



City Council Staff Report

From: City Manager

Report Type: INFORMATION REPORTS

Lead Department: Transportation

Meeting Date: May 5, 2025

Report #:2503-4406

TITLE

Palo Alto Transportation Management Association 2024 Annual Report, 2026-28 Strategic Plan, and 2024 Commute Survey

RECOMMENDATION

No action is recommended, this is for information only. The 2024 Annual Report, 2026-28 Strategic Plan, and 2024 Commute Survey by the Palo Alto Transportation Management Association are being transmitted for compliance with the contractual agreement.

EXECUTIVE SUMMARY

The City contracts with the Palo Alto Transportation Management Association (TMA) to implement programs to reduce single-occupancy vehicle (SOV) trips to and from Palo Alto. The funding agreement between the Palo Alto TMA and the City restricts the use of City funds to trip reduction programs and requires the TMA to report on the use of these funds. The attached Annual Report covers the 2024 calendar year, detailing how the City's contribution was used to support SOV trip reduction, including the results of the Fall 2024 Commute Survey. The attachment also includes the 2026-28 TMA Strategic Plan. The work of the TMA supports the City's Sustainability and Climate Action Goals by working to reduce vehicle miles traveled and increasing the mode share for active transportation and transit. Additional program history can be found in the April 23, 2024, Finance Committee Staff Report.¹

BACKGROUND

Following direction from the City Council in 2013, staff worked to develop transportation demand management (TDM) strategies to encourage alternatives to solo driving as part of a multi-faceted effort to address traffic and parking concerns in the downtown area and the city at large. The development of a TMA for Palo Alto was a key component of this approach, which

¹ Finance Committee, April 23, 2024, Agenda Item #6; SR #2403-2761, <https://cityofpaloalto.primegov.com/meetings/ItemWithTemplateType?id=4692&meetingTemplateType=2&compiledMeetingDocumentId=9724>

the City initially funded through a \$499,880 contract with consultants Moore Iacofano Goltsman, Inc.² After the TMA was formed in January 2016, this contract continued to fund the sub-consultant services of the TMA's part-time executive director. The TMA hired permanent part-time staff in April 2018. Per the non-profit's bylaws, the City has a seat on the TMA Board of Directors, traditionally filled by the City's Chief Transportation Official.

In June 2016, Council formalized the provision of additional City funding for TMA programs by executing a \$100,000 funding agreement between the City of Palo Alto, the Silicon Valley Community Foundation (SVCF), and the Palo Alto TMA to reduce single-occupancy vehicle (SOV) commute trips to and from downtown Palo Alto.³ Because the TMA was not yet an approved Section 501(c)(3) organization (its application was pending with the Internal Revenue Service), the TMA operated as a program of SVCF. SVCF held and administered a fund restricted to specific charitable purposes and had legal discretion and control over the restricted account. When the TMA received its formal 501(c)(3) status, SVCF ceased to be the organization's program sponsor and to act as the TMA's fiscal agent.

Under a subsequent amendment, the City provided an additional \$100,000 to support the TMA's work in 2017. The City Council adopted a Fiscal Year 2018 budget that included \$480,000 for the Palo Alto TMA to continue to support its efforts to reduce SOV commute trips using a variety of strategies. In December 2018, the agreement was amended to incorporate additional funds allocated for FY 2019 and to reflect the fact that the SVCF no longer serves as the financial agent for the TMA now that the TMA is a non-profit.

In April 2019, the Finance Committee received a presentation from the TMA and provided feedback on the TMA Strategic Plan.⁴ On May 15, 2019, the Finance Committee recommended an increase in employee parking permit rates to provide the TMA with additional funding of up to \$180,000, for a total of \$660,000 annually. On June 17, 2019, the Council voted to increase the FY 2020 budget recommendation by \$90,000 from the University Avenue Parking Permit Fund for a total amount of \$750,000 and a subsequent amendment was executed to implement this. That agreement expired on June 30, 2020.

An informational report transmitted to Council on May 26, 2020, included the 2019 TMA Annual Report, comprising commute program data, results and analysis of the Fall 2019 Downtown Commute Survey, and a summary of the 2020 Strategic Business Plan.⁵ In that month, the Council considered its annual budget during the COVID-19 pandemic. The Council

² City Council, August, 11, 2014; Agenda Item #4; SR #4766, <https://www.cityofpaloalto.org/civicax/filebank/documents/43344>

³ City Council, June 13, 2016; Agenda Item #10; SR #6823, <https://www.cityofpaloalto.org/civicax/filebank/documents/52687>

⁴ Finance Committee, April 16, 2019; Agenda Item #4; SR #10198, <https://www.cityofpaloalto.org/civicax/filebank/documents/70194>, Presentation: <https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=63435.61&BlobID=70664>

⁵ City Council, May 26, 2020; Informational Report; SR #11307, <https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=64175.41&BlobID=76770>

voted to appropriate a reduced funding level of \$453,000 for the TMA in FY 2021 and approved the use of City funds for the TMA's programs in the California Avenue Business District as well as the Downtown.⁶ Funding was provided under the new proposed funding agreement but was reduced further based on a November 2020 TMA request for \$350,000. A new funding agreement was signed in 2020 reflecting Council's appropriation of \$350,000 in FY 2021. This agreement expired in FY 2023 and again delegated authority to the City Manager to amend the agreement to add funding if Council budgeted more funds. In June of 2021, Council allocated \$150,000 in funds for the TMA for FY2022 and in June of 2022, allocated \$200,000 in funds for FY 2023.

A new three-year funding agreement was approved by City Council in September of 2023, providing \$200,000 for the TMA in FY 2024 and delegating authority to the City Manager to amend the agreement to add funding if Council budgets more funds. This agreement also allows the TMA to use \$25,000 of City funds to reduce SOV trips anywhere in Palo Alto.⁷ Council increased the amount allocated via an amendment to the agreement in March of 2024, adding \$42,000 for additional outreach labor and expanded active mobility programs.⁸ Amendments in July and December reflect Council's allocation of \$400,000 for FY2025⁹ and changes in funding and scope for a \$10,000 Electric Bike/Scooter Pilot program from the City's Utilities Department. For FY 2025, \$200,000 can be used for TMA programs anywhere in the City.

ANALYSIS

Regular reports are required under the TMA's funding agreement with the City. In the past year, the TMA has used City funds to purchase transit passes for low-income workers, supporting their use of transit, and to subsidize other programs such as carpooling, biking, and ride-share aimed at increasing all Downtown and California Avenue commuters' use of alternative modes of transportation. The attached Annual Report covers the 2024 calendar year, detailing how public funds were spent to support SOV trip reduction, including the results of the Fall 2024 Downtown Commute Survey. The attachment also includes the 2026-2028 TMA Strategic Plan which is required to be updated by the funding agreement.

⁶ City Council, May 26, 2020; Agenda Item #1; SR #11376;
<https://www.cityofpaloalto.org/civicax/filebank/documents/76803>, Action Minutes:
<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=48631.05&BlobID=77870>

⁷ City Council, September 11, 2023; Agenda Item #7; SR #2308-1883;
<https://cityofpaloalto.primegov.com/meetings/ItemWithTemplateType?id=2983&meetingTemplateType=2>

⁸ City Council, February 12, 2024; Agenda Item #11; SR #2311-2233;
<https://cityofpaloalto.primegov.com/meetings/ItemWithTemplateType?id=3638&meetingTemplateType=2&compiledMeetingDocumentId=9079>

⁹ City Council, June 17, 2024: Agenda Item #28; SR#2406-3140;
<https://cityofpaloalto.primegov.com/meetings/ItemWithTemplateType?id=5334&meetingTemplateType=2&compiledMeetingDocumentId=10470>

The Annual Report highlights several accomplishments, noting that in 2024, the TMA:

- Increased funding
 - Stability - City of Palo Alto restored PATMA's budget which allowed expansion beyond University Ave Downtown and California Ave
 - Grant Awards –PATMA won funding from VTA's Transit Oriented Communities program (\$24,550), City of Palo Alto Utilities (\$10,000), Palo Alto Community Foundation (\$5,000), and the Starbucks Neighborhood Grant program (\$1,000)
 - Fair market value of transit passes – Securing free Caltrain GoPasses (worth \$4,200/year each) and reduced-cost \$169/year VTA passes (worth \$1,080/year each) allowed PATMA to help more workers at a lower cost/user
- Expanded geographic reach
 - Performed outreach at the Stanford Mall, along El Camino Real, at Midtown, and in South Palo Alto
 - In these areas, PATMA offered sustainable transportation programs, conducted the annual commute survey, and presented an e-bike and e-scooter pilot program
- Small business support
 - Ahead of Caltrans' El Camino Real repaving project where bike lanes will be replacing 220 on-street parking spaces, PATMA offered train and bus passes and refurbished bikes to workers who park on El Camino
- Leveraged partnerships
- Dramatically reduced cost/user/month from \$77 in Dec 2023 to \$51 in Dec 2024

Key insights from the 2024 Commute Survey about potential future directions for mode shifts targets include:

- Light office (77%) and government (72%) sectors have higher drive alone rates than service (55%) and tech (55%) sectors.
- Seventy percent (70%) of survey respondents live in a city served by Caltrain or a bus that runs directly to Palo Alto.

The Strategic Plan details the following goals for the next three years.

- Year 1: Scale up the number of transit passes; scale up the number of active mobility commuters traveling <3 miles
- Year 2: Make it easier for commuters to access multiple sustainable commute modes; support active commutes <5 miles
- Year 3: Leverage new technologies and programs to enable workers to commute without a personal vehicle

POLICY IMPLICATIONS

The City's S/CAP includes two mobility goals that are directly supported by the work of the TMA:

- Reduce total vehicle miles traveled 12% by 2030, compared to a 2019 baseline, by reducing commute vehicle miles traveled 20%, visitor vehicles miles traveled 10%, and resident vehicle miles traveled 6%
- Increase the mode share for active transportation (walking, biking) and transit from 19% to 40% of local work trips by 2030

In addition, the transportation demand management (TDM) services provided by the TMA are consistent with the following Comprehensive Plan policies and programs:

Policy T-1.1 Take a comprehensive approach to reducing single-occupant vehicle trips by involving those who live, work and shop in Palo Alto in developing strategies that make it easier and more convenient not to drive.

Policy T-1.2 Collaborate with Palo Alto employers and business owners to develop, implement and expand comprehensive programs like the TMA to reduce single-occupant vehicle commute trips, including through incentives.

Program T1.2.1 Create a long-term education program to change the travel habits of residents, visitors, shoppers and workers by informing them about transportation alternatives, incentives, and impacts. Work with the PAUSD and with other public and private interests, such as the Chamber of Commerce and Commuter Wallet partners, to develop and implement this program.

Program T1.2.4 Evaluate the performance of pilot programs implemented by the Palo Alto Transportation Management Association and pursue expansion from Downtown to California Avenue and other areas of the city when appropriate.

Program T1.2.6 Pursue full participation of Palo Alto employers in the TMA.

Policy T-1.13 Encourage services that complement and enhance the transportation options available to help Palo Alto residents and employees make first/last mile connections and travel within the city for daily needs without using a single-occupancy vehicle, including shuttle, taxi and ridesharing services.

Policy T-2.2 As part of the effort to reduce traffic congestion, seek ongoing funding and engage employers to operate and expand TMAs to address transportation and parking issues as appropriate in the City's employment districts.

Program T2.2.1 Work in partnership with the Palo Alto TMA and Stanford University to aggregate data and realize measurable reductions in single-occupant vehicle commuting to and from Downtown and in the Stanford Research Park.

Policy T-5.5 Minimize the need for employees to park in and adjacent to commercial centers, employment districts and schools.

Program T7.1.1 Expand transportation opportunities for transit-dependent riders by supporting discounts for taxi fares, rideshare services and transit, by coordinating transit systems to be shared by multiple senior housing developments, by maintaining a database of volunteer drivers and other transit options.

FISCAL/RESOURCE IMPACT

Funding for the TMA in FY 2024 was approved from the University Avenue Parking Fund (\$175,000) and the General Fund (\$25,000). The current funding agreement is a three-year agreement expiring at the end of FY 2026 (June 30, 2026). As part of the FY 2025 Adopted Budget, a total of \$400,000 was approved as the ongoing funding amount for the TMA from the University Avenue Parking Fund (\$200,000) and the General Fund (\$200,000).

STAKEHOLDER ENGAGEMENT

Monthly Palo Alto TMA Board of Directors meetings are open to the public and occur from 9:00 - 10:00am on the third Thursday of the month. Information about board meetings can be found at the Palo Alto TMA website: <https://www.paloaltotma.org/>

ENVIRONMENTAL REVIEW

The funding for PATMA and its associated scope of work is exempt from review under the California Environmental Quality Act (CEQA) since it can be seen with certainty that there is no possibility of a significant impact on the environment (State CEQA Guidelines Section 15061(b)(3)).

ATTACHMENTS

Attachment A: 2024 Palo Alto TMA Annual Report, 2026-28 Strategic Plan, and 2024 Commute Survey

APPROVED BY:

Lily Lim-Tsao, Interim Chief Transportation Official