CITY OF PALO ALTO
MEMORANDUM

TO: HONORABLE CITY COUNCIL, FINANCE COMMITTEE

FROM: City Manager DEPARTMENT: Office of Transportation

AGENDA DATE: May 15, 2019

SUBJECT: FY 2020 Proposed Operating Budget – Office of Transportation, Transportation Management Association (TMA) Funding Request

On April 16, 2019 the Finance Committee reviewed a request by the Transportation Management Association (TMA) for additional funding (up to $720,000 annually). The request can be found in the CMR# 10198 (link below), and the presentation provided by the TMA is attached to this memorandum, Attachment A.
CMR #10198: https://www.cityofpaloalto.org/civicax/filebank/documents/70194

The Finance Committee requested that staff provide analysis outlining the implications of providing additional funding to the TMA on parking rates, assuming the additional funding would be fully funded by additional new revenues. Currently, the Palo Alto TMA is receiving annual support from the City in the amount of $480,000 which is funded through the University Avenue Parking Fund through parking permit revenues. The analysis below provides a few options for the Finance Committee review including the current parking permit pricing to accommodate this additional funding request. These are not intended to be absolute options, but rather provide different scenarios for the Finance Committee to consider.

Scenario A: no change in employee parking permit rates, use fund balance in the University Avenue Parking Fund which is currently at $3.1 million as of June 30, 2018.

Scenario B: Increase employee parking permit rates approximately 5%, providing the TMA additional funding of $120,000, a total of $600,000 annually.

Scenario C: Increase employee parking permit rates approximately 7.5%, providing the TMA additional funding of up to $180,000, a total of $660,000 annually. (The majority of City fees are recommended to increase 7.5% in FY 2020, this just models a similar assumption for comparison and context).
Scenario D: Increase employee parking permit rates approximately 10%, providing the
TMA additional funding of approximately $240,000, a total of $720,000 annually.

In alignment with the current practice and the Finance Committee, the scenarios above
assume that the fee increase to accommodate the TMA max request would be funded
solely from the University Avenue Parking fund. However, in order to not incentivize
employee permit holders to park in residential areas, past practice has held employee
permit prices consistent between the garage and surface lot permits and the Residential
Preferential Parking (RPP) permits. This chart below assumes this practice would continue
and models the employee parking permit rates for the scenarios above.

<table>
<thead>
<tr>
<th>Parking Area</th>
<th>Scenario A: Current Permit</th>
<th>Scenario B: +5% increase</th>
<th>Scenario C: +7.5% increase</th>
<th>Scenario D: +10% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Core</td>
<td>$750/yr</td>
<td>$788/yr</td>
<td>$806/yr</td>
<td>$825/yr</td>
</tr>
<tr>
<td>Downtown RPP</td>
<td>$750/yr</td>
<td>$788/yr</td>
<td>$806/yr</td>
<td>$825/yr</td>
</tr>
<tr>
<td>California Avenue</td>
<td>$375/yr</td>
<td>$394/yr</td>
<td>$403/yr</td>
<td>$412/yr</td>
</tr>
<tr>
<td>Evergreen Park/Mayfield RPP</td>
<td>$375/yr</td>
<td>$394/yr</td>
<td>$403/yr</td>
<td>$412/yr</td>
</tr>
<tr>
<td>Southgate RPP</td>
<td>$375/yr</td>
<td>$394/yr</td>
<td>$403/yr</td>
<td>$412/yr</td>
</tr>
</tbody>
</table>

This analysis assumes no changes in other permits such as the daily permit fee and that
approximately 3,300 employee permits will be issued annually in the downtown core. The
data integrity of the parking permits continues to be a challenge as many processes are
currently manual. Staff anticipates that this information will become more readily
available with the implementation of a more efficient and comprehensive parking permit
system in the future.

Other considerations for this funding request may include:
- Expanding funding beyond the University Avenue Parking Fund and providing both
  funding and services to the California Avenue area.
- Increasing the cost will require an increase in City costs, as approximately
  $354,000 is contributed for City employee permits annually.
- If past practice continues and employee parking rates increase to remain
  consistent across garage, surface lot, and RPP permits, any increased revenues in
  other programs, such as the RPP program, would first be allocated to those funds
  to assist in offsetting operating losses in those operations.

This memorandum should be reviewed as a supplement to the FY 2020 Proposed
Operating Budget pages 93-107.

Kiely Nose
Director/CFO, Administrative Services

Ed Shikada
City Manager

ATTACHMENT A: TMA Funding Presentation
- FY 2020 Budget Request to City
- From $480K (flat) to $720K (50% growth)
- Cal Ave Pilot is walled off from downtown
- Provide ROI info to inform decision making
  - Parking structs, valet parking, etc
TMA Mission (reminder)

- Goal: 30% downtown commute reduction
- Transit passes, after-hours Lyft, Scoop, Waze
  - US TDM social equity leader
- Jan 14 Council: create an employer pgm

<table>
<thead>
<tr>
<th>Sub-type</th>
<th>2015 SOV</th>
<th>30% reduction</th>
<th>Target SOV</th>
<th>2018 SOV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service workers</td>
<td>74%</td>
<td>-22%</td>
<td>52%</td>
<td>56%</td>
</tr>
<tr>
<td>Govt worker</td>
<td>59%</td>
<td>-18%</td>
<td>41%</td>
<td>53%</td>
</tr>
<tr>
<td>Light office</td>
<td>69%</td>
<td>-21%</td>
<td>48%</td>
<td>67%</td>
</tr>
<tr>
<td>Tech worker</td>
<td>33%</td>
<td>-10%</td>
<td>23%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**PATMA is it’s own, unique TMA type**

<table>
<thead>
<tr>
<th>TMA</th>
<th>rev/yr</th>
<th>% bus</th>
<th>Formation &amp; funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emeryville TMA</td>
<td>$4.2M</td>
<td>82%</td>
<td>$3.4M Business Improvement District (BID)</td>
</tr>
<tr>
<td>Mission Bay TMA</td>
<td>$1.7M</td>
<td>91%</td>
<td>$1.5M property assessments</td>
</tr>
<tr>
<td>Mtn View TMA</td>
<td>$1.4M</td>
<td>65%</td>
<td>Employers: transit service agreement funds</td>
</tr>
<tr>
<td>San Leandro TMO</td>
<td>$1.3M</td>
<td>77%</td>
<td>$780K BID</td>
</tr>
<tr>
<td>Berkeley Gateway TMA</td>
<td>$296K</td>
<td>91%</td>
<td>Bayer HealthCare &amp; Wareham Devt fund it</td>
</tr>
<tr>
<td>West Alameda TMA</td>
<td>$224K</td>
<td>60%</td>
<td>Property assessments fund</td>
</tr>
<tr>
<td>TMA SF</td>
<td>$799K</td>
<td></td>
<td>SF TDM reqt =&gt; 82 bldgs formed &amp; fund.</td>
</tr>
<tr>
<td>Contra Costa Centre</td>
<td>$309K</td>
<td>31%</td>
<td>14 property owners formed. TDM District.</td>
</tr>
<tr>
<td>Moffett Park Biz Group</td>
<td>$168K</td>
<td></td>
<td>Formed by employers. Member dues fund.</td>
</tr>
<tr>
<td>Alameda (Point) TMA</td>
<td>$98K</td>
<td></td>
<td>Property assessment funds</td>
</tr>
</tbody>
</table>

- TMAs form for buses or large bldgs/parcels
- 7 govt-imposed funding, 3 self-fund
- Except PATMA. Non-resident SOV (U. Ave pkng fund)
Car Removal Machine

$480,000 (non-residents)
- $720,000
- $1.2M
- $1.74M

- $120,000 overhead
- $1,800 per car
  - public policy can lower
- Proven 439 cars
  - 366 dntn, 73 Cal Ave
- Will pursue grant funding

200 cars
333 cars
600 cars
900 cars
ROI, $33M for 238 net parking spaces

- 375 Hamilton Garage
  - $139,000/space ➔ $8,252/space/year
- Lot R valet: $2,263/space/year, Lot S: $783
- TMA: $1,800/car removed/year (+ climate/traffic benefits)
Walled off Cal Ave $100K pilot

<table>
<thead>
<tr>
<th></th>
<th>Feb</th>
<th>March</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
</tr>
</thead>
<tbody>
<tr>
<td># passes</td>
<td></td>
<td>45</td>
<td>73</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

- Funders (Facebook/Palantir) require separate project
  - Separate accounting, staff, etc
  - To prove transit pass program scales
- The City can help prioritize where to remove cars in PA
  - Downtown, Cal Ave, T&C, PAUSD, JCC, child care, dentists
- Will pursue external funding - no guarantee
- No additional budget request to City
“GoPA” Employer Program Concept

- Employers with commute programs have 21% lower SOV (SMC)
- Modes: Transit, bike, e-bike/scooter/skateboard, Scoop, Waze
- Employers w/ 20 to 2,000 employees are persuaded to join
  - Hotel Parmani required to participate! (policy beats persuasion)
  - Annual fee per employee plus a la carte
- Commuters earn vouchers for PA merchants (recycle incentive $)
  - $100 meal during “commuter acquisition”
  - Lower “maintenance” incentives
- Replace current Scoop/Waze direct subsidy expenditure
- Automated reporting of each green trip
- Verification of conversion away from SOV.
Thank You

Spend Money Wisely

- Negotiated 33% Scoop cost reduction
- $95/hour PATMA Exec Dir is a bargain
  - Compared to $225/hour at some TMAs
- 43% staffing cost reduction is underway
In 2018, TMA validated ability to grow

- Entrepreneurial stage of lifecycle
  - No peer TMAs
  - Increased our staff hours to grow
- Throttling expenses back down thru July 1
  - Otherwise, we run out of money
By July, shrink from 366 to 249 cars removed

- Lower-cost staff hours. Fewer Exec Dir hours
  - $95/hr TMA Exec Dir vs $225 for Emeryville
- $55K Feb programs higher than revenue
- Transit pass attrition (no new passes)
  - Can re-grow in future
- Keep Waze & Scoop
  - Averse reaction when you cut
- For 2019, replace $39K commute web survey
  - with $0 front door intercepts (validate web survey)

<table>
<thead>
<tr>
<th></th>
<th>Feb '19</th>
<th>Cars cut</th>
<th>July '19</th>
<th>Cars cut</th>
</tr>
</thead>
<tbody>
<tr>
<td>PATMA staff</td>
<td>$17,879</td>
<td></td>
<td>$10,360</td>
<td></td>
</tr>
<tr>
<td>Low-income transit passes</td>
<td>$37,010</td>
<td>245</td>
<td>$20,963</td>
<td>135</td>
</tr>
<tr>
<td>Scoop rideharing</td>
<td>$11,544</td>
<td>71</td>
<td>$11,544</td>
<td>71</td>
</tr>
<tr>
<td>Waze Carpool</td>
<td>$4,500</td>
<td>43</td>
<td>$4,500</td>
<td>43</td>
</tr>
<tr>
<td>After-hours low-income Lyft</td>
<td>$1,595</td>
<td>7</td>
<td>cut</td>
<td>0</td>
</tr>
<tr>
<td>Rent</td>
<td>$1,000</td>
<td></td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$73,527</td>
<td></td>
<td>$48,367</td>
<td></td>
</tr>
<tr>
<td>Monthly revenue</td>
<td>$45,000</td>
<td></td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td><strong>Net/Total</strong></td>
<td><strong>-$28,527</strong></td>
<td><strong>366</strong></td>
<td><strong>-$3,367</strong></td>
<td><strong>249</strong></td>
</tr>
</tbody>
</table>

Cash balance: $100,613

"[Text not fully visible]"
FY 2020 Option 1: $480K (flat)

- Cut Scoop, Waze & Lyft in April
- Stabilize transit at financial break-even level
- Result: 200 cars off road (via transit passes)
FY2020 Option 2: $720K (50% increase)

- 337 cars removed

<table>
<thead>
<tr>
<th>720K/yr funding</th>
<th>$60K mo</th>
<th>Cars cut</th>
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<tbody>
<tr>
<td>PATMA staff</td>
<td>$10,360</td>
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<tr>
<td>transit passes</td>
<td>$32,843</td>
<td>223</td>
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<tr>
<td>Scoop</td>
<td>$11,544</td>
<td>71</td>
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<tr>
<td>Waze Carpool</td>
<td>$4,500</td>
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</tr>
<tr>
<td>Lyft</td>
<td>cut</td>
<td>0</td>
</tr>
<tr>
<td>Rent</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>Tot Expense</td>
<td>$60,247</td>
<td></td>
</tr>
<tr>
<td>Mo. revenue</td>
<td>$60,000</td>
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<tr>
<td><strong>Net/Total</strong></td>
<td>-$247</td>
<td>337</td>
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