DATE: December 1, 2016

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
Derek McGill, Planning Manager
Scott McDonald, Senior Transportation Planner

SUBJECT: Transportation Demand Management Update, Lyft Partnership Pilot Program (Action), Agenda Item 12

RECOMMENDATION:

Authorize TAM's Executive Director to enter into a partnership agreement with Lyft, Inc. The partnership would support first/last mile services to transit and would be funded with up to $70,000 from the Vehicle Registration Fee Program (Measure B, 3.2, Commute Alternatives Program).

This partnership recommendation was presented to the TAM Programming and Projects Executive Committee on November 14, 2016 voted unanimously to recommend that the full TAM Board approve the recommendation.

BACKGROUND:

In 2016, the TAM TDM Ad Hoc Committee was formed to review potential Transportation Demand Management Programs to consider to support SMART ridership on opening day, and to address the changing regional TDM framework under MTC's 511.org program. Representatives from the committee included: Stephanie Moulton-Peters, Alice Fredericks, Judy Arnold, Diane Furst, and Gary Phillips. Note Kate Colin, TAM board alternative for Gary Phillips, would attend in his place.

To support this committee, TAM staff conducted an in-depth review of TDM programs, both locally by other CMA's and local jurisdictions in the bay area, as well as emerging models resulting from the recent and growing technology innovation occurring in the transportation sector.

As reported to the September 12th 2016 Finance and Policy Executive Committee, the TAM TDM Ad Hoc Committee, considered a number of factors for expansion of TDM efforts in Marin County, including:

- Using innovation like mobile applications and technologies to address mobility needs (using lessons learned from Pilot Programs like Carma)
- Supporting SMART first/mile last mile connections
- Assure long term financial sustainability
- Strategic considerations from grants or other opportunities

Based on input from the Ad Hoc on what strategies to pursue initially, the September TAM Executive Committee heard and supported near term strategies, including:

- Expand TAM's ERH program to SMART's Marketing Efforts (heard by the TAM board in July 2016)
- Lyft first/last mile pilot program
- Car Share Expansion
- Bike Share Program focused around SMART
- Employee/employer outreach support

Among the options identified, was a pilot program to test the effectiveness of connecting commuters to and from SMART rail stations using an app-based Transportation Network Company (TNC) platform. Transportation Network Companies (TNCs) provide prearranged transportation services for compensation using an online-enabled application or platform (such as smart phone apps) to connect drivers using their personal vehicles with passengers, as defined by the California Public Utilities Commission which licenses TNC providers in California. This definition distinguishes their services from carpooling and traditional taxi services.

Additionally, in 2009 SMART's Strategic Plan and environmental documentation identified shuttle services to connect employer locations to SMART stations. Due to financial reasons, these shuttles are no longer being considered for operation by SMART. SMART has been working directly with employers to support consideration of funding shuttles through private funds. There is a need, therefore, for employer options on getting employees to-and-from SMART.

MTC in September 2016 released their SMART Integration Study which identifies a number of needs in integrating bus transit and SMART services. Marin Transit and Golden Gate Transit have coordinated changes through their service planning to provide increased levels of transit services to SMART stations; however operational challenges associated with the scheduling of the pulse at the Bettini Transit Service limits the number of changes that can be considered. As true with many of the North Bay bus transit operators, adjustments can be considered once SMART service is up and running.

DISCUSSION/ANALYSIS:

In 2016, Lyft Inc, approached TAM staff to consider a pilot program supporting transit services in Marin County. Over the last few years, a number of communities have partnered with TNC's like Uber and Lyft, to provide reduced costs services that compliment traditional public transit services. Communities like Centennial Colorado, Pinellas-Suncoast Transit Authority, Jupiter Florida, Livermore Amador Valley Transit Authority, LAVTA, Santa Clara Valley Transportation Authority, and a number of others have piloted programs to complement transit investments to reduce transit costs in first/last mile connections. (for more information on shared mobility partnerships please visit: http://transitcenter.org/publications/private-mobility-public-interest/)

In response to Lyft's initial interest, TAM staff reached out to a number of TNC's that operate in the area, and conducted an evaluation of their services in relationship to TAM's TDM Program needs, including SMART first/last mile access. TAM reached out specifically to Uber, Scoop, and Hopinside for consideration of partnerships, however none of these vendors expressed interest in providing first/last mile services. TAM staff also reached out to MTC staff, to explore the potential of MTC's Partnership Agreement and vendors to explore Marin's TDM needs. MTC's partnership is currently focused on heavier demand areas and remains a possibility for future partnership potential.

Lyft Inc, based in San Francisco, who offers a shared ride service called Lyft Line through the Lyft mobile application to explore a possible pilot program to support SMART ridership in Marin County. Lyft representatives have presented to TAM and Marin Transit staff on several occasions over the past year to discuss options for supplementing Marin's core public transportation system and senior mobility services.

Lyft presented this concept of a coupon code program for SMART riders needing connections, similar to the Centennial Colorado pilot. The program would require Lyft to create a specific LyftLine coupon promotional code for reduced fares, such as "GOSMART" for use at SMART stations. By using Lyft's mobile application, data reported from Lyft would include number of rides, ride distance and a number of other data points useful for planning future First/Last mile connection needs at each station.

Lyft would work to develop details in partnership with TAM. The program could be tested initially to increase interest and use of SMART upon its launch of service and also to determine the efficacy of the TNC model (tested through Lyft Line) as a first and last mile mobility option.

<u>Overview of Proposed Lyft Pilot Program Structure for SMART Connections</u>

While developing a proposed partnership structure, TAM staff met several times with Lyft in addition to meeting with Marin Transit and Marin GSA to consider potential support and promotion of Lyft Line as a connection to SMART. TAM also considered per-trip discounts funded by Livermore-Amador Valley Transit, Massachusetts Bay Transportation Authority and Pinellas Suncoast Transit Authority as a way to connect passengers to transit through Lyft. Through these discussions the following program framework was developed:

- For a pilot period of six months (or up to a year depending on funding availability), to take place starting at the time of SMART's launch, a unique promotional code would be offered though LyftLine for trips originating from or with a designated destination at SMART rail stations in Marin County between the hours of operation Monday through Friday.
- The ride code would offer the following discounted fare, to be adjusted if deemed necessary to increase the program's effectiveness: TAM funding would cover up to $5 off, and riders will pay a minimum of $2 per ride, whereby riders would be assessed an additional charge if the market rate cost of a given ride exceeded $7 in total.
- Program participants will be able to sign up with Lyft through the Lyft App in order to utilize LyftLine. Lyft would market the coupon through its app and supply data to TAM to determine the effectiveness of the coupon. The program would be marketed at SMART and to prospective riders by TAM and Lyft.
- Lyft, through its use of independent contractors, would incentivize drivers to serve SMART stations during this pilot period. Lyft, cannot guarantee drivers would be available, however Lyft has been successful in encouraging drivers in other pilot programs.

The per-trip level of support was devised to support local bus service where available, given that Lift Line offers a premium and convenient door-to-door service. While bus services will connect to SMART coordinated with connections at the downtown San Rafael "pulse", and with an effective free discounts currently reported for commuters transferring between SMART and local buses, the coupon for Lyft Line would be intended to reach additional employees that might otherwise not consider a bus transfer and help extend connections to employer sites further from transit stops. Data from this pilot program would be able to support future transit planning decisions on routes locations and frequencies.

Shuttle Considerations

Shuttles can offer an amenity for employees (often working for larger employers) offering a door to door solution for first/last mile connections. Due to the high costs of operating shuttles and low capacity of these vehicles, shuttles are often costly on a per passenger basis. When considering shuttle services operational challenges like drivers, parking, ADA accessibility, operations and maintenance of these vehicles often represent a significant hurdle to entry for businesses.

On March 2, SMART staff presented on SMART's research into the costs and reported the following: It would cost $80-$125 per hour for turnkey service for a 12-16 passenger van offering dedicated service with employers deciding details of the service they desire. While costs may vary in the future, per hour costs for a single shuttle could result in a range of about 100k-200k per van on an annual basis.

In addition to the cost, the coordination involved makes this option more feasible and attractive to relatively large employers with greater resources, economies of scale, and with enough employees for the investment to be warranted if a significant portion of the cost is to be supported by the employer. While TAM staff explored options under its Vehicle Registration Fee TDM Program for a Shuttle Incentive (similar to its $3,600 vanpool incentive), the cost of the shuttles would need a much larger and on-going incentive to attract consideration.

As a way to explore increased options as connections to transit, TAM sought alternative models that were more scalable for a larger range of employers, and lower program costs, and would provide additional data to support future investments, should demand warrant.

Partnership Agreement & Program Structure Review

Given the significant challenges with TNC's in the past, TAM staff have worked with County Counsel and outside counsel to develop a partnership agreement. This agreement has several unique terms in addition to TAM's standard professional services contract. Therefore, the following terms are being reviewed by both parties and staff anticipates resolving contractual issues per guidance that there are not inherent problems that would rule out any of the structural components of the program model. The following terms have been reviewed:

Summary of Agreements Terms

- Funding Amounts –$70K of local funding for this partnership (if approved by TAM), would be made available to cover the cost of discounted fares, payable to Lyft, Inc. (funding for Lyft services to support this coupon code, including marketing and other direct costs are not covered in this agreement).
- Exclusivity Clause – An exclusive arrangement with Lyft would be established (for the limited pilot period of six months or up to one year maximum related to TNC's providing first/last mile services at SMART)
- Insurance – TAM staff intends to work with Lyft and legal counsel to navigate these insurance requirements, TAM will either be named as an additional insured, or otherwise reach an alternative arrangement which is deemed acceptable by legal counsel for TAM.
- Reporting/Reimbursement – As a component of a program partnership, TAM/Lyft would determine a schedule for reporting the number of trips, trip distances, and other factors related to quantifying user benefits from the provided pilot program. The reporting would be limited based on proprietary information and privacy laws.

- Marketing – Lyft will be responsible for developing marketing materials, and both Lyft and TAM will work together to develop an outreach strategy. Funding for marketing by TAM would be included in the current TDM program budget. TAM would work closely with SMART's marketing team to make this program available to users in Marin, including on station advertising which has been identified by SMART staff as an additional cost.

Additionally, TAM has been working with Transit Operators and Legal counsel on Title VI & ADA accessibility issues. Guidance on these issues was reviewed by county counsel and outside counsel, both counsels have advised that the program would be in compliance.

PROGRAMMING AND PROJECTS EXECUTIVE COMMITTEE PRESENTATION:

On November 14, 2016 staff presented this recommendation for the authorization of a partnership with Lyft. Staff pointed out that the recommendation was subsequent to the TAM TDM Ad Hoc Committee discussions in 2016 to help develop near-term TDM priorities for TAM. The first recommended strategy was the extension of Marin Emergency Ride Home Program outreach to SMART in July, with the Lyft Partnership as the second recommendation. Also noted in the presentation was MTC's SMART Integration Study which indicated that most SMART riders will also either walk, bike, or take transit. While the study explored shuttles, with the cost of shuttles ranging $85-125 per hour, TAM staff continued to explore other options that might support a larger number of employers. After the presentation, the committee discussed the following considerations with staff:

- The program would be structured to complement rather than competed with transit. Since transfers from SMART to local bus are offered at a $1.50 discount (essentially fully covering the cost), a $5 Lyft coupon would be available for trips after the first $2/per trip is paid by passengers.
- The proposed partnership would be limited in duration and scope to test demand at SMART stations, and to understand first/last mile demand when SMART starts. Data from the partnership will be reviewed to understand what longer term program or options could be needed.
- TAM would provide payment for a coupon for trips on Lyft Line, a service provided by Lyft which requires riders to select to ride with others should there be another nearby request for a ride to a similar location. Lyft would also develop zones immediately around SMART stations in Marin.
- With $70,000 available the program would likely cover at least a six month period, but might be extended up to one year. Based on a VTA pilot to offer discounts for transit connections with about 41 daily rides, staff is comfortable with the recommended funding being a sufficient amount.
- ADA accessible vehicles cannot be guaranteed, and there is no ADA available taxi services currently in Marin. Staff also reviewed FTA guidance, along with discussions with County Counsel to determine that a partnership can be develop under a pilot program.
- The program could be used for first or last mile needs, and demand for each will need to be determined over the course of the pilot. With the downtown San Rafael station has robust transit connections; the pilot program may support connections to additional locations in central and southern Marin. Staff also noted that the program schedule would preceed any potential changes based on a future location or construction around the Bettini Transit Center.

After the presentation, the Programming and Projects Executive Committee on November unanimously recommended that the full TAM Board approve the recommendation. Public comments after the presentation reflected consistent support and interest in this pilot program to gain important information, and to offer an additional mobility option complementary to SMART.

FISCAL CONSIDERATION:

Staff recommends $70,000 in local Vehicle Registration Fee Program (Measure B, 3.2 for Commute Alternative Programs) funds be made available for a partnership with Lyft. Funds are available from reserves, however this program is not included in this fiscal year's budget, and the budget would be amended to reflect these costs.

ATTACHMENTS:

Lyft Line Fact Sheet

Lyft **Line**

Lyft Line connects neighbors traveling in the same direction through a mobile-based application. Line is efficient, affordable, and scalable shared transit that comes to you.

Line Basics

In the US, vehicle occupancy on work commutes is the lowest in nearly 40 years[1] with nearly 80% of commuters traveling by car alone.[2] Road congestion wastes over 2.9 billion gallons of fuel, adds 56 billion pounds of greenhouse gases to the atmosphere, and results in 5.5 billion hours of productivity lost to traffic at an average annual cost of $818 per commuter.[3]

MIT researchers recently estimated that if NYC riders were willing to wait an extra five minutes per trip to pick up other passengers, almost 95% of trips could be shared and travel time could be reduced by more than 30%.[4]

Every day, 90% of Lyft rides in San Francisco have someone else taking the same trip within five minutes so we connected them and created a new way to ride.

How Lyft Line Works

1. Passengers input pick-up and drop-off locations and the Lyft app will match them with another passenger traveling in the same direction.
2. Because the drop-off destination is pre-set, Lyft Line calculates a fee up to 60% less than a private Lyft.
3. Passengers can enjoy the ride and chat with members of their own community.

Highlights

40% of all Lyft rides in San Francisco use Lyft Line.

700 Million Gallons of fuel saved annually by a modest 3% increase in rideshare usage.[5]

1. Santos, A. et. al. (2009) U.S. D.O.T. Federal Highway Administration, National Household Travel Survey
2. U.S. Census, American Community Survey 1-Year Estimates (2013) S0802, *Means of Transportation to Work by Selected Characteristics*
3. Schrank, D. et al. (2012) Texas A&M Transportation Institute *Urban Mobility Report*
4. Santi, P. et. al. (2014) *Quantifying the benefits of vehicle pooling with shareability networks.* 111 Proc. Nat'l. Acad. Sci. 37
5. Matute, J. & Pincetl, S. (2013) "Compensated and Real-time Rideshare" in *Unraveling Ties to Petroleum.* California Center for Sustainable Communities at UCLA.