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**TO: BOARD OF DIRECTORS**

**THROUGH: PHILLIP A. WASHINGTON** *PAW*  
**CHIEF EXECUTIVE OFFICER**

**FROM: JOSHUA L. SCHANK** *JLS*  
**CHIEF INNOVATION OFFICER**

**SUBJECT: MOBILITY ON DEMAND: THIRD QUARTER REPORT AND  
ASSEMBLY BILL 5 COMPLIANCE**

Metro's Mobility on Demand pilot has completed nine months of service and more than 45,000 rides. This on-demand, shared-ride pilot is delivered through a partnership with ride share company Via. It makes ride-hailing services available to users who would not otherwise have access, promotes sustainability and congestion reduction through shared rides, and expands the reach of Metro fixed-route services. Additional information about the service can be found in Attachment A.

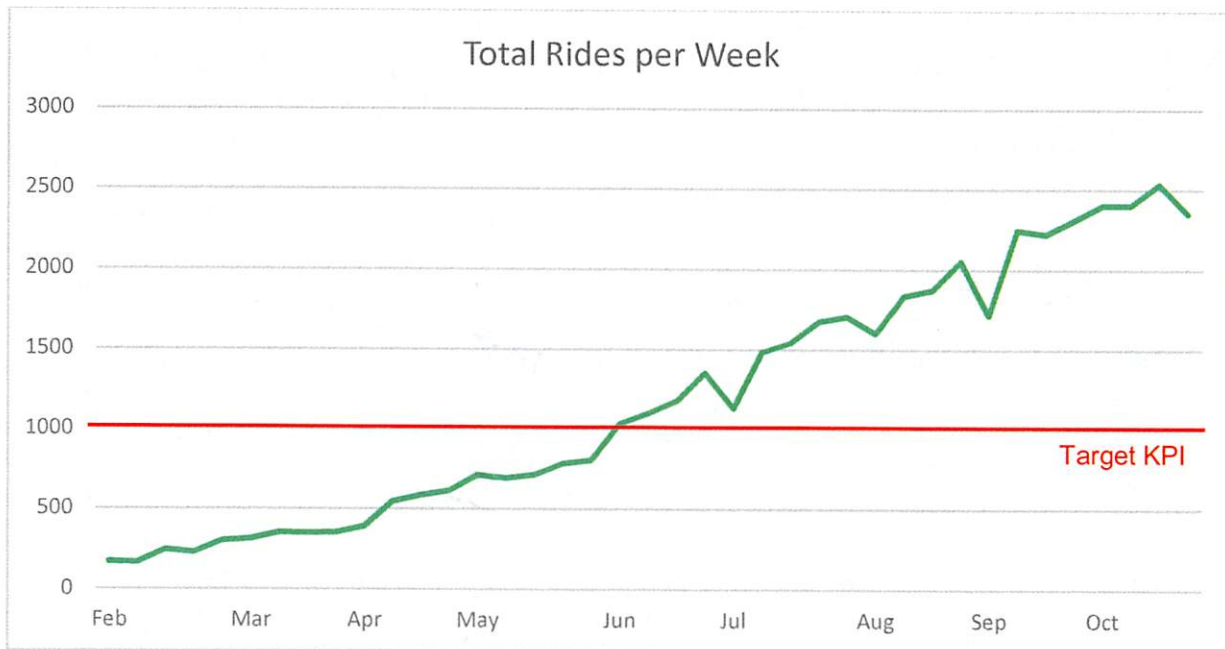
The pilot has now been operational for nine months; the third quarter (Q3) concluded October 25, 2019. Since the second quarter report was delivered to the Board in September, ridership has continued to grow far beyond the original target Key Performance Indicators (KPIs). The utilization per service hour has also continued to rise, exceeding the target 2.5 rides per driver hour near the close of the third quarter.

A new California Law (AB 5) changes the test that determines whether drivers and other workers are employees and goes into effect on January 1, 2020. Staff is amending the contract with Via to require drivers to be employees. Staff is pursuing a potential second year of this short-term research pilot, which would adjust the service design based on findings from the first year.

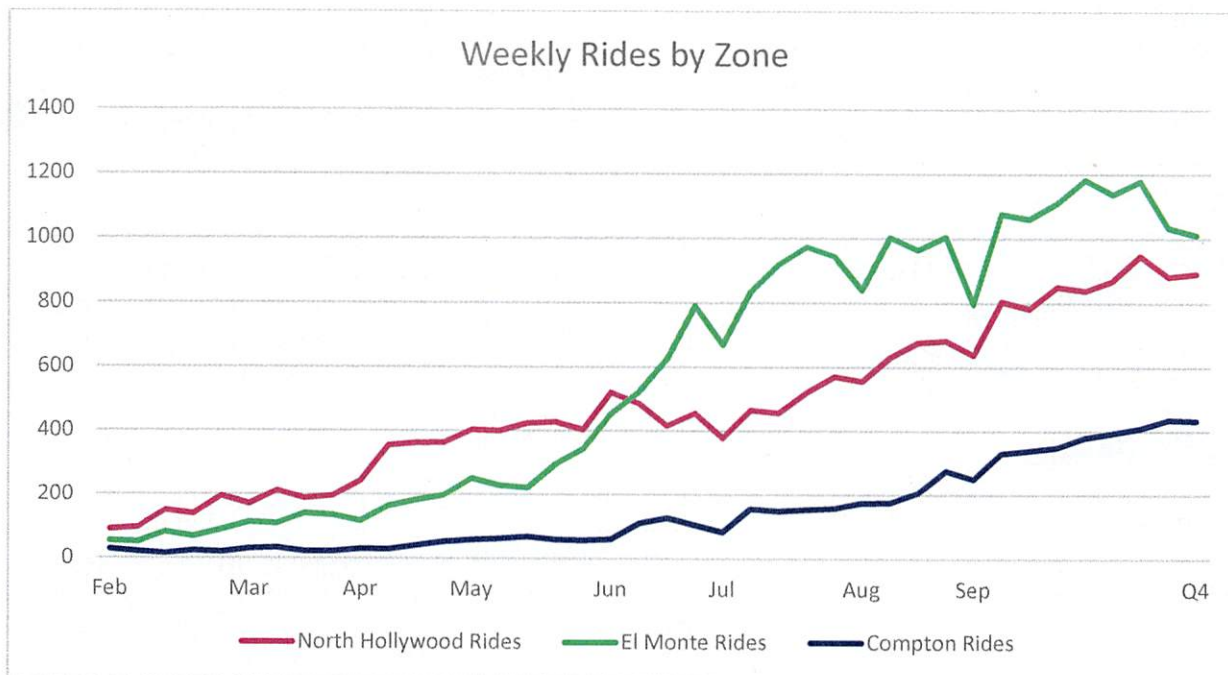
## **PERFORMANCE**

### Ridership

Since service launched in January, the number of rides has increased from 160 in the first week of service to 2,336 per week at the close of the third quarter, a nearly 15-fold increase since the beginning of the pilot. The steadily increasing ridership is a likely indicator of customer satisfaction and efficacy of the service.



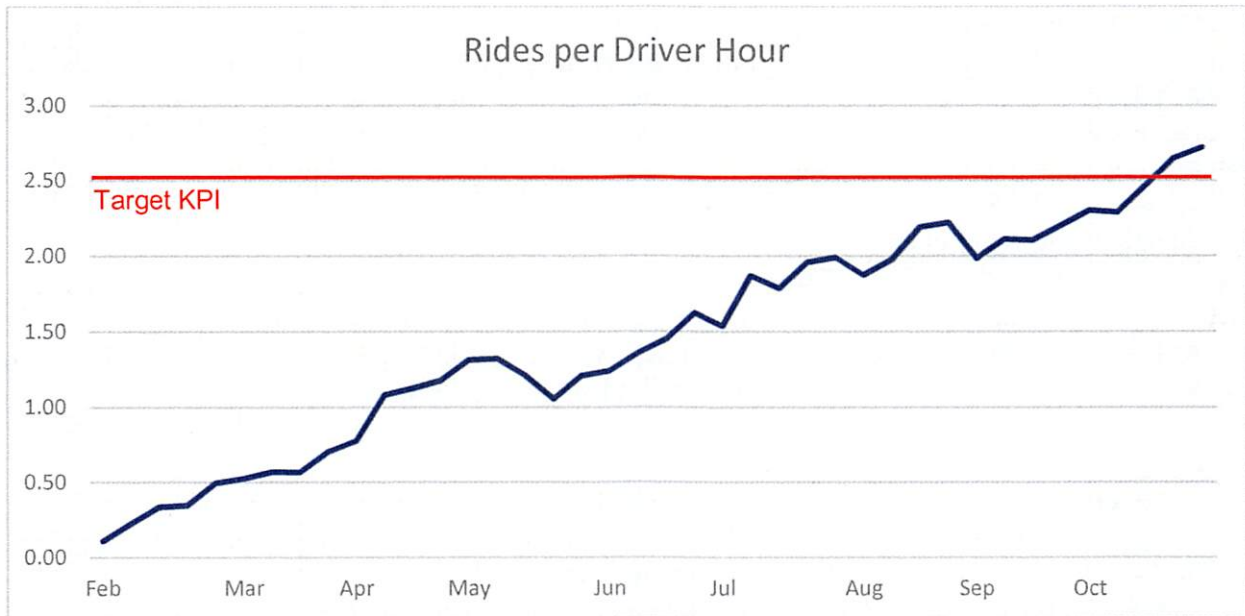
The El Monte service area continues to be the most popular zone. The Artesia/Compton zone has lower ridership, likely due to the New Blue service closures. Rail service for the southern segment of the A Line (Blue) was suspended from January 2019 to June 2019. Service for the northern segment of the A Line was suspended in June 2019 and reopened on November 2, 2019.



Rides per Driver Hour

The ratio of rides to driver hours has vastly improved since the launch of the service.

Utilization was at 0.1 rides to driver hours in Week 1 and by Week 12, Via had 1.2 rides to driver hours, a tenfold increase over the quarter. The ratio continued to climb over the second quarter reaching nearly two rides per driver hour by the end of the second quarter. The close of the third quarter saw a ratio of 2.7 rides per driver hour, exceeding the performance goal of 2.5.



Key Performance Indicators

As detailed in the chart below, three out of the four target KPIs were met and exceeded in Q3.

KPI	Target	Q1 end	Q2 end	Q3 end	Target Met?
Avg wait time	10 min	7 min	9 min	11.5 min	No
Avg Customer Rating	4.5	4.9	4.9	4.8	Yes
Rides/ driver hour	2.5	1.12	1.8	2.7	Yes
Weekly rides	1000	585	1675	2336	Yes

In the final weeks of Q3, the rides/driver hour goal was met, but the average customer wait time slipped over the 10-minute goal. This 10-minute goal has been met for a vast majority of the service operation. This highlights the tradeoff between service quality and efficiency, and Via will continue to adjust the service supply to balance both.

Customer Payment and Fares

The free transfer fare has continued through Q3 and will remain in effect until the completion of the first year of service. This means that while customers are not paying Via for the service, but all Via customers are paying to ride Metro, the net fare remains \$1.75.

### Subsidy

At the close of Q3, ride subsidies were averaging about \$13 per ride, and 2.5 miles in length. By comparison, an infrequent bus route can cost up to \$21 per ride for a ride of similar length and only provide service about once an hour. Access Services trips have a subsidy of \$39 regardless of length, require booking a day in advance, and pick up times are subject to negotiation depending on vehicle availability. While Access Services trips average ten miles in length (much longer than MOD trips), Access Services pays their contractors same price for rides of any distance, and 35% of the trips are less than five miles.

### Reaching hard to reach populations

Requests for wheelchair accessible vehicles continue to account for about 1% of total rides. By comparison, 0.5% of Metro Bus trips are made by people in wheelchairs. Via call center trips continue to account for about 1% of the total trips while 48% of Metro Bus riders and 27% of Metro Rail riders do not have smart phones.

### Research

The Eno Center for Transportation, as well as University of California Los Angeles, University of Oregon, and University of Washington are analyzing both qualitative and quantitative data from the pilot that will inform a final project report. That data will help to determine whom the pilot has been able to serve, and if the benefits have been in line with the project goals.

### Findings to inform MicroTransit

Findings from the partnership with Via are being shared with the MicroTransit team to provide insights in preparation for the launch of MicroTransit in 2020.

### Lessons from Seattle

The Via service in the Seattle area has seen even higher adoption and efficiency with over 7,000 rides per week and over five rides per driver hour. The Seattle area service differs in that the service additionally runs during evenings and weekends, the rides are provided in a dedicated, branded fleet of consistent vehicles, transit patrons can tap their transit passes on a card reader inside the vehicles, and the service zones are contiguous for more efficient operation. Metro staff is exploring the possibility of implementing several of these features in a potential second year of the Via partnership.

## **NEXT STEPS**

### Assembly Bill 5 Compliance

The Governor signed AB5 in September 2019, which will require many workers classified as independent contractors to become company employees. Metro asked Via to change the driver employment model under the contract from independent contractors to employees. Via has agreed to work with Metro to change the model on

January 1, 2020. Metro is working with Via to ensure that any updates to the contract documents that need to be made are completed in advance of January 1, 2020.

### Contract Option

The contract for the pilot with Via has a base term of one year, with an option to extend to a second year. Metro is now negotiating a potential second year of the pilot contract with Via. Assuming consensus is reached on a second year, staff will bring a recommendation to the Board for a second year of service in early 2020. The design of a second year of service will take into account the findings from the first year of the service and will seek to improve customer experience and to increase marketing and outreach efforts to low-income patrons and patrons without smart phones.

If the Board approves a negotiated second year of the pilot, the additional research learnings would continue to inform the service design for MicroTransit throughout the potential second year. The pilot would not extend beyond a second year as the contract with options will expire January 28, 2021.

## Attachment A – Background

Metro's Mobility on Demand (MOD) pilot is funded in part by a Federal Transit Administration (FTA) MOD Sandbox Demonstration Grant. The goals of this pilot are to test the viability of using on-demand technology to connect people to Metro's transit system (current and new customers) and to open access to transportation network companies (TNCs) to more people by making the service more accessible.

Metro launched a service partnership with Via on Monday, January 28, 2019 in three zones around the Metro North Hollywood, El Monte, and Artesia Stations. Under this pilot, Via provides first and last mile rides to or from transit stations. The service operates Monday through Friday from 6am to 8pm. Zones were set with a radius of one to 1.5 miles at service launch. Thereafter in April of 2019, the zones were expanded to a radius of two to 2.5 miles to capture additional potential riders and improve mobility for the surrounding neighborhoods.

