New office development agreement requiring 50% SOV via zero-cost-to-employer, carrot/stick policy called Fair Value Commuting (FVC)

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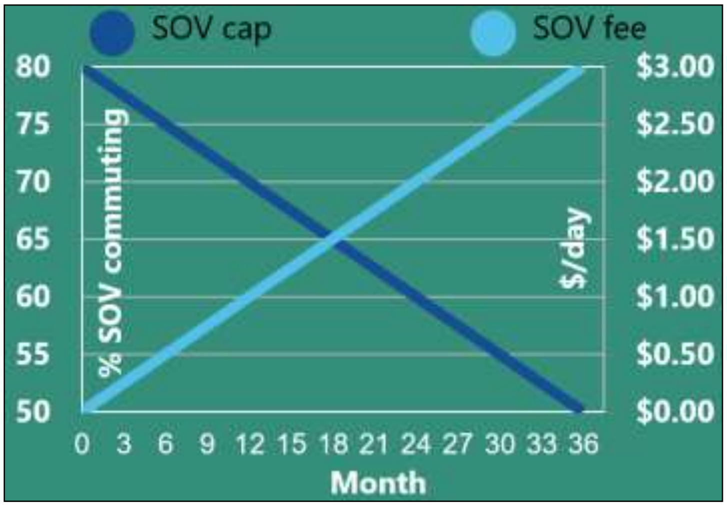
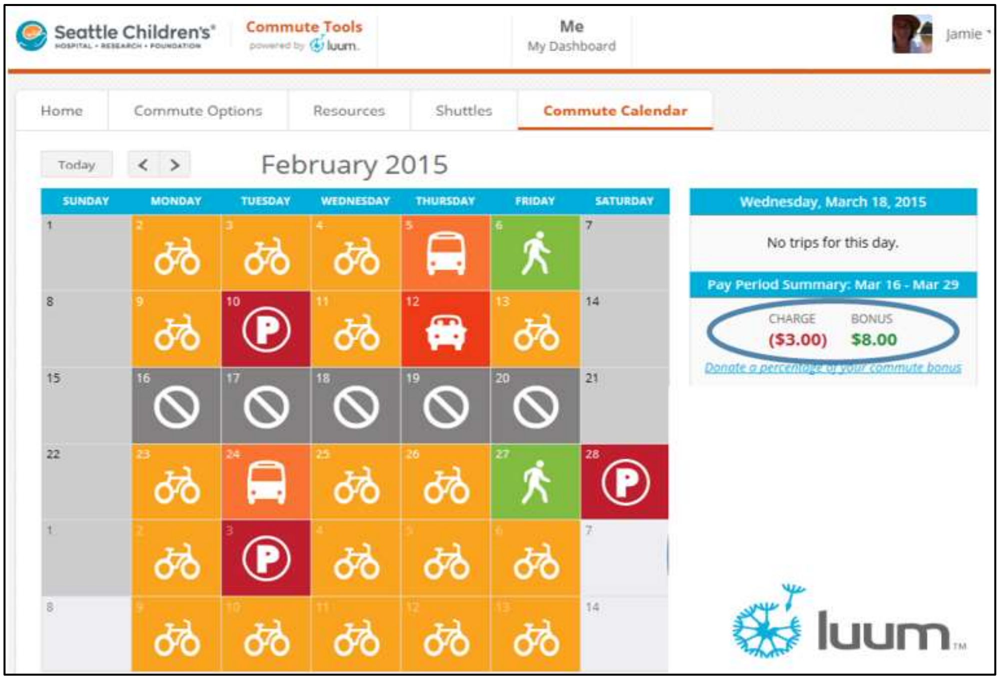
1. Description of the VMT reduction program

In exchange for entitlement of a mid-sized to large new office project (50,000+ square feet), developer agrees to require tenants (employers of a certain size such as 50+ employees at the site) to reduce SOV commute trips. Over 36 months, the SOV requirement slims from 75% to 50% in steps of 2.5% every three months. Employers may meet this performance target by any means. Non-compliance triggers a revenue-neutral (zero-cost to employer) workplace SOV feebate, a fee on SOV commute trips where the revenue is rebated to non-SOV, less 15% that funds commute program software. The fee begins at $0.25/day and, if non-compliance continues, increases by $0.25 every three months to a maximum of $3/day. The policy/software combination is called Fair Value Commuting (FVC). Commute program software vendors receive $4.95/month/employee.



The commute program software (e.g. Luum and RideAmigos) is about 50% mature and is expected to be scalable within 24 months. Appropriate Silicon Valley stakeholders should make a formal finding when the software is mature. Key technologies:

- Commute program software: a) automates employer commute programs, b) expands upon SB1339 payroll commute benefits, c) provides an enterprise-wide commute dashboard of daily commute mode, VMT, GHG.
- Automated, 98% accurate commute mode detection and reporting, depicted in a commute calendar for each employee:



2. Projected VMT reduction

Reduces SOV commuting from 75% to 50%. FWHA calculates the benefit for each VMT reduced as $0.21. The cost per ton GHG reduced in -$558.

3. Evidentiary basis for the projected reduction

Please refer to “Reduce Bay Area Commuting by 25%” white paper, Appendix H, www.cities21.org/wp/pdf for SOV feebate efficacy evidence encompassing:

- 41 TDM Case Studies from Best Workplaces for Commuters
- Transportation Elasticities from VTPI,
- Moving Cooler report,
- Implementations by Stanford, 20th Century Corp, and CH2M Hill.

In 2012, MTC’s Ann Flemer wrote, "There is no question that the provision of free parking is a huge incentive for people to drive to work. A 2000 survey of Bay Area commuters found that while 77% of commuters drove alone when free parking was available, only 39% drove alone when they had to pay to park. Additionally, among commuters with free parking, only 4.8% commuted by transit. By contrast, among commuters without free parking, 42% commute by transit." SACOG CEO James Corless states, "Eliminating free workplace parking is the Holy Grail of trip reduction." (91% of Americans receive free workplace parking.)

Stanford University’s commute program has something similar to the $3/day SOV feebate. SOV commuting reduced from 75 to 50%.

In Seattle, Gates Foundation (using Luum software) implemented a $12/day SOV fee and $3/day non-SOV incentive, reducing SOV from 90% to 32%.

4. Exchange required to reduce VMT

At 50% SOV commute mode split:

- The daily fee per each SOV commute is $3 (paid by employee)
- The daily non-SOV incentive is $2.55 (paid to employee)
- The commute program software vendor receives $0.45 per SOV commuter/day.

Fees/incentives are reflected in each employee’s paycheck. The program is zero net cost to the employer.

Luum and RideAmigos software is progressing towards maturation, driven by customer needs. In addition, a $1.1M FTA Mobility on Demand Sandbox grant helps accelerate such maturation.

5. Entities involved in this VMT reduction

- A development agreement between office developers and cities. Developers provide reduced VMT in exchange for valuable development entitlements.
- In order to obtain a lease of valuable office space, tenants are required by landowners to comply with the VMT reduction policy.

6. Regional scalability

FVC can be scaled to encompass existing office building via legislative mandate:

- A simple majority enabling state bill permits cities and counties to enact 50% SOV ordinances.
- Via a 2/3 vote of residents (required by Prop 26), cities may enact ordinances mandating 50% SOV by employers with a certain number of employees in the enacting locality. It is recommended that multiple cities collaboratively pass ordinances during the same election, creating a multi-city area.
- For 2.9M Bay Area commuters, reduces 1M car trips/day, 1.3M tons/GHG/year, 3.4B VMT/year at a “negative cost” of -$558/ton reduced. Creates $670M/year new revenue for non-SOV modes. Frees 3,700 acres of surface parking.