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Little-Known State Law Gives No-Parking Perk

Certain employers must pay a stipend to those who don't drive to work. L.A. hasn't enforced it.

By Jean Guccione
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When his boss offered him \$185 a month or free parking, Tom Fleming didn't hesitate: He bought a \$52-a-month bus pass and pocketed the difference.

That's exactly what state lawmakers had in mind in 1992 when they enacted a law requiring certain employers to pay a monthly stipend to employees who carpool, ride public transit, walk or bike to work.

But "a lot of employers don't even realize they should be doing it," said Gennet Paauwe, a spokeswoman for the California Air Resources Board, which administers the program.

And employers aren't the only ones with little information about the law: State officials have no idea how many businesses are required to offer the cash inducements, much less how many of them actually do.

Always on the lookout for ways to reduce traffic congestion, the Los Angeles City Council's Transportation Committee on Wednesday will consider how to go about implementing and enforcing the so-called parking cash-out law.

"I think it's clear that parking policies affect how people get to work," said Councilwoman Wendy Greuel, who is the committee chairwoman. She cited studies showing that free parking encourages people to drive to work alone.

Conversely, 17% of all drivers offered cash in exchange for their free parking space will give up their vehicles, said Donald C. Shoup, a professor of urban planning at UCLA who helped write the state law.

"It treats every employee equally," he said. "It's much fairer than saying you get free parking or nothing."

Statewide, only Santa Monica enforces the law. More than a decade ago, provisions of the statute were incorporated into a traffic management ordinance.

Throughout the Southland, free parking is an ingrained fringe benefit. The Southern California Assn. of Governments estimates that 95% of the people who drive to work park there for free, Shoup said.

Under the parking cash-out program, employers must pay a stipend equal to the cost of a parking space to workers who do not drive to the office. The law covers public and private employers that have at least 50 employees and that offer free parking in a leased lot.

Those restrictions mean that just 3% — or an estimated 290,000 of the state's 11 million employer-paid parking spaces — are subject to the law, according to a 2002 report by the state legislative analyst's office. About 84% of the free parking spaces are exempt because they are employer-owned.

Some larger employers offer free bus passes and other incentives to reduce car emissions under regional air quality guidelines. Those entities can satisfy smog-reduction requirements and the state law by incorporating parking cash-out subsidies.

Martin Wachs, director of the Rand Corp.'s Transportation, Space and Technology Program, called the cash-out program a "first step." He said the city also should consider limiting parking in high-rises, especially those near public transit.

"It doesn't make sense to me to spend billions to build subways and the buildings next to them that have seven, eight, 10 levels of parking that is provided free to those employees," he said, noting that free parking will trump even the most easily accessible public transit.

Shoup studied eight Los Angeles-area firms whose workers were offered cash instead of free parking. His 1997 report concluded that, on average, 17% of the employees took the money.

The law does not cost employers any more than if every employee opted for free parking, Shoup said. In fact, the cash-out provision gives lower-paid employees who are more likely to take public transit benefits equal to those provided to their colleagues with cars.

The legislative analyst's report found that employee participation ranged from 2% to 22% at various job sites, depending on such factors as the subsidy amount, business type, location and proximity to public transit. "High-paid employees with irregular schedules [are] not easily swayed by cash incentive," the report states.

At the Century City law firm of Jeffer, Mangels, Butler & Marmaro, none of the lawyers has exchanged free parking for cash, firm officials said. But 17 other employees — including Fleming, the firm's director of

information, resources and management — took the money, said John Kramer, administrative operations manager. Each of the firm's more than 200 employees gets a free parking space, valued at \$185 a month, or the cash equivalent.

Fleming, 58, lives less than three miles away in West Hollywood. He said he was surprised when he moved here from Baltimore six years ago and was offered free parking. He takes the bus and the cash. "It's a very nice bonus and it most definitely keeps me from driving," he said.

Other companies have had greater success. More than half of the workers at an unnamed financial services firm in downtown Santa Monica cited in the legislative analyst's report took a \$200-a-month stipend and found another way to work. Since the law was enacted, Santa Monica has reduced employee parking by as much as 20% and increased the average number of passengers per vehicle from 1.3 to 1.5.

The city of Los Angeles does not require employers to submit annual traffic plans. But officials are exploring whether to revise tax forms to seek data essential in identifying businesses that should comply with the state law.

Shoup, the UCLA professor and author of "The High Cost of Free Parking," applauded the city's efforts. "Most of us assume that if the state passes a law, it will be enforced," he said, noting that at the time he thought workers would push bosses to pay up.

But the Air Resources Board's Paauwe said the law's many exemptions make enforcement difficult. For now, it is "complaint driven," she said. Possible violations may be reported by calling (800) 952-5588 or the local air district.

The statute includes a \$500 fine per vehicle for noncompliance, but no one has been fined.

Shoup isn't concerned that Los Angeles' effort to enforce the law might take too long. "It has not been enforced since 1992," he said. "We can wait to do it right."

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