



Board Report

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Agenda Number: 12.

**REVISED**

**PLANNING & PROGRAMMING COMMITTEE**

**JANUARY 15, 2020**

**EXECUTIVE MANAGEMENT COMMITTEE**

**JANUARY 16, 2020**

**SUBJECT: MOBILITY ON DEMAND PILOT PROJECT**

**ACTION: EXECUTE CONTRACT OPTION**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute a Modification to Contract No. PS121778000 to exercise a six-month extension to the existing contract with NoMad Transit LLC, to continue to operate the Mobility on Demand (“MOD”) pilot project with enhanced service design for additional research at an increase in contract value not to exceed ~~\$1,530,332~~ \$2,180,332, increasing the contract value from \$2,506,410 to ~~\$4,036,742~~ \$4,686,742, and, at the discretion of the Chief Executive Officer, add an additional six months of service for a not to exceed amount of ~~\$2,097,293~~ \$2,747,293, increasing the contract from ~~\$4,036,742~~ \$4,686,742 to up to ~~\$6,134,035~~ \$7,434,035, with no further options to extend.

**ISSUE**

In 2018, Metro partnered with NoMad Transit LLC to provide a pilot on-demand, shared-ride service that launched on January 28, 2019 with a duration of one year, and an option to extend for a second year. This pilot is providing research insights to inform MicroTransit, expanding the availability of ride-hailing services to users who would not otherwise have access, promoting sustainability and congestion reduction through shared rides, and growing the reach of Metro fixed-route services. The Board has received quarterly reports regarding the service operations over the 2019 calendar year.

In October 2018, the Board authorized the execution of a 12-month contract in an amount not-to-

exceed \$2,506,410, with the option to renew for an additional year at a baseline amount of \$2,506,410, to be negotiated based on the initial 12-month pilot period for a total amount of \$5,012,820.

Year one of the contract will close having spent \$1,939,448 of the \$2,506,410 contract authority, leaving a balance of \$566,962. Staff recommends (a) applying the first-year remaining balance of \$566,962 to the first six months of the second contract year, (b) executing a six-month extension in an amount not to exceed ~~\$1,530,332~~ \$2,180,332 (c) delegating authority to the Chief Executive Officer to execute a subsequent six-month extension in an amount not to exceed ~~\$2,097,293~~ \$2,747,293 for a total not to exceed amount of ~~\$3,627,625~~ \$4,927,625. Staff has applied for grant funding which may become available early in 2020 that could be applied to the contract or to the MicroTransit program.

## **BACKGROUND**

As reported to the Board in the Third Quarter Report (Attachment A), ridership and efficiency of the service have been steadily increasing and the service now provides nearly 2500 rides per week at a rate of approximately 2.6 rides per driver hour.

Grantee partners in the Seattle area are serving over 7000 rides per week at a rate of over 5 rides per driver hour. The higher ridership and efficiency numbers are attributed to longer operating hours that include evenings and weekends, more robust outreach, and shorter trip lengths. The second year of the Los Angeles pilot aims to test if longer operating hours and additional outreach efforts can increase adoption and efficiency in line with what is being seen in Seattle.

### **Subsidy**

The pilot has created an excellent service that extends the reach of Metro fixed route transit. Such a service is not expected to be price competitive with Metro's most efficient bus and rail offerings but can offer a tool to maintain and increase ridership as competitors come into the marketplace. Bearing that in mind, staff has calculated an average trip subsidy and attempted to compare it with other modes.

At the close of Q3, MOD ride subsidies were averaging about \$13 per ride, and 2.5 miles in length. By comparison, an infrequent bus route can cost up to \$21 per ride and only provide service nearly once an hour. Access Services trips have a subsidy of \$39 per ride, regardless of length. They also require booking a day in advance and pick up times are subject to negotiation depending on vehicle availability. Access Services trips average ten miles in length (much longer than MOD trips), but Access Services pays the same price for rides of any distance, and 35% of the trips are less than five miles. MOD ride subsidies and customer service are therefore an improvement over Access Services rides. Metro also subsidizes park and ride parking and Metro Bike Share at rates comparable to MOD.

Mode	Avg. trip length	Max wait time	On-demand?	Subsidy per ride	Convenience
<b>Mobility on Demand</b>	<b>2.5 miles</b>	<b>20 min</b>	<b>Yes</b>	<b>\$13</b>	<b>High</b>
Access Services*	10 miles	N/A	24 hrs in advance	\$39	Medium
Infrequent bus**	2.36 miles	60 min	No	\$21	Low
Park & Ride	N/A	0 min	Yes	\$12***	High
Bike Share	1 mile	0 min	Yes	\$8	Medium

\*Shorter trips have the same subsidy as Access Services pays its vendors per trip

\*\*Metro Bus 607 (with current lowest route performing index of Metro Bus lines)

\*\*\*In addition, park and ride lots are a barrier to transit oriented development and pedestrian access

Research Findings

Survey data suggests that the average first last mile travel time has been cut in half for Metro riders on NoMad compared to their previous mode. Fifty percent of NoMad rides are less than nine minutes in length and 95% are less than 22 minutes. Data also suggests that around 9% of users were new to transit altogether, 46% of trips were a first last mile trip shifted from private vehicles or private ride hailing, 33% of trips from buses, and 14% from walking or rolling. Additional research findings are included in Attachment B.

Requests for wheelchair accessible vehicles continue to account for about 1% of total rides. By comparison, 0.5% of Metro Bus trips are made by people in wheelchairs. NoMad call center trips continue to account for about 1% of the total trips booked, while 48% of Metro Bus riders and 27% of Metro Rail riders do not have smart phones.

Initial research findings have been collected through surveys administered by the independent evaluator, though results are not statistically significant. Preliminary data suggest that the median income of the users is around \$50,000 and the racial makeup is 35% white, 30% Latinx, 23% Asian, 6% Black, 1% American Indian, and 6% Other. The survey respondents were 52% male, 45% female and 3% non-binary. Additional research will be analyzed and used to determine if the second six months of the contract will be executed.

**DISCUSSION**

Due to the success of the first year of the pilot, and the potential for additional critical research findings and increased adoption in a second year, staff is recommending an additional six-months to a year of the pilot with updates to the service design to optimize customer experience and increase adoption by target riders. Service in the second year would include the following modifications:

- In order to comply with Assembly Bill 5 (AB5), Independent Driver Partners will now be employees, receive compensation for the mileage they travel in their personal cars, and may elect to receive health care or a benefits stipend.
- Marketing services will be enhanced to strengthen grassroots awareness and increase adoption by riders who are low income, do not have smart phones, or have disabilities.
- Service days and hours will be extended to include evenings and weekends (currently service is only operational from 6AM to 8PM on weekdays). Exact hours will be determined based on utilization, customer feedback and budget considerations.
- ~~In order to accommodate the increased costs associated with the employee model and extended service hours, g~~ Geographic coverage will continue in North Hollywood, ~~be focused on the El Monte and Compton service areas, as shown on maps included in Attachment C.~~
- Service design will remain subject to change per mutual agreement based on iterative operational feedback.

Provided that the contractor will be converting their independent contractor driver partners to operator employees in the new year to be compliant with AB5 the increased price of a driver hour has been included in the modification total.

Outreach and marketing for the upcoming year will be more robust and community focused in order to increase adoption by target populations. Outreach will include opportunities for engagement and feedback to help Metro understand the needs of these communities from a new mobility standpoint.

### **DETERMINATION OF SAFETY IMPACT**

The MOD pilot project will not have any adverse safety impacts on Metro employees or patrons. It may have a positive safety benefit by reducing personal driving trips and increasing trips made with professional drivers.

### **FINANCIAL IMPACT**

There will be no financial impact to the FY2020 budget as the additional funds would not be needed until FY2021. The funds required for FY2021 would be budgeted through the FY2021 budget process. Staff has applied for additional grant funding for the second year of service.

#### **Impact to Budget**

The current year funding for this action will come from General Fund revenues and Grant revenues. These funds are eligible for Bus and Rail Operating projects. No other funds were considered

because these funds are programed for this use.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Staff's recommendation supports the following goals form Metro's Strategic Plan:

*Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.*

The project increases access to Metro fixed route services with a platform that provides excellent customer experience and shortens travel times for riders who must transfer.

*Goal 2: Deliver outstanding trip experiences for all users of the transportation system.*

The project provides seamless journeys and expands access to on-demand transportation to riders who use wheelchairs, do not have smart phones, or do not have the financial means to use private services.

### **Equity Platform Framework**

The project is addressing inequity in new mobility options by providing access to people who would not otherwise be able to use on-demand rideshare platforms like Uber and Lyft. The project allows people without smartphones or bank account, and people who use wheelchairs to experience the benefits of on-demand mobility and seamless access to Metro fixed route offerings. MOD is offered in low income areas to encourage use by low income riders and will be marketed in this way as well.

## **ALTERNATIVES CONSIDERED**

The Board may decide not to authorize the CEO to exercise the contract options with NoMad Transit. This alternative is not recommended as it does not allow Metro to explore additional research inquiries or continue to provide high quality trip experiences as identified in Metro Vision 2028.

## **NEXT STEPS**

Upon Board approval, Metro staff will execute the Modification to Contract No. PS121778000 to extend the contract with NoMad Transit LLC for the MOD pilot, as originally contemplated in the October 2018 Board Report. Service would continue for an additional six months. During those six months, the Chief Executive Officer will determine if the service should continue for an additional six months, terminating no later than the end of January 2021. There are no additional contract options to extend after this date. Updates on the pilot operations will continue to be provided to the Board.

**ATTACHMENTS**

Attachment A - Third Quarter Report

Attachment B - Preliminary Research Findings

Attachment C - Service Areas Map

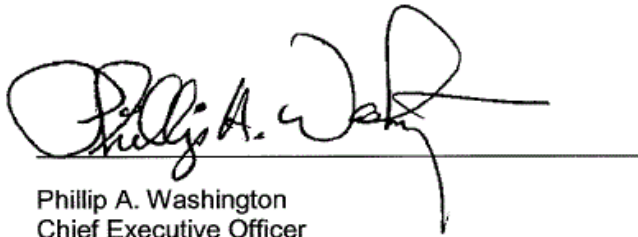
Attachment D - Procurement Summary

Attachment E - Contract Modification Log

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