



Board Report

File #: 2019-0833, File Type: Contract

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

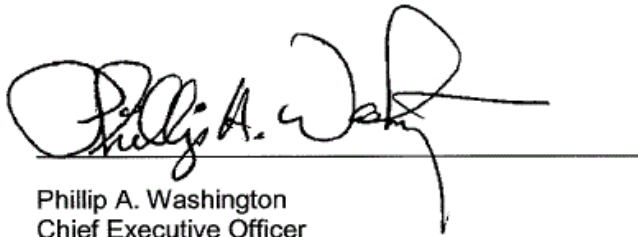
Attachment D - Procurement Summary

Attachment E - Contract Modification Log

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Phillip A. Washington  
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NOVEMBER 25, 2019

**TO: BOARD OF DIRECTORS**

**THROUGH: PHILLIP A. WASHINGTON** *PAW*  
**CHIEF EXECUTIVE OFFICER**

**FROM: JOSHUA L. SCHANK** *JLS*  
**CHIEF INNOVATION OFFICER**

**SUBJECT: MOBILITY ON DEMAND: THIRD QUARTER REPORT AND  
ASSEMBLY BILL 5 COMPLIANCE**

Metro's Mobility on Demand pilot has completed nine months of service and more than 45,000 rides. This on-demand, shared-ride pilot is delivered through a partnership with ride share company Via. It makes ride-hailing services available to users who would not otherwise have access, promotes sustainability and congestion reduction through shared rides, and expands the reach of Metro fixed-route services. Additional information about the service can be found in Attachment A.

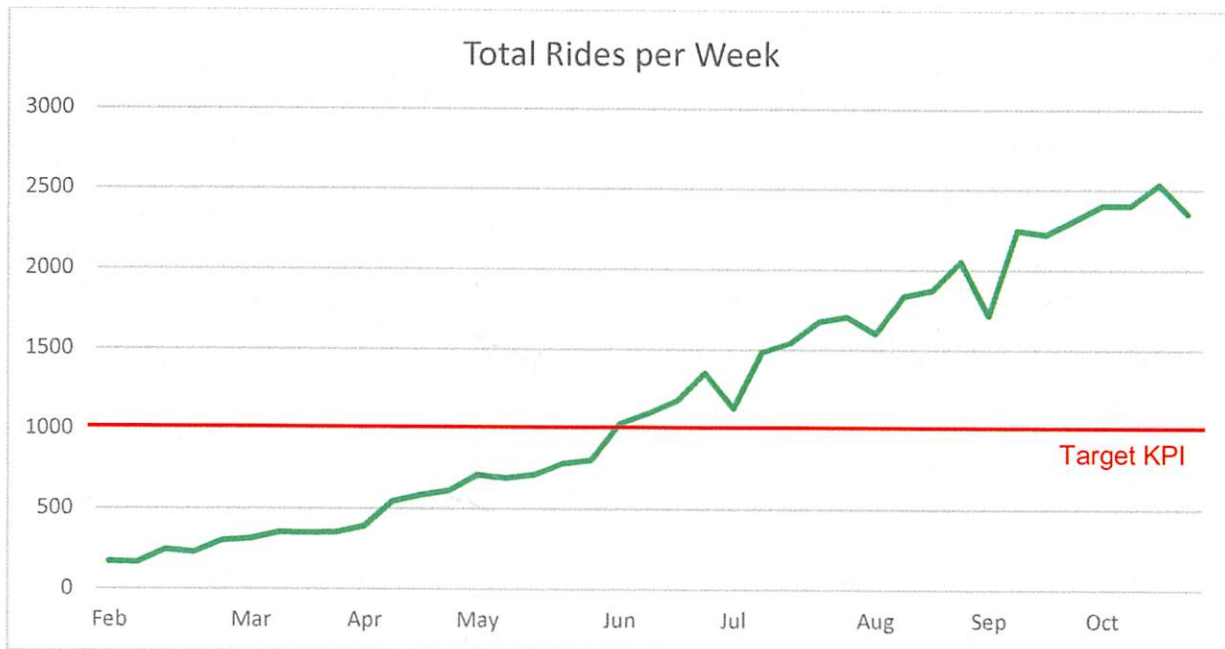
The pilot has now been operational for nine months; the third quarter (Q3) concluded October 25, 2019. Since the second quarter report was delivered to the Board in September, ridership has continued to grow far beyond the original target Key Performance Indicators (KPIs). The utilization per service hour has also continued to rise, exceeding the target 2.5 rides per driver hour near the close of the third quarter.

A new California Law (AB 5) changes the test that determines whether drivers and other workers are employees and goes into effect on January 1, 2020. Staff is amending the contract with Via to require drivers to be employees. Staff is pursuing a potential second year of this short-term research pilot, which would adjust the service design based on findings from the first year.

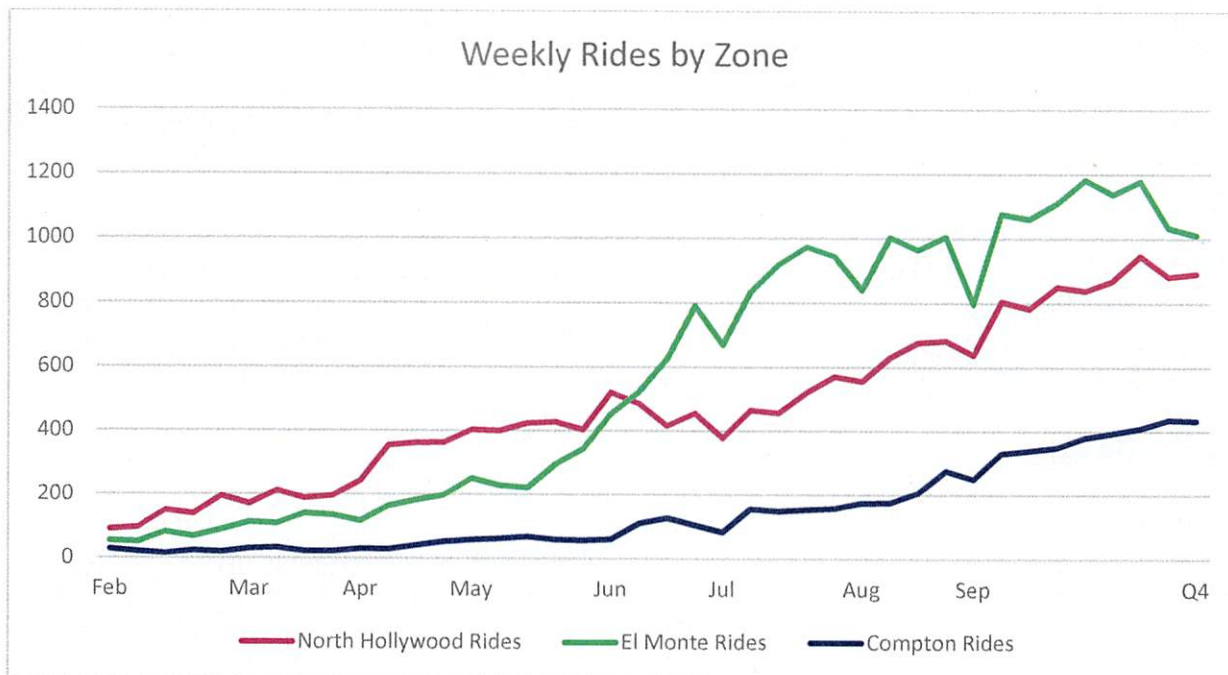
## **PERFORMANCE**

### Ridership

Since service launched in January, the number of rides has increased from 160 in the first week of service to 2,336 per week at the close of the third quarter, a nearly 15-fold increase since the beginning of the pilot. The steadily increasing ridership is a likely indicator of customer satisfaction and efficacy of the service.



The El Monte service area continues to be the most popular zone. The Artesia/Compton zone has lower ridership, likely due to the New Blue service closures. Rail service for the southern segment of the A Line (Blue) was suspended from January 2019 to June 2019. Service for the northern segment of the A Line was suspended in June 2019 and reopened on November 2, 2019.

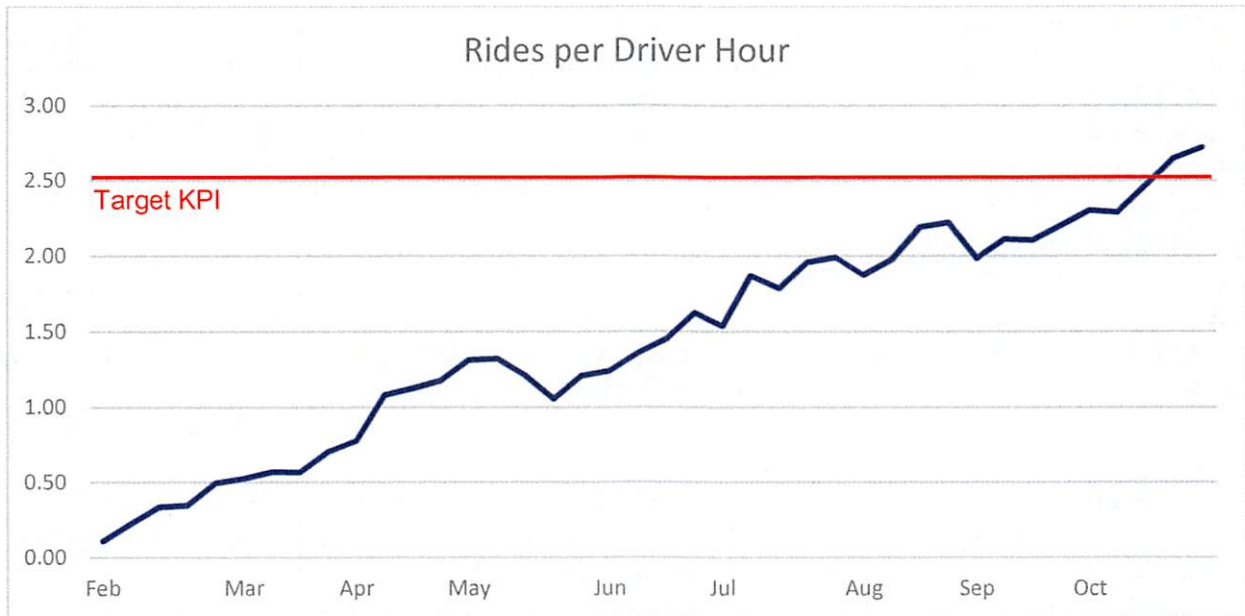


Rides per Driver Hour

The ratio of rides to driver hours has vastly improved since the launch of the service.



Utilization was at 0.1 rides to driver hours in Week 1 and by Week 12, Via had 1.2 rides to driver hours, a tenfold increase over the quarter. The ratio continued to climb over the second quarter reaching nearly two rides per driver hour by the end of the second quarter. The close of the third quarter saw a ratio of 2.7 rides per driver hour, exceeding the performance goal of 2.5.



Key Performance Indicators

As detailed in the chart below, three out of the four target KPIs were met and exceeded in Q3.

KPI	Target	Q1 end	Q2 end	Q3 end	Target Met?
Avg wait time	10 min	7 min	9 min	11.5 min	No
Avg Customer Rating	4.5	4.9	4.9	4.8	Yes
Rides/ driver hour	2.5	1.12	1.8	2.7	Yes
Weekly rides	1000	585	1675	2336	Yes

In the final weeks of Q3, the rides/driver hour goal was met, but the average customer wait time slipped over the 10-minute goal. This 10-minute goal has been met for a vast majority of the service operation. This highlights the tradeoff between service quality and efficiency, and Via will continue to adjust the service supply to balance both.

Customer Payment and Fares

The free transfer fare has continued through Q3 and will remain in effect until the completion of the first year of service. This means that while customers are not paying Via for the service, but all Via customers are paying to ride Metro, the net fare remains \$1.75.

### Subsidy

At the close of Q3, 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 for a ride of similar length and only provide service about once an hour. Access Services trips have a subsidy of \$39 regardless of length, require booking a day in advance, and pick up times are subject to negotiation depending on vehicle availability. While Access Services trips average ten miles in length (much longer than MOD trips), Access Services pays their contractors same price for rides of any distance, and 35% of the trips are less than five miles.

### Reaching hard to reach populations

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. Via call center trips continue to account for about 1% of the total trips while 48% of Metro Bus riders and 27% of Metro Rail riders do not have smart phones.

### Research

The Eno Center for Transportation, as well as University of California Los Angeles, University of Oregon, and University of Washington are analyzing both qualitative and quantitative data from the pilot that will inform a final project report. That data will help to determine whom the pilot has been able to serve, and if the benefits have been in line with the project goals.

### Findings to inform MicroTransit

Findings from the partnership with Via are being shared with the MicroTransit team to provide insights in preparation for the launch of MicroTransit in 2020.

### Lessons from Seattle

The Via service in the Seattle area has seen even higher adoption and efficiency with over 7,000 rides per week and over five rides per driver hour. The Seattle area service differs in that the service additionally runs during evenings and weekends, the rides are provided in a dedicated, branded fleet of consistent vehicles, transit patrons can tap their transit passes on a card reader inside the vehicles, and the service zones are contiguous for more efficient operation. Metro staff is exploring the possibility of implementing several of these features in a potential second year of the Via partnership.

## **NEXT STEPS**

### Assembly Bill 5 Compliance

The Governor signed AB5 in September 2019, which will require many workers classified as independent contractors to become company employees. Metro asked Via to change the driver employment model under the contract from independent contractors to employees. Via has agreed to work with Metro to change the model on

January 1, 2020. Metro is working with Via to ensure that any updates to the contract documents that need to be made are completed in advance of January 1, 2020.

### Contract Option

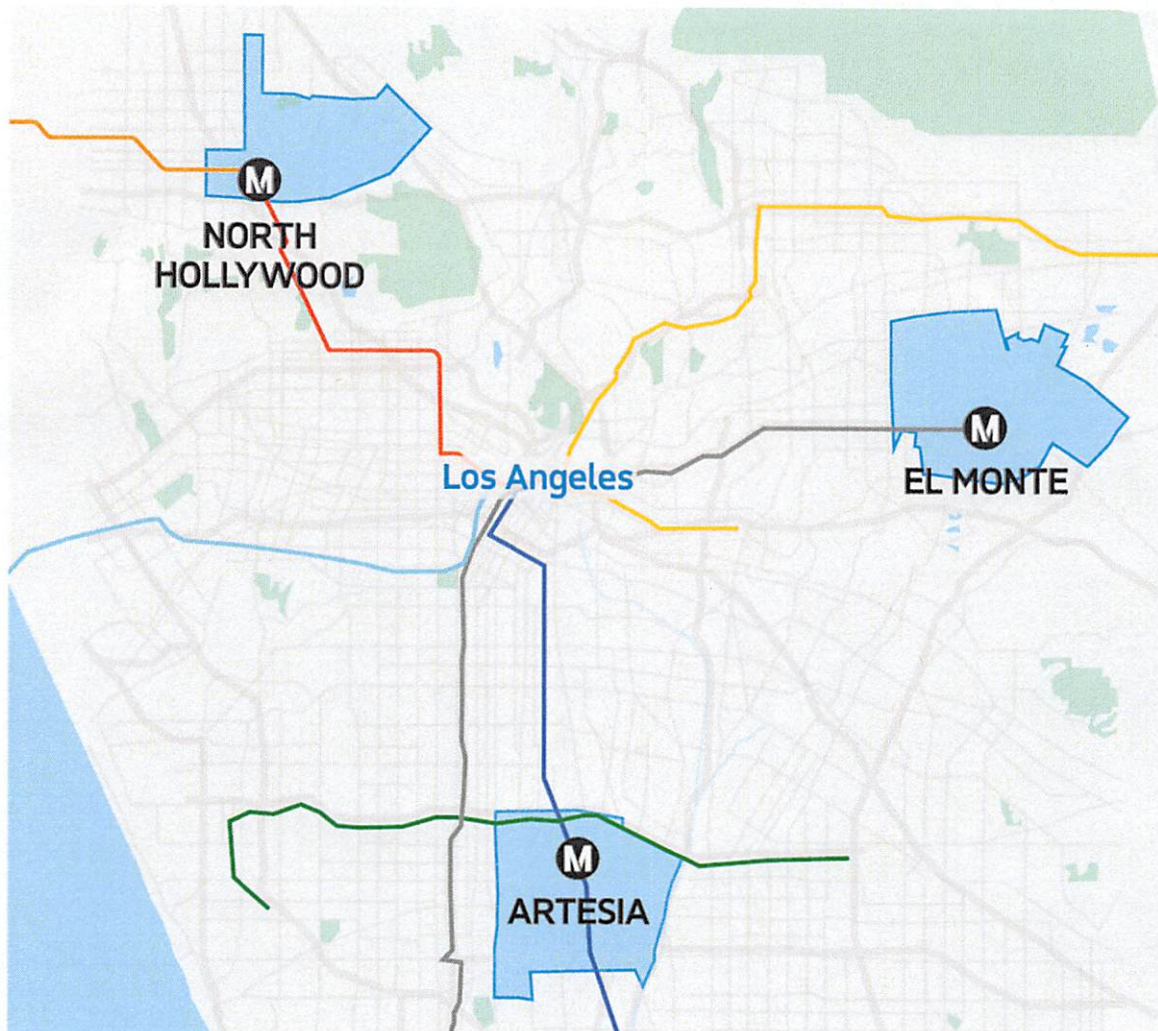
The contract for the pilot with Via has a base term of one year, with an option to extend to a second year. Metro is now negotiating a potential second year of the pilot contract with Via. Assuming consensus is reached on a second year, staff will bring a recommendation to the Board for a second year of service in early 2020. The design of a second year of service will take into account the findings from the first year of the service and will seek to improve customer experience and to increase marketing and outreach efforts to low-income patrons and patrons without smart phones.

If the Board approves a negotiated second year of the pilot, the additional research learnings would continue to inform the service design for MicroTransit throughout the potential second year. The pilot would not extend beyond a second year as the contract with options will expire January 28, 2021.

## Attachment A – Background

Metro's Mobility on Demand (MOD) pilot is funded in part by a Federal Transit Administration (FTA) MOD Sandbox Demonstration Grant. The goals of this pilot are to test the viability of using on-demand technology to connect people to Metro's transit system (current and new customers) and to open access to transportation network companies (TNCs) to more people by making the service more accessible.

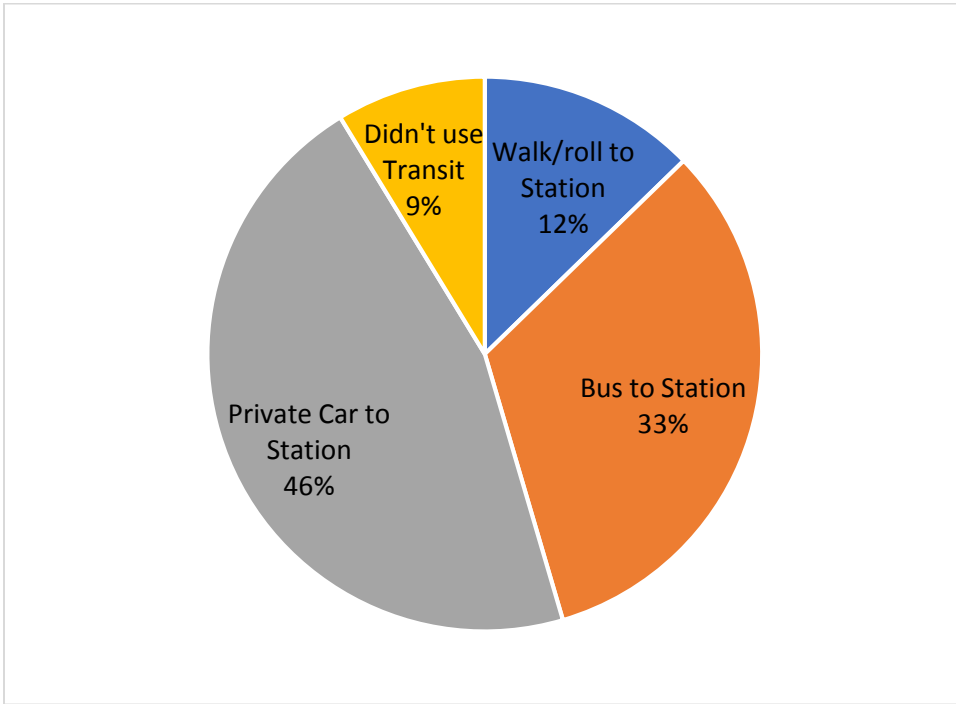
Metro launched a service partnership with Via on Monday, January 28, 2019 in three zones around the Metro North Hollywood, El Monte, and Artesia Stations. Under this pilot, Via provides first and last mile rides to or from transit stations. The service operates Monday through Friday from 6am to 8pm. Zones were set with a radius of one to 1.5 miles at service launch. Thereafter in April of 2019, the zones were expanded to a radius of two to 2.5 miles to capture additional potential riders and improve mobility for the surrounding neighborhoods.



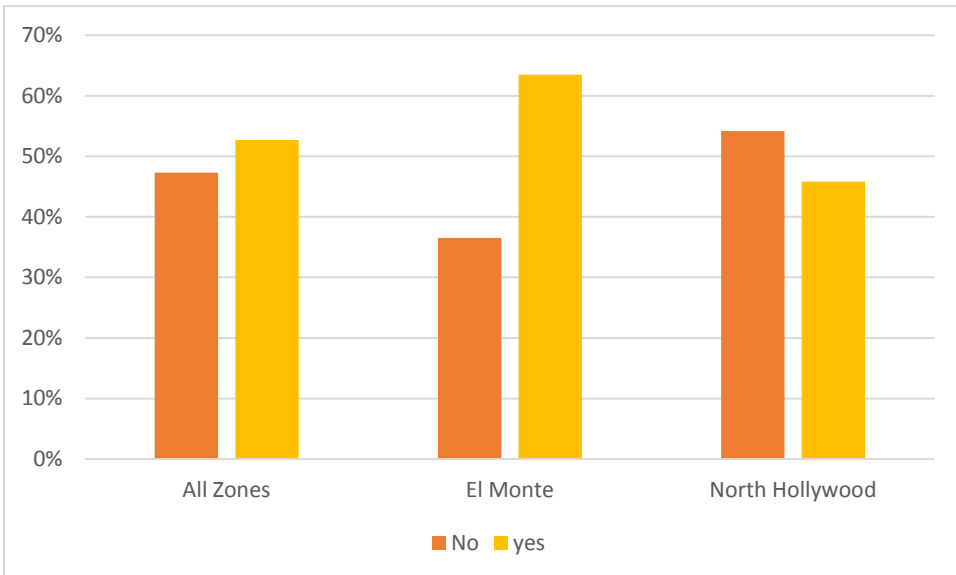
# Attachment B - Mobility on Demand Preliminary Research Findings

## Mode Shift

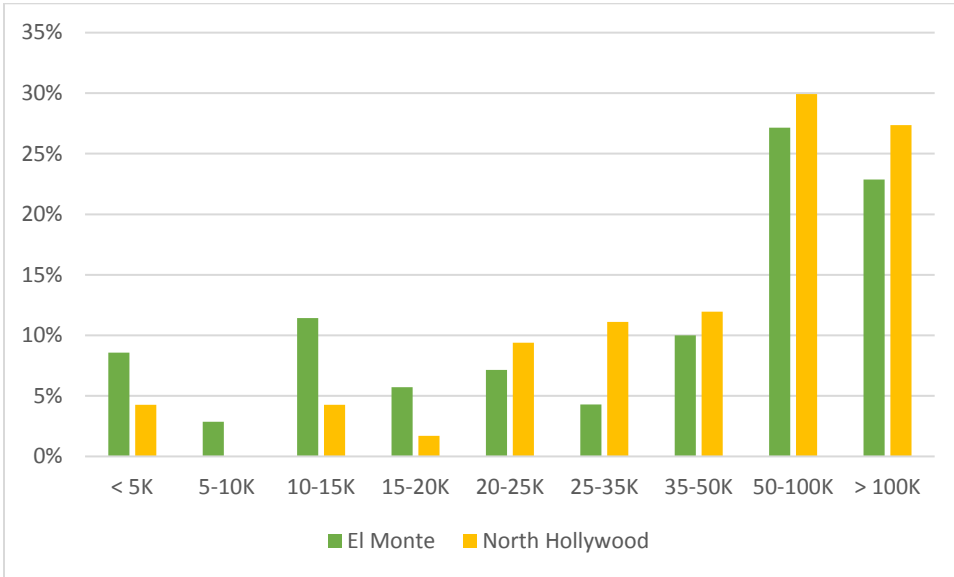
How did you get to/from the station before using Via?



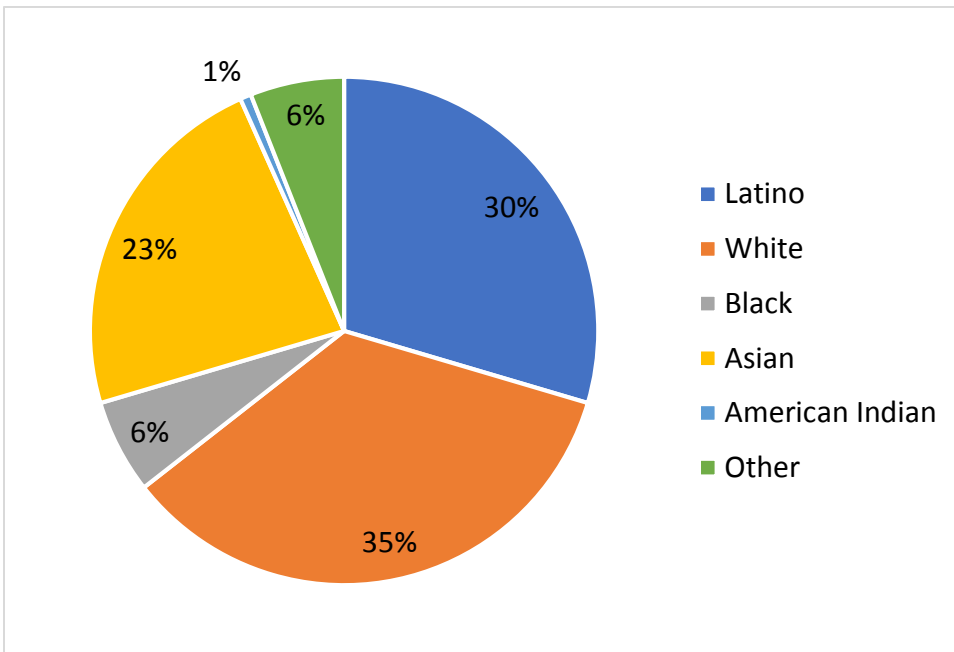
Do you have a car available you could have used to make this trip?



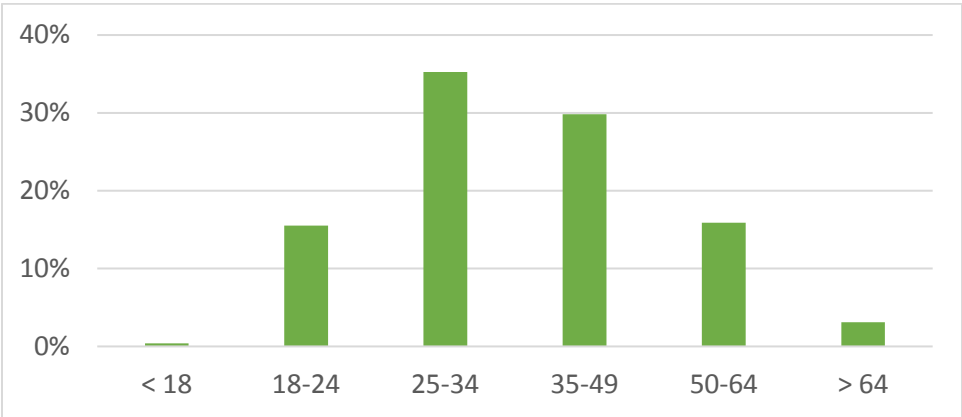
What is your annual household income?



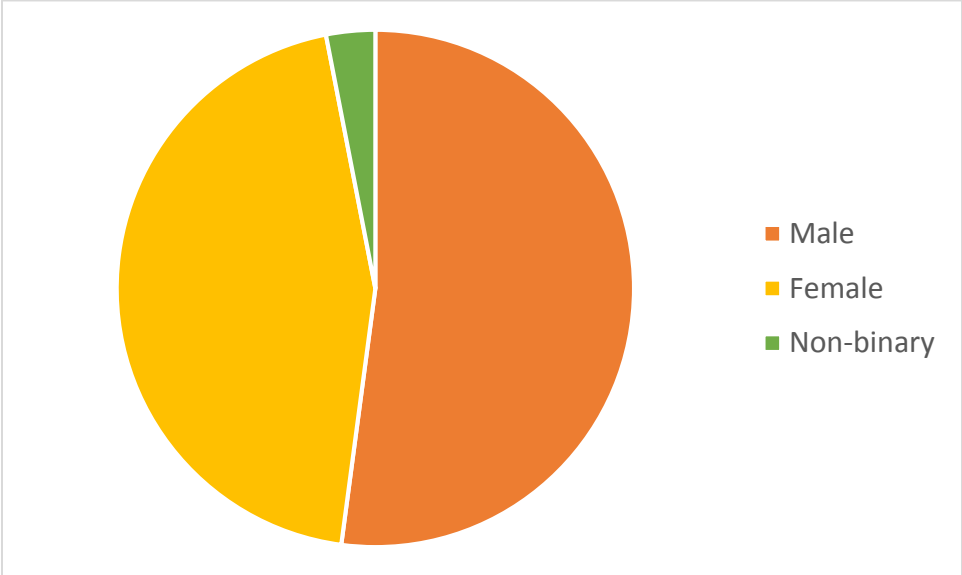
Do you identify as...?



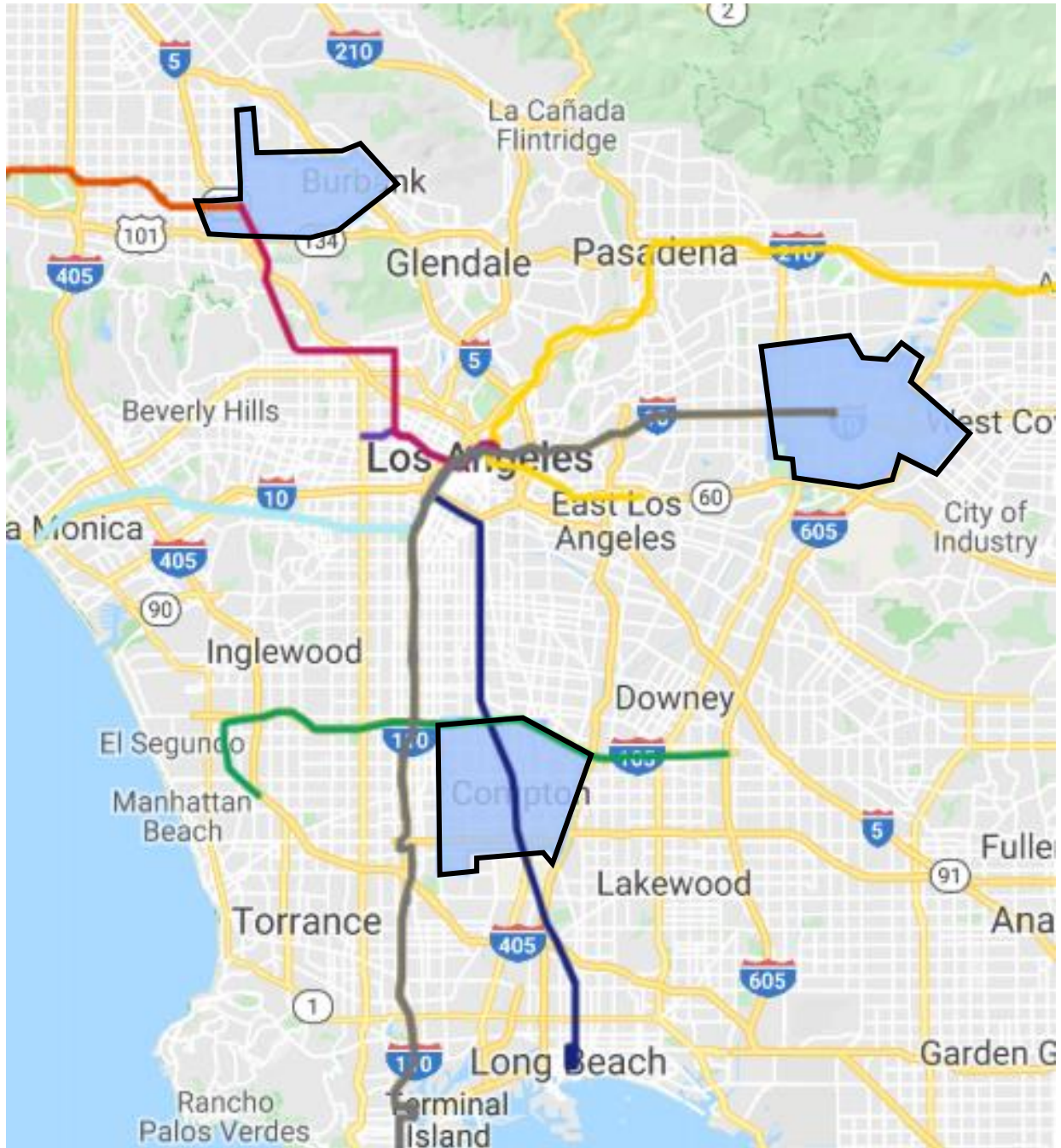
What is your age?



What is your gender identity?



Attachment C – Service Areas





**PROCUREMENT SUMMARY**

**MOBILITY ON DEMAND PILOT PROJECT / CONTRACT NO. PS121778000**

1.	<b>Contract Number:</b> PS121778000		
2.	<b>Contractor:</b> NoMad Transit LLC		
3.	<b>Mod. Work Description:</b> Six-Month Term Extension to continue the pilot project with enhanced service design for additional research		
4.	<b>Contract Work Description:</b> Mobility on Demand pilot project		
5.	<b>The following data is current as of:</b> 12/19/19		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	10/25/18	<b>Contract Award Amount:</b> \$2,506,410
	<b>Notice to Proceed (NTP):</b>	12/18/18	<b>Total of Modifications Approved:</b> \$0
	<b>Original Complete Date:</b>	1/28/20	<b>Pending Modifications (including this action):</b> \$1,530,332 \$2,180,332
	<b>Current Est. Complete Date:</b>	7/28/20	<b>Current Contract Value (with this action):</b> \$4,036,742 \$4,686,742
7.	<b>Contract Administrator:</b> Carolina Coppolo		<b>Telephone Number:</b> 213.922.4471
8.	<b>Project Manager:</b> Marie Sullivan		<b>Telephone Number:</b> 213.922.5667

**A. Procurement Background**

This Board Action is to approve the Contract Modification issued to extend the Contract six months in support of the Mobility on Demand (MOD) pilot project. The Contractor will continue to operate the MOD pilot project with enhanced service design for additional research.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price.

On October 25, 2018, the Board awarded a contract to NoMad Transit LLC to operate a first and last mile pilot service to/from the North Hollywood, Artesia, and El Monte stations, with an option to extend for a second year.

Refer to Attachment E – Contract Modification/Change Order Log.

**B. Cost/Price Analysis**

The recommended price has been determined to be fair and reasonable based upon an independent cost estimate (ICE), cost analysis, and technical evaluation. The contractor will be converting their independent contractor driver partners to operator employees in the option term to be compliant with AB5. The negotiated amount includes the increased hourly driver rate.

<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Modification Amount</b>
<del>\$2,097,293</del> <b>\$2,747,293</b>	<del>\$2,460,036</del> <b>\$2,930,110</b>	<del>\$1,530,332</del> <b>\$2,180,332</b>

CONTRACT MODIFICATION/CHANGE ORDER LOG

MOBILITY ON DEMAND PILOT PROJECT / CONTRACT NO. PS121778000

Mod. No.	Description	Status (approved or pending)	Date	\$ Amount
1	Exercise Option Year with enhanced service design for additional research	Pending	Pending	<del>\$1,530,332</del> <u>\$2,180,332</u>
	Modification Total:			<del>\$1,530,332</del> <u>\$2,180,332</u>
	Original Contract:			\$2,506,410
	Total:			<del>\$4,036,742</del> <u>\$4,686,742</u>