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Metro

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TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON PAW
CHIEF EXECUTIVE OFFICER

FROM: JOSHUA L. SCHANK JLS
CHIEF INNOVATION OFFICER

SUBJECT: MOBILITY ON DEMAND PILOT PROJECT

ISSUE

The Mobility on Demand (MOD) pilot project is a partnership with rideshare company NoMad Transit (also known as Via) and has completed eleven months of service and over 70,000 rides. Ridership on the service has grown steadily since inception and continues to increase. This on-demand, shared-ride pilot is expanding the availability of first/last mile ride-hailing services to low-income and disabled transit users who would not otherwise have access, promoting sustainability and congestion reduction through shared rides, and expanding the reach of Metro fixed-route services.

At the January Board meeting, Metro staff is recommending an extension of the service, with changes to the service design to allow for critical iterative research on first/last mile services for disadvantaged populations. The new service design proposal would extend service hours to include evenings and weekends (service is currently only operational during weekdays until 8 PM). Evening and weekend service has been identified as a critical factor in making partner service in Seattle highly successful. These extended service hours enable first time transit riders to test both the on-demand service and Metro fixed-route service when transit service runs less frequently. Our service partner Via and our colleagues at King County Metro both strongly recommend making this service change.

COSTS

In advance of the January Board meeting, Director Najarian has submitted a motion, attached, requesting a cost/benefit analysis of the service, including fully burdened staff time, and maintenance and depreciation cost for vehicles. As this is a contracted service, the MOD pilot requires minimal involvement by Metro staff. There is one staff person in the Office of Extraordinary Innovation assigned (50% of time) to oversee the NoMad contract. This staff person is also supported in a limited fashion by staff in

various departments including Vendor Contract Management, Communications, and County Counsel.

The costs of capital, maintenance, and depreciation associated with the vehicles are included in the contract with NoMad Transit, and do not require any additional investment by Metro. The contract included \$250,000 of startup costs, which are the only capital costs that were incurred for the project. There are no direct vehicle maintenance or depreciation costs to Metro. Below are the total costs for Year 1 of the program:

	Year 1	Grant Funded Portion	Cost to Metro
NoMad Contract	\$ 1,900,000.00	\$ 470,000.00	\$ 1,430,000
Metro Costs	\$ 130,000.00	\$ 130,000.00	\$ 0
Research Contractor	\$ 400,000.00	\$ 400,000.00	\$ 0
Total	\$ 2,430,000.00	\$ 1,000,000.00	\$ 1,430,000

To provide the fully loaded costs, staff is providing information from service for the month of October 2019, which is the most recent month of MOD service with no holiday service interruptions. The costs include vehicle operations and maintenance, call center operations, translation services, marketing, and overhead and administrative costs of the contractor.

In the table below, MOD standard service is provided in sedans or mid-sized cars. MOD wheelchair access vehicle (WAV) service is provided in Mercedes Metris vans that are retrofitted for rear loading wheelchair access and are leased by the drivers by the hour. Wheelchair patrons have priority for WAV vehicles and may be paired with other riders who do not use wheelchairs.

October 2019 Fully Loaded Costs

	Driver Hour	Utilization (rides per driver hour)	Ride
Standard Service	\$33	2.3	\$14
WAV Service	\$44	2.3	\$19

BENEFITS

Evaluating MOD through traditional fixed route transit performance analyses does not truly reflect the benefits of the service. This makes it difficult to compare MOD to other modes. Nevertheless, there are several benefits of the MOD service, both measurable and intangible.

Mode Shift

Survey results show that 46% of riders have switched from private vehicle first/last mile trips to MOD, and that 9% of riders were not using transit at all before the MOD pilot.

Travel Time Savings

Previous travel times reported by survey respondents compared to actual travel times for MOD rides reveal that first/last mile travel times have been reduced by approximately 50% for those using MOD.

Access Services Cost Savings

Access Services has been an integral partner in the project and their targeted marketing has increased the use of WAV rides in the MOD pilot significantly. While MOD WAV rides will cost between \$11.50 and \$23 to provide, these rides may otherwise have been made with an Access Services ride, which costs an average of \$39 per ride and must be requested a day in advance. Shifting Access Services rides to MOD rides reduces costs per ride significantly, and more importantly, allows Access customers to request their rides without an advance reservation. The demand responsive nature of MOD allows much more flexibility to Access customers than they have had in the past. This day-of, on-demand service has the potential to attract many more Access Services riders if the pilot continues to operate in the future.

Equity

MOD service has been operational in low income areas and priced as a free transfer to or from Metro services. Riders do not need a bank account or even a cell phone to access the service. In El Monte specifically, riders were likely to be low income (\$50K median income), likely to be non-white (87% non-white), but likely to have a car available for the trip (63% with car access). These results suggest that the program is serving low income riders who do have cars. Based on the results, it appears that MOD is shifting people out of their cars and providing a service that could reduce the burden of car ownership on low income and minority families.

Safety

On demand service can reduce waiting times when fixed route service runs less frequently, thus providing a safer and more comfortable customer experience. The existing MOD service operates until 8 PM on weekdays, providing a few hours of on-demand service after dark. The proposed new service would operate until 12 AM, adding four more hours of on-demand service after dark each day.

Service Quality and Customer Experience

MOD service is both on-demand and variable to accommodate scattered origins and destinations. The result is reduced walk time, reduced travel time, accommodation of additional geographies, and more predictable wait times. It is important to note that MOD was proposed to operate in two areas (El Monte and Compton) where Metro does not currently provide frequent fixed route bus service. Given the characteristics of these areas, it is unlikely that Metro could provide fixed route bus service to meet these same attributes.

Strategic Plan Fulfillment

The MOD service is very directly “providing high quality mobility options that enable people to spend less time traveling” (Goal 1) and “delivering outstanding trip experience for users of the transportation system” (Goal 2). It is also “Explor[ing] opportunities for expanding access to shared, demand-responsive transportation options for everyone” (Goal 1.3).

Research Benefits

The MOD service has offered insights into best practices for on-demand transportation and its integration with fixed route transit. It is testing new ground and has gathered important information through operational data and survey data. Many of the benefits listed above are possible to measure because of the MOD pilot and the associated surveys. An additional six months to a year of the service would allow enhanced learnings, especially in the context of AB 5, and can inform next steps and a future vision for Metro and other transit agencies in exploring on-demand services and partnerships for first/last mile services.

Rider Retention

In the context of falling transit ridership, MOD can bring transit service closer to more residents and offer greatly enhanced customer experience. These enhancements can attract new riders and keep existing riders who might otherwise be converted to private vehicles. There is therefore a clear benefit in providing MOD service and also a significant cost associated with *not* providing MOD service.

SECOND YEAR SERVICE PROPOSAL

The service design proposed for the second year of MOD includes extending hours of operations to evening and weekends, converting Via independent contractor drivers to employee drivers, and changes to the service geography.

Year one of the NoMad Transit contract expires on January 28, 2020. It can be extended with Board authorization until January 28, 2021, but no further. After that date, the service would need to be re-procured through a competitive procurement, preparation for which will need to start in the next few months.

Any changes to the service design will take two to three months from contract execution to implement. This means that any delay in executing a contract for service design changes will negatively impact the time period and quality of research that is collected as well as the ability for that research to inform any future competitive procurement for first/last mile services of this kind.

Evening and Weekend Service

Evening and weekend service are crucial service design elements that need to be tested in the Los Angeles market. Customer comments repeatedly requested evening and weekend service in the first year of the pilot. In addition, NoMad Transit (Via) has attracted 7000 rides per week in the Seattle area by providing this amenity. Evening and

weekends are an ideal time for on-demand options – when fixed route transit does not run as frequently, and on-demand transit can reach greater efficiencies while provide a better customer experience and increased sense of security through reduced wait times. The success of this pilot program is predicated on iteration of service design, and evening and weekends are a critical second iteration from the first year of service.

Employee Driver Model

The majority of private TNC operations are currently operating under an unsustainable business model, in part because they are not paying drivers benefits. The second year of service will be compliant with AB 5 and therefore provide drivers benefits including health care and mileage reimbursement. While this will increase the cost of the service, testing the effects of AB 5 on MOD is critical to determine how a contracted, demand-responsive service could be done successfully in the future. In addition, testing AB 5 during a pilot will provide critical learnings for future expansion while limiting Metro's exposure to the duration of the NoMad contract.

Service Geography

The service geography for the second year is currently designed to include El Monte and Compton. In an effort to keep costs down while testing weekend and evening service and complying with AB 5, staff is recommending discontinuing North Hollywood. The Compton service has not been tested with a fully operational A Line because the A Line was partially closed for the majority of the first year of service, and Compton ridership has increased significantly since the A Line reopened. El Monte has the highest ridership and highest efficiency levels reached and has few other first/last mile options. Despite high ridership numbers, North Hollywood has the highest income levels and lowest racial diversity of any of the service areas. It also has the greatest amount of overlap with existing Metro bus service.

The current cost proposal is \$4.2M for El Monte and Compton, including evening and weekend service. Adding North Hollywood is possible and would require an additional \$1.3M.