



Board Report

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OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JUNE 20, 2024

SUBJECT: MICROTRANSIT PILOT PROJECT UPDATE REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on the MicroTransit Pilot (MTP) Project in response to Board Motion 42 Microtransit Pilot Project.

ISSUE

In September 2023, the Board authorized operational changes as soon as possible to improve performance in low-performing zones, and increase marketing efforts to bolster community awareness of the program - all of which have resulted in an increase in ridership and a reduction in the cost per revenue hour. This update includes the effectiveness of the fare increase, public outreach, program optimization, performance enhancements, cost reductions, and solicitation status.

BACKGROUND

In 2017, the MTP Program was designed as a three-year project to test the delivery of a new on-demand ridesharing service model for public transit throughout Los Angeles County. This program aimed to provide complimentary service to Metro's fixed-route bus and rail network. Metro is now fine-tuning the operating model to achieve financial sustainability so that the MTP can be considered for permanent service.

In January 2024, MTP staff addressed the September 2023 Board Motion 42 Microtransit Pilot Project (see Attachment A) - Part B by Directors Najarian, Butts, Dutra, Hahn, Barger, and Horvath:

- Before raising the fare to \$2.50, report back on the feasibility of incorporating Micro Transit services into the existing discount programs, including, but not limited to, Low Income Fare is Easy (LIFE), GoPass, Senior, etc.
- Report back on the feasibility of establishing a \$1.75 rate for riders connecting to other fixed-route Metro services.

DISCUSSION

Since October 2023, MTP has continuously improved by implementing various internal operational changes to enhance operator availability and reduce overtime costs. This includes improving vehicle availability and utilizing new enhanced software features to monitor and coach operator performance in real-time. As a result, MTP has experienced an increase in ridership, higher Passenger per Vehicle Hour (PVH), and an overall cost reduction.

Promoting UCLA/Westwood/Veterans Affairs Medical Center (VAMC):

MTP tested a low or no-cost approach to improving service in the UCLA/Westwood/Veterans Affairs Medical Center zone, which experiences low ridership. In November 2023, MTP worked with Veterans Affairs (VA) administrators to analyze and establish nine additional pickup/drop-off locations around the VA campus to improve accessibility. MTP also provided VA administrators with Microtransit stop signs to be posted at new locations and promoted Microtransit service in West LA VA Medical Center flyers (see Attachment B).

To further increase the program's community outreach efforts, MTP participated in two on-site promotional events at the Veterans Affairs Stand Down Pop-up and UCLA's Sustainable Transportation Fair in October 2023.

There was a minor increase in the PVH, however, other service zones also increased. Therefore, the results of the service promotion directly were not directly related to the increase in ridership for the UCLA/Westwood/Veterans Affairs Medical Center zone.

Fare Change Impact:

As a result of the January Board Meeting, the fare change from \$1.00 to \$2.50 was implemented on March 24, 2024, with discounted fares (e.g. LIFE, GoPass, Reduced Fare) being incorporated through TAP. The first thirty (30) days after the fare change, the overall fare per boarding increased by 120%, from \$0.53 to \$1.53. The TAP Average fare increased by 91%, from \$0.89 to \$1.70 compared to a 152% increase in average credit card fares, from \$0.91 to \$2.29 in average credit card fares, since TAP fares include the discount programs that were incorporated into the fare change. Watts-Compton and El Monte are two zones with the highest usage of TAP program discounts. Additionally, UCLA experienced the highest change in revenue for both TAP and credit card payments partly due to quarterly revenue reimbursements on TAP-UPass and EPass programs not being included in these figures, resulting in UCLA showing the lowest TAP revenue per boarding (See Attachment C - Table 1 - Average Fare Changes by Zone).

Fine-tuning Service Levels and Workforce Schedules:

On January 7, 2024, a new schedule was implemented to adjust and reallocate service within zones. This allows operators to work in different zones during their weekly schedule with standby shifts in place to cover unplanned absences that impact customers. The new schedule also provided more flexibility and efficiency to MTP when deploying Microtransit Operators. Not only did this change

improve operational cost efficiencies, it also contributed to a 22% ridership increase between Q3 FY23 and Q2 FY24.

Cost Efficiency:

Given the temporary nature of the MTP Project, revenue hour costs include traditional capital costs, such as vehicle and operating leases. With the recent Contract Modification No. 11 extension in October 2023 and internal operations improvements described above, the cost per revenue hour for Q2 FY24 is \$101.80 versus the \$142.67 reported in Q3 FY23. This includes \$51.90 of contract cost and \$49.90 of Metro direct operations cost, as shown in Chart 1 (Metro and Contractor Cost per Revenue Hour). Overall, this reflects a 30% reduction in costs compared to Q3 FY23 due to cost reductions in Contract Modification No. 11 as well as reductions to unplanned absences and overtime usage.

While costs per hour decreased, ridership increased by 22% compared to Q3 FY23. As a result, the cost per trip decreased by 39%, from \$47.74 in Q3 FY23 to \$29.06 per trip in Q2 FY24, as shown in Chart 2 (Quarterly Ridership).

Costs per trip in the LAX/Inglewood, UCLA/Westwood/VAMC, North Hollywood/Burbank, and El Monte zones were above the system average of \$29.10, while Altadena/Pasadena/Sierra Madre, Watts/Compton, Northwest SFV, and Highland Park/Eagle Rock/Glendale were below, as shown in Chart 3 (Cost per trip by zone).

Chart 1: Metro and Contractor Cost per Revenue Hour
Cost reduction of 30% from \$143 to \$102 between Q3 FY23 and Q2 FY24.

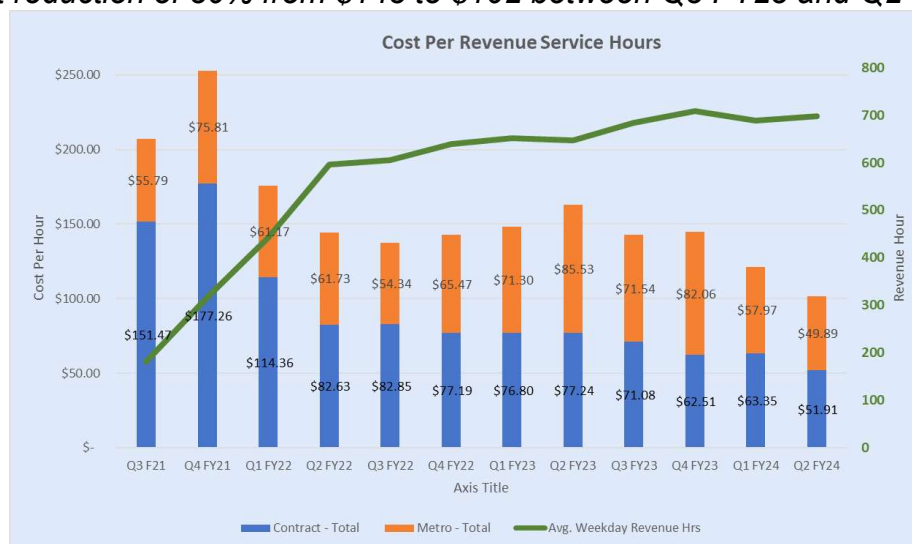


Chart 2: Quarterly Ridership
Ridership increased by 22% between Q3 FY23 and Q2 FY24.

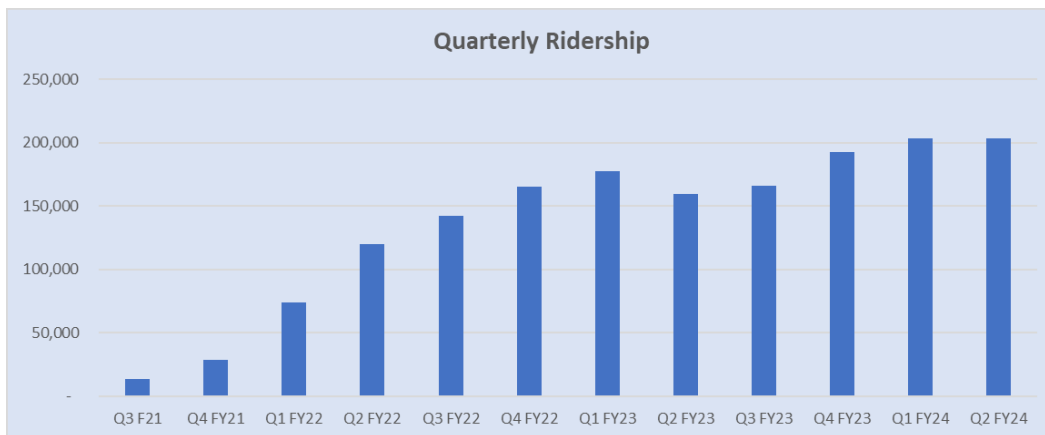


Chart 3: Cost per Trip by Zone

Dash lines are above system average and solid lines are below system average.



Productivity

As of February 2024, passengers per vehicle hour (PVH) are 20% higher than in January 2023. Though PVH has increased to 3.55, it is lower than the record high of 3.67 set in September 2023. (Note that August and September are traditionally the highest ridership months of the year due to increased travel patterns during the start of the school season.)

All zones have a higher PVH than in January 2023, with Watts, LAX, SFV, and UCLA increasing by more than 25%.

- Record-setting PVH in LAX, SFV, and UCLA
- PVH trending slightly lower in February, possibly due to severe rainstorm weather

	Jan. 2023	Dec. 2023	Jan. 2024	% Growth Since 2023		Feb. 2024
LAMTA 1 - Watts-Compton	2.76	3.41	3.56	29%		3.35
LAMTA 2 - LAX-Inglewood	2.50	2.84	3.14	25%	Record	3.08
LAMTA 4 - El Monte	2.78	3.05	3.07	11%		3.01
LAMTA 5 - NoHo-Burbank	2.51	2.67	2.87	14%		2.97
LAMTA 6 - HP-Eagle Rk-Glendale	3.07	3.20	3.35	9%		3.37
LAMTA 7 - Pasadena-Alhambra-SM	3.31	3.60	3.89	17%		3.86
LAMTA 8 - San Fernando Vly	3.36	4.55	5.01	49%	Record	4.72
LAMTA 9 - UCLA-Westwood-VA	2.64	2.68	3.48	32%		3.88
All Zones	2.95	3.31	3.55	20%		3.51

Note: SFV weekday PVH set a single-day record of 5.81 in January and 6.66 in February.

Zone Comparison Analysis:

North Hollywood, El Monte, and LAX have consistently shown lower productivity and average ridership compared to other zones throughout the project duration. These three zones are being considered for service design changes aimed at improving productivity and with equity in mind. The MTP team will collaborate with Service Development to ensure that any changes maintain the integrity of the Metro NextGen bus system. While UCLA had previously underperformed, recent increases in productivity have brought it above the system average and achieving the highest revenue increase since the fare change in March 2024. Therefore, staff currently do not recommend eliminating this zone until Metro transitions to the new Metro Micro operating model, which is expected to result in lower overall costs per hour and additional analysis conducted.

2024 Ridership and Passenger Per Vehicle Hour Comparison

Program Name	Avg. Weekday Passengers	Avg. Weekday Hours	Weekday PVH
LAMTA 1 - Watts-Compton	456	133	3.44
LAMTA 2 - LAX-Inglewood	144	47	3.09
LAMTA 4 - El Monte	161	52	3.08
LAMTA 5 - NoHo-Burbank	153	52	2.95
LAMTA 6 - HP-Eagle Rk-Glendale	520	154	3.38
LAMTA 7 - Pasadena-Alhambra-SM	540	137	3.94
LAMTA 8 - San Fernando Vly	213	45	4.79
LAMTA 9 - UCLA-Westwood-VA	118	33	3.58
Metro Micro Average	288	82	3.54

Status of the MTP New Solicitation Package

In December 2023, Metro negotiated a Side Letter of Agreement with SMART-TD to allow for contracted operations of the MTP service. As such, Metro is considering the most optimal service delivery model to further reduce cost per hour and trip while improving the availability and reliability of service for customers who need Metro Micro (renamed for new service) service the most. The Request for Proposal (RFP) OP122943 for Metro Micro Contract Services was issued on April 23,

2024. The RFP No. OP124278 for Metro Micro Software/Technology Services was issued on May 30, 2024. These RFPs incorporate all lessons learned from MTP to further reduce overall program costs.

EQUITY PLATFORM

MTP's daily operations and software improvements aim to increase overall ridership while ensuring efficiency and optimization efforts do not negatively impact EFCs or accessibility to overall service. For example, MTP's strategy to deploy operators during unplanned absences in all zones also helps reduce service cancellations in EFCs.

MTP operates in eight zones across LA County. While all MTP zones contain EFCs, there is a range of EFC coverage between zones. MTP's ridership increased by a total of 22 percent when comparing January 2024 to January 2023, and the highly concentrated EFC zones (Table 2; Column B) also share a positive distribution of ridership growth (Table 2; Column C). The top three ridership growth zones are Northwest San Fernando Valley, LAX/Inglewood, and Watts/Compton. This is a direct result of MTP's effort to manage unplanned absences to increase service for customers. In the future, MTP will continue monitoring lessons learned to further optimize service in EFCs.

Table 2

Zone	Column A % of Land Area in EFC	Column B % of Population in EFC	Column C % of Ridership change between January 2023 and January 2024
Watts/Compton	68.00%	69.80%	32%
LAX/Inglewood	33.20%	40.30%	49%
El Monte	50.60%	73.30%	8%
North Hollywood / Burbank	19.20%	29.50%	7%
Highland Park / Eagle Rock / Glendale	19.30%	31.70%	19%
Altadena / Pasadena / Sierra Madre	9.90%	23.70%	13%
Northwest San Fernando Valley	3.90%	7.2%	55%
UCLA / Westwood / VA Medical Center	5.50%	10.60%	6%
MTP System (Total)	26.2%	30.8%	22%

Between March 21, 2023 - April 28, 2023, the agency conducted a survey in English and Spanish through three methods: (1) an online survey; (2) an on-board survey conducted by outreach personnel; and (3) a telephone survey of people booking through the Metro Call Center. A total of 2,875 Microtransit customers completed surveys. Of the 2,875 surveys, 2,733 (95%) of the surveys

were completed in English, and 142 (5%) were completed in Spanish. Initial findings show:

- More than half of respondents identified as female (53%), 40% identified as male, 3% as non-binary, and 0.3% as other genders.
- Compared to Metro customers overall, fewer Metro Micro users identified as Asian/Native Hawaiian/Pacific Islander (18% versus 7%) and White/Caucasian (28% versus 12%), and more users identified as Black/African American (10% versus 14%) or Hispanic/Latinx (40% versus 58%).
- Compared to Metro Micro users, fewer residents living in MTP zones identified as Asian/Native Hawaiian/Pacific Islander (7% versus 15%), White/Caucasian (12% versus 27%), and more residents in MTP zones identified as Black/African American (14% versus 9%) or Hispanic/Latinx (58% versus 46%).

IMPLEMENTATION OF STRATEGIC PLAN GOALS

MTP supports strategic plan goals #1.2 and 2.3: Metro Micro is an investment in a world-class transportation system that is reliable, convenient, and attractive to more customers for more trips. Metro Micro continues to improve customer satisfaction at customer touchpoints by offering an accessible, flexible service that better adapts to customer demand and needs.

NEXT STEPS

Metro staff will return to seek Board approval for the contract awards of operations contracted services in October and the software technology contract in November 2024. The transition from the current contractor to the newly awarded contractor(s) will begin as soon as November 2024 to ensure a seamless transition for Metro Micro customers effective April 1, 2025.

ATTACHMENTS

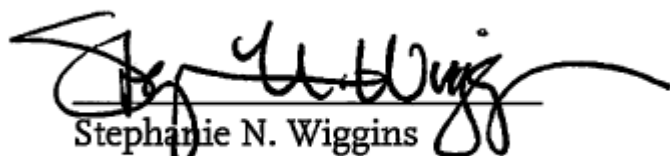
Attachment A - Board Motion 42

Attachment B - West LA VA Medical Center Flyer

Attachment C - Table 1 - Average Fare Changes by Zone

Prepared by: Dan Nguyen, Executive Officer, (213) 418-3233

Reviewed by: Conan Cheung, Chief Operations Officer, (213) 418-3034



Stephanie N. Wiggins
Chief Executive Officer