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OP13

**OPERATIONS COMMITTEE
OCTOBER 21, 2010**

SUBJECT: METRO VANPOOL PROGRAM UPDATE

ACTION: RECEIVE AND FILE REPORT ON METRO VANPOOL PROGRAM

RECOMMENDATION

Receive and file the following report on the Metro Vanpool Program.

ISSUE

In May 2007, the Metro Vanpool Program began operations. At the time the Board approved establishment of the program, staff was directed to provide periodic updates on progress. Regular reports are provided at the Executive Management and Audit Committee meetings during the Chief Communications Officer report. However, since the program has passed its three-year anniversary date and several important milestones have been met, it is time to provide a more detailed look at the program's progress and performance.

BACKGROUND

The Metro Vanpool Program

The Metro Vanpool Program was launched May 2007 providing lease and fare incentives to new and existing public vanpools. Eligible vanpools enrolled in the program receive a fare incentive amounting to 25–50% of the vanpool's lease cost or up to \$400 per month. In order to be eligible for the program, vanpools must operate their service with vehicles leased from Metro contracted service providers, commute to Los Angeles County employer worksites, be open to any fare paying commuter regardless of employer affiliation (i.e. public), and report specific operating data to Metro. All vanpool operating and expense data are reported to the Federal Transit Administration (FTA) as part of Metro's annual National Transit Database (NTD) report. The NTD is the system through which FTA collects uniform data needed by the Secretary of Transportation to administer department programs. The data reported is used to calculate federal grant apportionments to the region.

The program is being implemented under contract with two vanpool leasing companies: Enterprise Rent-A-Car (dba Enterprise Rideshare) and VPSI, Inc. A bench procurement was established in January 2007 offering commuters two options for vanpool services.

To enroll in the program, a participant must hold an executed lease agreement with a partner leasing company and complete a Program Application and Agreement.

Service Delivery

Participation has been building at a rapid rate since program launch in May 2007. Staff continues to receive strong positive feedback from commuters, employers and public agencies involved in the program as well as recognition for outstanding achievement by its transportation peers in 2009. Current system participation is ahead of projections for number of vanpool routes (#Routes), vehicle revenue miles (VRM) and passenger miles traveled (PMT) (Table 1). VRM and PMT are key indicators used in determining federal grant apportionments.

Table 1: Metro Vanpool Program Performance

Fiscal Year	# Routes	VRM	PMT
2007			
Actual	327	1,066,177	7,171,055
Projected	626	4,225,585	34,204,680
2008			
Actual	621	13,065,208	90,702,354
Projected	758	16,226,730	129,813,840
2009			
Actual	813	17,949,029	111,907,711
Projected	834	17,849,403	142,795,224
2010			
Actual	923	20,581,652	124,379,567
Projected	917	19,637,883	157,103,064

Source: NTD Data (Actual and Reported)

National Comparison

The Metro Vanpool Program in a short time has become one of the leading public vanpool systems in the nation. Based on preliminary NTD data for 2009, the Metro Vanpool Program ranked number one nationally for VRM delivery and PMT, and second after King County Metro in Washington for vehicles operated in maximum service (VOMS) and unlinked passenger trips (UPT). The King County Metro program is a mature system that has been in operation since 1979 (Table 2).

Table 2: Top Five Vanpool Operations in Nation

Operators	VRM	PMT	VOMS	UPT
LACMTA (CA)	17,949,029	111,907,711	806	2,487,304
SANDAG (CA)	14,325,196	103,086,473	655	2,229,533
King County Metro (WA)	11,802,532	60,214,825	1137	3,172,678
Metro of Harris County (TX)	10,371,616	71,672,437	766	2,619,075
PACE (IL)	9,615,683	43,375,569	643	1,809,752

Source: FY09 Working NTD Data (FTA)

Metro Family of Services

When assessing Metro Vanpool Program performance data along with our other Metro transit service modes, we find some interesting patterns. First, in terms of PMT, the vanpool program delivers about 50% of Metro’s Subway service, 34% of Metro Light Rail service and 8% of Metro Bus service. This is mainly due to the fact that the vanpool

mode serves very long commutes, a niche market that can't be served well by traditional fixed route service and therefore has potential for growth. In 2009, the modal average trip lengths were 45 miles for vanpool, 5 miles for subway, 7 miles for light rail, and 4 miles for bus (Table 3).

Table 3: Comparison of PMT & Average Trip Length

Service Type	PMT	Vanpool %Share	Average Trip Length (Miles)
Vanpool	111,907,711		45
Subway	227,656,592	49%	5
Light Rail	327,341,157	34%	7
Motor Bus	1,466,309,355	8%	4

Source: Metro's audited FY09 NTD Data

One of the optimal benefits of the program can be measured by its fiscal impacts. In FY09, Metro Vanpool services recorded an 87% fare recovery over its operating cost compared to 39% for subway service, 21% for light rail service, and 29% for bus service. This is attributable largely to the fact that a high portion of the operating costs are directly paid for by the user. As a result, the agency operating cost per passenger mile, a standard fiscal performance measure, is extremely low for the vanpool mode with an operating cost per passenger mile of \$0.07 compared to \$0.39 for subway service, \$0.46 for light rail service and \$0.61 for bus service. The Metro Vanpool Program has proven to be a very cost effective service for Metro (Table 4).

Table 4: Fiscal Performance

Service Type	Fare Recovery	Cost/PMT
Vanpool	87%	\$0.07
Subway	39%	\$0.39
Light Rail	21%	\$0.46
Motor Bus	29%	\$0.61

Source: Metro's audited FY09 NTD Data

Local Comparison

In reviewing operating data utilized in the FY10 federal grant apportionments for regional fixed route bus and ADA demand response service, the Metro Vanpool Program performed favorably as well. The vanpool program ranks third in terms of VRM and PMT and second in terms of lowest operating cost (Table 5).

Table 5: Top 4 LA County Non-Fixed Guideway Operators

Operator	VRM	Rank	PMT	Rank	Op. Cost	Rank
Access Services	26,129,930	2	32,536,447		\$ 78,102,333	
Metro Bus	85,975,826	1	1,393,646,551	1	\$872,304,633	
Metro Vanpool	12,181,356	3	84,566,404	3	\$ 5,094,271	2
Foothill Transit	9,861,099	4	97,095,171	2	\$ 58,753,192	
City of Commerce	254,304		2,508,464		\$ 2,213,333	1
City of Gardena	1,504,703		14,631,694		\$ 10,315,392	3
City of LA	7,522,246		72,534,026		\$ 54,065,921	4
Long Beach Transit	6,898,270		81,825,206	4	\$ 67,644,160	

Source: FTA Final FY08 NTD Data Used for FY10 S5307 Apportionments

Investment Recovery

One of the key objectives of the Metro Vanpool Program was to recover additional new federal grant apportionment to the region. Because the vanpools are subsidized at a much lower rate than traditional transit services (about 30%), the vanpool program recovers a greater return on its expense. For instance, the Metro Vanpool Program total cost to Metro was \$3,558,746 in FY08 but the FTA apportionment generated in the region based on that service was \$8,302,117 from that service, yielding approximately a 233% recovery rate. Table 6 provides a comparison of total annual cost versus the amount recovered through federal formula grants. The amounts shown for FY07 reflect two months of service since the program was launched in May of that year.

Table 6: Investment Recovery

	FY07	FY08	FY09	FY10
Metro Expenses	\$509,796	\$3,558,746	\$4,626,915	\$4,936,810
FTA S5307 Apportionment Earned	\$990,050	\$8,302,117*	\$11,050,338*	\$12,301,832*

*apportionment earnings for FY08, FY09 and FY10 are estimates pending final allocation by SCAG

Outreach

In January 2007, the Board approved a motion (Dir. Yaroslavsky) directing staff to develop a marketing plan to work with employment centers across the county. Working with Board staff, the following areas were targeted for the plan: Burbank, Carson, Century City, Cerritos, Compton, Downey, Glendale, Industry, LAX/EI Segundo, Long Beach, Pasadena, Santa Monica and Torrance. Staff is performing outreach to business centers, cities, chambers and building owners within the target geographic areas. Outreach activities to help form Metro Vanpools include: conducting one-on-one meetings with employers, commercial property owners and property managers to educate them about the vanpool program; hosting on-site presentations for commuters to inform them of this less costly commute option; and performing data analysis to determine potential for forming vanpools at particular employment centers. In addition, the South Bay Council of Governments is implementing a pilot project to promote the program in the South Bay area to chambers of commerce, cities, school districts, community events and employers in multi-tenant buildings. Table 7 presents the breakdown of vanpool route destinations by sub-region. As shown, the largest share of vanpool routes are destined to worksites in the South Bay, Central Los Angeles and San Gabriel Valley areas.

Table 7: Subregional Route Distribution

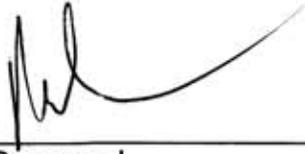
Subregion Destination	# Routes	%
Arroyo Verdugo Cities	49	5%
Central Los Angeles	186	20%
Gateway Cities	66	7%
Las Virgenes/Malibu	27	3%
North Los Angeles County	103	11%
San Fernando Valley	60	7%
San Gabriel Valley	135	15%
South Bay Cities	244	27%

Source: May 2010 program participation data

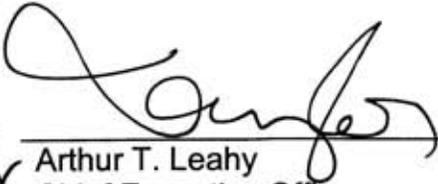
NEXT STEPS

Staff will be reviewing the budgetary impacts of the program's on-going service delivery needs and greater-than-expected success. Staff will report findings of these impacts to the Board in the next 60 days and will recommend any remedies that may be necessary. Meanwhile, Metro Vanpool Program implementation will continue as planned and periodic brief program updates will be provided to the Board during the Chief Communications Report.

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