



City of Palo Alto

City Council Staff Report

(ID # 6679)

Report Type: Action Items

Meeting Date: 3/14/2016

Summary Title: Transportation Demand Management Funding

Title: Local Funding Strategies for Transportation Demand Management & Other Transportation Programs

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the City Council discuss potential alternative funding strategies for Transportation Demand Management and other local transportation programs, and refer the matter to the Policy & Services Committee or an ad hoc committee for discussion and development of a recommended approach.

Executive Summary

The City Council's agenda for March 14, 2016 includes two study sessions: one regarding the Transportation Management Association (TMA) that has been formed to reduce single-occupant vehicle (SOV) trips to and from Downtown, and one regarding a program of Transportation Demand Management (TDM) measures that has been initiated to address SOV trips to and from the Stanford Research Park.

The current item has been agendaized to permit the Council to discuss transportation programs more generally and provide follow-up direction to staff and/or to refer questions to the Policy & Services Committee.

Background & Discussion

In February 2014, the City Council requested that staff work towards creation of a TMA for Downtown Palo Alto, aimed at the goal of reducing SOV trips by 30 percent. The TMA was formed as an independent non-profit organization earlier this year, with the City as an important "large employer" Board member, and will be providing the City Council with an update on formation of the organization and pilot programs at a study session on March 14. Stanford University has been working in parallel with major employers on a related strategy for the Stanford Research Park.

TMA's are typically funded by employers who are members of the association, with assistance

in their formative years from local agency partners, and with funding from new development that occurs in their service areas. TMA Board Members typically represent companies that have a vested interest in improving the quality of transportation options for their employees and are willing to invest in these programs.

The City of Palo Alto has an interest in seeing both the Downtown TMA and the Stanford program succeed, and would also like to see enhanced shuttle service, transit incentives, and other TDM programs throughout the City. The Council is scheduled to receive an update on planning for expanded shuttle service in April or May.

The Valley Transportation Agency (VTA) and the County of Santa Clara are considering placement of a County-wide transportation sales tax on the November 2016 ballot, which will likely include some funding for transportation projects in Palo Alto. The City Council discussed the County sales tax measure at meetings in August 2015 and October 2015, and on February 8, 2016.

Possible local funding mechanisms that could supplement the countywide sales tax and that could be used to help fund TDM and shuttle programs as well as major transportation investments like railroad grade separations include: public/private partnerships, impact fees on new development, parking fees, assessment districts (or similar mechanisms) some form of value capture, and/or a business tax or sales tax. Value capture is a financing method that recovers some or all of the value that public infrastructure (e.g. railroad grade separations) or public investments (e.g. transit) generates for private landowners. It can involve establishment of assessment districts, development fees and incentives, or other implementing mechanisms.

The Draft Environmental Impact Report (EIR) for the Comprehensive Plan Update includes Mitigation Measure *Trans1a* (p. 4.13-51), which would effectively set a “cap” on new vehicle trips by requiring new development to meet stringent TDM performance measures and to offset any new trips that cannot be reduced. Offsets could be accomplished by contracting with another property owner or organization (like a TMA) or by paying an annual fee to the City for use in reducing vehicle trips through transit and shuttle programs, rideshare incentives, bicycle lanes, and other similar programs and improvements.

Policy Implications

Establishment of new local transportation funding mechanisms require careful thought and input from community stakeholders. Relevant policies and programs identified in the City’s Comprehensive Plan include:

- *Policy T-2: Consider economic, environmental, and social cost issues in local transportation decisions.*
- *Program T-4: Consider the use of additional parking fees and tax revenues to fund alternative transportation projects.*

- *Program B-1: Initiate assessment districts or other programs to facilitate neighborhood shopping center improvements such as landscaping, parking, and access to public transportation.*

Resource Impact & Timeline

Based on the City Council's specific direction, the City Manager may need to return with an estimate of consultant resources needed to complete an analysis, as well as a schedule for requested actions.

If the City Council would like to refine the impact fee ("trip cap") approach included in the Comprehensive Plan Update Draft EIR, comments should be provided at the Draft EIR hearing scheduled for April 25, 2016.

If the Council would like to consider placement of a local tax of some sort on the November ballot, the ballot language would need to be adopted prior to Council's summer break beginning July 2, 2016. Council may wish to explore polling or other survey methods in advance of its decision, to best inform what approach for a tax on business, for example, should take and timing for voter approval.

Environmental Review

This is a discussion item that may result in direction to staff and/or a referral to the Policy & Services Committee. Neither are "projects" requiring review pursuant to the California Environmental Quality Act.