

Metro Micro™



Background

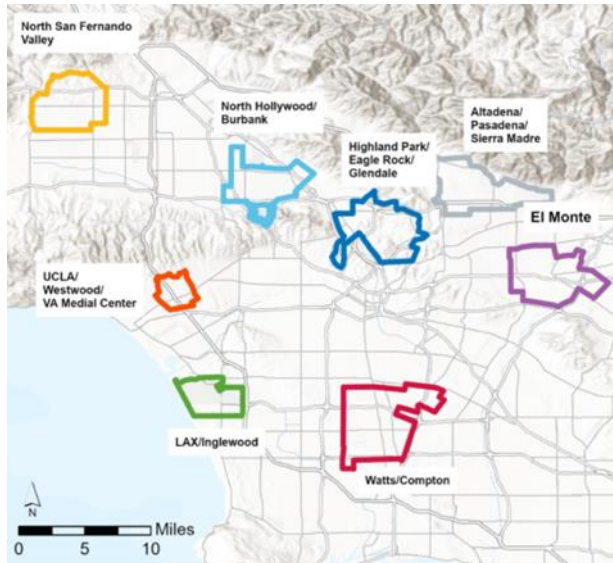


- MicroTransit was evaluated by an independent evaluator to determine whether and under what circumstances Metro should continue with the service permanently.
- The current annual cost of the MTP is \$31 million (\$16M contract cost and \$15M for SMART, AFSCME, and Management labor & Overhead).
- Using Industry best practices, the evaluation provided a comparison of Key Performance Indicators (KPIs) for each of the eight Metro Micro Zones.

Background Cont.



MicroTransit service areas/zones



Underperforming fixed route bus replacements by MicroTransit.

| Launch | Zone Name | NextGen Replacement | MT Average Weekday Ridership FY23Q4 |
|-------------|-----------------------------------|--|-------------------------------------|
| Winter 2020 | Watts/Compton | Routes: 254 and 612 | 443 |
| Winter 2020 | LAX/Inglewood | Routes: 625 | 126 |
| Winter 2021 | El Monte | N/A | 183 |
| Winter 2021 | North Hollywood/Burbank | Routes: 183 (Bel Aire Dr) and 222(Barham Bl) | 212 |
| Summer 2021 | Highland Park/Eagle Rock/Glendale | Routes: 183, 201, 256 (part) and 685 | 531 |
| Summer 2021 | Altadena/Pasadena/Sierra Madre | Routes: 256 (part), 264, 267 (part), 268 (part), 487 (part), and 687 | 538 |
| Fall 2021 | Northwest San Fernando Valley | Routes: 242/243 (Porter Ranch) | 207 |
| Winter 2021 | UCLA/Westwood/VA Medical Center | N/A | 115 |

Evaluation Findings



SAFETY: About 96% of Spring 2022 onboard survey respondents reported feeling safe from sexual harassment compared to 49–55% of Metro bus customers.

COMFORT: About 98% of Metro Micro customers rated the vehicle seats as comfortable, but only 59% of Metro bus customers.

RIDE TIME: About 85% of Metro Micro customers are satisfied with how long it takes to get where they are going compared to 56% Metro bus customers.

EQUITY: A higher share of Metro Micro rides occur in Equity Focused Communities (EFCs) compared to overall transit and personal travel trips in Micro Zones.

USAGE: Metro Micro experienced an initial peak of 62,000 passengers in August of 2022. The 12-month weekday average across the system is about 2,000. There is evidence of seasonal fluctuation in ridership, with higher ridership during summer.

Evaluation Findings Cont.



COSTS:

- Customers save an average of \$3.8 million per year by a decrease in wait time.
- Costs comparison to Peer, Metro Fixed Route and ACCESS as indicated by the chart below:

| | To Peer | To ACCESS | To Metro Fixed Route |
|-----------------------|------------|-------------|----------------------|
| Costs Per Trip | 8.3% Lower | 28.8% Lower | 38% Higher |
| Costs Per Hour | 20% Higher | 52% Higher | 28% Lower |

Peer Agency Operating Comparison (Six Agencies)

- GoLink (DART) - Dallas, Texas;
- GoZone (DCTA) - Denton County, Texas;
- VIA Link (VIA) - San Antonio, Texas;
- COTA/Plus (COTA) - Columbus, Ohio;
- SmaRT Ride (SacRT) - Sacramento, California;
- Metro Flex (KCM) - King County, Washington

Equity & Customer Demographics



Metro staff will be conscious of the potential impacts on equity, with an eye toward reducing cost per boarding to increase ridership and efficiency

Equity

An average of 31% of the area in the eight Metro MicroTransit zones are in EFCs as indicated below:

| Zone | % of Land Area in EFC | % of Population in EFC |
|---------------------------------------|-----------------------|------------------------|
| Watts/Compton | 68.0% | 69.8% |
| El Monte | 50.6% | 73.3% |
| LAX/Inglewood | 33.2% | 40.3% |
| Highland Park / Eagle Rock / Glendale | 19.3% | 31.7% |
| North Hollywood / Burbank | 19.2% | 29.5% |
| Altadena / Pasadena / Sierra Madre | 9.9% | 23.7% |
| UCLA / Westwood / VA Medical Center | 5.5% | 10.6% |
| Northwest San Fernando Valley | 3.9% | 7.2% |

Demographics

In March-April 2023, 2,875 customers responded to the Online, Telephone and On-board survey conducted in English and Spanish. The results are indicated below:

| | Female | Male | Non-binary | Other |
|---------------|--------|------|------------|-------|
| Gender | 53% | 40% | 3% | 0.30% |

| | Metro MicroTransit | Metro Bus/Rail |
|---|--------------------|----------------|
| Asian/Native Hawaiian/Pacific Islander | 18% | 7% |
| White/Caucasian | 28% | 12% |
| Black/African American | 10% | 14% |
| Hispanic/Latinx | 40% | 58% |



Contract Cost Analysis

- The MTP was solicited as a PDA/P3 contract covering eight cost categories: labor, communications, vehicles, reporting locations, hardware, software, insurance, and fleet cleaning/fueling. The current annual cost of the contract is \$16M.
- Labor costs for vehicle operators are not included as part of the operating costs of the contract; vehicle operators are provided directly by Metro. The current annual cost is \$15M for SMART, AFSCME, and Management labor & Overhead.
- Approximately 25% to 30% of costs in the contract are normally considered capital costs including vehicle lease payments, office and parking space costs and vehicle hardware costs resulting in higher operating costs for Metro MicroTransit.



Cost-Effectiveness

MTP may reduce total costs while improving accessibility and customer experience, but it cannot match fixed-route services' total capacity for passengers with the same cost-competitiveness.

- Vehicle capacity places a fundamental limit on productivity. Three to nine seats vs 38 seats on buses.
- Electric Vehicles (EVs) limits service span due to non-existing in-route charger.

Metro Micro creates better accessibility and customer experience benefits beyond its capacity and productivity, both benefit and cost factors are important to consider when comparing Metro Micro's effectiveness to other modes in Metro's service.

Staff anticipates that with implementation of the new business model and contracts, we can meet MicroTransit's goal of \$20 to \$25 per trip.

Evaluation Summary



MTP maintains many advantages compared to fixed-route bus services. Key program successes include:

Customer Experience: High customer experience ratings (averaging 4.8 out of 5 stars for those who ride) with no Micro Zone below 4.8-star rating.

Wait Times and Cost Savings: Customers spend less time waiting for transit service, which means more time at work, with family, and other activities. The greatest savings are for people making \$15,000–\$25,000/year. The annual travel time costs for Metro Micro customers by an average of \$3.8 million per year.

Customer Acquisition: 11% of Metro Micro customers are entirely new transit customers.

Operating Costs: Cost per Revenue Service Hour (RSH) reduced by 61% and is now 23% less than fixed route service it replaced at \$179 vs. \$138.

Service Coverage and Access: Nearly 350,000 additional residents are now able to access service with less than a 0.25 mile walk, providing meaningful service to 99% of residents.

Peer Agency Comparison Results:

- Metro offers the lowest fare.
- Metro operates the largest fleet consisting of 85 vehicles.
- Metro is the only service provider that operates its MicroTransit service with in-house staff (SMART Operators and AFSCME Supervisors).

Evaluation - Options



Potential next steps for the MTP include: 1) end MTP and discontinue MicroTransit service, or 2) continue the MTP but with operational changes

Option 1 – End the MTP and discontinue MicroTransit Service

The impacts include, but are not limited to:

- Loss of population access to transit for nearly 350,000 residents, including in EFCs and loss in first/last mile connections as currently 19% of Metro Micro customers connect to fixed route transit;
- Loss of potential new customers as 11% of Metro Micro customers are new to Metro;
- Loss of a well-liked transit service with the 4.8 out of 5 customer rating; and
- Loss of jobs/pathway for existing and new operators.

Option 2 – Continue the MTP but with Operational Changes

Steps to increase demand and manage costs may include:

- Discontinuing or curtailing service in some low-performing Metro MicroTransit zones with consideration of continued service in zones where bus lines were eliminated/reduced due to NextGen;
- Incrementally raising fares to the original fare of \$2.50;
- Shifting operating costs to capital costs and improving overall financial health to sustain costs;
- Streamlining operating hours to address the demand for more service levels per fare search percentages; and
- Structuring future contracts with accounting for time-of-day and performance delivery milestones.

Next Steps



1. Staff is drafting a business model based on lessons learned to maximize cost efficiency, equity, service quality and access, innovation, and productivity.
2. Staff will request Board approval in September 2023 for a limited time extension of the existing MTP contract to develop the new business model.
3. Staff anticipates the issuance of multiple competitive solicitations beginning in Fall 2023, if the board approves continuation of the service.

