APRIL 20, 2017

TO: BOARD OF DIRECTORS
THROUGH: PHILLIP A. WASHINGTON
CHIEF EXECUTIVE OFFICER
FROM: JOSHUA L. SCHANK
CHIEF INNOVATION OFFICER
SUBJECT: UNSOLICITED PROPOSAL TESTING MICROTRANSIT TECHNOLOGY

ISSUE

Metro received and reviewed an Unsolicited Proposal (UP) that is now the basis of a Request for Proposal to design, implement, and test a new model of on-demand, dynamically routed van-based public transportation called MicroTransit. Based on a UP from Via, this new first last mile solution would function like a continuous vanpool in a given service area and could offer current and future Metro riders faster trip times, fewer transfers, and point-to-point service to and from Metro's fixed-route transit system.

BACKGROUND

Ride-sharing, on-demand transportation, and other forms of “new mobility” are rapidly changing the transportation world by expanding the types of travel options available to riders. On-demand services such as Chariot in San Francisco, Via in New York, Chicago, and Washington DC, Bridj in Boston or newer offerings from Catchr and Lyft, are thriving and expanding.

These private services present both a challenge and an opportunity for public transit providers. The challenge is that they can offer services that are superior to what we offer in certain areas. The opportunity is that through partnerships with these providers, we can potentially improve our own service and attract more transit riders.

OEI aims to test the idea that Metro can improve the user experience of existing Metro riders, while also boosting ridership, by directly leveraging this new technology as a transportation solution.
DISCUSSION

The Office of Extraordinary Innovation (OEI), in coordination with numerous other departments and agency leadership, is developing a pilot project to partner with a private firm to design and test how leveraging this new on-demand technology might bring value to the transit riders and taxpayers of Los Angeles County.

The goal is to deploy a service which extends the reach of Metro's current operations by offering demand-responsive service, operated by our contract employees and using our vehicles, that tightly integrates with Metro's existing systems and service. If successful, the service provided in this pilot will replace single-occupancy vehicle trips and increase transit ridership.

To ensure successful implementation of the project, the pilot will employ Metro contract labor to provide operations and maintenance services, resulting in new high-quality opportunities for our workforce.

The pilot will meet regional, state, and federal regulations including the needs of riders with limited mobility and access under the Americans with Disabilities Act, Title VI, and environmental justice standards.

To drive the best value in pilot design, staff recommends the use of a pre-development public-private partnership (P3) model to maximize pilot project feasibility, shared risk and reward with a private partner, and drive overall project performance. Compensation of the private technology provider would be awarded on a performance-basis, for achieving pre-defined service levels. The private partner would be responsible for helping to design the service area and providing the software and accompanying algorithm to make the project a success.

By developing, implementing, and testing an on-demand first last mile solution, Metro will gain cutting-edge insights into how these new tools and technology can drive greater use of our existing and future transit network.

NEXT STEPS

- OEI will develop cost estimates for a 1.5 to 2 year pilot project drawing upon the research and findings from transit agency and industry partners within the next 30 days
- OEI will convene a cross-departmental project team to design and draft the scope of work for the pre-development P3 within the next 45 days
- Metro will issue a Request for Proposal by June 30, 2017 for a pilot implementation plan to identify potential service areas, fares, and rider types most likely to utilize a new first last mile solution

Metro will keep the Board of Directors apprised of new developments/and or decisions concerning this project.

Attachment A: PowerPoint on MicroTransit Pilot
The Missing Middle for LA Metro?
“New Mobility” is Changing the Game
New on-demand, dynamically routed, data-driven service models could help to solve LA’s key transit challenges.

- **Ridership**: Boost ridership via increased trip taking and creation of new users.
- **Optimization**: Support optimization of existing bus system and drive traffic to rail network.
- **Core Network Support**: Prioritize service-hours for high-frequency core network & region-wide BRT.
- **Bus Performance**: Address ongoing performance issues in key challenge bus corridors.
- **Other Use Cases**: First and last mile, underserved areas, paratransit, mobility management.

Metropolitan Transportation Authority (Metro)
On-Demand Mobility Providers

- Chariot
- Via
- Bridj
- Catchr
- Lyft

Metro
Unsolicited Proposal: MicroTransit

Book a ride on your phone
Get picked up on a nearby corner
Share your ride with others
Save cash and reduce emissions

Where can I Via?

Chicago
New York
Washington DC
How Could it Work for Metro?

MicroTransit performs like an infinite, continuous vanpool in a given service area.

- On-demand transit service
- Dynamically created route based on real-time rider demand
- IT-enabled, optimized trips using data analytics
- Serves feeder trips to existing transit routes and replaces local SOV trips
MicroTransit addresses key challenges of traditional fixed-route bus service, with fewer drawbacks of SOVs.

- Faster trip times for passengers
- Greater passenger load in each vehicle
- "Virtual" bus stop reduces first/last mile gaps
- Improved overall user experience (reliability, security, etc.)
Pilot Hypothesis

LA Metro can **improve existing customer satisfaction & drive new customer acquisition** by providing a higher quality service that will **increase overall ridership** through promoting greater use by current riders & additional use by new riders.
Critical Project Design Elements

- **User Experience:** Design service to address identified barriers to higher transit utilization for both current and potential new riders, including those with limited access to technology, traditional banking systems, and with limited mobility.

- **Branding & Marketing:** Allocate dedicated budget with high-visibility, targeted promotional campaign to potential riders.

- **Operations:** Ensure service is robust enough to establish a “network effect” and enhance connectivity across multiple modes.

- **Management:** Metro-owned and Union-operated.

*Design for illustrative purposes only.*
Planned Project Scope and Schedule

**Method:** Utilize a performance-based PDA-Public-Private-Partnership solicitation to drive best value in pilot design

- Winning firm conducts a targeted scoping study/implementation plan, based on Metro parameters, to identify ideal project design, service area(s), fare, and rider types for the LA market
- Upon feasibility, winning firm negotiates a contract to co-implement the 1.5 to 2 year pilot, within a project budget

**Approach:** Supports risk and reward sharing through a competitive bid with right of first refusal

**Timeline:** RFP issued June 2017, operational launch in FY 2018 Q4