

REPORT  
FROM



THE PERSONNEL  
DEPARTMENT

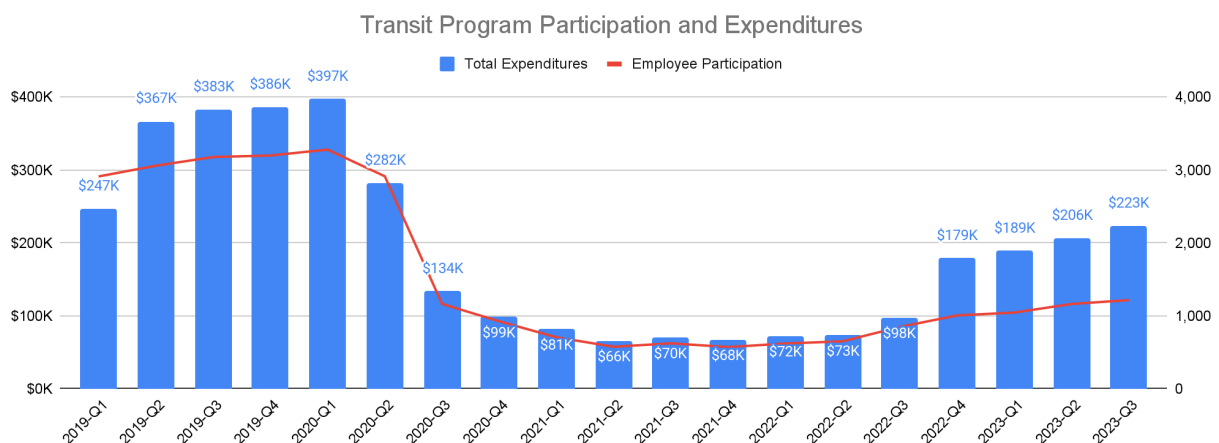
TO: City Council	DATE 12/27/23
REFERENCE: Successor Special MOU on Commute Options and Parking	COUNCIL FILE
SUBJECT: <b>Proposed Successor Special Memorandum of Understanding on Commute Options and Parking</b>	
<p><b><u>RECOMMENDATION:</u></b></p> <p>That the City Council approve the proposed successor Special Memorandum of Understanding on Commute Options and Parking.</p> <p><b><u>BACKGROUND:</u></b></p> <p>The City offers a variety of commuter benefits to eligible employees through what the Personnel Department has branded the COMMUTEwell Program (<a href="https://lacommutewell.com/">https://lacommutewell.com/</a>). Commuter benefits include ridesharing programs as well as City-sponsored parking, and are offered to eligible employees as part of the City's requirements, as a large employer, under Air Quality Management District (AQMD) regulations to incentivise shared commuting and reduce air pollution. Commuter benefits are established within the City's Special Memorandum of Understanding on Commute Options and Parking ("Special MOU") and overseen by the City's Joint Labor-Management Committee on Commute Options and Parking (JLMC-COP). The JLMC-COP includes four management member representatives – the Personnel Department, General Services Department (GSD), City Administrative Officer (CAO), and Department of Transportation (DOT) and four employee organization representatives – the American Federation of State, County and Municipal Employees (AFSCME), Laborers' International Union of North America (LIUNA 777), Los Angeles Police Command Officers Association (LAPCOA), and Service Employees International Union, Local 721 (SEIU 721).</p> <p>The City's civilian and sworn Police/Fire employees are eligible for the COMMUTEwell Program (excluding employees of the Los Angeles World Airports (LAWA), Harbor Department, and Department of Water and Power (DWP), each of which offer their own transportation benefit programs and separately adhere to applicable AQMD regulations). The Personnel Department's Employee Benefits Division/Commute Options and Parking Section ("Employee Benefits") administers the COMMUTEwell Program. Employee Benefits has the ongoing responsibility of administering and promoting greater utilization of the City's existing ridesharing benefits as well as administering parking benefits.</p> <p>The current Special MOU was adopted in 2005, amended in 2008, and has remained in effect since that time. The proposed successor Special MOU builds on provisions of the current Special MOU. The JLMC-COP's main objectives in creating the successor Special MOU were to improve ridesharing incentives and optimize efficiency in allocating parking. The JLMC-COP began drafting the successor Special MOU in February 2022. The attached successor Special MOU was approved by the JLMC-COP at their November 16, 2023 meeting. Commuter benefits described in the Special MOU and successor Special MOU are solely funded through the Ridesharing Trust Fund (Fund), and revenue from the Fund is primarily derived from employee parking fees, which are required by the Los Angeles Administrative Code to be deposited into the Fund.</p>	

## DISCUSSION:

The proposed successor Special MOU would broadly improve commuter benefits available to City employees, expand eligibility, establish authority to trial entirely new types of commuter benefits, and would be funded by a modest increase in employee parking fees. Following are highlights of notable components of the successor Special MOU.

### \$100 Transit Incentive

The successor Special MOU *permanently* increases the monthly transit incentive from \$50 to \$100. Since the increased transit incentive was implemented in July 2022, more than half of all transit program participants took advantage of the increased benefit. Transit expenses have risen considerably since the \$50 incentive amount was adopted over 20 years ago, and the increased incentive eases some of the financial burden associated with commuting. Prior to the pandemic, approximately 3,000 employees participated in transit programs each quarter. Participation fell sharply during the pandemic but has steadily increased to approximately 1,200 per quarter at present.



### Bike/Walk Incentive Expansion

The Special MOU provides a \$50 monthly incentive (temporarily increased to \$100 by JLMC-COP action) for employees who bike or walk to work. However, the bicyclist/walker incentive program is only available at City work sites regulated by the AQMD. The successor Special MOU expands the program to all work sites. The successor Special MOU also provides a more flexible incentive structure by providing a \$5 daily benefit with a maximum of \$100 per month. This restructuring better aligns with hybrid telecommute work schedules.

### Incentives for Part-Time Intermittent Employees

Commuter benefits are currently only available to otherwise-eligible employees, generally meaning those who contribute to the Los Angeles City Employees Retirement System (LACERS) or the Los Angeles Fire and Police Pension system (LAFPP). This means that part-time intermittent employees are not eligible for parking

or transit benefits described in the Special MOU. The successor Special MOU makes all part-time employees eligible for transit incentives via the Transit Reimbursement Program and expands eligibility to the bike/walk-to-work program.

### **Transit Subsidy Reimbursement for Parking Permit Holders**

The Special MOU does not allow parking permit holders to concurrently receive a Transit Subsidy Reimbursement for public transit expenses. The successor Special MOU removes this restriction in order to encourage employees to try alternative commute options.

### **Increased Parking Fees**

All benefits described in the Special MOU are funded solely by the revenue collected from employee parking fees. The substantially expanded incentives and benefits conferred within the successor Special MOU can be funded by modest increases in parking fees. The most expensive permit type—an Individual Permit for the Downtown Los Angeles area—would increase from \$46 per month to \$55 per month. All other permit types would have a proportional increase. All permits would remain subject to the City’s parking tax. This fee increase would not take effect until one year after the adoption of the MOU and the accompanying improved commuter benefits. Further, the proposed fees would still be substantially less than the cost of parking in the open market. The average monthly parking fee for private lots in the downtown area is approximately \$172.

### **Sunset of Special Electric Vehicle (EV) Incentives**

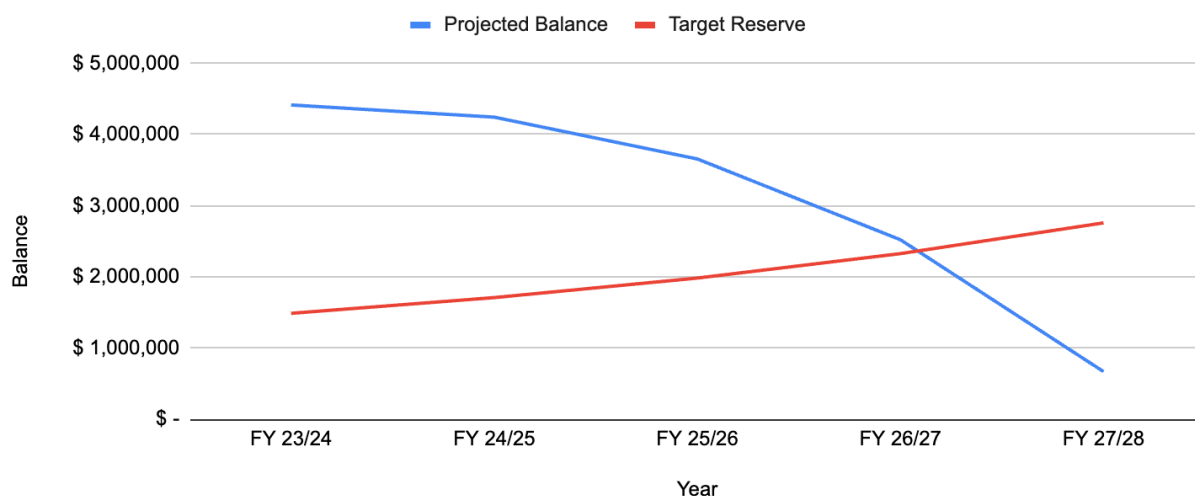
At least 20+ years ago the City began offering two distinct benefits to incentivize the purchase of electric vehicles: higher waitlist prioritization and \$0 parking permit fees. In the intervening years, electric vehicle adoption has increased precipitously. There are currently 507 active EV permits, and of those, 298—more than half—were issued in 2023. Although EVs are still not the dominant vehicles on roads, the City has very limited employee parking capacity, and because EVs are prioritized over seniority parking, increased adoption of EVs among City employees has noticeably and adversely impacted employees waiting on the seniority waitlists. Employees in such situations have expressed concerns about the unfairness of being subject to longer waits because they do not have the means to purchase a new vehicle just for parking. The no-cost permits also reduce the revenue available to fund public transit and rideshare programs. If the successor Special MOU is adopted and ratified, employees currently holding EV permits will be allowed to keep their permits, but they will be converted to a regular permit type.

### **Authority to Initiate Trial Commute Programs**

The successor Special MOU provides the JLMC-COP with the authority to administer commuter pilot programs that offer employees greater commute flexibility. The intention of this program is to test alternative benefit models that better accommodate flexible work schedules (such as hybrid telecommuting) and remove barriers to the use of public transportation.

## Health of the Rideshare Trust Fund

Because all commuter benefits are solely funded by the Rideshare Trust Fund, and the Trust Fund only receives revenue from parking and vanpool fees, the successor Special MOU ensures the ongoing health and sustainability of the fund. In considering benefit design changes, Trust Fund projections were looked at to account current program utilization levels, measurable changes in employee patterns, and benefit design decisions. A target minimum fund balance of 50% of the fund's annual expenses was created in the successor Special MOU. It is projected that the changes incorporated into the successor Special MOU would maintain the fund balance above the target threshold during the three-year term of the successor Special MOU (see chart below). Additionally, the successor Special MOU creates a new requirement that staff bring to the JLMC-COP annual reports about the health of the Fund to assist the committee in considering changes to commuter benefit design.



### **CONCLUSION:**

The successor Special MOU proposes a broad array of incremental improvements across all programs within the JLMC-COP's purview. The MOU broadens the pool of eligible employees, increases benefits for each program, and provides pathways for ongoing future enhancements during the term of this MOU. Notably, it does this while maintaining parking fees that are significantly below market rate. Accordingly, the JLMC-COP recommends that the City Council approve the proposed successor Special Memorandum of Understanding on Commute Options and Parking.

*Charles Leone*  
Charles Leone (Dec 27, 2023 09:03 PST)

CHARLES LEONE, CHAIRPERSON

*Jay Kim*  
Jay Kim (Nov 20, 2023 12:25 PST)

JAY KIM, VICE CHAIRPERSON

**JOINT LABOR-MANAGEMENT COMMITTEE – COMMUTE OPTIONS & PARKING (JLMC-COP)**