



CITY OF
**PALO
ALTO**

City Council Staff Report

From: City Manager

Report Type: STUDY SESSION

Lead Department: Transportation

Meeting Date: April 1, 2024

Report #:2401-2535

TITLE

Study Session: Palo Alto Link One-Year Service Evaluation and Report; CEQA status – not a project.

RECOMMENDATION

Staff recommends that the City Council receive a report and provide feedback on Palo Alto Link one-year performance results and funding strategy options aligned with desired long-term program goals.

EXECUTIVE SUMMARY

The Palo Alto Link, a pilot program funded by an Innovative Transit Grant from the Santa Clara County Valley Transportation Authority (VTA), has reached an impressive milestone, marking its first year of operation with notable achievements. Operated in partnership with Via, also known as Nomad Transit Services, this on-demand, shared-ride service has been a cornerstone in addressing the city's first-/last-mile connectivity challenges, providing an environmentally - friendly alternative to private vehicle use.

In its inaugural year, the Palo Alto Link completed over 50,000 rides, serving an average of 900 unique riders monthly, with an average wait time of just 13.8 minutes. This service, particularly beneficial to vulnerable and transit-dependent populations, has seen a 54% growth in ride completions, demonstrating its critical role in the community's mobility ecosystem.

Feedback gathered through an extensive rider survey highlights the service's impact on enhancing equity, affordability, and sustainability within Palo Alto. Remarkably, 46% of respondents reported having no access to a personal vehicle, underscoring the service's role in bridging mobility gaps. Moreover, the Link's operational efficiency and sustainability have been augmented by its partnership with Stanford Research Park (SRP), which has not only contributed significantly to the program's funding but also increased its utilization among the park's employees.

As the pilot program progresses into its final year, staff are exploring various strategies to sustain and enhance the service beyond its pilot phase. This includes assessing additional funding options and potential expansions in service hours to meet community needs better. The upcoming fiscal challenges and opportunities underscore the necessity for strategic partnerships and innovative funding mechanisms to ensure the Palo Alto Link's continued success and expansion.

The original Innovative Transit grant funding provides funding until May 2024, but with funding from the SRP and an additional grant awarded through Transportation Fund for Clean Air (TFCA) program there is enough funding to continue service until October 2025. As the City begins its second and final year of the service, staff is seeking feedback on the program operation thus far, any changes for the coming year, and financial implications of continuing this service beyond the pilot period.

BACKGROUND

Palo Alto Link is operated by microtransit vendor Via, aka Nomad Transit Services, and operates Monday - Friday, for a 10-hour service span 8:00 am-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. The current cost of a trip is \$3.50 per ride with additional passengers costing \$1.75 each. Youth, low-income, disabled, and seniors pay a reduced fare of \$1.00 per ride. Rides to and from the Stanford Research Park are free.

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 funding from Stanford Research Park extended the pilot service to two years and expanded service to the Research Park. Following the expenditure of these initial funds, either additional partners or City funds will be needed to continue the service.

The prior Palo Alto transit service, the Palo Alto Crosstown Shuttle, was terminated in FY 2020, following four years of declining ridership. In FY 2020, the Crosstown shuttle carried 39,377 riders, and was terminated in April 2020, with an average monthly ridership of 3,938 per month. Unlike the previous shuttle's fixed-route service, the Palo Alto Link significantly expands service coverage, offering comprehensive access to all Palo Alto residents rather than limiting it to those residing or traveling along a predetermined path. The Crosstown shuttle was previously contracted for \$379,782 per year.

ANALYSIS

Performance Highlights

In the first 12 months of service (March 2023 - 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 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.

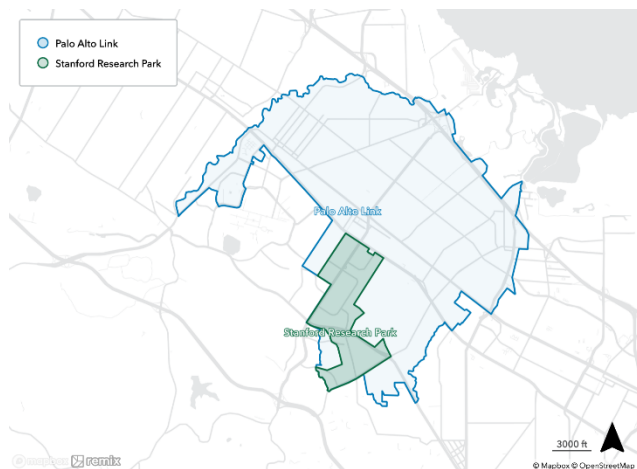
Survey Findings

Between September - 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), but residents also 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.”

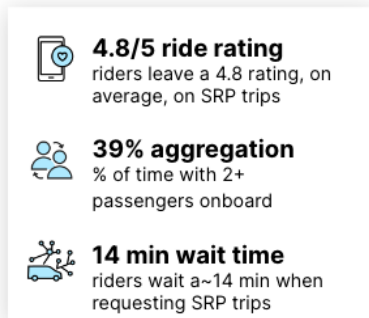
History of Link’s SRP Partnership

Stanford Research Park (SRP), a business park hosting many of the largest employers in the city, committed to investing \$31,000 per month (for a total of \$744,000) 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 the City. 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.

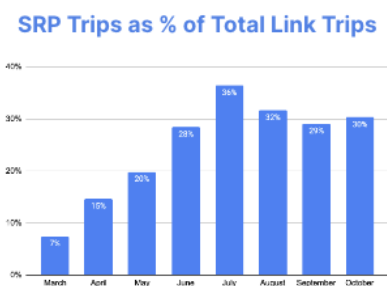
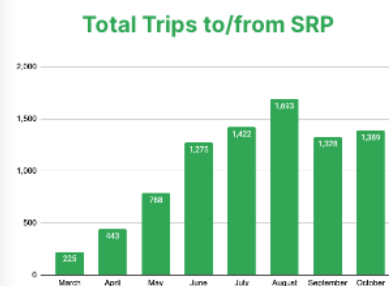


SRP Link Trip Data & Performance

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 also see that the Link service remains complimentary to SRP's existing Caltrain shuttles.

Future SRP Support

SRP has expressed its 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 employees, 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. Staff believes 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% (~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.

Outreach will determine whether stakeholders are willing to commit funds towards the ongoing operation of Palo Alto Link.

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 are continuing to explore partnerships with organizations like Channing House and other listed above which may be able and willing to contribute financially to the existing Link service.

Future Scenarios for Consideration

Remaining Program Budget

The 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 will be needed to continue service operation 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 service including decision on the level of service provided. Staff have outlined four potential scenarios in Table 2 below, followed by more detailed descriptions of each.

Table 2: Potential Funding Scenarios for FY25

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

Source: Via and City of Palo Alto

*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
3. \$4,000 per month in fare revenue (FY 2024 current monthly average)

Scenario A: Current Service Level

To maintain the current level of service, this scenario increases 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 assumes a forecasted increase in demand growth is supported by a 5% increase in supply (vehicle service hours), which would require an additional investment of \$1,000,000, and would allow 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 B: Service Hour Extension

Beyond supporting organic demand growth within the current service parameters, the City could pursue minor service 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, this scenario extends the service schedule as the top-priority expansion for Link in the coming year.

Specifically, this extends the weekday schedule by 3 hours (1 hour in the AM and 2 hours in the PM) 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 B 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 FY2025 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. This budget allocation is part of the Office of Transportation Operating Budget, to be reviewed as part of the FY 2025 Budget process with the Finance Committee in May.

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

Council action on this item is not a project as defined by CEQA because the necessary agreements to continue service with partner agencies and identification of government funding mechanisms or fiscal activity do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. CEQA Guidelines section 15378(b)(4). The Council has already found that Palo Alto Link is not a project as defined by CEQA under CEQA guidelines 15061(b)(3).

APPROVED BY:

Philip Kamhi, Chief Transportation Official