



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Human Resources

Meeting Date: April 7, 2025

Report #:2503-4369

TITLE

Approval of Partnership Agreement with Metropolitan Transportation Commission, in an Amount Not to Exceed \$94,640 to Provide Unlimited Transit Access Available Through the Clipper BayPass Pilot Program to City of Palo Alto Employees Through December 31, 2025; CEQA Status - Not a Project.

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager or their designee to execute Partnership Agreement (**Attachment B**) with Metropolitan Transportation Commission to provide unlimited transit access available through the Clipper BayPass Pilot Program to City of Palo Alto employees through December 31, 2025 with a total not-to-exceed \$94,640.

BACKGROUND

The City supports sustainable transportation efforts to meet Palo Alto's environmental goals and reduce traffic. The City has provided commuter benefits for decades for its employees who voluntarily use commute alternatives to and from work. As part of its employee benefits package, the City of Palo Alto offers a range of commuter benefits to support a variety of sustainable transportation options. These benefits include the Caltrain GO Pass, carpooling (\$30/month), biking (\$20/month), and a 25% discount on monthly vanpool, parking, and transit costs. The Caltrain GO Pass is the most widely utilized commuter benefit, with approximately 50% of eligible employees participating in the program as of 2024. The Caltrain GO Pass provides employees with unlimited travel on Caltrain across all zones, available every day of the week. This benefit is accessible to employees located at City Hall, the Development Center, and the Downtown Library. This does not include worksites less proximate to Caltrain stations, such as the Municipal Services Center, Mitchell Park, Elwell Court, and the Rinconada complex. Caltrain staff limited locations that could participate in the GO Pass program to ensure equitable programs were being provided to all active Transportation Management Association (TMA) participating companies. Expanding to other worksites beyond the current scope of the GO Pass program was cost prohibitive.

Over the years, City staff has explored opportunities to expand the current commuter benefits available to employees because City employees are commuting farther distances. Enhancing commuter benefit options is expected to encourage city employees to commute rather than drive and is also expected to enhance accessibility to the Caltrain benefit for those whose work locations prevent them from utilizing this transit option. In addition, offering flexible benefits such as this program supports Palo Alto's strategy to be an employer of choice and enhance the ability to attract top talent and retain its workforce.

ANALYSIS

In an effort to expand and enhance the accessibility of commuter benefits, the City engaged with representatives from the Metropolitan Transportation Commission (MTC) to review their pilot Clipper BayPass program. The Clipper BayPass provides participants with unlimited travel on all Bay Area transit services, including bus, rail, and ferry routes such as Caltrain, BART, VTA, MUNI, Dumbarton Express, and other transit operators. **Attachment A** lists all Bay Area transit services that are part of Clipper BayPass. The Clipper BayPass program was developed by MTC in collaboration with the Bay Area Rapid Transit District (BART) and other transit agencies within the Clipper fare payment system.

Phase 1 of the MTC's Clipper BayPass program launched in August 2022 and included participants from four higher education institutions - the University of California, Berkeley (UC Berkeley), San Francisco State University (SFSU), San Jose State University (SJSU), and Santa Rosa Junior College (SRJC) – and at 12 MidPen affordable housing properties. Phase 2 of the pilot BayPass launched in January 2024, which includes participants from government organizations such Alameda Transportation Management Association and the City of Menlo Park.

Preliminary program evaluation analyses conducted by MTC indicate that individuals with Clipper BayPass take about 40% more transit trips than their peers with access to just a single-agency pass. The current City of Palo Alto's Caltrain GO Pass program is an example of single-agency pass, where employees can only ride one type of transit, Caltrain, with their GO Pass.

Caltrain GO Pass

The Caltrain GO Pass commuter benefit has proven to be highly successful, with approximately 50% of eligible City employees utilizing the program in 2024. This benefit enables employees to use Caltrain as their primary mode of transportation to work, helping reduce the number of single occupancy cars commuting to downtown Palo Alto and supporting the City's broader sustainability goals. However, recurring feedback from employees indicates a desire to expand the Caltrain GO Pass program to include locations beyond the three downtown sites currently covered by the existing Caltrain agreement. This location limitation also raises equity concerns,

as employees located at City facilities outside the downtown area are unable to access this beneficial commute solution.

Clipper BayPass

The pilot Clipper BayPass program will provide all benefited City employees to access all Bay Area transit services that are part of Clipper BayPass, including Caltrain. By expanding the commuter benefit to include Clipper BayPass, the City will be able to offer a variety of transit options to all City employees regardless of their work location. The availability of various transit options - such as BART, MUNI, VTA, and the Dumbarton Express, will provide employees who do not reside along the Caltrain corridor, an opportunity to consider using public transportation for their commute. The expansion to offer Clipper BayPass will encourage greater adoption of public transit as a commuting option for all employees.

The Clipper BayPass program pilot can play a crucial role in shaping future commuter benefit offerings for the City. By participating in this program, the City will receive quarterly aggregate ridership data, including total ridership, types of transit used, and travel frequency. This is data not available through the GO Pass program and can be used to refine and update the City's commuter benefits to better align with employees' commuting patterns and needs. The City will also be able to explore affordability options for this commuter benefit, including, but not limited to, cost sharing.

Following a thorough review of the Clipper BayPass program, staff recommends participating in the pilot program. This pilot initiative will expand the City's existing commuter benefit offerings by providing employees with access to unlimited travel across all Bay Area transit services. By offering comprehensive transportation benefits such as Clipper BayPass, the City will also gain a competitive edge in attracting and retaining top talent. Candidates who may have previously been deterred by long commutes will now have the option to utilize public transit from nearly any location in the Bay Area. Additionally, the Clipper BayPass program will enhance the accessibility and equity of commuter benefits for employees working outside downtown sites.

FISCAL/RESOURCE IMPACT

The contract period will be from May 1, 2025 through December 31, 2025 with a total cost of \$94,640. The costs will be covered with various funding appropriated in the FY 2025 Adopted Budget in the Human Resources Department, the City Manager Contingency, and enterprise funds for employees who work in Public Works or Utilities. If the pilot is successful and the City continues the contract beyond December 31, 2025, the ongoing costs are estimated to be \$150,000 annually. These ongoing costs would be incorporated into the City's Internal Services Benefits Fund and allocated citywide, with funding dependent on Council appropriation as part of the annual budget process.

STAKEHOLDER ENGAGEMENT

The City's labor groups have been notified of this proposal, and Human Resources has worked on a broader communication plan to announce the new commuter benefit to City employees. A transition plan has also been created to ensure the current Caltrain GO Pass users have a successful transition to Clipper BayPass. Additional outreach will be conducted as needed as the Clipper BayPass program evolves.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because approval of this agreement to provide a public transportation benefit for City employees is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. CEQA Guidelines section 15378(b)(5).

ATTACHMENTS

Attachment A: List of Transit Operators Included with Clipper BayPass

Attachment B: Partnership Agreement Between MTC and City of Palo Alto

APPROVED BY:

Sandra Blanch, Human Resources Director