



## **EMPLOYER TRANSPORTATION PROGRAMS IN LA, MYTH VS. REALITY**

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# EMPLOYER TRANSPORTATION PROGRAMS IN LA, MYTH VS. REALITY

The Los Angeles metropolitan region of Southern California has been subject to air quality/transportation regulations since the late 1980s. These regulations have produced a wide variety of programs throughout the region with varying degrees of success. As the regulation process has evolved over time, many programs have been modified, and some have been discontinued.

It is a common belief that most employer based transportation programs were developed strictly as a result of the implementation of the air quality regulations mandated by the US Environmental Protection Agency (EPA) and administered by the South Coast Air Quality Management District (SCAQMD). It is also widely believed that as these regulations have been modified and reduced in scope that most programs have been totally discontinued. This is not the case. Many have been modified or reduced, but the core Transport Demand Management provisions remain in a large percentage of the employers.

This paper discusses the observations of a program administrator in the region over the past 25 years. It also includes statistical information provided by the regional air quality district and research results from various studies of employer programs conducted throughout the duration of this process. Successes, failures and lessons learned from the experiences of varying degrees of regulation vs. employer motivated programs are of interest to TDM providers and employers throughout the United States. With the realization that we cannot "build our way out of congestion", sustainable alternatives must be implemented as we move forward to reduce congestion and improve mobility on highways and arterials throughout the country. This should be of interest to a European audience, many of whom have many misconceptions about the reasons for, experience with, and impact of mandatory programs in the U.S. and how they have evolved over the past 10 years. This paper will provide specific examples of how employers in Southern California have responded to the changing environment.

## 1. Background

Implemented in the late 1980s, South Coast Air Quality Management District's Regulation XV and Ventura County Air Pollution Control District's Rule 210 required particular employers (based on the number of employees at the work-site) to develop employee trip reduction plans to decrease the number of single-occupant vehicles arriving at the work-site during the morning peak hours. In 1995, the state Legislature prohibited mandatory employer-based trip reduction rules except where required by federal law and mandatory trip reduction plans. At the same time, Congress amended the Clean Air Act to permit equivalent emission reduction strategies in lieu of the mandatory trip reduction rules. In response to both developments, the SCAQMD rescinded their rules and replaced them with Rule 2202 and VCAPCD implemented Rule 211. Instead of mandating employers to implement an employee trip reduction program, the new rule provided a menu of emission and trip reduction strategic/mitigation measures from which to choose. However, in September 1996, Senate Bill 836 (Lewis) was enacted which temporarily raised the threshold of Rule 2292 from work-sites with 100 employees to 250 employees starting January 1, 1997. Later, Senate Bill 432 was signed into law in June 1998, permanently removing regulatory requirements at work-sites with 100 to 249 employees.

Carpooling is the number one alternative to driving alone in the Los Angeles area. Carpooling moves over three times more workers than transit, according to the 1990 census (1,057,051 vs. 310,616).

The Los Angeles region has the highest metropolitan carpooling rate in the nation, according to the 1990 Nationwide Personal Transportation Study. Los Angeles is the only major metropolitan area in the nation where carpooling has been maintaining its relative market share. This finding is further supported by data from Sag's State of the Commute study which

shows that since 1990, carpooling as a primary travel mode has remained consistently around 14 percent.

Carpooling is the cheapest way to cut traffic and smog, according to an Apogee Research study for the National Association of Regional Councils. It costs significantly less to cut the number of cars on the road by forming carpools than by bus or rail.

Regionally we must sustain the existing carpool market share. Just a one percent drop in the carpooling rate translates into more than 40,000 additional vehicles on our freeways and surface streets daily which in turn results in an annual increase of 302 million vehicle miles of travel.

## **2. Myths vs. realities**

While it is true that many of the successful Employer Commute Reduction Programs (ECRP) in Southern California are the result of the air quality legislation, the majority of those programs which have been discontinued or modified are smaller ones no longer required to implement programs. The primary reason cited for considering other options is cost. For many smaller employers it is more cost effective to utilize the Air Quality Investment Program (AQIP) and approved Emission Reduction Strategies (ERS). As of December 31, 2001 849 employer sites utilized the ECRP option, 372 used the ERS and 239 participated in the AQIP for a total of 1,460 sites.

Another reason cited by employers for discontinuing or modifying their TDM programs is the generally depressed economy which has resulted in numerous employee layoffs throughout the region.

According to the State of the Commute Report awareness of employer programs has been dropping since 1996. The decline in program awareness is likely a result of substantial cuts in funding for regional rideshare programs. However of the employees who have utilized transportation services offered by their employer, one in seven believes that these services influenced their choice of travel mode.

## **3. Case Studies**

### **Zenith Insurance Co. intranet: Program Highlights**

Zenith Insurance has had a very successful rideshare program, achieving successively higher average vehicle rider ship each year, due in large part to a very active marketing strategy. The most significant aspect of their plan is the rideshare website on the company Intranet. Unique in Warner Centre – and one of relatively few in the Southern California region – the website provides Zenith employees with extensive information and resources. From an outline of the rideshare program and enrolment process, to monthly reporting, the full incentive package, transit information and external links, such as to the SCAG website – this is a full-service rideshare centre. It also includes a “What’s New” section, which reflects the latest information on trip reduction, transit, etc.

#### *Achievements*

The Zenith Intranet website was developed in-house, by the employee transportation coordinator. The company provided training in Microsoft Front Page, and the work was done during regular office hours, in addition to the normal job duties.

The website was launched in April 2000. In the past year they’ve had an average increase of more than 10 employees reporting participation per month compared to the same period in the prior year. The previous average was 105.2 per month; they’ve now up to 115.3 – with 138 and 134 reporting ridesharing in January and February of 2001, respectively. In addition, new enrolment in the rideshare program is averaging 3.5 people per month since the start of the website, also an increase over the 3.2 before they went on-line. This has resulted in more than a third of the employees based in Warner Centre taking part in the Zenith rideshare program.

One feature of the site has proven to be most popular; the monthly reporting form is now available on-line. Employees can update the form and submit it to the ETC via e-mail, which reduces the use of paper. This also allows the field employees to more expediently report participation, without needing to go in to the office or worry about faxing or mailing the report form. More than 10 percent of the employees are either exclusively in the field, or spend much of their time outside of the office, so this is a significant convenience.

#### *Additional Information*

To let employees know the latest rideshare news they broadcast e-mails to everyone in the office, with links to the rideshare site. They also include "headlines" on the Zenith Intranet home page, again linking directly to the appropriate page on the rideshare website. In addition to the website, the marketing program includes posters, bulletin boards, and small notices inserted in the cafeteria centrepieces – often little "did you know" items.

#### **Kaiser Permanente Commuter Choice: Program Highlights**

Kaiser Permanente has offered a comprehensive ridesharing program to over 20,000 employees in Southern California since 1989. Through its KAISERider program, Kaiser Permanente strives to reduce traffic congestion and employee commutes trips, thereby improving air quality, as well as patient and visitor access. As a health care provider for approximately one-third of California's population, Kaiser Permanente considers clean air programs as paramount in importance in protecting the communities they serve.

Kaiser Permanente took a leadership role in supporting the passage of the Commuter Choice bill. Once the bill was passed into law, they began preparation for the implementation of a nationwide program. In what may be one of the largest rollouts of Commuter Choice in the country to date, Kaiser Permanente offered the benefit to all 60,000 employees in the California Division and to 1,000 employees in the corporate headquarters. Additional rollouts to Regions outside of California are scheduled shortly.

The Commuter Choice Program allows Kaiser Permanente employees to set aside tax-free dollars to pay for qualified commute transit or parking expense. Taxable income may be reduced, as transportation monies set aside are not considered part of the taxable earnings. By making transit more affordable, the Commuter Choice program directly impacts traffic congestion.

Kaiser Permanente included Commuter Choice as one of its incentives in the AQMD Rule 2202 Triennial Employee Commute Reduction Plan. This necessitated rolling out a new benefit by July 2000. KP assembled a team from Human Resources, Payroll, Benefits, Information Technology, and TSM. Communication to leadership, unions, and staff was accomplished in March 2000. Corporate Headquarters had a May 2000 rollout. California rollout was completed in June 2000 with benefits taking effect July 1, 2000.

#### *Achievements*

- Heightened awareness by all Kaiser Permanente managers and employees of the value of using commute alternatives
- A better understanding of the cost associated with driving alone to work
- Improved promotion of commute alternatives as an employee recruitment and retention tool

Enrolment in Commuter Choice as of July 2001

Transit and vanpool	341
Parking	739
Total	1080

#### **Bank of America: Program Highlights**

One of the world's leading financial services companies, Bank of America responded to the regulated approach to TDM in the late 80s as most US companies did – they listened to the regulatory community and instituted programs that were espoused by them. Eventually they came to realize that what may have worked for one company did not necessarily work for them. What may have worked in a specific geographic region did not work in another, and

many of the reasons that “established” TDM strategies didn’t work was because they did not make decisions based on corporate culture.

In the mid 90s they abandoned the boiler-plate approach and created an innovative program that encourages employees to use alternative transportation based on the effect their commuter mode had on air quality. They debated regulatory concerns with the governing agencies and got involved in the process both as an entity and utilizing the resources of various associations, such as ACT. Their creative programs earned them national recognition from the US EPA, regional awards from the regulatory agency and individual leadership awards from other sources.

In the late 90s, after a significant merger, the economic turndown, and a change in corporate culture, Bank of America decided that TDM was a commuter choice; that an employer could be a conduit of information, but did not have to invest significant dollars into incentives that were merely rewarding individuals who had already made the commitment to an alternative commute mode. To that end, they abandoned their incentive programs and purchased credits to satisfy regulations. However, they continue to encourage employees to seek alternative commutes. They rely on regional agencies to assist in this process, and they are keenly aware of government tax benefits (transportation fringe) that could induce employees to reconsider the alternatives. The program, though not under a single leader, is still part of the ongoing strategy at Bank of America.

### **Raytheon Co. Comprehensive Commuter Services: Program Highlights**

Raytheon has a long history of promoting employee participation in the rideshare program. In the early 80’s, when the aerospace industry was at its peak, they were hiring 200 new employees per week. The job market was hot and Raytheon (formerly Hugs Aircraft Company) had to be innovative in recruiting engineers.

In 1980 ten company-owned vanpools were started. By 1990, Raytheon had over 300 vans on the road carrying employees an average one way distance of 60 miles. In 1995, (5) 47-passenger bus pools were added to their list of employee commute options. When the MTA Green Line was in the developmental phase, Raytheon donated a parcel of land to ensure that a Metro Station was convenient for employees working at the El Segundo facilities.

In addition to the above, Raytheon continues to support ridesharing by providing on-site transit sales to not only their own employees but to vendors, consultants, and contract workers. Raytheon employees receive a 50% subsidy of transit costs. This is one of the most popular programs and they sell over a thousand bags of tokens per month. They recently increased their order of monthly passes for the third time this year. Vanpools receive monetary subsidies and vanpool physicals are provided to drivers at no cost. Van vacancies are marketed to targeted zip code groups. Currently their vanpools have a negative vacancy rate. (This is possible when vans have 16 riders subscribed to a 14 passenger van). They expect to add 2-3 new van groups in 2001. They also work cooperatively with other ETCs through membership in the Westchester/LAX TMA.

Employees who participate in the rideshare program are entered in quarterly drawings for gift certificate prizes from Borders Books, Toys R Us, Target, Home Depot, CompUSA, Ralph’s Groceries, and Unocal Gas. New participants in the rideshare program receive a “welcome to the program” award of \$75.00.

#### *Achievements*

Employees appreciate and use the emergency ride home program when unplanned overtime or family emergencies arise. Employees are assisted with company cars, airport shuttle and taxi service. The commuter services office participates in Earth Day events, Bring Your Children to Work Day, Bike to Work Week, and California Rideshare Week. This year they will host the 12<sup>th</sup> annual Rideshare Fair for employees. This is a large event with numerous vendors, prizes, give-aways, music and a DJ, candy and balloons as well as a subsidized lunch.

Raytheon achieved a 95% return rate on their 2000 annual commute survey and this year they are proud to announce a highest ever Average Vehicle Ridership of 1.4.

## **The Los Angeles Air Base and the Aerospace Corporation: Program Highlights**

The Los Angeles Air Base and The Aerospace Corporation were awarded recognition by the SCAG Diamond Awards for their combined innovative marketing strategies and commitment as environmental stewards for their community. Situated just south of the bustling Los Angeles International Airport, their employees must negotiate daily through one of the most congested freeways in the nation.

The Base and Aerospace Corporation focused their program on the following strategies:

- Implementation of a Base, Site and Airport Shuttle Systems. The Air Force is currently removing old bus stops and replacing them with spacious gazebos. The Aerospace Corporation has recently purchased new shuttle buses.
- Utilizing common parking placards, documentation, and policies.
- Bike Programs: Allowing joint memberships for both organizations in the Bicycle Club, sharing bike security lockers and creation of annual Air Force ver. The Aerospace Corporation Bike Challenge.
- Shared participation in rideshare events and promotional actives.
- Shared dissemination of information in both organizational; newspapers, Intranet bulletins and ride-matching database.
- Combined efforts to maintain a successful operational vanpool fleet.

### *Achievements*

- Replacement of two bus/shuttle stops with aesthetic gazebos at \$9,000.00 each. - \$18,000.00
- Addition of 24 Bicycle Security Lockers at \$12,020.00.- \$12,020.00
- Placement of 6 Rideshare Information Centres at \$1,490.00 each. - \$8,940.00
- Implementation of the Federal Transit Subsidy Program. - \$190,320.00
- Implementation of a Compressed Work Week affecting 2,300 employees
- Procurement of a Base Rideshare Kiosk. - \$23,800.00
- Creation of the Annual "Bike to Work Challenge" against the Aerospace Corporation. - 104 Riders
- Current participation of 251 public transit riders (up from 144 in 1999)
- Expansion of annual Educational Awareness Programs/Sponsorships to include four public schools, three "Earthday" events, three "Rideshare" fairs and Science Fair.
- Sponsorship of clean Air related functions to include "Tree City USA", "Arbor Day", and creation of a "Historical Tree Forest". This includes the donation/distribution of 300 trees.
- An annual marketing budget increased from 0 in 1999 to \$65,000.00 in 2000.

The Collaboration of efforts greatly:

- Improved Sustainability
- Improved Time Management
- Expanded Options and Services
- Improved the Dissemination of Information and Broader Marketing Span

## **4. Conclusions**

The corporate programs discussed above demonstrate the diversity of approaches utilized throughout the region. While there have been modifications made to some programs, many employers have not only retained basic services but also creatively expanded their programs.

The role of carpooling in Southern California is significant. Given the dispersed pattern of jobs and housing within the region, the length of the commute that many commuters daily endure, and their somewhat limited travel options, carpooling remains the most accessible alternative commute option available to regional commuters.

Work sites continue to be a very important rideshare market because it is easier for employees at the same or nearby work site to form carpools or vanpools due to their similar origins and destinations, work hours, and regular commuting trips. Carpooling with co-workers is the second most common type of carpool formation (36%). Given the air quality

deregulation, it is even more imperative to encourage voluntary employer-provided rideshare information and services at work sites so that existing ridesharers can get the rideshare assistance they need and potential ridesharers will have enough incentives to change their solo-driving habits. The marketing of ridesharing options at the work site should be considered as an essential part of any strategy aimed at sustaining current carpool market share and converting drive-alone commuters into ridesharers.