



TRIP REDUCTION PROGRAM

Cost Study

2010

Maricopa County Air Quality Department

CLEAN AIR
MAKE
MORE





Maricopa County

Air Quality Department

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Voluntary Vehicle Repair
& Retrofit Division
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Introduction

Arizona Revised Statutes (49-583) reference the ability of the Task Force to consider unique circumstances and costs when assessing the plans of employers that have missed targeted reductions.

Background

The last two reports completed by TRP staff focused on the average cost for specific industries (2007) and employer size (2005) by sampling 300-400 employer plans. This report will focus on the average expense for virtually every participating employer, regardless of size/industry.

The timing of this report coincides with an extended nationwide recession that prompted many employers to seek reductions to TRP-related expenses. To avoid disproportionate budget cuts, the Task Force directed staff to compare reductions to an employer's workforce to the cuts being proposed. Likewise, many of the employers that haven't experienced large workforce reductions have strived to avoid/limit the expansion of TRP expenses.

Methodology

Cost and employee/driving-age student data were compiled from plans approved by the Task Force over a 12-month period (June 2009 to May 2010). If an employer had more than one plan approved by the Task Force during the study period, data from the most current version was used.

Cost data is extracted from figures supplied by the employers in Sections 1 through 7 of the approved TRP plan. Those sections cover drawings, enrollment/usage awards, emergency rides, TRP events, preferred parking, subsidies and other TRP efforts. While some employers may incur expenses starting and/or expanding teleworking (i.e. equipment/supplies), most employers do not report those costs as part of their plan. Likewise, construction and/or operating expenses for physical facilities that are often pre-existing at worksites (i.e. on-site daycare, bike racks and showers) are not collected.

Previously, employers were asked to supply their employee count once a year (during the annual survey). The TRP plan format was updated during 2009 to prompt the employer to list their current employee count, which is the figure used in the cost calculations. However, if the employer did not provide an updated employee count on the plan format or used an older format, the count supplied during the annual survey was used.

Assumptions

All funds budgeted in the approved plan are expended and no direct/indirect labor costs are used. While some measures typically have less activity than budgeted (i.e. emergency ride home, pollution advisory awards and new enrollment bonuses), other measures can and often will exceed budget limits (i.e. bus or carpool subsidies). While employers aren't required to continue an incentive that has reached its budgeted cap, many do in order to maintain continuity, interest and participation.

Findings

The total number of employer plans included in this study was 1144 and the average budgeted expense was \$20.45 per employee. Excluding public/private schools or universities, the average budgeted expense is \$24.91.

Budgets and Plan Review

The following are common budget-related scenarios that arise during plan review, especially among employers that have missed drive-alone targets and participated for multiple years:

Below Average Expense – In this scenario, staff would typically ask the employer to enhance the proposed plan by adding a new measure and/or increasing funding to an existing measure. As part of the review, staff would first consider the drive-alone (SOV) trend and how an employer's use of effective, low-cost strategies might affect the overall budget. Common low-cost, effective strategies include telecommuting, compressed work schedules, showers/lockers and strategically-located carpool parking.

Average Expense – In this scenario, staff would typically focus on how the funds are being allocated (by measure/mode) to confirm consistency with survey history and audit results. Staff may ask an employer to shift funding to other measures, ease qualification guidelines and/or expand the modes that can participate (especially if the SOV trend is flat/rising).

Above Average Expense – Some employers in this scenario are candidates for a review that focuses on refining/streamlining plan incentives. In some instances, staff has been able to offer recommendations to help control/reduce employer costs by changing award/subsidy qualifications, changing frequencies and/or capping payouts. It's possible some of the monies saved can be moved to different incentives that focus on other modes or recruiting new participants.

Summary

The average expense for all “non-educational” employers is up from the 2005 report (\$24.91 vs. \$19.75). That comparison uses the average employee size of 433 (from this study) matched to the “201-500 employee category” from the 2005 study.

Many employers have focused on controlling costs relating to drawings / registration awards over the past few years. Often, that was done to ensure the employers had adequate/sustainable funding for transit and/or carpool subsidies. It would appear that the two significant transit fare increases, enacted since the 2005 study was completed, may account for much of the increase.

While the statute doesn't specify that cost data should be refined by size, location or industry, staff has found that employers seem most receptive to industry-specific data. When staff is seeking a significant plan enhancement and the employer is objecting to additional expenditures, staff should generate current, industry-specific data. That additional data will hopefully assist the employer during the plan review and help the Task Force make an informed decision on the plan.



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TRP Plan Expense Data

Reporting Period:

Plans Approved *June 2009 – May 2010*

All Organizations

Total:	1144*
Average Size:	603
Average Expense / Person:	\$20.45

Employers (*ex-Schools*)

Total:	1086
Avg. Size (Employees)	433
Avg. Expense / Employee:	\$24.91

Schools (Public/Private)

Total:	58
Avg. Size**	3768
Avg. Expense**:	\$10.83

* There are approx. 1181 participating employers

** Staff and driving-age students (if applic.)