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Park Anytime Proposal: Enhancing Customer Choice and WMATA Revenues

Proposal Summary

- Retain 70% of the Washington Metropolitan Area Transit Authority's (WMATA's) existing all-day parking spaces for first-come-first-serve use.
- Allocate WMATA's monthly Reserved Parking Program spaces by auction; dedicate an average of 15% of spaces at each station to the program.
- Set aside an additional 15% of spaces at each station for market-priced daily parking; adjust prices regularly based upon usage to ensure all-day availability.
- Facilitate carpooling to stations to allow customers to share parking costs by mimicking the Bay Area Rapid Transit's (BART's) automated dynamic ridesharing pilot.

Estimated Annual Revenue: \$9.8 million¹

Besides revenues, market-pricing parking at WMATA stations would have these benefits:

- WMATA customers would be assured parking availability no matter when they arrive—which isn't the case today.
- As parking prices increase for some spaces, more users and potential users of these spaces will choose to arrive in each parking car (through carpools) and to take alternative transportation (using bus, bicycles, walking, etc.). Therefore, without increasing the number of parking spaces, parking pricing will increase the number of people coming to the station to ride Metro, which is the opposite of what would occur as a result of a general transit fare increase.
- Making some parking available at all times would spread station arrival times, thereby enhancing the efficient use of WMATA's rail capacity.
- Managing parking demand would facilitate transit-oriented development.
- Patrons would, as is the case now, be able to park for the normal fees if they arrive at the station early enough.

¹Revenue estimates assume that there is an average \$3 per parking space premium over standard daily parking spaces for monthly Reserved Parking Program spaces and daily market-priced spaces, raising \$12.4 million (\$3 X 55,000 total spaces X 0.3 participating spaces X 250 days per year). To derive the final \$9.8 million figure, current annual Reserved Parking Program revenue of \$2.1 million is subtracted as is \$500,000 for the dynamic ridesharing pilot.

Proposal Details

Why Market-Price Some Parking Spaces

Market pricing of parking provides WMATA patrons and potential patrons with something many want, but cannot have now: assured access to parking at all times and at all stations where there is parking. This benefit occurs whether some or all of WMATA's parking is market priced. An advantage of market pricing only some of WMATA's parking, which this proposal would do, is that early arrivers would continue to enjoy below-market parking rates while late arrivers would be assured parking availability.

Equal Access to Monthly Reserved Parking Program through Auctions

WMATA is already offering premium parking benefits for a premium price through its Reserved Parking Program, where participants are guaranteed parking every day until 10 AM for a \$45 monthly fee in addition to normal parking charges. Currently there are 5,800 passes that WMATA makes available and 5,000 additional WMATA customers are on a wait-list to participate. At some stations, WMATA estimates that it will take patrons three years to be allowed into the program. BART has a similar program, begun in December 2002, that makes available up to 25% of parking spaces at stations for reserved monthly parking. The BART program began by charging \$63 per month to participate (versus \$45 for WMATA) and its pricing is more innovative than WMATA's in that at each station it is subject to adjustment every six months and may be lowered to \$42 or raised to \$84 depending upon demand (with a price reduction automatically triggered if specific enrollment targets aren't met and a price increase triggered if waiting lists exceed certain numbers).

There is no reason a premium service like WMATA's Reserved Parking Program should be subject to wait-lists; instead, pricing should be used to manage demand so that it conforms to program supply. The best and most practical way to do this is through an on-line auction of monthly parking permits. This is not some pie-in-the-sky idea that is more complex than the existing Reserved Parking Program; auctions are used today in Shanghai to distribute the limited number of legally-required vehicle license tags the city chooses to make available to control the growth of new vehicles on the streets.² WMATA should institute a similar, but not identical, auction system in making available Reserved Parking Program spaces. Bidders should be allowed to place only one bid per month at their chosen station, either electronically or through the mail, but—to encourage people to bid at their highest willingness to pay—all winning bidders should be charged the lowest winning price at each station. Long-standing bids should be allowed (such as \$55 per month) that the bidder, if s/he chooses to place such a bid, would be obliged to withdraw if the parking was no longer wanted (just like the program participant must now withdraw from the current program in writing). One month a bidder with a \$55 long-

² Bidding takes place electronically over a six-hour window and a bidder may designate someone else to do their bidding (many new car buyers have their dealers do the bidding for them, with buyers providing their dealers upfront money and bidding instructions). Each bidder submits one price and pays that price if s/he wins, regardless of however low the lowest winning bid may be.

standing bid might have to pay \$35 for the spot, another month \$45, and in another month s/he might not get it at all (if, for example, the price is \$57, which is above the \$55 bid). This system would generate a lot more revenue for WMATA from existing parking spaces without ridership loss.

New Arrive-Anytime Market-Priced Guaranteed Parking Option

One advantage of daily market pricing of parking over monthly pricing is that the latter encourages people who have purchased monthly parking to drive every day of the month, when on some days they might want to save the cost of premium parking by not driving.³ Similarly, some infrequent park-and-riders might be willing to pay a premium for a guaranteed parking space on some days, but are not able to do this under the monthly Reserved Parking Program. WMATA should reserve 15% of total spaces for premium daily parking in each station with parking, in addition to the 15% for the monthly Reserved Parking Program, thereby leaving the remaining 70% of spaces for first-come-first-serve use and priced according to WMATA's regular parking pricing schedule. An auction, as described above, while practical for monthly permits would be unworkable for pricing daily premium parking.

To apply market pricing for premium daily parking—and therefore to ensure that such parking remains available until at least 9:30 AM, it is important to first remember that anyone who arrives before regular parking spaces fill up can use such spaces for the normal price. When the regular spaces are all taken up, market-priced spaces should, in most cases, still be available—something that isn't the case now.

To set initial prices for the premium spaces, stations with parking that normally fills up by days' end, but not until after 9:00 AM, should place a \$1 surcharge on its premium daily parking spaces; for those stations where parking fills up between 8:15-9 AM, a \$2 surcharge should be instituted; at stations where parking fills up between 7:30-8:15 AM (constituting the vast majority), a \$3 surcharge should be placed on premium parking; and for those stations filling up before 7:30 AM, a \$4 surcharge should be instituted. Every three months, stations would automatically increase or decrease the daily parking rates on their premium spaces, with increases kicking in if, for example, premium parking isn't available at least 50% of the time at 9:30 AM and decreases kicking in at stations with at least 5% of premium parking spaces going unused on 50% of the days.

Like with the proposed auction for premium monthly spaces, the proposed system for premium daily spaces is neither unrealistic nor untested; rather it is actually a simplified version of the pricing mechanism used for the premium freeway lanes on Orange County, California's SR-91. In that case, there are many different prices charged that are based on demand and vary by time-of-day and day-of-week (for example, demand on Friday

³ King County, Washington is experimenting with allowing people who pay for monthly parking to "cash out" of parking on individual days. Participants would be rebated money for days they don't park, encouraging them to leave the parking for someone who needs it more. A simpler way to get at this concept is through daily parking charges, which is what WMATA uses (except for its Reserved Parking Program permit).

afternoons is highest and thus so are the prices then), and are pre-published and made available on the Internet (see <http://www.91expresslanes.com/tollsschedules.asp?p=m3>). Prices are adjusted regularly (most recently on Oct. 25, 2004) to reflect demand. WMATA could also choose to charge different amounts to reflect differences in demand on different days of the week.

Allow Customers to Save on Parking while Stretching Parking Resources by Piloting Dynamic Ridesharing

Dynamic ridesharing provides participants with enormous scheduling flexibility by using web-based and telephone-based systems to find one-way carpooling partners very close to the time that travel is desired. Participants are matched with different people on different days and on different trip legs. Dynamic ridesharing differs from traditional ridesharing that requires more formal, fixed arrangements be made well in advance of the traveler's departure time. In this proposed pilot, modeled after the Bay Area Rapid Transit (BART) pilot, WMATA premium parkers would, with the help of electronic communication tools, be provided an option to pick up one or more carpoolers on their way to or home from the Metro station, or to ride in someone else's vehicle, in exchange for the riders splitting their parking costs. One Northern Virginia company, NuRide, Inc., already provides dynamic ridesharing services to employees of America Online and other companies and could be enlisted to operate this pilot.

All participants would undergo security checks and enter their typical trip coordinates (e.g., home address, address of a boyfriend/girlfriend they regularly visit, etc.) into an electronic database. Participants would use their telephones or computers to indicate when and from where they are leaving on a particular day and which destination they are going to, and then would be automatically matched with any riders (except if there are incompatible preferences such as smoking) that the database software calculates will limit their total trip diversion to not more than a few minutes. Riders and drivers would be encouraged to have cell phones in the unlikely event of a problem. Unlike casual carpooling or "slugging," rides would be provided to and from a participant's doorstep or nearby intersection.

A pilot could be restricted to a few stations and to a limited number of neighborhoods where station patrons live. For in-bound trips, drivers could telephone riders if they are unsure where a particular address or intersection is. For return trips, electronic ride-boards in stations could show ride-matches and riders and drivers could meet at these boards. Riders would be provided a guaranteed ride home from the Metro, most likely in a taxicab, if a return lift home is not secured within 15 minutes of their train's arrival at the Metro station. Since popular Metro stations often have hundreds of people arriving and leaving within very short time intervals, convenient ride matches—including, at times, more than two per car—could be expected for most trips. Indeed, models suggest that backup service would not be needed at all with 70 to 100 active users.

By sharing rides to and from WMATA stations, per patron parking costs for even market-rate parking would likely be cheaper than current WMATA parking prices. Patrons could

arrive whenever they please and end up paying less for parking than before. By combining dynamic ridesharing with market-based pricing, both customers and WMATA could benefit financially, in addition to enjoying the host of other benefits itemized on the cover page.