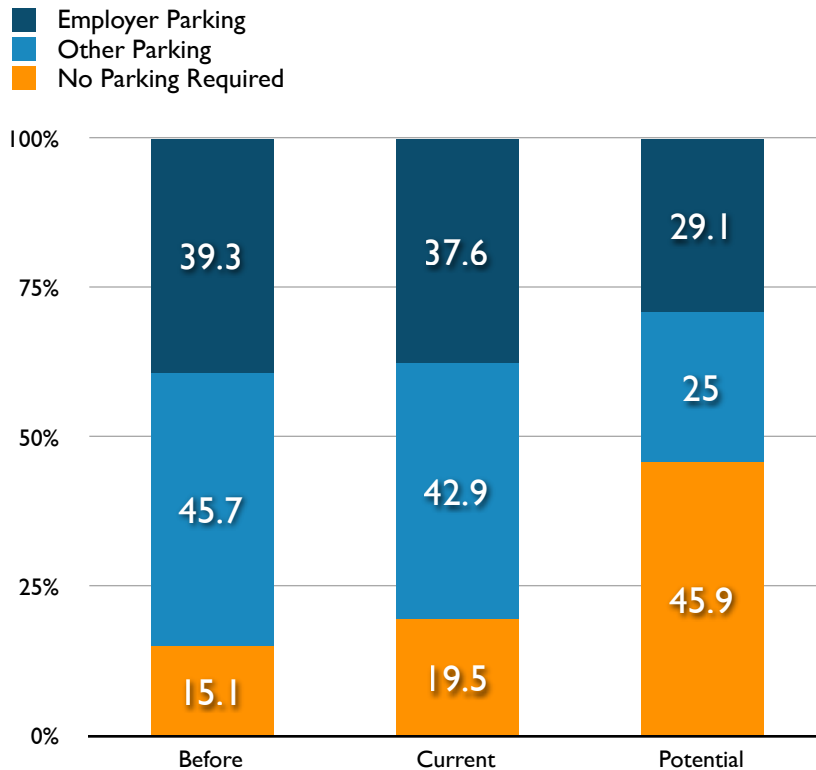


Chart 12: Before, Current, and Potential Employee Parking Demand Scenarios

## 1/3 Less Parking Demand

The data show that while many employees would continue to drive and park at work even if they could obtain a free bus pass, employees' overall demand for parking is cut by a third when those passes are made available.

Whereas 39.3 percent of trips made to work require employer parking without any bus pass program, and 37.6 percent of trips require employer parking with bus pass programs at current levels, there exists a potential to reduce that demand an additional 8 percent if all employees were offered a pass and any employee who wanted one could obtain one.

If 124 riders account for 67 freed spaces per day, then for every additional 100 participants in employee transit programs in Omaha, it can be estimated that an additional 54 parking spaces will not be required per day.

Another way to present this is that for every 1% increase in the current employee transit program participation, we could expect to see about 19 additional parking spaces open up per day.

For every 1% increase in current employee transit program participation, one could see a reduced need for parking by up to 19 spaces per day.



# 23

average minutes  
for Omaha  
employees' one-  
way commute if  
driving.

# Transit

**53%**

of

**Employees**

**38%**

of

**Students**



Percentage of survey respondents who have ridden a Metro bus.



# How do I set up an employee transit program?

## Find What Works For You

Current transit programs can be tailored in a variety of different ways to meet specific employer and/or employee needs. How a program is set up will determine the costs associated with a transit program.

### Who Pays For It?

There are three options for paying for an employee or student transit program.

- **Full Employer Subsidy:** Employer pays 100%. Some organizations choose to cover the entire cost of an employee or student transit program, making the program no-cost to their employees or students. MCC, UNO, and Clarkson College currently provide a transit benefit program at not cost to students. One business surveyed offers a transit program at no cost to its employees. Table 1 on page 30 shows average costs for these programs. See page 32 for tax advantages to subsidizing an employee transit program.
- **Partial Employer Subsidy:** Employer pays a portion of the cost. Some organizations will enroll in Metro Partners and sell the passes to their employees or students at a reduced rate from what they purchased for the pass. See page 32 for tax advantages to subsidizing an employee transit program.
- **No Employer Subsidy:** Employee pays 100%. Some organizations chose to pay for no part of a transit program, but allow employees to use a flexible spending account to pay for transit passes with pre-tax dollars. Others will enroll in Metro Partners to get a preferred-customer rate on 30-day unlimited ride transit passes and pass this savings on to the employee or student, making it a benefit to employees at no cost to the organization.

### How Can I Structure the Program?

#### Purchase Transit Passes for Employees

One of the most common ways to provide this benefit is for the employer to purchase 30-day unlimited ride transit passes and then either give them to employees in the program or sell them at a reduced rate to help subsidize the cost to employees. Another way is to buy transit passes at the discounted Metro Partners prices and then pass the discounted price along to employees. This provides cost savings for employees and has no out of pocket costs for employers, while still providing an important benefit.

#### Pay Per Ride

Because of the volume of rides generated, MCC, UNO, and Clarkson College have a contracted agreement with Metro paid on a per-ride basis. Metro counts each time a student uses his or her pass and bills the college monthly for that month's actual rides. This method typically only makes sense if your organization's program is generating several thousand rides each month. Metro will work with organizations to find the right pass parameters for colleges, employers, or others who wish to set up a pay per ride program.

#### Pre-tax or Payroll Deduction for Employees

Employers who choose to have employees pay part or all of the cost of a transit pass may use a pre-tax or payroll deduction program for the employee's portion of the transit pass. For example, if the employer purchases passes through Metro Partners at \$41.25 per pass and sells them to its employees for \$25, the employee would elect to put \$25 each month into a pre-tax account for payment. The employer would account for the remaining \$16.25 that would be exempt from employment taxes. The pre-tax program would also allow the remaining \$25 to be exempt from employment taxes.

# What does it cost per month to provide a transit program?

## No-Cost and Affordable Transit Programs

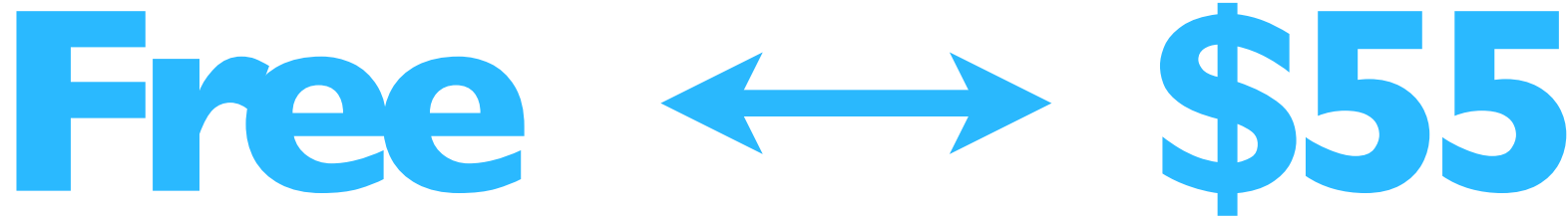
Data from the organizational information request shows that organizations are paying between \$0 - \$55 per month per participant in their program. For comparison, an employer can be paying between \$73 - \$224 to provide parking for one employee.

MCC and UNO both use a pay per ride program for their students and they are averaging \$17 and \$6 per participant per month respectively. One business in the survey is buying 30-day ride cards for its employees for a cost of \$55 per employee in the program per month. The purchase of these passes is a tax-deductible business expense for the employer.

The other two businesses surveyed do not subsidize a transit program. Their employees are expected to buy their own transit passes at full cost from Metro Transit, but they can be purchased with pre-tax dollars through a benefits program established by the employer.

**Table 1: Monthly Costs for Existing Transit Programs in Omaha**

| Name                            | Monthly cost per participant |
|---------------------------------|------------------------------|
| UNO                             | \$6                          |
| MCC                             | \$17                         |
| Employer I - Full Subsidy       | \$55                         |
| Employer II - Pre-tax Purchase  | \$0                          |
| Employer III - Pre-tax Purchase | \$0                          |





# What is Metro Partners<sup>1</sup>?

## Beneficial Partnerships

### Discounted Transit Passes for Partners

Metro Partners is a Commuter Pass program offered by Metro that allows partnering organizations to receive discounted rates [Table 2] when purchasing 30 Day Unlimited Ride passes for a group of at least 10 employees.

Organizations which choose to become a Metro Partner must commit to 12 months of participation at a baseline discount level to get started. As the program grows within the organization, organizations which are Metro Partners may advance to a higher discount level at any time, but must maintain the original monthly commitment as a minimum.

### Advertising Discounts

Metro Partner organizations can also purchase discounted bus advertisements seen by tens of thousands in the Omaha area every day.

Advertising discounts are offered at three levels dependent on the number of monthly participants [Table 2].

### Pass Payment Options

Metro currently offers three pass payment options to meet each organization's unique needs:

- **Employer-Paid:** The partnering organization provides the passes to interested participants at no cost. The employer's purchases are fully tax deductible.
- **Employee-Paid, Pre-Tax:** Employees use pre-tax income to purchase their individual passes, therefore reducing both individual taxable income and payroll taxes.
- **Shared-Cost:** The cost of the transit pass is split between the partnering organization and its participants, combining the tax advantages of the first and second payment options.

**Table 2: Metro Partner Discount Levels**

| Discount Level | Participant Number | Discount Percentage | Price per Pass (\$55.00 Value) | Bus Advertising Discount |
|----------------|--------------------|---------------------|--------------------------------|--------------------------|
| A              | 150+               | 25%                 | \$41.25                        | 25%                      |
| B              | 50-149             | 15%                 | \$46.75                        | 15%                      |
| C              | 10-49              | 10%                 | \$49.50                        | 10%                      |



# What are the tax advantages of offering a transit program?

## Employers and Employees Save

The Commuter Tax Benefit, formally known as the Qualified Transportation Fringe Benefit program (governed under Section 132[f] of the IRS Code), provides a tax incentive to employees who commute using transit and a tax incentive that also benefits employers. (Refer to the [Taxable Fringe Benefit Guide](#) and your organization's tax advisor for in-depth information).<sup>2</sup>

The value of the transit pass offered by an employer to employees is deductible as an employer-provided benefit from the employer's gross profit. The value of this benefit is also exempt from withholding and employment taxes and is not reported as a taxable income on the employee's W-2.<sup>3</sup>

For 2013, employers can pay for their employees to commute by transit up to a limit of \$245 per month. This amount is well above the \$55 price of a 30-day unlimited ride pass from Metro Transit in Omaha. This means that all \$55 paid by the employer, employee, or combination of the two, is exempt from employment taxes, it is not reported as taxable wages for the employee, and it is not included as gross income.

### What Does This Look Like?

**Employer-Paid Transit Program:** Employers can pay for their employees to commute by transit up to a limit of \$245/month. In Omaha, employees would get \$55 per 30 Day pass in a tax-free transportation benefit and employers get a tax deduction for this expense. Employers have found that providing transportation benefits offers significant savings over offering the equivalent dollar value to employees in the form of a salary increase.

**Employee-Paid, Pre-Tax Transit Program:** Employers can set up a pre-tax spending account that employees can elect to put pre-tax wages into for the purpose of buying transit passes. This provides a savings on payroll taxes for the employer and income taxes for the employee.


**Shared-Cost Transit Program:** Employers can share the cost of a transit program with employees with a combination of employee-paid, pre-tax dollars and employer-paid, tax-exempt dollars.



Employer purchases of transit passes are fully tax deductible.



Parking



# \$119 - \$224

On average, the cost per month to provide one garage parking space in Omaha.



# Parking costs

## Taking Stock

There are a variety of direct and indirect costs associated with supplying parking. Some are easier to measure definitively than others. In the following pages you will see the following parking costs examined specific to Omaha:

- design & construction
- operations & maintenance
- land
- shuttle

Parking structures and spaces also have indirect costs in the form of lost productivity, increased healthcare costs, and increased road maintenance costs.

As Donald Shoup explains in *The High Cost of Free Parking*, the availability of free or inexpensive parking induces people to drive more, which contributes to traffic congestion and lost time. More driving also produces more emissions, which directly impacts local air quality and local health\*. As more cars use the road, there are increased costs to maintain road surfaces and expand infrastructure. In all of these cases, there is a lost opportunity to put

the money into other uses or projects that could add to the economic development and quality of life for the community. These indirect costs are more difficult to quantify, and an accurate study of such costs in Omaha is outside the scope of this project. However, one can get a sense from Shoup, who estimated the indirect cost at \$117.00 per month per space for one parking structure at UCLA.

## Design & Construction Direct Costs

Direct costs include the design and construction costs. The average cost per space to build a structure in Omaha is in the range of \$15,000–\$21,000 and for a surface lot it is in the range of \$2,500 - \$3,600 [Tables 3 & 4]. Industry standards expect a useful life of a garage between 30-40 years and 20 years for a surface lot<sup>4</sup>, so conservatively assuming a useful life of about 35 years for garage parking and 20 years for surface parking, and an interest rate of 4.0 percent per year, the direct cost of a parking space in a structure in Omaha is around \$64.00–\$93.00 per space per month and \$15–\$22 per space per month for surface parking.

**Table 3: Surface Lot Cost per Space per Month<sup>5</sup>**

| Year Built | Surface Lot Name   | Spaces in Surface Lot | Surface Spaces Lost (approx.) | Spaces Added by Surface Lot | Cost (in year built or estimated) | Cost (in 2012) | Cost/space added (in year built) | Cost/space added (in 2012) | Cost/space/month (20 yr, 4% interest) |
|------------|--|-----------------------|-------------------------------|-----------------------------|-----------------------------------|----------------|----------------------------------|----------------------------|---------------------------------------|
| n/a        | City of Omaha estimate for new project                           | 212                   | 0                             | 212                         | \$562,000                         | \$562,000      | \$2,651                          | \$2,651                    | \$16                                  |
| n/a        | Lamp Rynearson 2007 Parking Study                                | n/a                   | n/a                           | n/a                         | n/a                               | n/a            | \$2,200                          | \$2,430                    | \$15                                  |
| n/a        | Creighton University average cost                                | n/a                   | n/a                           | n/a                         | n/a                               | n/a            | n/a                              | \$3,000                    | \$18                                  |
| 2010       | Metropolitan Community College Elkhorn Valley Campus Parking Lot | 98                    | 0                             | 98                          | \$607,009                         | \$639,128      | \$6,194                          | \$6,522                    | \$40                                  |
|            | <b>AVERAGE</b>   | <b>155</b>            | <b>0</b>                      | <b>155</b>                  | <b>584,505</b>                    | <b>600,564</b> | <b>\$3,682</b>                   | <b>\$3,651</b>             | <b>\$22</b>                           |

\*Active Living Research figures public transit users potentially save \$5,500 per year by reducing obesity problems.<sup>6</sup> Air pollution from traffic results in at least \$50 billion a year in health care costs nationally.<sup>7</sup>

# Parking costs: design & construction

**Table 4: Parking Structures Cost per Space per Month<sup>8</sup>**

| Year Built | Structure Name                    | Spaces in Structure | Surface Spaces Lost (approx.) | Spaces Added by Structure | Cost (in year built) | Cost (in 2012)      | Cost/space added (in year built) | Cost/space added (in 2012) | Cost/space/month (35 yrs, 4% interest) |
|------------|-----------------------------------|---------------------|-------------------------------|---------------------------|----------------------|---------------------|----------------------------------|----------------------------|--|
| 1982       | OmahaPark One                     | 755                 | 90                            | 665                       | \$4,285,014          | \$10,034,969        | \$6,444                          | \$15,090                   | \$67                                   |
| 1998       | OmahaPark Four                    | 434                 | 220                           | 214                       | \$3,805,696          | \$5,321,355         | \$17,784                         | \$24,866                   | \$110                                  |
| 1998       | OmahaPark Five                    | 454                 | 108                           | 346                       | \$4,792,348          | \$6,700,952         | \$13,851                         | \$19,367                   | \$86                                   |
| 1999       | OmahaPark Six                     | 955                 | 240                           | 715                       | \$11,665,088         | \$15,882,020        | \$16,315                         | \$22,213                   | \$98                                   |
| 2002       | OmahaPark Seven                   | 700                 | 84                            | 616                       | \$8,784,247          | \$11,117,523        | \$14,260                         | \$18,048                   | \$80                                   |
| 2004       | OmahaPark Eight                   | 1,280               | 200                           | 1,080                     | \$27,285,947         | \$29,009,029        | \$25,265                         | \$26,860                   | \$119                                  |
| n/a        | TNMC estimate for new project     | n/a                 | n/a                           | n/a                       | n/a                  | n/a                 | \$20,000                         | \$20,000                   | \$89                                   |
| 2008       | UNO West Garage                   | 889                 | n/a                           | 889                       | \$12,000,000         | \$12,796,515        | \$13,498                         | \$14,394                   | \$64                                   |
| n/a        | Lamp Rynearson 2007 Parking Study | n/a                 | n/a                           | n/a                       | n/a                  | n/a                 | \$25,000                         | \$27,680                   | \$123                                  |
|            | <b>AVERAGE</b>                    | <b>781</b>          | <b>157</b>                    | <b>646</b>                | <b>\$10,374,049</b>  | <b>\$12,980,338</b> | <b>\$16,935</b>                  | <b>\$20,946</b>            | <b>\$93</b>                            |



# Parking costs: operations & maintenance

**Table 5: Monthly Operations & Maintenance Costs per Parking Space<sup>11</sup>**

| Organization                 | Annual Cost | Monthly Cost   |
|------------------------------|-------------|----------------|
| Creighton                    | \$150       | \$12.50        |
| UNO                          | \$161       | \$13.42        |
| City of Omaha - Garage       | \$504       | \$42.00        |
| City of Omaha - Surface      | \$96        | \$8.00         |
| <b>AVERAGE MONTHLY COST*</b> |             | <b>\$18.98</b> |

\*This estimate is low and does not include costs such as insurance, lighting, and administration for parking operations and maintenance from the City of Omaha, Creighton, and UNO.

## Parking Lot Upkeep

Once a parking lot is built, the one-time capital costs are finished, but there are ongoing operations and maintenance costs that add to the total cost of a parking space.

Operations and maintenance costs include:

- administration
- insurance
- maintenance
- security
- re-stripping
- snow-removal
- cleaning
- lighting
- revenue collection
- repair
- signage

Many organizations do not have all of these costs compiled in one budget that makes it easy to find a total operations and maintenance for parking. Creighton and UNO were able to provide an estimate that includes some of the above costs. Typically it is easier to find costs associated with snow removal, re-stripping, and repair compared to costs such as lighting, insurance, security, and administration because these functions for parking lots are part of a larger department budget that doesn't isolate parking lot costs.

An article in the May 2005 issue of *Parking Today* references sample parking parking costs for a cashiered garage provided by Carl Walker Inc. parking consultants. These operating and maintenance costs were between \$450 - \$850 annually per parking space.<sup>9</sup> A study conducted in 2013 by Todd Litman titled "Evaluating Public Transit Benefits and Costs" found that average operations and maintenance costs per space ranged from \$200 - \$500 per month, depending on the type of parking provided.<sup>10</sup>

In Omaha, operations and maintenance costs for parking are found in the conservative range of \$8 to \$42 per space per month. The average is \$19 per parking space per month [Table 5].

# Parking costs: land

## The Value of Land

### Land Prices

A standard parking space is 300 square feet when you count the drive aisle and other parking requirements factored in per parking space.

Downtown real-estate has sold in the last five years from \$27.32/SF to \$67.25/SF [Table 6] When land is factored in to the cost of a parking space that on average, takes 300 square feet, this can increase the monthly cost per space by \$36 to \$89 when amortized over 35 years with an interest rate of 4%.

### Imagine If That Land Wasn't a Parking Lot...

When considering the value of land, it is important to ask, "What else could be here?" This is the land's opportunity cost. Land has a value not just in what it is priced, but also in what opportunity is lost when the land is dedicated to a lower use. Parking lots are typically considered lower uses because they generate little in property tax compared to a commercial building and there is little economic development value in a parking garage that stores cars for part of the day.

Imagine what the street activity and life of a place would be if instead of a parking lot or garage there was an office building, retail activity, apartments, or condos in its place. All of these uses bring more value to the land and surrounding area than parking lots. Academic buildings, lab spaces, and athletics are all a higher value than parking. Green space and parks provide higher property values to adjacent land owners, and attract talent. Parking garages do not.

Using land for parking displaces potential economic development that otherwise could have happened on that land. And, according to Smart Growth America, "a land use strategy focusing on public transportation can save 38% of public infrastructure costs" due to infrastructure efficiencies that come with higher density.<sup>12</sup>

It is outside the scope of this study to quantify the opportunity cost of a parking structure, but please note the absence of which makes the numbers in this study even more conservative in the total cost for parking.

**Table 6: Downtown Omaha Land Sales<sup>13</sup>**

| Property Location                      | Price              | Land SF        | \$/SF       | Sale Date       |
|--|--------------------|----------------|-------------|-----------------|
| 1918 Dodge                             | \$1,785,000        | 65,340         | \$27.32     | 10/27/10        |
| 504 S. 12th St.                        | \$1,660,000        | 24,684         | \$67.25     | 2/15/12         |
| 1501 Jackson - Land Only               | \$810,000          | 26,334         | \$30.76     | 4/3/13          |
| 1334 Dodge St.                         | \$2,125,000        | 63,360         | \$33.54     | 9/13/12         |
| <b>Assemblages &amp; Larger Tracts</b> |                    |                |             |                 |
| 17th & Dodge                           | \$5,450,000        | 69,696         | \$78.20     | Dec 97 - Mar 98 |
| 10th & Capitol                         | \$5,875,000        | 143,616        | \$40.91     | Apr 02 - Aug 02 |
| 16th to 21st & Cuming                  | \$11,001,000       | 244,318        | \$45.03     | Jul 07 - Oct 08 |
| 10th & Capitol                         | \$6,940,000        | 182,403        | \$38.05     | May 07 - Feb 09 |
| <b>AVERAGE</b>                         | <b>\$4,455,750</b> | <b>102,469</b> | <b>\$45</b> |                 |



# Parking costs: the parking shuttle

**Table 7: Monthly Shuttle Cost per Parking Space Served<sup>14</sup>**

| Organization                 | Monthly Cost   |
|------------------------------|----------------|
| UNO                          | \$42.00        |
| Creighton                    | \$13.49        |
| <b>AVERAGE MONTHLY COST*</b> | <b>\$27.75</b> |

“It takes nearly 10-15 minutes to actually find a parking space on campus.”

- Student survey response

## Shuttling From Parking Lots

Some organizations find the parking lots they can afford to provide their employees or students are too far away for the employees or students to comfortably walk, in which case, many organizations turn to the parking shuttle.

Adding a shuttle to your parking system adds additional costs to the entire parking program that must be accounted for in the total cost per space.

There are typically three ways to provide a shuttle system from a parking lot to the campus or the office.

- **Contract out shuttle service:** Contracted shuttle service is typically charged on an hourly basis for the number of hours of service. UNO's shuttle system is contracted out on an hourly basis. Occasionally there may be a fixed fee contract for a set amount service, but it doesn't provide flexibility often needed if the organization is trying to be responsive to demand.
- **Purchase shuttles and hire drivers:** A shuttle program can also be operated as part of the organizations operations. This requires purchasing shuttles and hiring drivers. Creighton is an example of this model. Rather than an hourly contract fee, the organization takes on the costs of personnel, insurance, capital costs of a vehicle, and on-going vehicle maintenance.
- **Ride the bus:** The third way drivers can get from a distant parking lot to work or school would be to ride a public Metro bus. Employers may provide transit passes for their employees for this service.

In Table 7 you will see the cost per space served for two different shuttle systems in Omaha. The first one is UNO which contracts out its shuttle service. The second one is Creighton which operates its own shuttle service as part of the university's operations.

# What does it cost to provide parking in Omaha?

## It All Adds Up

### Design & Construction Costs

The average cost per space for building a parking structure in Omaha is between \$15,000–\$21,000 [Table 4]. Industry standards expect a useful life of a garage between 30-40 years and 20 years for surface parking<sup>15</sup>, so conservatively assuming a useful life of about 35 years for a garage space and 20 years for a surface space, and an interest rate of 4% per year, the direct cost for a structure in Omaha is around \$64–\$93 per space per month and for surface parking it is around \$15–\$22 per space per month.

### Operating Costs

Nationally, operating costs for parking garages can range from \$450–\$850 per parking space per year. This study has found that when combining surface parking with garage parking, the range of operating costs per space per month in Omaha conservatively ranges from \$8 to \$42, with an average cost of \$19 a month.

### Land Costs

Parking lots do not provide the highest use of land, and yet there are costs associated with owning the land on which a parking lot is built. With the same 35 years of useful life and 4% interest, the average monthly cost of land for a single parking space in Downtown Omaha is between \$36 and \$89.

### Shuttle Costs

When parking is provided too far from school or work to walk, many organizations turn to shuttles. The cost of a shuttle service for two Omaha colleges was \$13 and \$42 per space per month, for an average of \$28 per space per month.

### Indirect Costs

Parking structures and spaces also have indirect costs in the form of lost productivity, increased healthcare costs, and increased road maintenance costs. Indirect costs are not included in the total costs calculated in Table 8 and Table 9.

### Adding it All Up

**Table 8: Parking Garage, Cost per Space per Month (35 yrs, 4% interest)**

| Category  | Low Estimate | High Estimate |
|---|--------------|---------------|
| Direct costs  | \$64         | \$93          |
| Operating costs   | \$19         | \$42          |
| Land Costs  | \$36         | \$89          |
| <b>TOTAL (no shuttle)</b>                                 | <b>\$119</b> | <b>\$224</b>  |
| Shuttle costs (for UNO Crossroads + CU Burt St. Shuttles) | \$13         | \$28          |
| <b>TOTAL (with shuttle)</b>                               | <b>\$132</b> | <b>\$252</b>  |

**Table 9: Surface Parking, Cost per Space per Month (20 yrs, 4% interest)**

| Category   | Low Estimate | High Estimate |
|--|--------------|---------------|
| Direct costs   | \$15         | \$22          |
| Operating costs  | \$8          | \$19          |
| Land Costs   | \$50         | \$122         |
| <b>TOTAL (no shuttle)</b>                                | <b>\$73</b>  | <b>\$163</b>  |
| Shuttle costs (for UNO Crossroads + CU Burt St. Shuttle) | \$13         | \$28          |
|  | <b>\$86</b>  | <b>\$191</b>  |

For a parking structure in Omaha the cost per space per month is between \$119 to \$224. *In other words, it costs at least \$119 per space per month.*

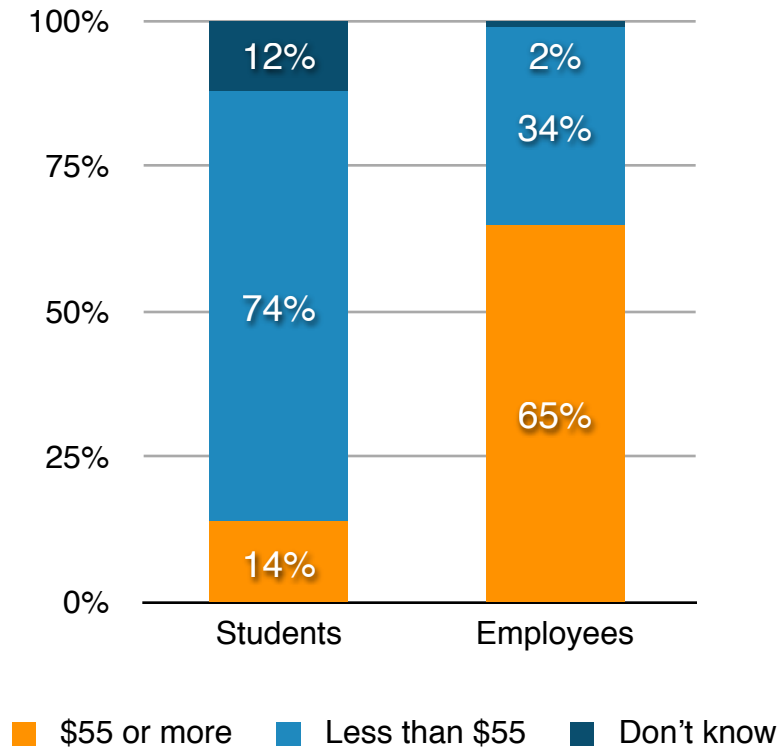
For surface parking in Omaha the cost per space per month is between \$73 to \$163. *In other words it costs at least \$73 per space per month.*





# How much will it cost me to park for a month?

Chart 13: Price Paid to Park for a Month in Omaha by Students and Employees



## Monthly Parking Costs in Omaha

Employee survey participants were asked “What would be the total “out of pocket” cost to you to park at or near your workplace for one month, assuming you were to drive to work?” Chart 13 shows nearly 65% of employees pay \$55 or more per month for parking. Only 34% pay less than \$55 per month for parking. Less than 2% don’t know how much they spend on parking per month.

When students were asked the same question, only 14% stated they pay \$55 or more per month for parking. The majority (74%) pay less than \$55 per month, including 28% who reported no costs at all. It should be noted in the sample of MCC and UNO students that MCC does not currently charge for parking, while UNO does (see tables on page 42 page). Just over 12% of students were not sure what their “out of pocket” expenses were for one month of parking.

According to posted prices, the average monthly cost for 24-hour access garage parking downtown is \$70 compared to a cost for surface parking of \$47.50. Tables 10-13 on page 42 show a breakdown of posted costs of parking in Omaha.

As might be expected, it costs less for monthly parking at local colleges and universities. Those who work at a local college or university or are a student, can expect to pay \$35 per month on average for garage parking and \$21 per month on average for surface parking. This average excludes the outlier of MCC where there is no charge for parking.

65% of employees surveyed pay more than \$55 per month for parking.

# Monthly parking prices in Omaha (2013 rates)<sup>16</sup>

**Table 10: Downtown Parking Structure Monthly Prices**

| Structure Name              | Location          | Monthly Rates: Non-Reserved |
|-----------------------------|-------------------|-----------------------------|
| OmahaPark One               | 1516 Douglas St.  | \$82.50                     |
| OmahaPark Three             | 828 Farnam St.    | \$67.50                     |
| OmahaPark Four              | 1011 Jackson St.  | \$70.00                     |
| OmahaPark Five              | 1804 Capitol      | \$50.00                     |
| OmahaPark Six               | 321 N 17th St     | \$75.00                     |
| OmahaPark Seven             | 100 N 15th St.    | \$82.50                     |
| OmahaPark Eight             | 1215 Capitol Ave. | \$82.50                     |
| Music Hall                  | 217 N 17th St.    | \$52.50                     |
| <b>AVERAGE MONTHLY COST</b> |                   | <b>\$70.31</b>              |

**Table 11: Downtown Surface Lot Monthly Prices**

| Name                        | Location         | Monthly Rates: Non-Reserved |
|-----------------------------|------------------|-----------------------------|
| Interstate One              | 1512 Chicago St. | \$47.50                     |
| Interstate Three            | 1703 Chicago St. | \$47.50                     |
| <b>AVERAGE MONTHLY COST</b> |                  | <b>\$47.50</b>              |

**Table 12: College Parking Structure Monthly Prices**

| Name                        | Location  | Monthly Rates*: Non-Reserved |
|-----------------------------|-----------|------------------------------|
| Faculty, Staff, & Student   | Creighton | \$27.63                      |
| Faculty, Staff, & Student   | UNMC      | \$70.00                      |
| Faculty, Staff, & Student   | UNO       | \$24.94                      |
| Faculty, Staff, & Student   | MCC       | n/a                          |
| <b>AVERAGE MONTHLY COST</b> |           | <b>\$40.85</b>               |

**Table 13: College Surface Lot Monthly Prices**

| Name                        | Location  | Monthly Rates*: Non-Reserved |
|-----------------------------|-----------|------------------------------|
| Faculty, Staff, & Student   | Creighton | \$27.63                      |
| Faculty, Staff, & Student   | UNMC      | \$14.00                      |
| Faculty, Staff, & Student   | UNO       | \$20.00                      |
| Faculty, Staff, & Student   | MCC       | \$0.00                       |
| <b>AVERAGE MONTHLY COST</b> |           | <b>\$20.54</b>               |

*\*Monthly rates are an average of student, faculty, and staff parking rates combined. Most colleges charge different prices for faculty/staff and students. The difference is not substantial enough to separate out for this study.*

The average price of downtown **garage** parking is \$70 per month.

The average price of downtown **surface** parking is \$48 per month.



# What do employers charge for monthly employee parking?

## Cost for Employee to Park

According to the organizational information request sent to all organizations who also participated in the survey, employers charge between \$0 - \$245 per month for employee parking depending on a number of factors. As was noted on page 41, the majority (65%) of employee survey respondents pay more than \$55 per month for parking.

One factor is the employer. Some employers choose to fully subsidize parking for their employees and charge them nothing. Other employers choose to charge for parking.

Parking lot location is another factor that determines how much employers will charge. If the lot is near or connected to the office building, the price of parking is higher. The farther a lot is away from the office, the lower the price of parking.

Type of parking also determines price. Employers charge more for covered garage parking or underground parking than they do for surface parking.

A surface lot far from the office building may be free or low cost compared with a covered garage space attached to the office building which may be as high as \$245/month.

**Free** ↔ **\$245**

**44%**  
of  
**Employees**

**P  
A  
R  
K**

**27%**  
of  
**Students**

**PUBLIC-PARKING**

HOURLY • DAILY • MONTHLY

↑ ENTRANCE ↑

Percentage of survey respondents who stated the cost of parking as extremely influential in their decision to start participating in the bus pass incentive program.

So What's It All Mean?

# 42

Percent of  
Metro riders  
that use the  
service for  
work.

# 13

Percent of  
Metro riders  
that use the  
service for  
college.





# What does this mean for employers?

## Transit Programs Make Sense

### Transit Programs Reduce Parking Demand

Employers in Downtown Omaha and other parts of town with high land prices can take advantage of employee transit programs which help reduce parking demand and therefore the need of the employer to provide as many parking spaces for employees.

Current pass programs show that even a small number of transit users can reduce an employer's need to provide parking by a significant amount. Just 124 transit commuters reduced parking demand by 67 spaces per day.

### Transit Programs Attract and Retain Talent

Young people are driving less and prefer employers who understand their values. Companies that offer transit programs appeal to new, younger talent and get the benefit of reduced employee turnover. A recent report by the Frontier Group titled "Transportation and the New Generation" found several trends about young people (16-34-year-olds) and their transportation habits:

- Young people are driving 23 percent less than they did in 2001.<sup>17</sup>
- Most of this shift is by choice, "45 percent of young people polled said they have consciously made an effort to replace driving with transportation alternatives--this is compared with approximately 32 percent of all older populations.<sup>18</sup>
- Many of America's youth prefer to live places where they can easily walk, bike, and take public transportation.<sup>19</sup>
- The trend toward reduced driving among young people is likely to persist as a result of technological changes and increased legal and financial barriers to driving.<sup>20</sup>
- For example young people would rather give up their car than their smartphone.<sup>21</sup>

## Transit Programs Make Financial Sense

There is a cost to parking, regardless of who pays. Some employers provide free parking to their employees by subsidizing the cost of parking. Other employers charge employees for parking as a means to cover the costs of providing parking, whether provided by the organization or leased from a third party.

Compared to providing parking for employees, there is a cost advantage to providing transit passes to employees. When coupled with Metro Partners, the cost savings becomes even greater. Currently, the cost of surface parking (\$73-\$163) and garage parking in Omaha is substantially higher (\$119 - \$224/month) than providing or cost-sharing a transit pass for an employee (\$42-\$55/month).

## Transit Programs as a Cost Effective Solution

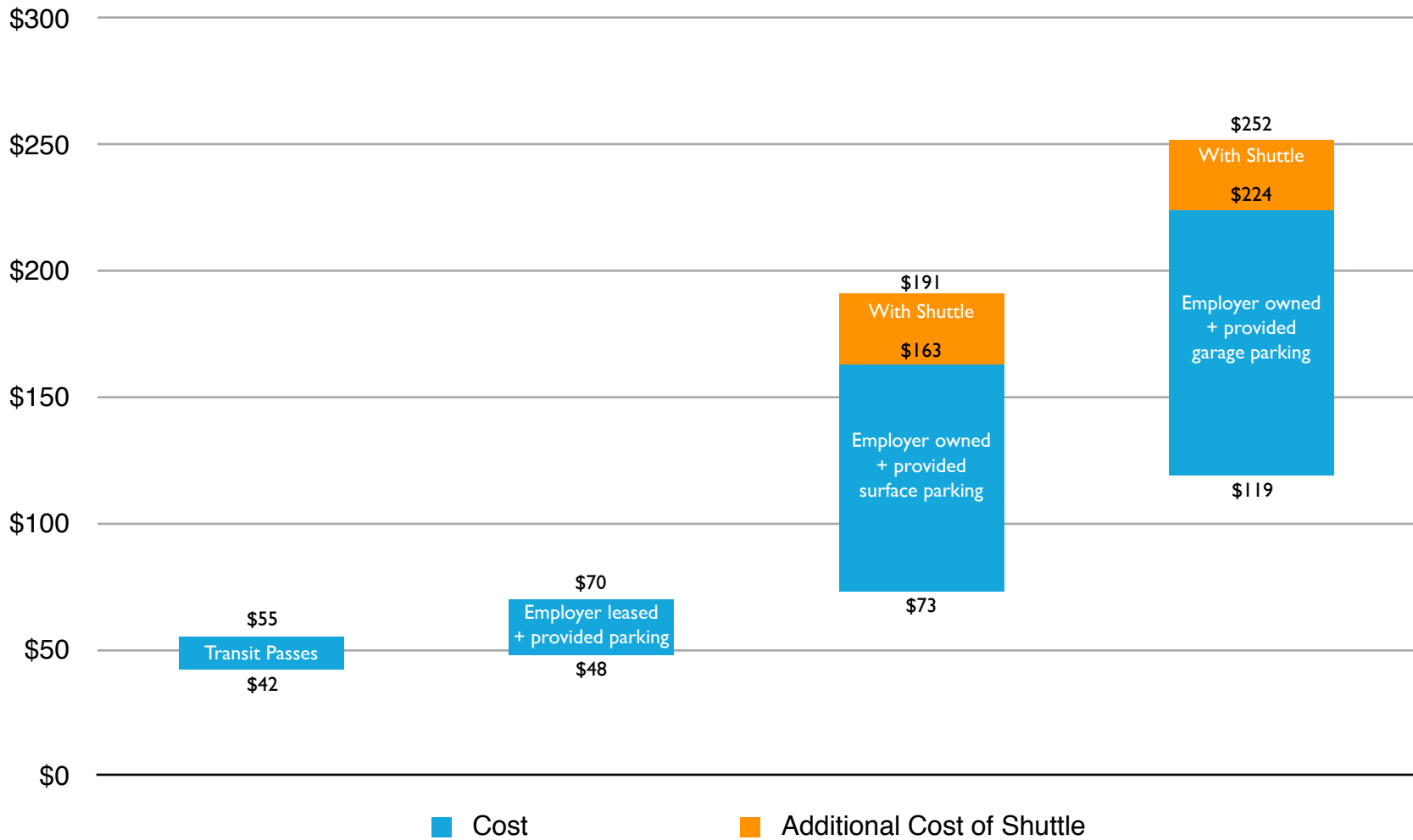
Employers realize that transit won't work for every one of their employees, but for those it does work for, it makes business sense to provide this benefit in lieu of parking. See Table 14 and Chart 14 for the total cost of providing a transportation program to employees *regardless of who pays*.

**Table 14: Monthly Cost per Employee Regardless of Who Pays**

|   | Low-end | High-end |
|---|---------|----------|
| Employer owned + provided garage parking for employees  | \$119   | \$234    |
| Employer owned + provided surface parking for employees | \$73    | \$163    |
| Employer leased + provided parking for employees        | \$48    | \$70     |
| Transit Program   | \$42    | \$55     |

# Monthly cost comparison of transit and parking in Omaha for employers

Chart 14: Cost Comparison of Transit Programs (per pass/month) and Parking (per space/month) in Omaha







# What does this mean for employees?

## Employees Benefit From Transit Pass Programs

Employees who are looking to save time and money may want to consider a monthly transit pass if they live near a transit line or Park 'N Ride or if it is convenient for them to bike to a transit line. 30-day unlimited ride transit passes are cheaper than monthly garage parking downtown and if their employer is a Metro Partner, may be cheaper than surface parking.

### Transit Pass Programs Provide Tax Benefits

Employees who participate in an employer provided transit pass program benefit from using pre-tax dollars to purchase transit passes. Employees will save on the Federal Insurance Contributions Act (FICA) taxes which, in 2013, are 6.2% for social security and 1.45% for Medicare for a total tax of 7.65%.<sup>22</sup> In addition to savings on FICA taxes, employees will also save on state and federal income tax based on each employee's personal tax bracket.

### Time Cost of Commuting by Car

In addition to tax savings, there two other large costs employees bear when commuting by car: the cost of time and the cost of car ownership. According to the survey responses, most Omaha residents spend around 23 minutes or more commuting to work one way, or 46 minutes a day. Over 10 years this lost time behind the wheel adds up to over 240 days or nearly 8 months if you spent 8 hours a day driving.

When riding transit, riders can read the paper or a book, take a nap, catch up on work, text, email, and safely talk on the phone. These are all activities that are not safe to do while driving. Transit riders also can be more relaxed and enjoy lower stress because they don't have to deal with traffic.

Transit riders can save at least \$6,085/year compared to commuting by car.

## Financial Cost of Commuting by Car

The following section calculates how much it costs to drive to work every day and park for a year in the Omaha Metro.

Using the average commute time of employee respondents of 23 minutes for Omaha residents and assuming an average commuting mix of both interstate travel and city streets the average commute speed can be 55 mph, this means a commute distance of 23 minutes is about 21 miles one way or 42 miles round-trip per day.

The IRS estimates the total cost of driving an average car to be 56.5¢ per mile, which accounts for gas and vehicle maintenance and repair.<sup>23</sup> The following calculation is for the total financial cost of commuting by car in Omaha.

- 42 miles/day × 56.5¢ mile = \$24/day
- (\$24/day × 5 days/week × 52 weeks/year) - (10 holidays) = \$5,960/year
- Parking in a downtown parking garage at \$70/month or \$840/year

**\$6,800 = Total cost to commute by car for one year**

## Transit Programs Save Commuters Money

If employees participate in an employer provided transit pass program, we can assume at least a savings of 7.65% on FICA taxes. Metro sells 30-day unlimited ride passes for \$55. A rider would need to purchase 13 passes to cover a full year of unlimited transit rides. The calculation is as follows for the annual cost of transit passes with pre-tax dollars.

- \$55 - 7.65% = \$50.79
- \$50.79 × 13 (30-day unlimited ride passes) = \$660

**\$660 = Maximum cost for a year of unlimited ride transit passes pre-tax**

Total cost for a year of unlimited ride transit passes at full cost = \$715

To summarize, a transit rider can save at least \$6,085 each year compared to commuting by car. He or she can save even more by participating in an employer provided transit pass program.

# What does this mean for students?

## Taking Transit to School

### Save Money

Students on a budget can benefit from their school offering a transit program. With the average cost of car ownership at least \$5,590 per year in Omaha, a bus pass program provided by the university can save students money on the cost of car ownership. These savings add up to a college student who is often living on a budget.

### Reduce Parking Stress

When students ride the bus to class, they don't have to spend time looking for a parking space. Student comments from the survey included:

- "I spend approximately 2 hours per week dealing with the fact that there is no parking at the Dodge street campus."
- "It takes nearly 10-15 minutes to actually find a parking space on campus"
- "I paid hundreds of dollars for a parking pass and can never find parking, forcing me to be late to class"

These are a select handful of comments on how hard it is to find parking, how long it takes them to find parking, or how frustrated they are with parking. By riding the bus, students can walk straight off the bus to class without fighting to find a parking space or wasting valuable time driving around, using gas, and looking for parking.

### The Voice of Students

Students are the clients of the university. They are the ones who pay to attend. If students want to see a bus pass program, they can organize a legitimate justification and request for a program. University administration is usually responsive to thoughtful and reasonable requests from enough students.

The [bus] pass saves me several hundred dollars per semester in bus fares to and from school. It is extremely important and beneficial to me as it allows freedom and flexibility in my work, academic, and personal schedule so that I don't have to pay a lot of money for a pass or rely on others for rides to my destinations.

- Student survey response



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