

## Experiences at Transit Operators

While there have been a growing number of transit agencies entering into marketing relationships with TNCs or other technology enabled mobility companies, few agencies have entered into service delivery relationships. There are some transit agencies experimenting with dynamically routed micro-transit, including the Kansas City Area Transportation Authority (KCATA), the Santa Clara Valley Transportation Authority, and Salem-Keizer Transit. However, there are few partnerships with TNCs for service delivery; most of transit agency/TNC partnerships have been marketing in nature. The next sections are the following:

1. An overview of agencies that have entered into marketing arrangements with TNCs,
2. A case study of a direct partnership with a TNC and a transit agency, and
3. Insights from an agency that has partnered with a micro-transit provider (Bridj) to provide transit service.

## Marketing Partnerships

The majority of partnerships that have been forged between transit agencies and TNCs have been temporary marketing agreements. For example, in May 2016 Metro's Office of Extraordinary Innovation brokered a marketing partnership with Uber featuring the opening of the Expo Line extension. In this partnership, Metro and Uber offered cobranded marketing and Uber subsidized first mile and last mile pool rides at up to \$5 to the newly opened stations for a weekend. The marketing partnership lasted for two weeks; we have not yet received data quantifying the success of this partnership.

Agencies across the country have entered into similar partnerships. Metropolitan Atlanta Rapid Transit Authority and Dallas Area Rapid Transit both entered into temporary marketing partnerships with Uber where no money changed hands. In these partnerships, the agencies and the participating TNC had a co-branded marketing campaign. The Southeastern Pennsylvania Transportation Authority (SEPTA) is currently running a marketing partnership with Uber where Uber is discounting first mile-last mile rides from selected transit stops, with up to \$10 per discount. As a result of Uber paying for the discounts during this pilot, no money has changed hands between SEPTA and Uber.

Most recently, San Diego's Metropolitan Transit System entered into a marketing agreement with Uber in conjunction with Comic-Con International in which Uber will provide a one-time \$5 discount to one of 20 bus or trolley stations in the city.

## TNCs as Service Delivery

While the majority of partnerships have been marketing agreements, informed by the research and as a result of the success of the existing marketing partnerships, many transit agencies are looking into ways to develop mutually beneficial partnerships with TNCs. While a number have agencies have actively solicited partnerships with TNCs through RFPs or through other processes, only one agency (at time of writing) was identified as directly subsidizing TNC operation.

Pinellas Suncoast Transit Authority (PSTA), serving the St. Petersburg region of Pinellas County in Florida, is the first transit operator in the country to execute a service delivery partnership with a TNC. PSTA serves 14.9 million customers a year with an annual operating budget of \$66.66 million.<sup>1</sup> The operator serves 40 bus routes with 210 vehicles.

In February 2016, PSTA announced that it was partnering with Uber, United Taxi, and Care Ride, a van option for individuals with disabilities (including individuals in wheelchairs), to provide an innovative solution to the region's first and last mile access to the rapid transit network. The pilot demonstration was deployed in a zone that was previously under served by transit options.<sup>ii</sup>

Within the defined service area, PSTA subsidizes rides that originate or end at the designated transit stops. The subsidy to the rider is 50 percent of the cost of the ride, up to a total of \$3.00.<sup>iii</sup> To use the service, customers are asked to first self-select Uber, United Taxi, or CareRide. If the customer selects Uber, they are asked to use the Uber smartphone application and select the PSTA option to request a ride. If the customer selects United Taxi they have the option of calling or using an app. While Uber only accepts credit card or debit card as payment, United Taxi and the accessible van service accept both credit cards and cash. At the end of each payment cycle PSTA is invoiced for their portion of the fare. (According to a PSTA spokesman, they have not yet been invoiced.)

Following the launch of their initial pilot, PSTA was awarded \$300,000 from the Florida Department of Transportation to provide free late night ride service via Uber for low-income customers. The service will be available to customers who earn 150 percent or less of the federal poverty level. For a single person, incomes of less than \$17,655 qualify; \$36,375 for a family of four. When launched, the new service will provide qualifying customers 23 free rides per month for qualifying trips from Uber or United Taxi from 9 PM to 6 PM from any starting point and end point.<sup>iv</sup>

### Regulatory Hurdles

Florida's regulatory framework and political culture varies substantially from California, Los Angeles, and Metro. For example, PSTA has more flexibility on its local level procurement rules and operates for a constituency that brings forward few legal battles. As such, PSTA was able to roll out this partnership through a sole-source pilot program, complying with federal level pilot regulations. PSTA kept an open door policy with FTA, who was supportive in the process. Through providing options for the unbanked and populations without smart phone access, PSTA assuaged equity concerns.

PSTA was cognizant of ensuring accessible, ADA compliant services during the crafting of the partnership. This is illuminated by the presence of a separate contract that works in parallel for an accessible van service for those that cannot be accommodated in a passenger sedan. For all services included in the pilot, PSTA provides an estimated 20 minute wait, but the services may arrive sooner. There has not yet been discussion of a fare equity analysis for this partnership, and there was more concern from the federal level of ensuring equity in terms of geographic location.

### Lessons

In terms of developing the partnership, Ross Silvers at PSTA noted that one of the key components of their success thus far has been predicated on maintaining a good relationship with Uber. Ridership has continued to grow since the launch of the pilot in February, and PSTA has credited that growth in part to Uber's own outreach efforts.

Ross Silvers, PSTA Mobility Manager, commented that the crux of developing an effective relationship with a TNC is recognizing that they are technology and marketing companies, not transportation companies. Whereas transit agencies tend to excel in providing transportation, they

are generally not as proficient in technological expansion and marketing prowess. As such, through partnerships, there is the potential to leverage each organization's skillsets.

### Technology Enabled Transit as Service Delivery

In Kansas City, the transit operator is currently testing the use of micro-transit as part of the solution for its mobility needs. The Kansas City Area Transportation Authority (KCATA) is a bi-state agency in charge of planning, construction, owning, and operating passenger transportation systems and facilities within the seven-county Kansas City metropolitan area. KCATA operates bus, rapid transit, demand responsive routes, and para-transit.

In March 2016, the KCATA launched a demand-responsive micro-transit service with Bridj called Ride KC: Bridj. Bridj operates in Boston, Washington, D.C, and Kansas City. In both Boston and D.C. Bridj is privately operated and funded; Kansas City is Bridj's first public-private partnership with a transit operator. Bridj uses data points and a proprietary algorithm to determine how to route riders to their destination within a specified geographic region and direction.

This new service provides a new mobility option to downtown Kansas City, Hospital Hill, Crown Center, and portion of Midtown, University of Kansas Medical Center, and the Historic 18<sup>th</sup> and Vine Jazz district. Service is available Monday through Friday from 6 AM- 10AM and from 3 PM- 7 PM. The fare for the pilot program is \$1.50 (the same cost of the fixed route bus service). In conjunction with this pilot, Bridj is also running a promotion that allows a customer to apply a promo code to receive the first 10 rides free. Ride KC: Bridj features free Wi-Fi, a guaranteed seat (there are 14 seats per vehicle), no transfers within the zone, and fewer stops than a high capacity vehicle.<sup>v</sup>

The year-long pilot is being paid for through local funds. The cost to KCATA is \$25 per revenue hour per vehicle. (For comparison, KCATA operates para-transit service at about \$40 per revenue hour.) While there are not contractual performance measures to evaluate the program, Bridj has an inherent incentive to provide the best possible service and to invest in proper marketing in order to maximize profits.

### Labor and Equity

When KCATA initially met with the Amalgamated Transit Union (ATU) to negotiate terms of a partnership with Bridj, there was hesitation. ATU expressed concern that a privately owned service had the potential to negatively affect the ridership of the traditional KCATA service. Additionally, during negotiation there was a learning curve for both ATU and KCATA in terms of developing a contract within an entirely different service model. Ultimately, contract KCATA and ATU were able to develop a mutually agreed upon contract and the new service is fully operated by KCATA employees and union members.

In order to access Bridj, customers must have both a credit card to pay for the service, and a smart phone with a data plan to dispatch the service. Based on the experimental nature of this pilot, both the Federal Transit Administration (FTA) and KCATA agreed that demonstrating a proof of concept should come before solving for these challenges. However, in selecting the geographic region included, equity played a role.

Not all of the vehicles used are accessible for individuals with disabilities, including wheelchairs. Within the fleet, there are two vehicles that can carry individuals in wheelchairs that a customer can select to be dispatched, providing similar levels of service.

As this is a fairly new service, ridership is still growing, but low. Upon launch, ridership was about 3-4 riders a day. Recently there has been a marketing push and ridership has reached between 10-15 riders per day. Ridership is expected to continue to grow as customers learn about the service and how to use the service.

### Lessons Learned

KCATA and Bridj's partnership is still in its infancy, and likely many lessons will be revealed over the course of the year. However, KCATA's experience demonstrates the necessity to both engage with labor unions early in the service exploration phase, as well as to budget a longer timeline to provide for labor negotiations. Ultimately, KCATA and ATU were able to successfully reach a mutually agreed upon contract, but there was a learning curve for each entity in determining what that contract should look like.

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<sup>i</sup> <http://www.psta.net/history.php>

<sup>ii</sup> <https://newsroom.uber.com/us-florida/uber-announces-partnership-to-increase-transportation-access-in-tampa-bay/>

<sup>iii</sup> <http://psta.net/directconnect/index.php>

<sup>iv</sup> <http://www.bizjournals.com/tampabay/news/2016/06/10/local-transit-authority-wins-grant-for-free-uber.html>

<sup>v</sup> [http://www.kcata.org/news/ride\\_kc\\_bridj\\_begins\\_service\\_march\\_7](http://www.kcata.org/news/ride_kc_bridj_begins_service_march_7)