



CITY OF
**PALO
ALTO**

Planning & Transportation Commission Staff Report

From: Office of Transportation
Lead Department: Office of Transportation

Meeting Date: March 27, 2024
Report #: 2403-2750

TITLE

Study Session: Palo Alto Link (PAL) Evaluation and Report

RECOMMENDATION

Staff recommends that the Planning and Transportation Commission receive and provide input on Palo Alto Link one-year performance results and funding strategy options aligned with desired long-term program goals, as the pilot service has recently completed a year of service.

EXECUTIVE SUMMARY

Since launching in March 2023, Palo Alto Link has demonstrated that it provides a convenient shared-ride alternative to private vehicles, delivers seamless connections to key points of interest, and enhances the accessibility and sustainability of transit for the Palo Alto community.

PROJECT DESCRIPTION

Palo Alto Link is operated by microtransit vendor Via aka Nomad Transit Services, Monday through Friday, for a 10-hour service span of 8:00 am to 6:00 pm. The service operates within most of the City, with exceptions only to the east and west ends that house large open spaces and conservation lands. PAL is utilizing a ten (10) vehicle fleet to provide virtually positioned pick-up and drop-off locations within an acceptable walking distance with the help of a web application. Door-to-door service is available for riders who may require extra assistance. The service addresses first-/last-mile challenges in Palo Alto and provides a convenient and affordable transportation option for residents, employees, and vulnerable/transit-dependent populations.

BACKGROUND

Palo Alto Link has provided on-demand transit service within the City of Palo Alto since March 7, 2023, utilizing Valley Transportation Authority Measure B funds designated for innovative

transit projects. Those funds and trip fares provide an initial budget for 18 months of service. Additional funds from Stanford Research Park expand the pilot service area to include SRP. Following the expenditure of these initial funds, either additional partners or City funds will be needed to continue the service.

ANALYSIS

Performance Highlights

In the first 12 months of service (March 2023 through February 2024), Link completed 50,219 rides, served nearly 900 unique riders per month, and had an average wait time of 13.8 minutes.

Rider Growth

Completed rides steadily grew month over month, increasing by 54% over the course of the first twelve months. Link continues to attract new riders while maintaining a strong engaged rider base, where approximately 75% of trips are taken by returning riders, and the average rider takes more than 5 trips per month. This fast rider adoption demonstrates that Link is providing a crucial means of transportation throughout Palo Alto — especially to key community resources such as major employers, transit stations, and local schools, as detailed further in the later location sections.

Survey Findings

Between September and October 2023, 265 Link riders provided their feedback through an in-app survey. The survey revealed the following key takeaways regarding rider sentiment:

- **Equity.** Vulnerable and transit dependent riders were impacted the most by Link: 46% of respondents do not have access to a personal vehicle and 43% qualify for discounted fares (50% of discounted fares were for seniors and low-income riders).
- **Affordability.** Many riders noted that the service provided an affordable way to reach jobs and medical appointments and gave riders with mobility limitations “greater independence”.
- **Sustainability.** Link has encouraged riders to choose shared transit, with 52% of riders reporting that they would have otherwise used high-emission private vehicle travel. Not only does Link unlock mobility for riders without single occupancy vehicles (SOVs), residents reported that the service enables them to reduce or forgo car ownership. As one rider stated, “Link was a key part of my decision to not purchase a car upon moving to Palo Alto.”

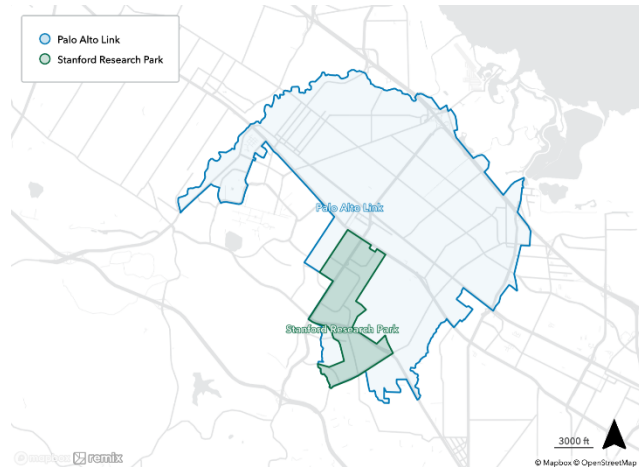
Top Location & Partnerships

SRP Partnership

History of Link’s SRP Partnership

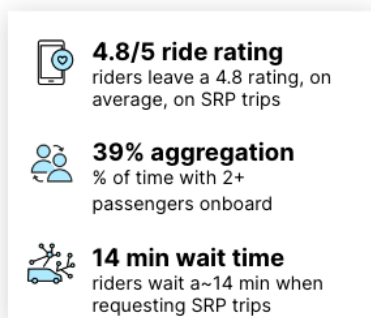
Prior to the launch of Palo Alto Link, Stanford Research Park (SRP) — a business park hosting many of the largest employers in the city — committed to invest \$31,000 monthly in Palo Alto Link, given the service’s focus on facilitating commutes to and from the SRP businesses. The SRP

investment represents 21% of the total funding amount for the Palo Alto Link pilot program, with the remaining funds coming from fares and the City’s Measure B grant. In return, the City set up the Link service to be completely free for all trips to/from SRP (relative to the standard adult fare of \$3.50 per trip). A trip counts as an SRP trip if it starts or ends within the green area within the broader blue Link service area shown below.

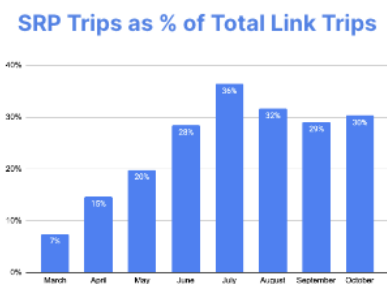
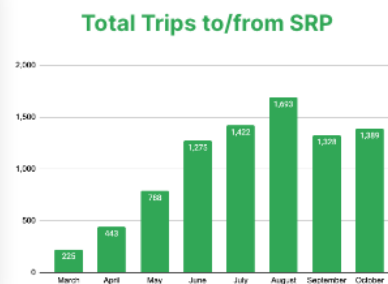


SRP Link Trip Data & Performance

Link’s partnership with SRP has demonstrated that providing flexible commuter options supports employees in returning to the office and connecting to other destinations in the surrounding community. From March 2023 through February 2024, trips to/from SRP made up over 28% of all Link trips. Thanks to the high quality of service, SRP trips continue to grow over time, making up nearly 35% of all trips in January.



**Average data since launch
(Mar - Oct 2023)*



Of the 30 businesses located within SRP, 11 were among the top 25 Link pick-up and drop-off locations — with the top locations being Stanford Medicine, Tesla, Rubrik, HP, and Lockheed Martin. Reviewing an in-depth analysis of the times of pick-ups and drop-offs, staff observe that the Link service remains complimentary to SRP’s existing Caltrain shuttles.

Future SRP Support

SRP has expressed their support for continuing Link and investing in the ongoing operation of

the service. The City is in discussions with SRP to determine the amount that they would like to commit to Palo Alto Link moving forward.

SRP has also identified potential improvements that would even better serve their employers, including expanded service hours to better meet commuting needs. In particular, SRP hosts evening events that often end after Link has concluded. Staff have also identified several “whitelist” points that may help facilitate reduced wait times at specific employer headquarters. Additionally, staff believe that more targeted marketing and outreach to companies within SRP could also facilitate increased use of the service.

Other Top Locations & Prospective Partners

Beyond facilitating commutes for SRP employees, Palo Alto Link connects riders to key community sites, centers of employment, and transportation hubs. Table 1 summarizes the top pick-up and drop-off locations.

Table 1: Palo Alto Link Top Locations, March 2023-January 2024

Top Location	% of all Link Trips (average March - Jan)
Stanford Research Park	27% (closer to 30-35% in recent months)
Palo Alto & Gunn High Schools collectively	15% (PA High School = 9%; Gunn = 4%)
Stanford Mall	4%
Caltrain Stations (Palo Alto and CalAve Stations collectively)	2%
Cubberley Community Center	1.6%
Fletcher, Green, JLS Middle Schools	2%
Stanford Hospital	1.4%

Source: Via

The Palo Alto and Via teams have hosted a series of meetings with different community stakeholders including Stanford Research Park, Tesla, Stanford Mall, the Palo Alto Transportation Management Association (TMA), and Stanford University. To better understand the particular mobility needs of specific stakeholders, staff have conducted outreach to the following private partners:

1. Schools: Palo Alto Unified School District, Stanford University

2. Retail: Stanford Mall, Palo Alto Transportation Management Association, Town & Country
3. Community and Senior Facilities: Channing House, Cubberley Community Center.

City and Via staff are in the midst of determining whether these stakeholders are willing to commit funds towards the ongoing operation of Palo Alto Link.

Lastly, staff note that seniors continue to represent a key ridership demographic for Link. As such, local entities such as Channing House have offered to contribute financially to the service to continue providing mobility access for their residents to attend medical appointments, go grocery shopping, and keep in touch with their friends and families. Staff continue to explore partnership with organizations like Channing House who may be able to contribute financially to the existing Link service.

Future Scenarios for Consideration

Remaining Program Budget

Link was originally planned as an 18-month pilot program, starting from March 2023 and lasting through August 2024. The original budget for this pilot program was \$2,601,550, including \$2,000,000 from the Santa Clara Valley Transportation Authority (VTA) and up to \$744,000 from the Stanford Research Park.

From March 2023 through January 2024, the City has spent \$1,533,557 in fares, grant funds, start-up costs, and SRP support to operate the service. With the remaining budget of \$1,067,993, Link could continue operating through August 2024 — assuming operations with the current level of service. The City has been awarded a Transportation Fund for Clean Air (TFCA) grant which will provide \$441,000 in additional funding which is expected to extend service through November 2024 and replace hybrid wheelchair-accessible vehicles (WAV) to electric models. Transitioning to an all EV fleet entails some additional costs that have been built into all the funding scenarios described below.

Funding Scenarios

Additional funds are needed to allow the Link program to continue operating through the end of the 2024-25 fiscal year (through June 2025). The exact amount required to operate through June 2025 will depend on the level of investment that the City decides to put into the growth of the service. Three potential scenarios are outlined in Table 2, followed by more detailed descriptions of each.

Table 2: Potential Funding Scenarios for FY25

Scenario	Description	12-Month Cost (Jul '24 - Jun '25)	Funding Gap* (additional \$ above-remaining budget estimated)
A. Minimum Investment	Continue operating at the current service level	\$1,700,000	\$900,000
B. Minor Supply Growth	Increase supply by 5% to meet organic demand growth	\$1,800,000	\$1,000,000
C. Service Hour Extension + Supply Growth	Scenario B <i>plus</i> extend the weekday schedule by 3 hours	\$2,300,000	\$1,500,000

Source: City of Palo Alto and Via

*The funding gap equals the total cost to implement each scenario through June 2025, minus the remaining funds in the pilot budget, minus the following new funds that will be available to invest in the service:

1. \$441,000 of awarded funds through Santa Clara County's Transportation Fund for Clean Air (TFCA) grant program
2. \$31,000 per month from Stanford Research Park

Scenario A: Minimum Investment

If the Palo Alto Link were to continue operating at the current service level approximately \$900,000 would be needed, in addition to the remaining budget, to last through June 2025. However, staff anticipates that ridership demand will continue to grow, and as a result, the current investment in vehicle and driver supply will not be sufficient to meet this growing demand and maintain the desired service quality levels (e.g., ability to fulfill demand and maintain wait times around 15 minutes).

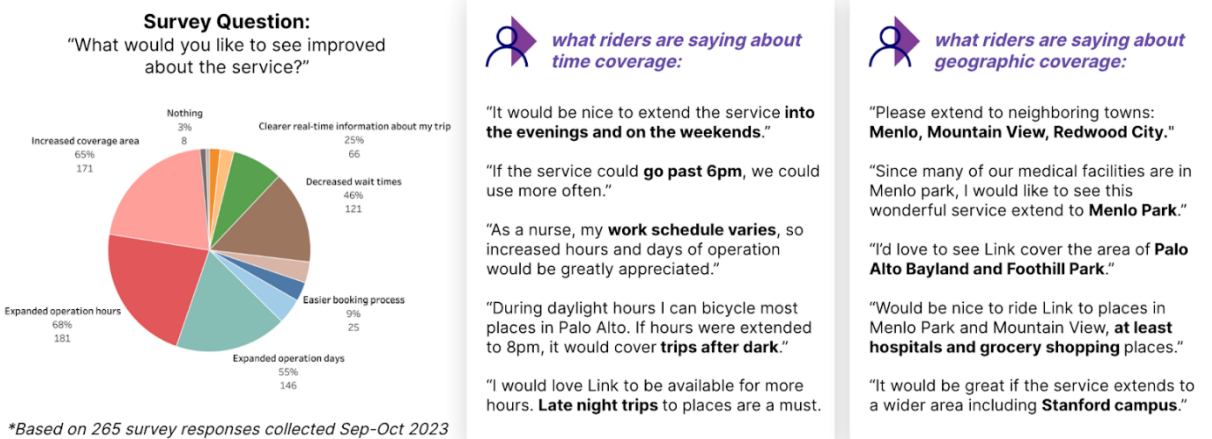
This approach would likely not provide the supply levels required to absorb demand nor the service quality that riders have come to expect.

Scenario B: Minor Growth Support

To absorb organic demand growth over the next year, the City could increase supply by at least 5% to ensure that the Link program can continue operating in a way that meets the needs of the community. This 5% increase in supply (vehicle service hours) — which would require an additional investment of \$1,000,000 — would allow the Link to absorb an expected demand increase of 5-10% over the coming year, while continuing to meet customer expectations for quality of service.

Scenario C: Service Hour Extension

Beyond supporting organic demand growth within the current service parameters, the City could pursue minor expansions in response to community feedback. As highlighted below, Link riders are eager for the service to expand in terms of operating hours and coverage area. While future geographic expansion may be desirable in the future, this scenario extends the service schedule as the top-priority expansion.



Specifically, this scenario extends the weekday schedule by 3 hours to capture anticipated demand in the morning and evening commute hours:

- Current Link Schedule: Monday - Friday 8 AM - 6 PM
- Proposed Link Schedule: Monday - Friday 7 AM - 8 PM

The cost of extending the service schedule as described above, combined with the cost of increasing supply by 5% to support organic demand growth, Scenario C would require an additional \$1,500,000.

FISCAL/RESOURCE IMPACT

Additional funding for maintaining the current service level has been incorporated as a proposal for the FY 2025 Proposed General Fund Operating Budget. Staff continues to explore additional strategic partners as well as additional grant opportunities to reduce the City's cost. Funding structure and summary of budget requirements will be developed based on the City Council's input and direction regarding future service levels desired should the pilot program be continued.

STAKEHOLDER ENGAGEMENT

Public engagement is ongoing since the program launched on March 7. Stakeholders targeted for notification of the service include Caltrain riders, commuters to Palo Alto, service providers

targeting older adults, senior living communities, youth service providers, neighborhood groups, etc. Community engagement and marketing activities have included a project webpage on the City's website, flyer/brochure distribution, targeted presentations to special groups (i.e. senior living communities), tabling at community events and destinations (MSC Open House, Earth Day events, Farmer's Market, Caltrain stations, grocery stores) and social media campaigns (NextDoor, Facebook, Uplift Local, local newspapers, City blog posts, etc.). Stanford Research Park has also been providing notification to and engagement with their stakeholders to encourage ridership.

ENVIRONMENTAL REVIEW

This study session is not a project as defined by CEQA because no action or commitment is anticipated. Should the City eventually decide to extend, stop, or alter the Palo Alto Link program beyond the existing configuration, the City will evaluate CEQA at that time.

ALTERNATIVE ACTIONS

Discontinue the service when current designated funds are all expended.

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