



Technical Memorandum

July 16, 2025

Project# 28476

To: Ozzy Arce, Senior Transportation Planner
City of Palo Alto, Office of Transportation

From: Kittelson & Associates, Inc.

CC: Sylvia Star-Lack, Transportation Planning Manager

RE: Bicycle and Pedestrian Transportation Plan Update – Funding Sources

FUNDING SOURCES

The City of Palo Alto (City) is updating the 2012 Bicycle and Pedestrian Transportation Plan. This Bicycle and Pedestrian Transportation Plan (BPTP) update will serve as a comprehensive action plan for the City to provide improved bicycle and pedestrian facilities for its residents, employees, and visitors. This memorandum provides the list of funding sources that could be applied to implement the projects identified in the 2025 BPTP.

These grant programs are often competitive and will require the City to compete against other municipalities for funding. To help determine the most competitive grants, the most common federal, state, and regional grant funding programs have been summarized below.

Federal Funding Sources

Congestion Management & Air Quality, FHWA

The Congestion Mitigation and Air Quality Improvement (CMAQ) program provides flexible funding for state and local governments' transportation projects and programs to meet the requirements of the Clean Air Act and its amendments. CMAQ money supports transportation projects that reduce mobile source emissions in areas designated by the US Environmental Protection Agency (EPA) to be in non-attainment or maintenance of the national ambient air quality standards.

More Information: <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/cmaq.cfm>

Land and Water Conservation Fund, National Park Service

The Land and Water Conservation Fund (LWCF) matches grants for states and local governments to acquire and develop public outdoor recreation areas and facilities. The LWCF has provided more than \$16.7 billion to state and local governments to acquire new federal recreation lands. Projects can include open space acquisition, small city and neighborhood park development, and trail or greenway construction.

More Information: <https://www.nps.gov/subjects/lwcf/index.htm>

Rebuilding American Infrastructure with Sustainability and Equity Grant, United States Department of Transportation

The Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Discretionary Grant program provides a unique opportunity for United States Department of Transportation (USDOT) to invest in road, rail, transit, and port projects that promise to achieve national objectives. Previously known as Better Utilizing Investments to Leverage Development and Transportation Investment Generating Economic Recovery Discretionary Grants, the eligibility requirements of RAISE allow project sponsors at the state and local levels to obtain funding for multimodal, multi-jurisdictional projects that are more difficult to support through traditional department of transportation programs.

More Information: <https://www.transportation.gov/RAISEgrants>

Infrastructure Jobs and Investment Act, USDOT

The bipartisan Infrastructure Jobs and Investment Act (IIJA) provides the basis for FHWA programs and activities through September 30, 2026. The IIJA makes a once-in-a-generation investment of \$350 billion in highway programs and includes the largest dedicated bridge investment since the construction of the interstate highway system. New programs under the law focus on rehabilitating bridges in critical need of repair, reducing carbon emissions, increasing system resilience, removing barriers to connecting communities, and improving mobility and access to economic opportunity. Many of the new programs include eligibility for local governments, metropolitan planning organizations (MPOs), tribes, and other public authorities.

One program, the Safe Streets for All (SS4A) Grant Program, has appropriated \$5 billion over the next five years, with up to \$1 billion available in fiscal year 2022. The SS4A program funds



regional, local, and tribal initiatives through grants to prevent roadway deaths and serious injuries.

The SS4A program provides funding for two types of grants:¹

- **Planning and demonstration grants:** Provides federal funds to develop, complete, or supplement a comprehensive safety action plan. The goal of an action plan is to develop a holistic, well-defined strategy to prevent roadway fatalities and serious injuries in a locality, tribe, or region. Planning and demonstration grants also fund supplemental planning and/or demonstration activities that inform the development of a new or existing action plan. The Department encourages including demonstration activities in an application.
- **Implementation grants:** Provides federal funds to implement projects and strategies identified in an action plan to address a roadway safety problem. Projects and strategies can be infrastructure, behavioral, and/or operational activities. Implementation grants may also include demonstration activities, supplemental planning, and project-level planning, design, and development. Applicants must have an eligible action plan to apply. The Department encourages including demonstration activities in an application.

Funding is available for the following activities:

- Comprehensive safety action plans
- Planning, design, and development activities in support of an action plan
- Projects and strategies identified in an action plan

More Information: <https://www.transportation.gov/bipartisan-infrastructure-law>

State Funding Sources

Senate Bill 1

Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, is a long-term transportation reform and funding package. The bill includes new revenues that address a variety of transportation projects, such as road safety improvements, street repair, transit, and roadway and bridge construction. SB1 provides more than \$5 billion annually to transportation projects throughout California.

More Information: <https://dot.ca.gov/programs/sb1>

¹ <https://www.transportation.gov/grants/SS4A>



HSIP, Caltrans

The HSIP is a federal-aid program to states for the purpose of achieving a significant reduction in fatalities and serious injuries on all public roads. In California, Caltrans' Division of Local Assistance manages the local agency share of HSIP funds. California's local HSIP focuses on infrastructure projects with nationally recognized crash reduction factors. Local HSIP projects must be identified based on crash experience, crash potential, crash rate, or other data-supported means. To be eligible for HSIP grant funds, local agencies must have an adopted LRSP or equivalent. HSIP calls for project cycles are released biennially during odd years, with funding adopted the following year.

More Information: <https://dot.ca.gov/programs/local-assistance/fed-and-state-programs/highway-safety-improvement-program>

Regional Early Action Planning Grants, California Department of Housing and Community Development

Regional Early Action Planning Grants (REAP 2.0) built upon a former program, REAP 2019, but expanded the program focus by integrating housing and climate goals and allowing for broader planning and implantation investments. REAP 2.0 funds will accelerate infill housing development, reduce VMT, increasing housing supply at all affordability levels, affirmatively further fair housing, and facilitate the implementation of adopted regional and local plans to achieve these goals. The REAP 2.0 application period is now closed and award announcements were made for all funding allocations throughout summer 2023.

More Information: <https://www.hcd.ca.gov/grants-and-funding/programs-active/regional-early-action-planning-grants-of-2021>

Active Transportation Program Grants, California Transportation Commission

California's Active Transportation Program (ATP) Grants through the California Transportation Commission (CTC) consolidated multiple existing federal and state funding sources into a single program aimed at encouraging increased use of active transportation in the state. The ATP aims to encourage active transportation by increasing the proportion of trips made by bicycle or on foot; increasing nonmotorized user safety; reducing GHG; enhancing public health; and ensuring that disadvantaged communities share fully in program benefits. ATP calls for project cycles are released biennially during even years, with funding adopted the following year.

More Information: <https://catc.ca.gov/programs/active-transportation-program>



Sustainable Transportation Planning Grant Program, Caltrans

With the passage of SB1, the Road Repair and Accountability Act of 2017, Caltrans grant funding has expanded as provided in the Sustainable Transportation Planning Grant program. In particular, the Sustainable Communities competitive and formula grants are relevant as potential funding sources for this project. The Sustainable Communities grant program funds local and regional multimodal projects that advance the region's SCS goals, contribute to GHG reduction goals, and align with grant program objectives. Up to \$1 million is available per agency, and a 20% local match is required.

More Information: <https://dot.ca.gov/programs/transportation-planning/division-of-transportation-planning/regional-and-community-planning/sustainable-transportation-planning-grants>

State-Local Partnership Program, CTC

Created by the Road Repair and Accountability Act of 2017 through SB1, the Local Partnership Program (LPP) annually appropriates \$200 million from the Road Maintenance and Rehabilitation Account to local and regional transportation agencies that have passed sales tax measures, developer fees, or other imposed transportation fees. Funds are awarded for road maintenance and rehabilitation, sound walls, and other transportation improvement projects. LPP also funds local and regional agency projects that improve aging infrastructure, road conditions, active transportation, and health and safety. Consistent with the intent behind SB1, the CTC intends this program to balance the need to direct increased revenue to the state's highest transportation needs and the need to fairly distribute the economic impact of increased funding.

More Information: <https://catc.ca.gov/programs/sb1/local-partnership-program>

Affordable Housing and Sustainable Communities Program, California Strategic Growth Council

The Affordable Housing and Sustainable Communities (AHSC) program aims to reduce GHG emissions through projects that implement land-use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support related and coordinated public policy objectives. The AHSC program includes transportation focuses related to reducing air pollution, improving conditions in disadvantaged communities, supporting or improving public health, improving connectivity and access to jobs, increasing



options for mobility, and increasing transit ridership. Projects eligible for AHSC funding must increase accessibility to affordable housing, employment centers, and key destinations through low-carbon transportation that reduce VMT. These projects may include transit-oriented development, integrated connectivity, or rural innovation projects. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive cap-and-trade auction proceeds.

More Information: <https://sgc.ca.gov/grant-programs/ahsc/>

Office of Traffic Safety Grants, California Office of Traffic Safety

The California Office of Traffic Safety provides grant funding to improve safety with a focus on planning, data records, education, enforcement, and encouragement efforts. Grants are typically released on an annual basis, with applications due in January.

More Information: <https://www.ots.ca.gov/grants/>

State Highway Operation and Protection Program, Caltrans

State Highway Operations and Protection Program (SHOPP) is the “fix-it-first” program from the state highway system (SHS). SHOPP funds repair and preservation, emergency repairs, safety improvements, and some highway operational improvements on the SHS. Although SHOPP is intended for projects on statutorily designated State-owned roads, highways (including the interstate system), and bridges, it can be used for associated bicycle and pedestrian facilities. Revenues for the SHOPP are generated by federal and State gas taxes and are fiscally constrained by the State Transportation Improvement Program Fund Estimate that is produced by Caltrans and adopted by the CTC.

More Information: <https://dot.ca.gov/programs/financial-programming/state-highway-operation-protection-program-shopp-minor-program-shopp>

State Transportation Improvement Program, CTC

The State Transportation Improvement Plan (STIP) is a biennial, five-year plan adopted by the CTC for future allocations of certain state transportation funds for state highway improvements, intercity rail, and regional highway and transit improvements. State law requires the CTC to update the STIP biennially, on even-numbered years, with each new STIP adding two new years to prior programming commitments. CTC staff recommendations are based on the combined programming capacity for the Public Transportation Account and State



Highway Account as identified in the fund estimate adopted by the CTC. To be included in the STIP that is adopted by the CTC, projects must first be nominated by the MPO in its Regional Transportation Improvement Program, or by Caltrans in its Interregional Transportation Improvement Program.

More Information: <https://catc.ca.gov/programs/state-transportation-improvement-program>

Recreational Trails Program, California Department of Parks and Recreation

The Recreational Trails Program (RTP) annually provides federal funds for recreational trails and trail-related projects. The RTP is administered at the federal level by the FHWA and at the state level by the California Department of Parks and Recreation and Caltrans ATP. Eligible nonmotorized projects include acquisition of easements and fee simple title to property for recreational trails and recreational trail corridors; and development or rehabilitation of trails, trailside, and trailhead facilities.

More Information: https://www.parks.ca.gov/?page_id=24324

Transformative Climate Communities Program, California Strategic Growth Council

Established by Assembly Bill 2722, the Transformative Climate Communities Program (TCC) program funds development and implementation of neighborhood-level transformative climate community plans that include multiple coordinated GHG emissions reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities. The TCC program helps realize the State's vision of vibrant communities and landscapes and demonstrates how meaningful community engagement coupled with strategic investments in transportation, housing, food, energy, natural resources, and waste can reduce GHG emissions and pollution, advance social and health equity, and enhance economic opportunity and community resilience. The TCC program funds both implementation and planning grants. While the program can fund a variety of projects, transportation-related projects can include developing active transportation and public transit projects; supporting transit ridership programs and transit passes for low-income riders; expanding first/last mile connections; building safe and accessible bicycling and walking routes; and encouraging education and planning activities to promote increased use of active transportation modes.

More Information: <https://sgc.ca.gov/grant-programs/tcc/>



Environmental Enhancement and Mitigation Grant Program, California Natural Resources Agency

The Environmental Enhancement and Mitigation Grant (EEM) program authorizes the California State Legislature to allocate up to \$7 million each fiscal year from the highway users tax account. EEM projects must contribute to mitigation of the environmental effects of transportation facilities. The EEM program does not generally fund commute-related trails or similar bicycle and pedestrian infrastructure. However, EEM does fund recreational and nature trails as part of storm water management or green infrastructure projects.

More Information: <https://resources.ca.gov/grants/environmental-enhancement-and-mitigation-eem>

Urban Greening Grant Program, California Natural Resources Agency

Part of the California State Senate Bill 859, the Urban Greening program is funded by the GGRF to support the development of green infrastructure projects that reduce GHG emissions and other benefits. To maximize economic, environmental, and public benefits, priority is given to projects in disadvantaged communities. The Urban Greening program funds projects that reduce GHGs by sequestering carbon, decreasing energy consumption, and reducing VMT while transforming the built environment into places that are more sustainable, enjoyable, and effective at creating healthy and vibrant communities. These projects will establish and enhance parks and open space by using natural solutions to improve air and water quality, reduce energy consumption, and create more walkable and bikeable trails.

More Information: <https://resources.ca.gov/grants/urban-greening>

Environmental Justice Small Grants Program, California EPA

Environmental Justice (EJ) Small Grants provide funding to help eligible nonprofit community organizations and federally recognized Tribal governments address environmental justice issues in areas disproportionately affected by environmental pollution and hazards. EJ Small Grants are awarded on a competitive basis with a maximum amount of \$50,000 per grant. EJ Small Grants can be used for a variety of environmental purposes and to augment community engagement, health, trainings, and programmatic opportunities in underserved communities.

More Information: <https://calepa.ca.gov/envjustice/funding/>



Regional and County Funding Sources

MTC Transit-Oriented Communities & Climate Program Implementation Grants

MTC's Transit-Oriented Communities (TOC) and Climate Program Implementation Grants: 2024 Coordinated Call for Projects is offering \$60 million in planning and capital funding to support local implementation of the TOC Policy and MTC's Climate Program.

The funds include multiple grant and technical assistance programs being administered simultaneously to help applicants coordinate their efforts across funding categories.

More Information: <https://mtc.ca.gov/funding/funding-opportunities/transit-oriented-communities-climate-program-implementation-grants>

MTC One Bay Area Grant 3 (OBAG 3)

The One Bay Area Grant, now in its third iteration, guides how MTC distributes federal transportation funding from the Federal Highway Administration to projects and programs that improve safety, spur economic development and help the Bay Area meet climate change and air quality improvement goals.

More Information: <https://mtc.ca.gov/funding/federal-funding/federal-highway-administration-grants/one-bay-area-grant-obag-3>

CONCLUSION

Bicycle and pedestrian projects can be funded through a range of local, regional, state, and federal sources. To enhance its competitiveness for these funds, the City of Palo Alto should ensure its projects align with the core goals of the funding programs—typically centered on equity, safety, sustainability, and connectivity. Project readiness is another key factor; projects that have completed environmental clearance, secured right-of-way, and are close to being shovel-ready are often prioritized. In addition, strong support from key agency partners such as VTA, Caltrans, schools, nonprofit organizations, and neighboring jurisdictions can significantly strengthen a project's application.

