

Funding Transportation Demand Management Incentive Programs

Denver Regional Council of Governments analysis of metropolitan planning organizations' funding mechanisms

May 2025



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Introduction

In December 2023, the Denver Regional Council of Governments, known as DRCOG, Board of Directors unanimously adopted the Regional Transportation Demand Management Strategic Plan. The plan outlines ten recommendations for DRCOG to further its transportation demand management policies, services and planning products. Regional stakeholders developed and reviewed all recommendations throughout the 18-month planning process. Stakeholders in the process included organizations such as the Regional Transportation District, the Colorado Department of Transportation, transportation management associations (sometimes called transportation management organizations), community organizations and transportation advocacy groups.

The plan's first recommendation is to publish a white paper that outlines potential funding sources that may be used to purchase financial incentives and rewards for mode shift. The recommendation came directly from stakeholder feedback and DRCOG's transportation demand management program managers. During

the process, staff of many transportation management associations noted that their community members have expressed a strong interest and motivation in financial rewards but there is a lack of available funding for them.

Current federal funding streams available to DRCOG's transportation demand management programs, mainly Congestion Mitigation and Air Quality funding (referred to as CMAQ for short), cannot be used to purchase incentives or to provide financial rewards even though the Federal Highway Administration has found financial incentives to be effective for achieving transportation mode shift. However, there is no unanimous interpretation of allowable uses under CMAQ funding nationwide, as this paper will explore.

This paper reviews various potential funding streams for financial incentives for mode shift through case study research, including interviews with peer transportation demand management and metropolitan planning organizations around the nation. Not all funding avenues will be applicable or feasible for DRCOG to pursue.

What is transportation demand management?

Transportation demand management, known by its abbreviation TDM, is a set of strategies aimed at maximizing traveler choices while decreasing traffic congestion and air pollution from single-occupant vehicles. In other words, TDM is a suite of strategies to reduce drive-alone trips. People who use TDM strategies intend to provide those without access to a personal vehicle with high quality transportation alternatives through services; infrastructure; technology; parking and roadway management; policies; employer programs; and education, marketing and outreach. Transportation mode shift includes alternative modes such as carpool, vanpool, public transit and active transportation modes such as walking and bicycling. Transportation mode shift also includes emerging modes such as microtransit and micromobility.

For more information on TDM strategies, please refer to DRCOG's [Transportation Demand Management Toolkit](#).

Transportation demand management at DRCOG

The Denver Regional Council of Governments is a planning organization where local governments within the region's boundaries come together to collaborate, set policy and allocate funding in transportation, regional growth and development, and aging and disability resources. Metro Vision serves as the region's plan for continued success under five themes: place, mobility, environment, livability and vitality. The Metro Vision Regional Transportation Plan guides the region's transportation investment priorities based on the Metro Vision themes. The Metro Vision Regional Transportation Plan sets the long-range transportation planning vision for the region. The regional transportation plan is updated every four years.

TDM plays a key role in the 2050 Metro Vision Regional Transportation Plan, relating to regional transit, multimodal mobility, active transportation and air quality. At DRCOG, TDM efforts are divided into two key programs: the Active and Emerging Mobility program and the Way to Go program. The Active and Emerging Mobility program provides regional

TDM planning and technical assistance for local governments. The Way to Go program provides education, marketing and outreach to employers and commuters in the region, and manages foundational elements such as the Schoolpool, vanpool and Guaranteed Ride Home programs. Way to Go is well-known for organizing large regionwide campaigns such as Bike to Work Day.

In addition to these ongoing programs, DRCOG funds projects across the region through a competitive process as part of DRCOG's Transportation Improvement Program. The TDM set-aside funds education, outreach, marketing and research projects that reduce single-occupant vehicle use. For more information about the TDM programs at DRCOG, please refer to the [Transportation Demand Management Strategic Plan](#).

Funding for the Way to Go program

The Way to Go program is funded through the federal Congestion Mitigation and Air Quality Program. While it is widely understood that incentives can be valuable tools to encourage mode-shift behavior, regional Federal Highway

Administration administrators have consistently advised federal funding may not be used for the purchase of incentives, including prizes and gift cards. Interim CMAQ guidance suggests that in the future, the Federal Highway Administration, known as FHWA, will be more open to approving (on a case-by-case basis) purchases of incentives. Until then, the Way to Go program solicits sponsorship dollars to obtain and provide incentives. The in-house Way to Go team recruits largely private-sector sponsors annually, offering a variety of sponsorship levels, ranging from in-kind donations of physical items for prizes to cash sponsorships. In exchange, sponsors receive recognition on Way to Go's platforms, including its website, email marketing and social media posts. As of 2023, the sponsorship program brings in approximately \$30,000 a year.

In general, the Way to Go program focuses on commuter and employer outreach, providing incentives to encourage commuters to change their travel patterns. Each month, the Way to Go program hosts a commute challenge, encouraging travelers to track their non-single-occupant vehicle trips in the MyWayToGo.org

Commuter Tracker app or online. After logging a certain number of trips, participants become eligible to win that month's prize. At the end of each monthly challenge, eligible participants are picked at random to win. Prizes range in value and include items such as biking accessories and clothing to technology-based prizes such as e-readers, Bluetooth headphones and Amazon Prime subscriptions. The strategy combines the gamification aspect of the challenge with the incentive of winning a prize to encourage transportation mode shift.

Additionally, the Way to Go program organizes Bike to Work Day twice a year, in February and June. The Denver region's summer Bike to Work Day is one of the largest in the nation, and cities outside the region use Way to Go's event branding to celebrate their own local events. Participants who register on the Bike to Work Day website are eligible to win a variety of prizes, including the grand prize, which is often a popular, high-value item, such as an e-bike. Advertising a high-value grand prize motivates residents to participate and register for Bike to Work Day. Way to Go's staff solicits additional prizes distributed on Bike to Work Day through its sponsorship program.



Using a high-profile event such as Bike to Work Day has been a successful strategy for garnering sponsorship support.

Other sources of funding for the Way to Go program include the Guaranteed Ride Home program, which is operated as a fee-for-service enterprise. The Guaranteed Ride Home program allows employees who commute to work by means other than driving alone (bus, rail, carpool, bicycle, vanpool, or walking) to get a fast, direct ride home in an emergency. Employers pay a fee of \$3 per employee, per year, for coverage. Denver International Airport employers pay a fee of \$5 per employee, per year.



Way to Go is a partnership between DRCOG and eight transportation management associations, known as TMAs, throughout the nine-county Denver region. The partnership is funded fully by CMAQ, with each TMA receiving annual grants to support outreach and marketing. Additionally, some of these organizations rely on membership fees and sponsorship fees to augment the federal funding.



Financial incentives for transportation mode shift

Behavior change is at the core of many TDM outreach and marketing strategies. Applying behavioral science to transportation demand management strategies can help ensure that strategies are effective and sustained. Behavioral science has suggested that leveraging financial incentives in certain circumstances can motivate and encourage behavior change in general. According to the FHWA, “most evaluation studies point to the overwhelming effectiveness of financial

incentives and disincentives to manage [transportation] demand” (FHWA, “Known Effectiveness of TDM Strategies”).

Scientists have studied theories of human motivation for behavior change and the results are complex. The effect of financial incentives is contextual and their use should be thoughtfully considered. Some studies on financial incentives suggest that they are effective in the short-term, but unreliable in motivating long-term behavior change (Zeiske et al., 2021). Financial incentives can also create negative outcomes, such as undermining intrinsic motivation or

decreasing trust or cooperation if the incentives are viewed as controlling (Gneezy et al., 2011). However, extrinsic material incentives can be a powerful tool for motivating behavior change, particularly if the behavior change aligns with their goals and values (intrinsic motivations). Social connection, such as having friends who are also receiving incentives, may also play a role in enhancing the positive effects of external incentives (Gneezy et al., 2011).

Of the research DRCOG staff reviewed, a limited amount supports the effectiveness of incentives in changing behaviors long-term. In 2008, researchers at the University of California provided a 12-week bus pass to employees willing to give up their employee parking pass. During the three-month period, “which was a time of rising gas prices, drivers were offered a no-cost bus pass if they turned in their commuter parking permits. At the end of three months, participants could either regain their parking permits or purchase regular bus passes, which were subsidized at 50%. Of the 381 enrolled in the experiment, 70% continued to use transit (or alternative transportation) after the trial. Only 114 (30%) returned to parking, even as gasoline prices started to moderate” (Gould and Zhou, 2010).

A recent Denver pilot program studied three financial incentive models to encourage people to replace drive-alone vehicle trips with bicycle trips. The Denver Streets Partnership partnered with the Denver Office of Climate Action Sustainability and Resiliency to run a three-month pilot program from April through June 2024. Through the pilot, program administrators selected cohorts of participants to test a unique financial incentive model to evaluate which was most effective in changing travel behavior:

Version 1: Mileage reimbursement (70 participants):

For all transportation-related trips made by bike, program administrators paid participants \$1 per mile, up to \$200 per month.



Version 2: Wrap-around support (15 participants):

Participants received “Confident Commuter” training; up to four hours of personalized coaching; up to \$500 for bicycle accessories or repairs; and \$200 upon completion of the pilot program. Program managers awarded the \$200 final incentive for completing the



program to anyone who used a bike for transportation at least once a week during the pilot period.

Version 3: Mileage reimbursement plus wrap-around support (16 participants): Participants received the benefits of both the Version 1 and Version 2 cohorts.

Over the course of the three-month pilot program, participants reported taking a total of 4,101 bicycle trips and traveling 24,716 miles via bicycle. Each program version was successful in incentivizing participants to ride bicycles instead of drive-alone trips. Anonymous pre- and post-program surveys revealed that 24% of participants started the program not taking any bike trips for transportation, and 100% of participants were taking at least one bike trip per week by the end of the program. Version 3 participants, who received wrap-around support and mileage reimbursement, took more trips and traveled more miles per person than the other two groups.

The Version 3 group was also the only cohort to increase both bicycle trips and miles traveled each month. The Version 2 participants, who were not paid per mile, took, on average,

significantly fewer trips and traveled significantly fewer miles than both Version 1 and Version 3 participants.

In conclusion, participants were more likely to reduce their drive alone trips and shift their transportation trips to biking when they were compensated per mile. Adding financial incentives to each bicycle ride encourages people to choose bicycle trips over vehicle trips and is more likely to lead to lasting behavior change. Read the full report detailing the program results [“What if we paid people to ride bikes?”](#) on the Denver Streets Partnership website.

While scientists have various theories of human motivation, research shows that financial incentives may be useful in encouraging mode shift — as demonstrated by the Denver Streets Partnership pilot program.

Small variations in how incentives are situated, framed or deployed can have substantial effects on their success for behavior change (Thirumurthy et al., 2019). Evaluating case studies of peer organizations is one way to better understand the role and effectiveness of financial incentives in this specific context.



National peer organization case studies

Atlanta Regional Commission, Atlanta, Georgia

The Atlanta Regional Commission, known as ARC, is the metropolitan planning organization for an 11-county area in Georgia. ARC provides transportation planning and mobility services, community development and housing support, aging services, homeland security, emergency preparedness and natural resources, climate change and resiliency planning for the region.

ARC manages the Georgia Commute Options program, which seeks to reduce single-occupant vehicle trips. Similar to DRCOG's Way to Go program, Commute Options staff work with employers and schools around the region to provide commute trip reduction plans, carpool matching services, vanpool services, telework planning, transit and active transportation resources and other alternative commute mode resources. Georgia Commute Options is funded by the Georgia Department of Transportation.

Georgia Commute Options offers incentive programs as part of its Drive Change program. Users of Georgia Commute Options' MyGCO

app are eligible for four incentive programs:

- **“Gimme Five”** allows commuters to earn \$5 a day (with a maximum reward of \$150 over a designated 90-day period) if they switch from a drive alone trip to a clean commuting option like carpooling, vanpooling, etc.
- **“\$25 Prize”** allows existing clean commuters to enter a monthly drawing to win \$25 prizes.
- **“Carpool Rewards”** provides each member of a carpool monthly monetary rewards after a carpool participant logs at least eight days of carpooling each month.
- **“Commuteperks”** provides access to discounts to local and national businesses when users log a minimum of five days of clean commutes per month.

ARC funds the programs through CMAQ grants and has \$800,000 available over a three-year period.

In 2023, Georgia Commute Options published an incentives research and recommendations report which identified ways ARC can develop, implement and improve its incentive

reward programs. Report authors based their recommendations on stakeholder interviews, an existing conditions analysis, a literature review, a summary of best practices and a survey of their user database. The survey found that 61% of respondents cited their primary motivation for using Georgia Commute Option’s trip-logging platform was to earn points toward prizes. The report also found that 77% of respondents indicated that earning points towards prizes was an extremely or very effective type of reward for taking fewer drive-alone trips. The survey provided researchers with insight into individual commuters’ motivations for transportation mode shift and supports findings that financial incentives may be a key tool for motivating travel behavior change.

- DRCOG staff interviewed ARC staff to better understand ARC’s funding mechanisms for transportation demand management incentive programs, including the use of CMAQ funding. Key takeaways from the interview include:
- The majority of ARC’s transportation demand management work, including incentives and reward programs, is funded by federal CMAQ dollars.

- Georgia Commute Options, like DRCOG's Way to Go, uses the RideAmigos platform to provide trip-tracking services and gamification. Points are accumulated in RideAmigos based on the number and type of trips logged.
- ARC does not use CMAQ funding for its transportation management association contracts.
- ARC holds three contracts with the Georgia Department of Transportation. There is a separate contract with the Georgia Department of Transportation regarding the use of CMAQ funds for transportation demand management incentive programs. ARC uses a third-party software, Tango, to distribute gift cards to participants. ARC staff considered the arrangement an important component to contracting with the Georgia Department of Transportation, because it means ARC staff are not directly purchasing or distributing gift cards.
- Regional transit operators donated transit passes for "Try Transit," a two-week Georgia Commute Options campaign offering free

transit passes to employees at select work sites. Through the "Try Transit" campaign, Georgia Commute Options' staff distributed 695 passes. Of those, 40 percent (275 people) of participants used their passes during the promotion and 16 percent (111 people) reloaded them after completing the 10 required trips, indicating that some users who received a pass continued to ride transit after the promotion ended.

- ARC manages the City of Atlanta's new e-bike rebate program, which is funded through the city. ARC is exploring federal Climate Pollution Reduction Grant funding to potentially expand the e-bike rebate program. The e-bike rebate program provides financial incentives for the widespread adoption of e-bikes, a tool in reducing single-occupant vehicle trips in short trip opportunity zones.

All in all, Georgia Commute Options, through ARC, has a robust financial incentive program for its participants. Its financial incentives are mainly funded through a separate contract with the Georgia Department of Transportation that allows ARC to use CMAQ funding. However, ARC has also leveraged city funding and transit pass donations for its incentive programs.

Metropolitan Council, Minneapolis, Minnesota

The Metropolitan Council, sometimes referred to as “Met Council,” is the metropolitan planning organization for the seven-county Twin Cities metro area in Minnesota. The Metropolitan Council informs strategic growth for the region and provides essential mobility services and infrastructure. The Metropolitan Council is unique in that Metro Transit, the region’s public transit agency, is an operating division of the Metropolitan Council.

The Metropolitan Council’s transportation demand management program is primarily funded by federal CMAQ funds, federal Congestion Relief Program funds, and local and state funds raised through taxes. Approximately \$5.8 million in funding is split between Metro Transit, Move Minneapolis, 494 Commuter Services, Move Minnesota and Anoka County. In addition, the Metropolitan Council holds a Regional Solicitation call for projects every two years. Like DRCOG’s Transportation Improvement Program, Regional Solicitation provides federal funding for local transportation and mobility projects. Transportation demand management is one of the Regional Solicitation’s three application categories.

In October 2023, the Metropolitan Council published the Regional Travel Demand Management Study Action Plan which identifies six recommendations the Metropolitan Council, along with partner agencies, should implement. A recommendation to “administer employer-based trip reduction incentives” includes two actions related to financial incentives:

- Action 2.2, “establish a framework for employer-based financial incentives.”
- Action 2.5, “coordinate and administer annual region-wide employer incentives and recognition campaign.”

Additionally, the study recommends that the Metropolitan Council administer a combination of pricing and incentive strategies to help increase mode shift and direct more funding to transportation demand management efforts, including action 4.1, “develop universal incentives and pricing framework” (Regional Travel Demand Management Study Action Plan, 2023).

The study identifies CMAQ funding, the federal Congestion Relief Program, and local and state sources as potential opportunities to fund the

three action steps related to financial incentives for transportation mode shift. However, the Met Council is still developing the scope for such actions, and none have been implemented, so it is premature to determine whether CMAQ funding will be used for incentive-based initiatives.

DRCOG staff interviewed Met Council staff to better understand its funding mechanisms for transportation demand management incentive programs. Key takeaways from the interview include:

- As of 2023, the Minnesota state legislature authorized a new sales tax for regional transportation. The Minnesota Department of Revenue will collect and administer the sales tax on behalf of the Met Council. Met Council receives 83% of the funding. Of the 83% the Met Council receives, it sets aside 5% for active transportation (Metropolitan Council, “Regional Transportation Sales and Use Tax”).
- The Metro Transit Transportation Authority receives CMAQ funding for regional outreach in areas not covered by transportation management associations.

- The Met Council does not offer transportation mode shift incentive programs.
- The guaranteed ride home program is regionwide and funded by CMAQ. It is not an employer-based match program like DRCOG’s.
- Although there is a lot of interest in offering financial incentives for transportation mode shift, it is out of scope of the Met Council’s CMAQ funds.
- The Metropolitan Council has identified private foundations, sponsorships and employer matching as potential options for funding transportation demand management incentive programs.

Overall, the Metropolitan Council currently does not use CMAQ funding for transportation demand management incentives. With the recent publication of the Regional Travel Demand Management Study Action Plan, the Met Council is exploring ways to develop and implement financial incentive and reward programs in partnership with employers.

Metropolitan Transportation Commission, San Francisco, California

The Metropolitan Transportation Commission is the metropolitan planning organization for the nine-county San Francisco Bay Area. In addition to regional transportation planning, it acts as the Bay Area Toll Authority and collects approximately \$700 million a year in bridge tolls. It allocates toll funding, along with state and federal funding, for transportation improvements around the region.

The Metropolitan Transportation Commission's planning area consists of 101 cities and approximately 7.7 million residents. Although the Metropolitan Transportation Commission develops the larger regional transportation plan, Plan Bay Area, many counties develop their own long-range transportation plans to adequately address their distinct challenges. The Metropolitan Transportation Commission is responsible for coordination and consistency between county-level plans and the regional plan. The commission also supports local planning processes and works to reduce duplicative efforts. Out of the nine counties in the commission's planning area, eight county transportation agencies have adopted their own, county-wide transportation plans. Counties in

the Metropolitan Transportation Commission's planning area coordinate on the transportation plans as well as the congestion management plans.

Therefore, much of the transportation demand management planning and work is done at the county level and is connected to the congestion management process and air quality standards. DRCOG employees interviewed staff from three of the county transportation agencies that fund transportation demand management incentive and reward programs.

City and County Association of Governments of San Mateo County

The City and County Association of Governments of San Mateo County is a county transportation agency in the Metropolitan Transportation Commission Planning Area that manages a commute incentive program through Commute.org. It operates as a joint powers authority that includes each of the 20 cities in San Mateo County, California, as well as the county itself. The association is also the congestion management agency for San Mateo County. In California, state statute requires that each urban area adopt a Congestion Management Program every two

years. Congestion management programs must detail the process that each area will undertake to track and address congestion, set standards and identify deficiencies. When jurisdictions identify deficiencies, they must fix specific congested locations and bring them up to standard. Therefore, the association publishes a Congestion Management Program for the area every two years. In addition, the association publishes the congestion relief plan, which is the countywide deficiency plan.

The Congestion Relief Program funds projects and programs in four categories to address congestion: local transportation services, transportation demand management, intelligent traffic systems and land use. The Congestion Relief Program is funded by fees provided by each member jurisdiction. The total amount provided by each jurisdiction varies and is based on population and predicted trip generation. The Congestion Relief Program currently funds four initiatives: a countywide shuttle service, Commute.org, 21 Elements housing support program and the association's climate initiatives. Additionally, the Congestion Relief Program Mobility Fund provides funding for mobility projects and programs across the county.

[Commute.org](#)

Commute.org is a transportation demand management agency for San Mateo County, California. Commute.org is structured as a public joint powers agency, and is governed by a 19-member board. The board is made up of elected officials from 18 cities and towns as well as the county.

Commute.org provides transportation demand management assistance and services to employers, property developers and travelers within San Mateo County. Commute.org provides free shuttles to certain transit stations, schools, hospitals, workplaces and residential areas throughout the county. Commute.org also provides financial incentive programs and rewards to travelers for taking alternative modes of transportation, such as carpooling, vanpooling or bicycling. By logging trips through the CommuteStar platform, powered by RideAmigos, travelers can redeem points for a \$25 e-gift card up to four times a year for a maximum reward of \$100 a year. To recruit new users to the CommuteStar platform, Commute.org offers a \$5 reward for new accounts that log a certain number of trips.

Additionally, Commute.org has partnered with regional transit agencies, including Bay Area Rapid Transit and Caltrain, for “Try Transit” campaigns in which transit agencies donate \$25 Clipper Card passes for Commute.org to distribute to travelers to encourage transportation mode shift. Participants must fill out an online application and be eligible according to the campaign guidelines.

Although most of the funding for Commute.org is provided by the association through its Congestion Relief Program, funding is also provided by the San Mateo County Transportation Authority and the Bay Area Air Quality District. Other public and private sector entities make contributions toward the shuttle service. Money from the San Mateo County

Transportation Authority comes from Measure A sales tax funding — originally approved by voters in 1988 — for transportation demand management-related programs and projects, including congestion reduction. Money from the Bay Area Air Quality District comes from the Transportation Fund for Clean Air, which is funded by car registration fees for vehicles registered in the Bay Area.

Contra Costa Transportation Authority

Like the City and County Association of Governments of San Mateo County, Contra Costa Transportation Authority is a county transportation agency in the Metropolitan Transportation Commission’s planning area. It is also the designated congestion management agency for Contra Costa County. The authority is responsible for the countywide transportation plan, which identifies and prioritizes transportation investments within Contra Costa County through 2050. In addition, the authority funds, plans and delivers projects to reduce traffic congestion, improve air quality and increase safety and mobility. Contra Costa Transportation Authority partners closely with local transit agencies and nonprofits across the county, including Bay Area Rapid Transit and Mobility Matters.

511 Contra Costa

511 Contra Costa is a Contra Costa Transportation Authority program that provides transportation demand management services. 511 Contra Costa provides education and assistance to employers and the traveling public within Contra Costa County regarding alternative commute options such as biking, vanpooling, public transit, ride-sharing programs, telework

and micromobility. The program provides financial incentives for commuters, including an e-bike cash rebate of up to \$300, a “Try Transit” program and a Drive Less Commuter Incentive program that provides a \$25 gift card to eligible participants. The program also encourages travelers to log their alternative mode trips on the Miles app to earn points, which can be converted into rewards and prizes. 511 Contra Costa is not considered a transportation management association.

Like Commute.org, 511 Contra Costa is funded by the Bay Area Air Quality District’s Transportation Fund for Clean Air. Contra Costa Transportation Authority is responsible for administering the funding it receives from the Transportation Fund for Clean Air for Contra Costa County. Additional funding for 511 Contra Costa comes from a local, county-level sales tax, Measure J, which supports transportation demand management program costs not allowable or covered under the Transportation Fund for Clean Air.

Sonoma County Transportation Authority

Sonoma County Transportation Authority is a county transportation agency in the Metropolitan Transportation Commission Planning Area.

It acts as a planning, policy and coordination agency, facilitating coordination between local, regional, state and federal partners. The Sonoma County Transportation Authority works on multimodal, air quality and Vision Zero programs.

Go Sonoma Commute Rewards

Go Sonoma Commute Rewards is a program of the Sonoma County Transportation Authority. Established in 2023, Go Sonoma works with employers and commuters in the region to incentivize sustainable commute choices. Participants can log their clean commute trips (carpool, vanpool, walking, biking, or transit) through the RideAmigos platform and can earn points for each trip taken. Participants can redeem their points for gift cards up to \$50. The program also includes a guaranteed ride home reimbursement up to four times a year for participants.

Go Sonoma Commute Rewards is funded by the Bay Area Air Quality District’s Transportation Fund for Clean Air as well as the Northern Sonoma County Air Pollution Control district. In 2020, Sonoma County voters approved an extension of Measure M sales tax to support the Go Sonoma program at large, which plans and

funds multimodal improvements within Sonoma County.

After interviewing staff from Commute.org, 511 Contra Costa and Go Sonoma, DRCOG staff considered key takeaways to include:

- The structure in which transportation demand management programs exist in the Metropolitan Transportation Commission's planning area is vastly different than in the Denver Regional Council of Governments planning area.
- Transportation demand management programs are administered at the county level and are managed and funded in part by each county's transportation authority.
- County transportation authorities receive funding from the Bay Area Air Quality District. The district was created by the California state legislature to control air pollution. The district has a Transportation for Clean Air Fund which is established through a vehicle registration fee.
- Each county uses local sales tax to support and fund transportation demand management programs.
- Financial incentives are not funded using CMAQ dollars.
- County transportation authorities are not considered transportation management associations.
- Each of the transportation demand management programs offered similar financial incentives and rewards, including "Try Transit" campaigns with free transit passes and the opportunity to earn points or miles and redeem them for \$25 gift cards.
- The Metropolitan Transportation Commission's Safe Routes to School program was previously funded by CMAQ, which limited the use of rewards and incentives. So, the Metropolitan Transportation Commission shifted CMAQ funding to Surface Transportation Program funding to provide greater flexibility for providing incentives.

Overall, DRCOG staff discovered that funding for transportation demand management and mode shift incentive programs in the Bay Area is primarily through state and local sources.



Conclusion and next steps

Funding transportation demand management financial incentive programs has been a challenge for DRCOG and the Way to Go partnership. When Way to Go partners have offered financial incentives for commuters to change their behavior, they have been effective. Regional transportation partners have continued to express interest in financially incentivizing commuters to reduce drive-alone trips.

In the process of conducting the research and interviews for this paper, staff explored how peer agencies fund transportation demand management incentive and reward programs, specifically financial incentives. They discovered that metropolitan planning organizations

use a variety of funding structures to deploy both federal and state funding for TDM programs as well as financial incentives and reward programs. The metropolitan planning organization staff that were interviewed indicated a strong desire to use CMAQ funding, but ARC is the only one (to report authors' knowledge) currently able to use CMAQ funds to fund financial incentive programs. In the fall of 2024, TDM professionals across the country (who have formed the MPO TDM Peer Exchange group) advocated to expand the allowable uses of CMAQ funding to include the purchase and distribution of financial incentives.

In October 2024, the Federal Highway Administration published a notice of availability of Interim Congestion Mitigation and Air Quality

Improvement Program Guidance in the Federal Register.

2024 CMAQ Interim Guidance provides additional information regarding eligibility of financial incentives, specifically those associated with parking programs, and includes a section that addresses incentives at-large.

The guidance notes: *“an incentive may also be an eligible project cost as part of an eligible CMAQ project or program if it is demonstrated that the incentive itself directly contributes to an emissions benefit such as inducing a shift of traffic demand to nonpeak hours or other transportation modes, increases vehicle occupancy rates, or otherwise reduces demand for roads through such means as telecommuting, ridesharing, carsharing, shared micromobility (including bike sharing and shared scooter systems), alternative work hours and pricing”* (Biondi, 2024). The guidance requests that TDM program managers track and document shifts in behavior to show effectiveness. Eligibility determination for projects that use incentives would be subject to a case-by-case review and approval process.

Based on the updated interim guidance, as DRCOG develops transportation demand management incentive-based programs, its staff will engage with CDOT, USDOT and FHWA regarding specific eligibility. The methods DRCOG staff use to engage state and federal agencies may entail developing a justification memo outlining the reason, purpose and benefits of using CMAQ to fund financial incentives. In December 2024, the Mid-Ohio Regional Planning Commission submitted a justification application to the Ohio Department of Transportation with the goal of obtaining permission to fund financial incentive programs using CMAQ dollars.

Despite the updated guidance, MORPC was not granted permission to use CMAQ dollars to fund incentives directly. Instead, MORPC is using CMAQ funding to buy RideAmigos software which can facilitate discounts to participants who log trips on the RideAmigos platform.

This report’s authors recommend DRCOG staff continue to explore what specific financial incentives would be most effective based on research of human motivation theories to help strengthen the case for using CMAQ to fund financial incentives.

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- Victoria Cacciatore, senior analyst, Sacramento Area Council of Governments
- Wayne Vito Montone, executive producer and creative strategist, Brandom Agency
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