



## Board Report

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**EXECUTIVE MANAGEMENT COMMITTEE  
OCTOBER 18, 2018**

**SUBJECT: MOBILITY ON DEMAND PILOT PROJECT**

**ACTION: AWARD CONTRACT**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute a twelve-month sole source contract to NoMad Transit LLC in an amount not-to-exceed \$2,506,410, inclusive of sales tax, to operate a first and last mile(s) transportation network company pilot service to/from the North Hollywood, Artesia, and El Monte stations, with the option to renew for an additional one year at a baseline amount of \$2,506,410, to be negotiated based on the information and data analysis collected during the initial twelve-month pilot period for a total amount of \$5,012,820.

**ISSUE**

In October 2016, Metro was awarded \$1,350,000 from the FTA to partner with a transportation network company (TNC) to explore the viability and benefit of using TNC services to provide first and last mile solutions. Through this pilot, Metro aims to harness the mobility benefits provided by TNCs, open them up for a larger group of users, and direct them towards Metro's existing fixed-guideway facilities. Metro will partner with NoMad Transit LLC to provide first and last mile shared rides for trips originating and ending at North Hollywood, Artesia, and El Monte stations.

**BACKGROUND**

All transit users must contend with the first and last mile challenge. Improving connections to/from transit is critical to ensuring a more seamless journey and making it easier for customers to access the system. Technological innovations by new mobility services provide an opportunity for Metro to harness their benefits and apply them towards the first and last mile challenge.

In July 2016, together with King County Metro and Sound Transit in the Puget Sound region of Washington, Metro applied to the Federal Transit Administration's (FTA) Notice of Funding Opportunity and Solicitation of Project Proposals for the Mobility on Demand (MOD) Sandbox Demonstration Program. Foothill Transit, Access Services, City of Los Angeles, and UCLA are named partners in this grant for the LA region. The program is part of a larger research effort at FTA and USDOT that seeks to support transit agencies and communities as they navigate the evolving landscape of personal mobility and integrated multimodal transportation efforts.

Metro's proposal sought to partner with a transportation network company (TNC) to explore the

viability and benefit of using TNC services to provide first and last mile solutions for trips originating and ending at select transit stops in the Los Angeles County and Puget Sound regions.

In October 2016, Metro was one of 11 applicants selected for funding award from the MOD program. A total of \$1,350,000 in Section 5312 funds were awarded to Metro, including \$350,000 for the Puget Sound region, \$400,000 for research, and \$600,000 for Metro. Metro entered into a cooperative agreement with the FTA for the Federal funds in February 2017.

At the time of award, Lyft, Inc. (Lyft) was Metro’s named TNC partner. However, as the team moved forward in project scoping, negotiations failed with Lyft. With FTA’s express permission, in November of 2017, Metro substituted Lyft with NoMad Transit LLC, a wholly owned subsidiary of Via Transportation, Inc. (Via) as partner on the project.

Between November 2017 and September 2018, in line with the parameters of the project set forth by the FTA, Metro worked with Via to design the scope of service and to come to contract terms.

**DISCUSSION**

One key theme of Vision 2028 is that the market for personal mobility is changing rapidly due to changing social and cultural trends, as well as technological advances such as smart phones, information processing, and widespread data connectivity. New mobility concepts and solutions, such as TNCs, have expanded mobility options for those who have access to them. However, not everyone can afford them or has the ability to use them, because most TNCs require the possession of a smartphone with a data plan, and many TNCs do not accommodate users who need vehicles that can accommodate mobility devices. With funding assistance from the FTA, Metro aims to harness the mobility benefits provided by TNCs, open them up for a larger group of users, and direct them towards Metro’s existing fixed-guideway facilities. Metro will partner with Via to provide first and last mile rides for trips originating and ending at North Hollywood, Artesia, and El Monte stations.

Operation Details

The service will operate for 52 weeks, Monday through Friday, from 6:00 am to 8:00 pm for fourteen hours each day. Rides will be shared and on-demand. Customers can register for an account and request rides either by using Via’s mobile application or by dialing Via’s call center, which can accommodate customers with limited English proficiency. Customers who need additional assistance boarding or alighting vehicles or who need vehicles that can accommodate mobility devices can also request rides in the Via application or through Via’s call center. Via will provide equivalent service to ambulatory customers, non-ambulatory customers, and customers who need additional assistance to get in or out of a vehicle. Via will accept payment from both credit cards and pre-paid debit cards.

Fares

The following fares have been established for rides:

<b>Eligibility</b>	<b>Fare Amount</b>
Customers who input or provide a TAP card number during account registration prior to requesting a ride.	Base fare of \$1.75 (flat)

Customers who do not input or provide a TAP card number during account registration or do not update their account with a TAP card number prior to requesting a ride	Base fare plus \$2 fee (flat)
Customers who are registered LIFE participants	Free fare

Via is entitled to collect and retain all fare revenue generated by the service. As part of this twelve-month pilot, Via has agreed to share in a portion of the financial risks associated with the project. Via will credit Metro in the amount of \$285,650 towards payment of the Contract price. This amount is based on the fare revenue of maintaining 3 riders per driver hour on the platform and is one mechanism for incentivizing Via to ensure successful rider acquisition.

TAP Integration

While this twelve-month pilot will not have full TAP integration and customers cannot pay for rides using their TAP card, the fare structure incentivizes customers to input their TAP card number when registering for the service. This allows for a more accurate understanding of travel patterns. It is also designed to ensure that regional TAP customers use the service to connect to/from Metro’s stations. Full TAP integration will be explored further if the pilot continues beyond the twelve months.

Catchment Areas

The service will be split into three catchment areas around the North Hollywood, El Monte, and Artesia stations. Catchment areas are approximately 6 square miles. Several criteria were considered when selecting stations and catchment areas, including geographic diversity, thresholds for percentage of low income and minority populations, current first and last mile access, and compelling use-cases to test. In addition to meeting this criteria, North Hollywood was identified for its strong first and last mile connections, and to test if the service can successfully connect riders to/from difficult-to-serve residential networks. Artesia Station was also identified for its strong first and last mile connections, and to test if the service can substitute for difficult walking and biking trips. Foothill Transit and LADOT are partners on the FTA grant, which made El Monte a logical choice. Additionally, as the terminus of the Silver Line, El Monte station has paid parking that are fully occupied daily. Metro and FTA also want to test the first and last mile service to/from BRT, light rail, and heavy rail stations.

Independent Contractor Drivers

Via is responsible for recruiting and registering independent contractor drivers to drive on the Via platform using their own personal, qualified vehicles. Metro will not own, operate, or maintain any vehicles. Via is responsible for administering background checks and drug and alcohol testing prior to onboarding drivers. In line with the California Public Utilities Commission (CPUC) standards, background checks will be conducted by an accredited consumer reporting agency, known as Checkr, and includes a multi-jurisdictional database search, federal criminal search, sex offender search, global watchlist search, county criminal search, and motor vehicle record search. Additionally, per CPUC, Via is required to participate in the DMV’s Employer Pull Notice (EPN) Program, which enables Via to regularly check records of drivers. The EPN Program notifies Via of a change in a

driver's record at any time, including new convictions, failure to appear, accidents, license suspension, or revocation.

#### Data Sharing

As part of the agreed upon scope, Via has agreed to a level of data sharing that is unprecedented with these types of new mobility partnerships. Upon service start, Via will provide Metro with access to an online dashboard that will serve as a data portal. Data regarding service performance will be inputted on a regular basis. The dashboard will also be used to report monthly Key Performance Indicators (KPIs) and to provide an overview for the service performance across a number of dimensions.

#### Research

This grant is funded under FTA's Research, Development, Demonstration and Deployment program authority. As such, data collection and research analysis are integral components to this pilot and will allow Metro to better understand the costs and benefits of this new mobility service. \$400,000 of the grant funds is devoted to research. The Eno Center for Transportation is leading a research team supported by the University of California Los Angeles and the University of Washington to document the entire project process, analyze resulting data, develop lessons learned and recommendations, and disseminate the final reports to the industry.

#### Option Term

Based on information and data analysis that is derived during the initial twelve-months of the pilot, Staff may return to the Board to ask approval to exercise the option term. In the event the level of effort for the option term exceeds the initial pilot project amount, Staff will negotiate with NoMad Transit LLC prior to returning to the Board to seek approval.

### **DETERMINATION OF SAFETY IMPACT**

The Mobility on Demand pilot project will not have any adverse safety impacts on Metro employees and patrons.

### **FINANCIAL IMPACT**

This project is funded in part by a \$1.35M grant from the FTA. The total project cost is \$3,386,910. This includes a 12-month contract with Via, amounts due to King County Metro and the Eno Center for Transportation for their portion of the grant, and LA Metro-specific costs related to project implementation.

The total contract with NoMad Transit is an amount not to exceed \$2,506,410. Via has agreed to share in a portion of the financial risks associated with the project and will credit Metro in the amount of \$286,650 towards payment of the Contract price, amortized over 12 months.

Per the cooperative agreement with the FTA, Metro will be able to invoice the FTA for up to \$1,350,000. \$350,000 of this will serve as a pass-through to King County Metro to put towards their pilot, for which they will invoice LA Metro. \$400,000 is encumbered to the Eno Center to conduct research. Of the remaining grant, \$130,500 will be put towards costs borne by LA Metro to

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accommodate the project and \$469,500 will be dedicated to LA Metro's contractual cost. The remaining \$1,750,260 of the total project cost will encompass Metro's net local match.

The FY19 Budget includes \$1,934,013.25 in Project 100002 for Mobility on Demand and is funded with Prop A/C/TDA Admin funds. Project Manager will be responsible for budgeting for future project costs.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Staff's recommendation supports initiative 1.3 from Vision 2028: To manage transportation demand in a fair and equitable manner, Metro will explore opportunities for expanding access to shared, demand-responsive transportation options for everyone. Staff's recommendation also supports initiative 1.2 from Vision 2028: To improve LA County's overall transit network and assets, Metro will improve connectivity to provide seamless journeys.

### **ALTERNATIVES CONSIDERED**

The Board may decide not to establish the project cost and/or authorize the CEO to execute a contract with NoMad Transit. This alternative is not recommended as it does not allow Metro to explore opportunities for expanding access to shared, demand-respond transportation options for everyone-an initiative identified in Metro Vision 2028. Metro would also need to return the grant to FTA.

### **NEXT STEPS**

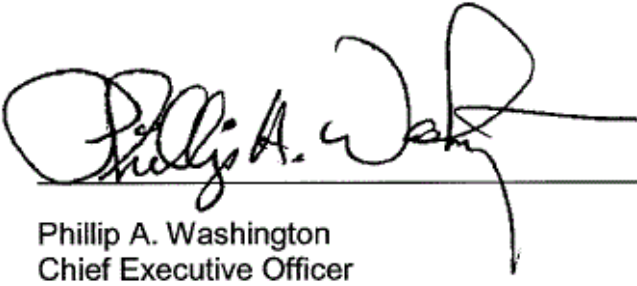
Upon Board approval, Metro staff will execute a contract with NoMad Transit LLC for the Mobility on Demand project. Service is expected to launch the last week of January 2019 for a period of twelve months, with an option to extend for one year. Via is responsible for executing a comprehensive communications and marketing plan around this service, with support and guidance from Metro. Updates on the pilot's progress will be provided to the Board.

### **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - DEOD Summary  
Attachment C - Catchment Areas Map

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