



CITY OF  
**PALO  
ALTO**

## ITEM 3C

City of Palo Alto  
MEMORANDUM

To: Finance Committee

Date: May 12, 2021

SUBJECT: AGENDA ITEM #3C: FY 2022 PROPOSED OPERATING BUDGET – OFFICE OF TRANSPORTATION – SPECIAL REVENUE FUND, UNIVERSITY AVENUE PARKING FUND – PALO ALTO TRANSPORTATION MANAGEMENT ASSOCIATION

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Staff recommends that Finance Committee review and tentatively approve the following change to the FY 2022 proposed level of funding for the Palo Alto Transportation Management Association (PATMA, also known as TMA). This recommended adjustment does not guarantee these funds to the PATMA, nor approves the services expected to be provided for these funds. A separate contract process would be gone through including Council review and approval at that time. However, staff does recommend a reduction in allocated funding based on this request. PATMA works to reduce Single Occupancy Vehicle (SOV) trips to and from Palo Alto. PATMA provides rideshare subsidies to workers in the Downtown and California Avenue Business Districts and transit passes to low income workers.

As part of the City's FY 2021 Adopted Operating Budget, PATMA received \$350,000 of annual support, funded through University Avenue Parking Fund parking permit revenues. The FY 2022 Proposed Budget includes a continuation of that funding level to continue to cover PATMA activities. However, since the production of the FY 2022 Proposed Budget, the PATMA has provided a revised FY 2022 funding request of \$240,000 in light of the effects of COVID-19 on economic activity. The service levels projected by the PATMA begin at 38% and rise to 80% in the fourth quarter of FY 2022 in recognition of reduced but growing demand as the economy rebounds post COVID-19. This results in an \$110,000 reduction in the funding request. The demand for PATMA services has declined during FY 2021 but is expected to rebound as the economy recovers.

DocuSigned by:

*Philip Kamhi*

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Philip Kamhi

Chief Transportation Official

DocuSigned by:

*Ed Shikada*

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Ed Shikada

City Manager

Attachments: FY 2022 TMA Funding Request



Palo Alto Transportation Management Association  
855 El Camino Real #13A-200, Palo Alto, CA 94301

May 11, 2021

To: Sylvia Star-Lack, Transportation Manager, City of Palo Alto

From: PATMA Board of Directors: Brad Ehikian, Premier Properties; Philip Kamhi, City of Palo Alto; Matthew Weinberg, Amazon/A9; Jessica Roth, The Cobblers; Rob George (ex-officio member), Joint Venture Silicon Valley; and PATMA Staff: Steve Raney and Kruti Ladani

**Subject: FY22 request for funding**

- For 5/12 City Council Finance Committee item #3.c: Planning and Transportation / Parking Special Revenue Funds

1. BACKGROUND: PATMA programs support three of four 2021 City Council Priorities:

- **Economic Recovery** - PATMA's transit pass program accelerates economic recovery by providing PA businesses with a competitive hiring advantage that doubles employee retention.
- **Social Justice** - PATMA's transit pass program tops the entire nation in improving social equity for service workers' transportation.
- **Climate Change** - PATMA's programs reduce GHG and PATMA's [Bike Love Program](#) aligns uniquely with The City's S/CAP goal to increase biking.

2. ACCOMPLISHMENT: Council has asked PATMA to "**graduate**," meaning to develop revenue beyond City of Palo Alto (COPA) funding and to collaborate sub-regionally to increase cost-efficacy. In response,

- PATMA won a \$100,000 federal grant for the [Bike Love Program](#).
- PATMA will provide fee-for-TDM-service to the new Marriotts at 744 San Antonio. At 75% hotel occupancy, the Marriotts will generate \$141,600 fee-for-TDM-service revenue per year to the TMA.
- We have verbal agreements for two additional fee-for-TDM-service workstreams.
- PATMA and MVgo formed a cost-saving collaboration to bring free public transit Caltrain shuttle service to San Antonio Road by the Marriotts. This represents the first sub-regional collaboration between two TMAs.

3. COUNCIL ADVOCACY REQUEST: At the May 4 Finance Committee meeting, Mayor DuBois floated the idea of freezing the transit pass program. PATMA counterproposes as follows:

- PATMA has purchased \$582,000 in Caltrain passes over the past three years. We request that Council help advocate at the June 3 Caltrain Board meeting for [Caltrain to donate \\$582,000 worth of new passes back to PATMA](#). Council leadership has been assumed in reducing PATMA's funding request.

4. FUNDING REQUEST: The TMA requests a **\$240,000 FY22 COPA budget** allocation @ \$80,000 for the first 3 quarters, \$0 in the final.

- \$750,000 was allocated in FY20. \$453,000 was allocated in FY21, but PATMA subsequently made an updated request for only \$350,000. We're asking for \$240,000 in FY22.

4A. CALCULATIONS for the \$240,000 Funding request:

- The Nov/Dec 2020 pandemic surge brought economic performance below COPA's adopted FY21 economic scenario/forecast. PATMA's FY21 funding request reflected that scenario, resulting in PATMA accumulating a CY21 savings of \$248,464.
- To build our funding needs forecast, we have developed a granular [FY22 Quarterly Commute Level Forecast](#) of the number of commuters leaving the house each weekday. We have reached out to the Finance Committee in hopes of syncing this forecast with COPA's adopted Long Range Financial Forecast. We believe that on 5/1/22, the number of commuters leaving the house each weekday will be 80% of 2019:

FORECAST	Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-June 22
% commute activity vs. 2019, WFH-enabled jobs (50% of jobs)	25%	40%	54%	70%
% commute activity vs. 2019, other jobs (retail, etc.)	50%	63%	76%	90%
<b>Combined</b>	<b>38%</b>	<b>52%</b>	<b>65%</b>	<b>80%</b>

- Given commute level, we can project expenses to determine the amount of funds to request. A "small" COVID-reduced month of 2020 PATMA expenses was \$27,000, for a quarterly expense of \$80,000. A "large" PATMA "downtown-only" month is \$70,000 in expenses, for a quarterly expense of \$210,000.
- In May 2020, Council authorized PATMA to serve the Cal Ave area. Our numbers show that 80% commute level for Downtown combined with 80% for Cal Ave equates to 100% of large "downtown-only" month.
- Further, with Council's assistance, we expect that Caltrain's Go Pass Donation Program will commence in Jan 2022, yielding \$120,000 worth of budget savings for PATMA from Jan-June 2022. Caltrain transit pass subsidies typically take up two-thirds of PATMA transit passes.
- In the table below, we extrapolate quarterly expenses from "small" to "large." We subtract expected Caltrain donations. We then start with a July 2020 balance, add in payments, saving from COVID-reduced demand, \$240,000 funding request. Then we subtract expenses to yield a small Oct 22 balance:

	Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Jul-Sep 22	
Expenses	\$80,000	\$120,000	\$170,000	\$210,000	\$210,000	
Less Caltrain discount			-\$50,000	-\$70,000	-\$70,000	
total	\$80,000	\$120,000	\$120,000	\$140,000	\$140,000	<b>\$600,000</b>

July 2020 PATMA checking balance	\$25,000
+ 4th COPA FY21 funding pymt	\$87,500
+ savings due to COVID-reduced demand	\$248,464
+ FY22 Funding request	\$240,000
total revenue	\$600,964
Less July 21 - Sept 22 expenses	-\$600,000
<b>Net PATMA balance 10/1/22</b>	<b>\$964</b>

4B. SERVICES PROVIDED in exchange for COPA Funding

- PATMA is a TDM social equity leader, undertaking three unique-in-the-U.S. activities:
  - Buying and managing monthly transit passes for 290 low-income commuters (pre-COVID)
  - Providing “after hours” Lyft subsidy for low-income commuters before 6am and after 8pm
  - Undertaking door-to-door, in-person outreach to 800 Palo Alto businesses.
- [Bike Love Commute Incentive Program](#)
- PATMA also provides Palo Alto in-commuters with subsidized Waze Carpool rides, without income restriction.
- PATMA also provides TDM services to multi-family residential, major employers, mixed use projects, hotels, schools, and medical facilities.

4C. [PATMA's Annual Report will be available \(at this link\) at 11am on 5/12/21](#)

5. COUNCIL PROCESS REQUEST: As far as COPA’s “adapt with recovery” strategy, PATMA would like to return to Council Finance Committee in **Feb 2022 with an update** and potentially a request for an additional FY22 allocation.

- Vice Mayor Burt expects stronger growth than LRFF Scenario B, possibly the strongest growth in decades.
- Mayor DuBois is bullish on the economic recovery.
- Councilmember Filseth is also bullish, believing we need to plan for fiscal upside contingency.
- The \$8.4M Utilities Transfer Legislation issue may be resolved favorably.
- Additional stimulus funding may be applicable to the FY22 budget.

6. COUNCIL ADVOCACY REQUEST: As far as is allowable during entitlements, COPA staff should help PATMA “graduate” by **ensuring that new developments join PATMA** and use PATMA’s expert fee-for-TDM-services. In the past, COPA entitlements have required 611 Cowper, the Marriotts, and Hotel Parmani to join the TMA. The City’s TDM Ordinance Update should recommend PATMA because PATMA’s city-wide scale provides more cost-effective TDM than individual projects can achieve. Santa Monica and Carlsbad provide examples of cities advantaging their TMA.

7. COUNCIL ADVOCACY REQUEST: To further accelerate economic recovery, we request that COPA analyze and remove any substantial hurdles to **leasing vacant space in the Cal Ave** area.

- Reactivation of the Parking Assessment District might be warranted.
- Increased ability to change uses may help.

Thanks for your consideration, PATMA

**Certificate Of Completion**

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Document Pages: 4	Signatures: 2
Certificate Pages: 2	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	Wilson, Sarah
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	250 Hamilton Ave
	Palo Alto , CA 94301
	Sarah.Wilson@CityofPaloAlto.org
	IP Address: 199.33.32.254


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**Signer Events**

Philip Kamhi  
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 Chief Transportation Official  
 City of Palo Alto  
 Security Level: Email, Account Authentication (None)

**Signature**

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 Ed Shikada, City Manager  
 City of Palo Alto  
 Security Level: Email, Account Authentication (None)

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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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<b>Envelope Summary Events</b>	<b>Status</b>	<b>Timestamps</b>
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Signing Complete	Security Checked	5/12/2021 8:35:26 AM
Completed	Security Checked	5/12/2021 8:35:26 AM

<b>Payment Events</b>	<b>Status</b>	<b>Timestamps</b>
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