



Board Report

File #: 2021-0315, File Type: Contract

Agenda Number: 8.

PLANNING AND PROGRAMMING COMMITTEE JULY 14, 2021

SUBJECT: METRO VANPOOL PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer (CEO) to execute financial incentives and updates to vehicle criteria guidelines in support of the Metro Vanpool Program Post-COVID Initiatives;
- B. AUTHORIZING the CEO to execute Modification No. 3 to the Vanpool Vehicle Supplier Bench Contract Nos. PS10754400051491 for Airport Van Rental, PS10754300051491 for Green Commuter, and PS10754500051491 for Enterprise Rideshare (a division of Enterprise Holdings) to exercise the second, one-year option in an amount not to exceed \$9 million increasing the total contract value from \$27 million to \$36 million, and extending the period of performance from October 1, 2021 to September 30, 2022.

ISSUE

The Metro Vanpool Program implemented temporary initiatives in July 2020 in response to the COVID-19 global pandemic. These initiatives were due to California's COVID-19 Stay at Home Order which required non-essential workers to work from home. This led to Metro Vanpool providing flexibility for program policies regarding occupancy levels and days of travel as less people commuted to work and new safety protocols following US Centers for Disease Control and Prevention (CDC) guidance were needed. As society begins to reopen, post-COVID initiatives are being proposed including financial incentives, changes to vehicle criteria guidelines and marketing and outreach efforts. These initiatives are needed to support the anticipated growth of the program as it returns to pre-COVID levels.

In addition, Metro requires the modification of the Vanpool Vehicle Supplier Bench Contract to execute Option Year 2 from October 1, 2021 to September 30, 2022. The term for Option Year 1 is ending September 30, 2021. This contract was originally awarded in July 2018 for a two-year base period and three, one-year options.

Staff requires Board authorization to execute financial incentives and updates to vehicle criteria

guidelines as well as to execute Option Year 2.

BACKGROUND

The Metro Vanpool Program launched in May 2007 and has become an industry leader in providing a mobility option to employers and commuters that significantly reduces traffic congestion while improving air quality throughout Southern California. This program offers inter-county services to commuters that may lack transit options or other mobility alternatives. In addition, this program contributes to the reduction of more than 100 million vehicle miles traveled (VMT) annually produced by single-occupancy vehicles (SOV) in Los Angeles County. Thousands of cars would be on the road without this highly successful program.

In July 2018, the Metro Board authorized a Vanpool Vehicle Supplier Bench Contract to three vehicle suppliers for a two-year base period for an amount not-to-exceed \$18 million, with three one-year options, each in an amount not-to-exceed \$9 million, for a total contract value amount of \$45 million. These contracts were awarded to three suppliers, Airport Van Rental, Green Commuter, and Enterprise Rideshare (a division of Enterprise Holdings). With the approval of this recommendation, Option Year 2 will be executed increasing the current total contract value to \$36 million.

The Metro Vanpool Program Bench contracts were established to offer commuters multiple vendor options to secure lease vehicle services. Each contract effectively buys down the cost of eligible public vanpool leasing fares to the end user. Eligible vanpools enrolled in the program must agree to and comply with participation and reporting rules to receive fare subsidies amounting to a maximum of 50% of the vanpool vehicle lease costs or up to \$500 per month.

Metro Vanpool is widely available to all commuters and is easily accessible. Vanpool participants must first lease the vehicle directly from the vehicle supplier of their choice and then apply to the Metro Vanpool Program to receive a subsidy. Vanpools are composed of five to 15 commuters who regularly travel together to work. Typically, Metro enters into a vanpool subsidy agreement with the vanpool coordinator, in most cases the leaseholder of the vehicle. The program is open to everyone and it strictly prohibits discrimination in all its forms. In addition, vehicle suppliers provide vehicles that are compliant with the Americans with Disabilities Act (ADA) upon request.

Although COVID-19 has impacted daily work activities, staff has maintained reporting requirements during this time and has worked closely with participants. Monthly National Transit Database (NTD) ridership reports that contain specific NTD data collected from vanpool participants each month have been consistently submitted to the Federal Transit Administration (FTA). Although the subsidy to vanpools is funded through Prop C 25%, the submission of data to NTD generates a reimbursement annually to Metro from Sections 5307 and 5339 federal funds. These funds are made available to other departments at Metro including Operations.

Metro Vanpool generates approximately \$20 million annually of federal funding for the agency. The reimbursement amount is far more than the budgeted funding for the program.

The Metro Vanpool Program is managed by Metro’s Transportation Demand Management (TDM) team in the Countywide Planning & Development Department. The program supports Metro’s vision of increasing the percent usage of transportation modes and reducing solo driving as outlined in the Metro Vision 2028 Strategic Plan.

DISCUSSION

Safe Commute with the Metro Vanpool Program

The Metro Vanpool Program implemented temporary initiatives in July 2020 to support commuters and retain vanpool participants, creating stability for the program and securing long-term growth. These initiatives were intended to continue to encourage vanpool use while also ensuring prudent use of Metro’s financial resources. Staff developed a three-phased approach shown in the table below.

Phase	Duration	Action
Phase 1 - Flexible Thresholds	August 1, 2020 - September 30, 2021	Metro will only provide a subsidy to vanpools that operate, meaning the vehicle must be used for commuting purposes to and from work. “Parked” vans will no longer receive a Metro subsidy. Eligible vanpools must also meet the following minimum criteria to receive a full subsidy: <ul style="list-style-type: none"> • Individual vanpools must operate a minimum of 6 days per month. • Individual vanpools must have a minimum of 2 people on board.
Phase 2 - Flexible Thresholds	October 1 - December 31, 2021	Metro will continue to provide a full subsidy to vanpools that operate and meet the following minimum criteria: <ul style="list-style-type: none"> • Individual vanpools must operate a minimum of 9 days per month. • Individual vanpools must have a minimum of 3 people on board.
Phase 3 - Normal Operations Resume	January 1, 2022 - TBD	Metro will continue to provide a full subsidy to vanpools that operate in accordance to established program policy for normal operations and meet the following criteria: <ul style="list-style-type: none"> • Individual vanpools must operate a minimum of 12 days per month. • Individual vanpools must have a minimum of 4 people on board. Metro will provide prorated subsidies to vanpools on a case-by-case basis depending on operating days and termination end dates.

Metro has continued to follow the recommendations from the LA County Department of Public Health and the CDC which has led to the extended duration of Phase 1. During this time, safety protocols were also implemented by Metro and vehicle suppliers that included additional information on safety, social distancing protocols, vehicle sanitations, encouraging vaccinations, recommending COVID-19 screening and providing safety kits that included masks and hand sanitizers. Phases 2 and Phase 3 are recommended to be implemented as part of post-COVID initiatives of the Metro Vanpool Program.

Metro Vanpool Program Post-COVID Goals

As Los Angeles County enters a post-COVID period and commuters begin returning to work, staff is recommending the implementation of post-COVID initiatives for the Metro Vanpool Program. The proposed initiatives are meant to grow the program to eventually reach pre-COVID levels. In the last year, the program has lost 50% of participants because of the state's Stay at Home Order that led to many commuters teleworking from home. Metro has a compelling interest in supporting the growth of the program because it provides participants the opportunity to commute to work in a non-drive-alone mode reducing traffic and improving air quality. The program offers flexibility that allows commuters to continue to partially telecommute and to use the program on the days when they work in the office. Developing post-COVID initiatives that are attractive to commuters will be crucial in order to re-engage with former participants and attract new participants.

The post-COVID initiatives consist of three goals that are focused on increasing the number of vans that currently operate to the level of vanpools that had been operating pre-COVID. The initiatives include a comprehensive marketing and outreach effort and changes to policies and procedures that staff believes will create efficiencies within the program. These initiatives are expected to be implemented by staff during FY 2022. The following is a summary of each goal.

Goal 1. Increase the Number of Vanpools to Pre-COVID Levels

Prior to the COVID-19 pandemic, a total of 1,251 vanpools were enrolled in the Metro Vanpool Program. As of March 2021, only 649 vanpools remain, almost a 50% reduction. Additionally, due to social distancing guidelines, the occupancy levels and required days of service per month have been lowered to allow those vans to remain in the program.

Staff is developing strategies to recover these vans, initiate new vanpools, and target new audiences. Among these strategies is increased marketing of the Metro Rewards program. This is an existing program available to commuters who use non-drive-alone modes consistently, including vanpooling. Commuters have the opportunity to win gift cards as they record their daily commuting trips at ridematch.info, a website sponsored by Metro's Shared Mobility. Another incentive recommended is increasing the maximum monthly subsidy amount from \$500 to \$600, which is further described below. The implementation of these strategies will incentivize new and existing commuters to enroll in the Metro Vanpool Program.

Goal 2. Develop a Strategic Marketing Plan to Increase Awareness of the Metro Vanpool Program

The pandemic has caused a shift in commute patterns and schedules. To increase visibility of the program and reach broader, more targeted audiences, staff has prepared marketing materials and

strategies to re-engage marketing efforts with existing partners and extend efforts to align with these new commute patterns. In addition, the newly implemented online vanpool software and mobile application provide easier access and make the program more appealing.

Staff is continuing to implement a safety campaign to emphasize the importance of safety during COVID and to inform participants of safe travel practices. The safety and COVID risk of vanpooling has been widely discussed in the last year which has led to social distancing requirements. Metro has supported these changes and has worked with vehicle suppliers, participants, and employers to make necessary accommodations, including splitting vanpools into several vehicles. In addition to continuing to follow CDC guidelines, staff is recommending the ongoing distribution of safety kits for participating vanpools that will also include "safe travel" car decals.

Staff is also redeveloping the Metro Vanpool Program webpage, creating new policy documents, and developing user guides for participants. Additional outreach efforts to be implemented include assistance with vanpool formations, increased coordination with employers, and utilization of existing regional marketing opportunities.

Goal 3. Update Policies and Procedures to Create More Program Efficiencies

In July 2020, the Metro Vanpool Program launched a new software system and subsequent mobile application to improve overall operations and management of the program. The new system enables online monthly reporting and self-service options and increases accuracy and performance.

As part of this continued effort to streamline processes and increase efficiencies, staff has developed a set of tools and resources for participants, vehicle suppliers, employers, and internal staff. Staff has also revised existing policy documents to reflect the new software system, created a more efficient enrollment process, and increased coordination with the vehicle suppliers. Additionally, staff is developing new program metrics and proposing to revise vehicle year requirements.

Updated Financial Incentives

Eligible vanpools enrolled in the Metro Vanpool Program must agree to and comply with participation and reporting rules to receive fare subsidies amounting to a maximum of 50% of the vanpool vehicle lease costs or up to \$500 per month. Due to the ongoing COVID-19 pandemic and subsequent 50% reduction in vanpools, staff is proposing financial incentives to promote the program and grow ridership. This is especially important since the program collects data from participants and submits it annually to the NTD, which results in a financial reimbursement back to Metro. Consistently, Metro has received \$20 million annually in federal funds that are then utilized by Metro Operations. In order to continue receiving a similar level of subsidies in the future, the program must strive to return to pre-COVID levels.

Staff recommends an increase in the maximum subsidy amount from \$500 to \$600 as changes in commute patterns have caused a modal shift. The proposed subsidy increase will incentivize vanpooling as an option for commute trips, reduce SOVs, and lead to a reduction in VMTs. The subsidy was last increased in July 2018 when the maximum amount changed from \$400 to \$500. In addition to increasing the monthly subsidy, another financial incentive being recommended would provide a \$200 bonus to a vanpool's first month's subsidy as a promotional offer. The offer would incentivize both new vanpools and returning riders.

Lastly, staff recommends an increased subsidy amount of \$700 be offered to vanpools with an occupancy level of 70% or above. Increasing occupancy is important for the program as this results in increased vanpool passenger miles, one of the data points submitted to NTD that could affect reimbursements. However, higher occupancy levels would only be encouraged if permitted by COVID social distancing guidelines.

As shown in the table below, the cost of the financial incentives proposed are within the FY 2022 budget of \$6,283,000, which includes an anticipated annual growth of 200 vans in FY 2022.

FY 2022 Subsidy Initiatives	1. Increase Subsidy Amount to \$600	2. Include First Month Bonus of \$200	3. Include Increased Subsidy for Higher Occupancy Vehicles
FY 2022 Estimated Expenditures	\$4,000,000	\$4,000,000	\$4,000,000
Estimated Annual Growth (200 New Vanpools)	\$1,440,000	\$1,440,000	\$1,440,000
Estimated Cost of Increased Subsidy Amount	\$523,880	\$523,880	\$523,880
Estimated Cost of \$200 Bonus for 200 Vanpools	--	\$40,000	\$40,000
Estimated Cost of Increasing Subsidy for 70% Occupancy	--	--	\$89,800
Total Annual Expenditures with Adjustment(s)	\$5,963,880	\$6,003,880	\$6,093,680

Updated Vehicle Criteria Guidelines

The Metro Vanpool Program currently requires that all vehicles shall not exceed four years in age or 200,000 miles. Staff proposes amending this requirement for electric vehicles. Due to technological advancements, some types of electric vehicles are equipped to receive over-the-air updates to improve the safety and enhance the efficiency of the vehicles. Additionally, the mechanical composition of electric vehicles requires less maintenance. Therefore, staff recommends the vehicle year requirement for electric vehicles be extended to ten years in age or 200,000 miles. This change will apply to all three vehicle suppliers and will be implemented at the discretion of Metro Vanpool staff.

DETERMINATION OF SAFETY IMPACT

The Board’s action will have no negative impact on the safety of Metro’s patrons or employees. In

addition, the Metro Vanpool Program has demonstrated effectiveness in reducing the number of cars on the road during the peak commute period which contributes to public safety.

FINANCIAL IMPACT

The approved budget for FY 2022 for the Metro Vanpool Program assumed an anticipated level of growth for the program post-COVID, which would result in increased spending when compared to FY 2021. The increased anticipated spending will account for additional vanpools in the program, a higher subsidy per vanpool, a bonus for new vanpools and higher subsidies for vanpools with higher occupancy levels. Funding for this program is included in Project 405547, Task 02.07, Cost Center 4540 (Regional Rideshare/Shared Mobility). As this is a multi-year project, the Cost Center Manager and Chief Planning Officer will be accountable for budgeting the cost in future years.

Impact to Budget

The funding source for this action is Proposition C 25% Streets & Highway and is not eligible for bus and rail operating and capital expenditures. In addition, FTA Sections 5307 and 5339 grant funds generated by the Metro Vanpool Program are estimated to increase funds available for bus and rail capital expenditures by approximately \$20 million annually.

EQUITY PLATFORM

Metro Vanpool provides a public service to commuters and is committed to the ongoing implementation of a program that is equitable in all aspects, including being ADA compliant and one that stands against discrimination. The program has been in continuous operation since 2007 and is anticipated to continue to yield benefits for marginalized groups and Equity Focused Communities (EFCs), with no equity concerns in the program or contract process at this time.

Staff utilized the Rapid Equity Assessment Tool to evaluate the recommendations proposed. The program provides a non-drive alone mode option to all commuters living in Los Angeles County, including those in EFCs, and is open to all groups. A positive impact for marginalized and vulnerable groups includes increased access to a non-drive alone mode that reduces traffic and improves air quality in the communities where they live. The program is available to all commuters at a cost that is comparable or less to that of driving alone. Metro provides a subsidy to individual vanpools through vehicle supplier companies to offset the cost of the lease. The subsidy decreases the overall cost and increases the program's affordability. Metro complies with ADA regulations and requires vehicle suppliers to provide vehicles that can accommodate participants with different physical abilities.

If approved by the Board, the recommendations will lower the cost of the program further by implementing post-COVID initiatives and allow the program to continue through September 2022. There are no known groups that will be burdened or known unintended negative consequences that will result from the approval of the recommendations.

In an effort to expand the benefit of the program to marginalized and EFCs, Metro Vanpool is committed to prioritizing outreach and reducing barriers these communities may face (e.g., limited English proficiency, digital access disparities, reaching people with disabilities, etc.). Staff will

research and identify opportunities and assess the feasibility of implementing these strategies. In addition, information collected will include demographic data of participants not currently available. Travel information will also be collected including origin and destination locations related to EFCs, which is also currently not available.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following strategic plan goals:

1. Provide high-quality mobility options that enable people to spend less time traveling;
2. Deliver outstanding trip experiences for all users of the transportation system; and
3. Enhance communities and lives through mobility and access to opportunity.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the recommendation. Staff does not recommend this because doing so would not support the implementation of post-COVID initiatives and would lead to greater negative impacts to the Metro Vanpool Program. Existing vanpools rely on receiving subsidies from the program to offset the cost and would likely cease operation if the program ended as a result of not executing the contract modification. Decreased reporting to the NTD and less federal funds reimbursed to Metro would result from this decision. Metro Vanpool is an important program in Los Angeles County. Vanpooling reduces congestion by decreasing the number of SOVs commuting to worksites during peak hours. Vanpools also allow employers to meet the South Coast Air Quality Management District's Rule 2202 Average Vehicle ridership targets and reduce greenhouse gas emissions.

NEXT STEPS

Upon Board approval, staff will execute the recommended financial incentives and updates to vehicle criteria guidelines in support of post-COVID initiatives. Staff will also execute Contract Modification No. 3 for Option Year 2 of the Vanpool Vehicle Supplier Bench Contract Nos. PS10754400051491 for Airport Van Rental, PS10754300051491 for Green Commuter, and PS10754500051491 for Enterprise Rideshare (a division of Enterprise Holdings).

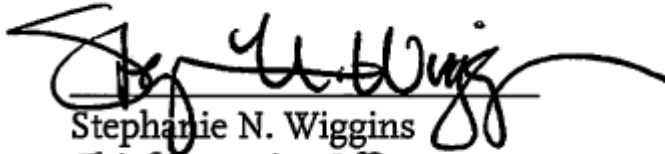
ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

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