

STAFF REPORT

**SUBJECT:** Wheels on Demand Demonstration Project

**FROM:** Michael Tree, Executive Director  
Christy Wegener, Director of Planning & Communications

**DATE:** May 23, 2016

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**Action**

Review staff recommendations for the Wheels on Demand demonstration project and forward to the Board for consideration and approval.

**Background**

As an alternative to operating fixed-route bus service in low-density areas of Dublin, staff evaluated options (Attachment 1) and developed a demonstration project dubbed *Wheels on Demand*. The following staff report provides information and responses to some of the questions raised by Board members on the *Wheels on Demand* concept.

**Discussion**

Wheels on Demand is a proposed partnership with the private sector to provide service to low-density suburban areas in Dublin where existing Wheels fixed route service cannot be supported. Wheels on Demand is an extension of a traditional user side subsidy program, which is used by transit systems nationwide to partner with taxi-cab companies, and extends this partnership to Transportation Network Companies (TNC) such as Uber or Lyft.

As a part of the COA service recommendations, staff provided the Board with information on how Wheels on Demand would operate in the two project areas. The project description is included as Attachment 2. After receiving information about the project, the Board raised several questions about regulation of the TNCs, drug testing, accessibility, insurance and liability.

Legal Details Provided by Hanson Bridgett

The Wheels on Demand program will involve two categories of operators—taxis (which are regulated by each city in which they operate) and ridesharing services like Uber and Lyft (which are regulated by the California Public Utilities Commission and are denoted as "Transportation Network Companies" or "TNCs"). The program will be operated on a voucher system.

LAVTA already has a subsidy-based service, Wheels Para-Taxi program. This service, for ADA-certified riders only, gives our riders a subsidy if they use taxis rather than our other, more costly, paratransit service. Under this program, passengers pay the taxi company the full fare for the trip, then submit the receipts to LAVTA for reimbursement of 85% of the cost of the trip, up to a maximum of \$20 per trip and \$200 per month. Since the payments are made to the customers and they independently arrange the rides with the taxis, Wheels does not have a contract with the taxi companies and those companies are responsible for their own compliance with each city's regulations. Under federal transportation rules, if there is no contract between Wheels and the operator, no drug testing requirements apply. However some cities, such as Livermore and Pleasanton, have implemented a drug testing requirement as part of their local taxi ordinance.

The financial arrangements for Wheels on Demand would be slightly different, but, like with the Para-Taxi program, there would be no direct contractual relationship with the taxi companies or the TNCs. The program would essentially consist of a voucher that could be collected for rides meeting the specific parameters of the program. The rides would need to originate or terminate within the specified service areas. Since there would not be a contract with the providers, many of the issues relating to safety and liability would be governed by the agencies that regulate the particular provider (for taxis, the individual cities, for TNCs, the PUC).

The following are some questions and answers that explain how some of the most obvious questions would be answered with regard to TNC's:

*Will the vehicles used by the providers be inspected?*

Yes. The PUC's recent decision requires that all TNC vehicles be inspected every 12 months or 50,000 miles, whichever comes first, by a licensed mechanic. The TNCs are responsible for maintaining records of the compliance with this requirement, subject to inspection by the PUC.

*Will the drivers be insured?*

Yes. A new statute, AB 2293, has mandated certain insurance requirements for TNCs. During the time a passenger is in a TNC vehicle, the coverage shall be at least \$1,000,000 for death, personal injury, and property damage. There is also insurance to cover uninsured motorists during this period. During the time drivers are logged onto the TNC's website, there must be coverage of \$50,000 per person/\$100,000 per incident for death and personal injury and \$30,000 for property damage. The new law has provisions to clarify the relationship of insurance held by the drivers and that which must be provided by the TNC.

*Will LAVTA be responsible for any accidents?*

As LAVTA will not be providing the service, it would not be responsible for any accidents. Nevertheless, LAVTA risk pool has indicated that it would cover any claims made against LAVTA as a result of this service.

*Will the PUC require background checks, including DMV checks, and fingerprinting for the drivers?*

No. Currently, other than companies that primarily transport unaccompanied minors, the PUC does not require any passenger carriers, including TNCs, to perform background checks or conduct fingerprinting of their drivers. The PUC is going to further explore this issue in a subsequent ruling. It should be noted that both Uber and Lyft provide background checks using a trace of an applicant's social security number, name, and address.

*Will the drivers be drug tested?*

Not yet. Federal rules do not require drug testing, since the drivers are not under contract to LAVTA and are engaged by the individual passenger. The PUC is considering requiring TNC drivers to be drug-tested, but did not address the drug-testing requirement in the latest ruling (although a prior ruling noted the need for the PUC to address the issue). A third phase of the PUC proceeding is still pending and may address this point.

#### Accessibility

The primary concern from an accessibility standpoint is that equivalent service is provided to persons with disabilities. The following questions and answers have been provided to address accessibility concerns.

*Will the response time be equivalent to persons with disabilities, including those who use wheelchairs?*

Yes, the objective is to have the pick-up be within 1 hour of the reservation for all customers.

*Will the fares be equivalent to persons with disabilities, including those who use wheelchairs?*

Yes, the fares will be the same for all customers. In the event a surcharge is placed on a ride due to the use of a wheelchair it will be paid by Wheels.

*Will the geographic area of service be equivalent to persons with disabilities, including those who use wheelchairs?*

Yes, the geographic area will be the same for all customers.

*Will the hours and days of service be equivalent to persons with disabilities, including those who use wheelchairs?*

Yes, the hours and days of service will be the same for all customers.

*Will there be restrictions or priorities based on trip purpose?*

No, there will be no restrictions or priorities based on trip purpose.

*Will there be availability of information and reservations capability for persons with disabilities?*

Yes, persons with disabilities can utilize either a computer to reserve a ride, or they can use the conventional telephone to call and reserve a ride.

*Will there be any constraints on capacity and service availability?*

No. It is anticipated that there will be two participating transit network companies and one taxicab company participating in the demonstration project at implementation, with a total of 9 wheelchair accessible vehicles available in those three fleets. Within the project area there are currently 2 trips per day utilizing the Wheels paratransit service that require an accessible vehicle.

**Action Requested**

The Projects and Services Committee recommends that the Board approve the Wheels on Demand demonstration project.

**Attachments:**

1. Wheels on Demand Alternatives for Dublin Service
2. Wheels on Demand Project Description

## Alternatives for Dublin Service

The following analysis was included in the February 22, 2016 Projects and Services Committee packet and describes the different service alternatives available in Dublin where fixed route service is eliminated.

At both the January Projects and Services Committee and the February Board meeting there was significant discussion about the development of a pilot *Wheels-On-Demand* project. The Board directed staff to come back with information on the former Direct Access Responsive Transit (DART) service that Wheels previously operated from 1997-2005. Additionally, the Board wanted to explore operating a Flex service versus Wheels-On-Demand. The following section describes the different service alternatives to serve the areas in Dublin where fixed route bus service is eliminated.

*DART Service:* LAVTA's DART service began operating in 1997, coinciding with the opening of the Dublin/Pleasanton extension of BART. DART service operated during the off peak times (midday and evening time periods) on weekdays, and operated all-day on Saturdays in place of the smaller, less productive routes in the Dublin and Pleasanton areas. There was one timepoint for the service, which was at the Dublin/Pleasanton BART Station, and customers could request a drop-off in front of their final destination. Customers could access DART by making a telephone reservation or by walk-up at the BART Station. There were three vehicles used on the service and each vehicle was assigned to one of three areas (East Pleasanton, West Pleasanton, and Dublin). The service operated for approximately 7 hours on weekdays and 9.5 hours on Saturdays. The productivity on the DART was 2.8 passengers per hour in FY2002. In 2005, DART service was phased out and fixed-route service was implemented in its place (Routes 1, 3 and 8).

*FLEX Service:* FLEX service would be similar to the DART service but is designed to be more responsive to demand. Instead of having a timed departure at BART, riders would request their pick-up utilizing a mobile application. Service would not be provided in a curb-to-curb fashion; instead, bus stop locations would be established within the neighborhoods as pick-up/drop-off locations. There would be two vehicles assigned to this service in order to reduce passenger wait times. This service would be operated in-house, and accordingly, would have the same hourly cost as regular fixed-route bus service.

*Wheels-On-Demand:* Staff envisions this demonstration project to include a partnership with private Transportation Network Companies (TNC) and utilize real-time, dynamic ridesharing in

two project areas in Dublin. In late 2015, LAVTA Staff developed a white paper that details the project description, which is included as Attachment 5.

Below is a chart comparing the costs of the *Wheels-On-Demand* project operated as a partnership with TNC's versus operating it in-house, similar to DART.

	DART	FLEX	TNC
Est. Capital Costs			
Vehicle:	\$80,000/6 years (1 vehicle)	\$160,000/6 years (2 vehicles)	\$0
Technology:	\$0	Minimum \$50,000	\$0
Annual O&M Costs	~\$150,000	~\$300,000	~\$61,000
Daily O&M Costs	\$590 (6 hours)	\$1,176 (12 hours)	\$480-\$1200
Est. Daily Ridership	33	90 (7.5 pax per hour)	120
Cost/Ride	\$17.82	\$14.70	\$4-\$10 to LAVTA
Reduced ADA Costs?	Yes	Yes	No

## **Wheels on Demand Service Area and Description**

**May 23, 2016**

### **Introduction**

Providing transit service to low-density suburban areas is one of the most challenging environments for transit. Typically, the housing density is such that frequent fixed-route bus service cannot be operated efficiently. As an example, Wheels Route 2, which connects suburban residential areas in East Dublin to BART during peak times, carries approximately 5 passengers per hour and has a subsidy of over \$15/passenger trip. The proposed Wheels on Demand Service allows LAVTA to provide service into areas where traditional “big bus” service does not make sense, and provide mobility to more people at a lower cost.

Wheels on Demand is a proposed partnership with the private sector to provide service to low-density suburban areas where existing Wheels service is underperforming. Wheels on Demand is an extension of a traditional user side subsidy program, which is used by transit systems nationwide to partner with taxi-cab companies, and extends this partnership to Transportation Network Companies (TNC) such as Uber or Lyft.

While it is anticipated that most potential passengers would utilize a smartphone app to access the service, the option to complete the trip with a phone call to a taxicab will also be available to those without a smartphone. In addition, the taxicab option will allow the ability to use cash.

Two different service areas are proposed. Each is described separately in the following pages.

### **East Dublin Wheels on Demand**

The East Dublin Wheels on Demand service area is shown shaded below. It replaces the existing underperforming Route 2 service, and serves residential areas almost exclusively. The purpose of the Wheels on Demand service is to provide connectivity to/from the Dublin/Pleasanton BART station, where connections to BART or other Wheels routes may take place.

#### *Proposed Service Availability*

The East Dublin Wheels on Demand service should be available weekdays only, and correspond to BART operating times. Route 2, which provides service to BART, currently only operates during weekday peaks, so this is an expansion of service to these areas.

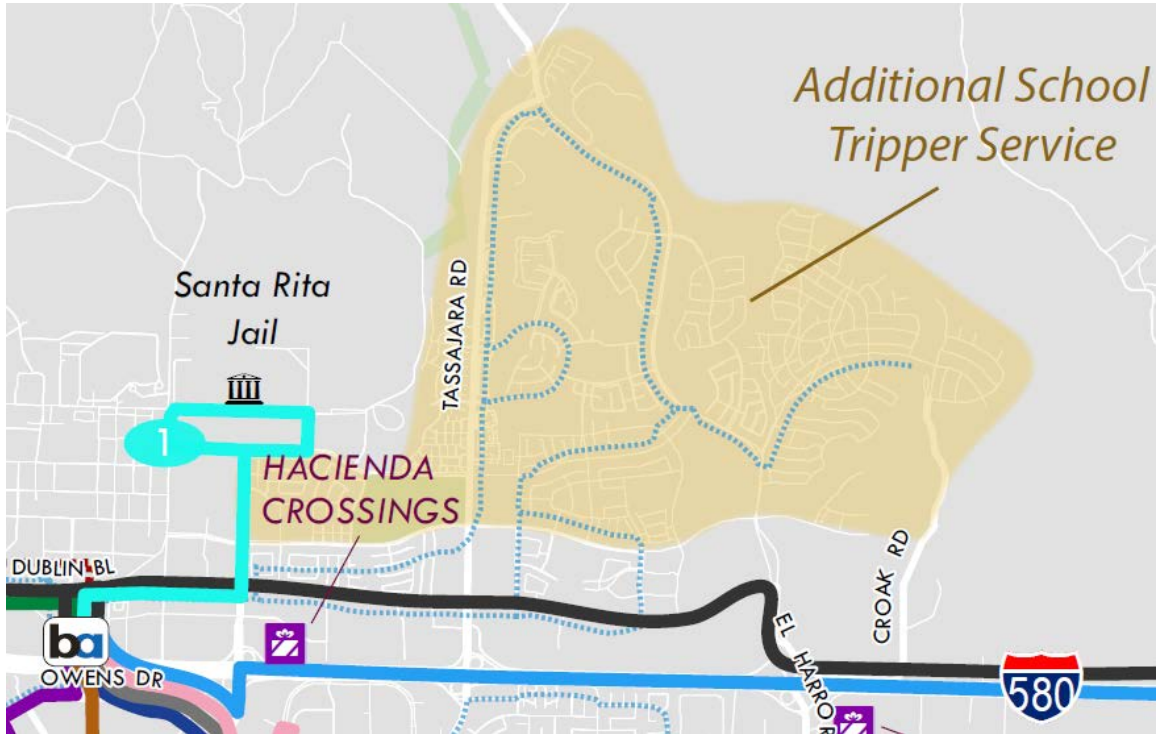
Within the service area, Wheels on Demand would not require walking to a designated bus stop. However, the provider may ask riders to walk to a street corner to facilitate service and ensure on-time performance.

#### *Proposed Fare Structure*

LAVTA would provide a subsidy for any trip that takes passengers between the Dublin/Pleasanton BART station and their location in the proposed service area. Trips that do not go to/from BART would not be subsidized. In addition, for passengers to receive the subsidy, they must be willing to share the vehicle with other passengers by using a TNC ridesharing option such as Lyft Line and UberPool, which offer shared rides for a reduced price. Existing LAVTA passes would not be valid on Wheels on Demand.

Wheels on Demand is a premium service, as it provides more direct service and more flexible service between BART and East Dublin. Therefore, a premium fare for passengers should be

charged. LAVTA should pay for half the cab or TNC fare up to \$5 for passengers travelling from BART to the service area. The average passenger fare would be around \$3, which reflects a premium fare.



*Estimated Costs to LAVTA*

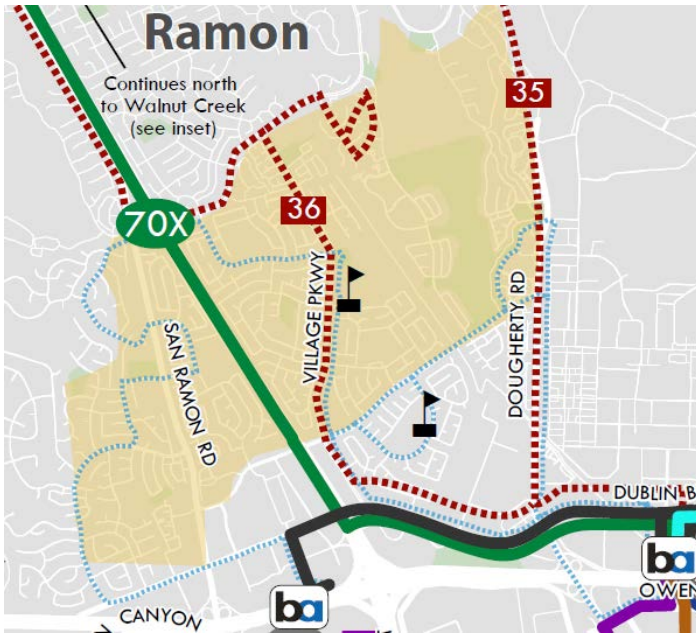
Currently, there are approximately 16 boardings and 16 alightings at the BART station on Route 2. This suggests, at a minimum, that 32 passengers per day would utilize Wheels on Demand. Given the extended span of service and the ability to access every BART train, the number of passengers could double in the first year. The ridership rate could be higher after the first year. If ridership doubles, then a total of 64 passengers per day would be using East Dublin Wheel on Demand. Assuming a conservative \$5 subsidy per trip, the annual subsidy would be approximately \$82,000 annually. This compares to the \$200,000 annually necessary to run Route 2.

**Wheels on Demand could carry twice as many people for 40% the cost of the existing Route 2.**



### Dublin Wheels On Demand

The Dublin service area is shown shaded below. It replaces the existing underperforming Route 3 service, and serves predominantly residential areas, but several schools and commercial areas as well. For the Dublin Wheels On Demand service, LAVTA would subsidize any trip that has an origin and a destination within the proposed service area. Service to and from the proposed service area to either Dublin BART station would also be permitted. For passengers to receive the subsidy, they must be willing to share the vehicle with other passengers, by using a TNC ridesharing option such as Lyft Line and UberPool, which offer shared rides for a reduced price



#### *Proposed Service Availability*

The Dublin Wheels on Demand service should be available weekdays and Saturdays, and correspond to BART operating times. Route 3, which provides service to BART, operates weekdays during peaks only and on a limited Saturday schedule. The Wheels on Demand service represents an expansion of service.

#### *Proposed Fare Structure*

The Dublin Wheels on Demand is a premium service and premium fare should be charged. The proposed Dublin Wheels on Demand fare is a flat \$3 fare for each passenger. LAVTA would subsidize the remainder of the trip. It should be noted that this is a different fare model from the East Dublin Wheels on Demand Service.

Existing LAVTA passes would not be valid on Wheels on Demand.

#### *Estimated Costs to LAVTA*

The anticipated ridership is more difficult to predict, as the span and service area are more extensive than the existing Route 3. There are approximately 25 existing weekday Route 3 passengers boarding or alighting in North Dublin. Most of these passengers will transition to County Connection with implementation of the preferred alternative. However, because Wheels

on Demand is more flexible from a schedule and timing perspective, new passengers will be attracted to the service. In the first year, ridership could double over today's ridership levels. That suggests that in year one, up to 50 passengers per day will use the Dublin Wheels on Demand. Assuming that the TNC/taxicab fare is \$10 one-way, the average subsidy per trip for LAVTA is \$7/trip. This translates to an annual subsidy of approximately \$108,000. This compares to the estimated \$180,000 annual cost of providing Route 3 service to Dublin.

**The Dublin Wheels on Demand could carry twice as many people for 60% percent the cost of the existing Route 3.**