



711 grand ave, #110
san rafael, ca 94901

ph: 415.226.0855
fax: 415.226.0856
marintransit.org

May 4, 2020

Honorable Board of Directors
Marin County Transit District
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Marin Transit Connect Program Update

Dear Board Members:

board of directors

dennis rodoni
president
supervisor district 4

kate colin
vice president
city of san rafael

judy arnold
2nd vice president
supervisor district 5

damon connolly
director
supervisor district 1

eric lucan
director
city of novato

katie rice
director
supervisor district 2

kathrin sears
director
supervisor district 3

RECOMMENDATION: Information only.

SUMMARY: Throughout the current pilot of Connect, planning staff have monitored and adjusted service levels to better match vehicle supply to rider demand. In July 2019, staff brought to your Board a one-year evaluation report of the program. The report concluded that Connect has succeeded in providing first-last mile connections to major employment sites from the Civic Center SMART station. The analysis demonstrated that Connect had not met the recommended \$15 per passenger subsidy or 4 passengers per hour performance targets despite improvements over the course of the program. The report also found that the service was not meeting expectations for attracting senior and ADA-eligible riders, the primary objective of the program.

In January 2020, your Board approved changes to the on-demand Connect pilot program that expanded the service area and changed fares. Staff requested this extension to continue to test the pilot and attract more senior/ADA riders to use the service. The new service area serves downtown San Rafael and expanded areas in Santa Venetia, Marinwood and Lucas Valley. The District moved from a flat fare to a distance-based rate of \$4 per mile and retained a \$3 per trip flat fare for Marin Access riders. This staff report describes the observed impacts since expanding the Connect service area and changing the fare structure on February 3, 2020 and recommends additional changes to the program.

The focus of the February 2020 changes was to increase senior/ADA ridership by expanding the geographic coverage of the service. The program currently has only four dedicated vehicles, and the expanding the service area without degrading the quality of service is challenging in the absence of other changes. Examples of decreased service quality include increased walk and ride times, and pick-up time estimates, and decreased availability. Recognizing shortcomings in the program's financial stability, staff proposed to change fares concurrently with the expanding the service area. The

goal is to improve the cost-effectiveness of the program (reduce subsidy per passenger) and limit excess demand for trips that could use other available first/last mile services. The fare changes included moving general public riders to distance-based fares (\$4.00 per mile) and leave senior/ADA riders as a flat fare (\$3.00).

Staff requested that your Board make changes to the Connect service area, fare policy, and fare pricing to increase the attractiveness of the program for senior/ADA passengers, especially those needing wheelchair access. Staff expected these changes to attract more senior/ADA riders with service to downtown San Rafael and connections to targeted destinations for many paratransit trips based on surveying these passengers through the app in late 2019.

The data available to assess the impacts of the February 3, 2020 changes is limited due to the impact of the COVID-19 pandemic and the Marin County Shelter-In-Place orders issued on March 16, 2020. Based on 25 days of operations, staff have the following observations the new service area and fare structure between February 3 and March 6, 2020.

The total ridership data shown in **Figure 1** indicates February ridership remained strong with 1,289 passenger trips, comparable to previous months in FY 2019/20. This represented a 12 percent increase in ridership compared to February 2019. Overall, monthly ridership has remained generally consistent over the course of the last eight months. Months with lower ridership were affected by service gaps due to holidays or recent power outages caused by wildfires.

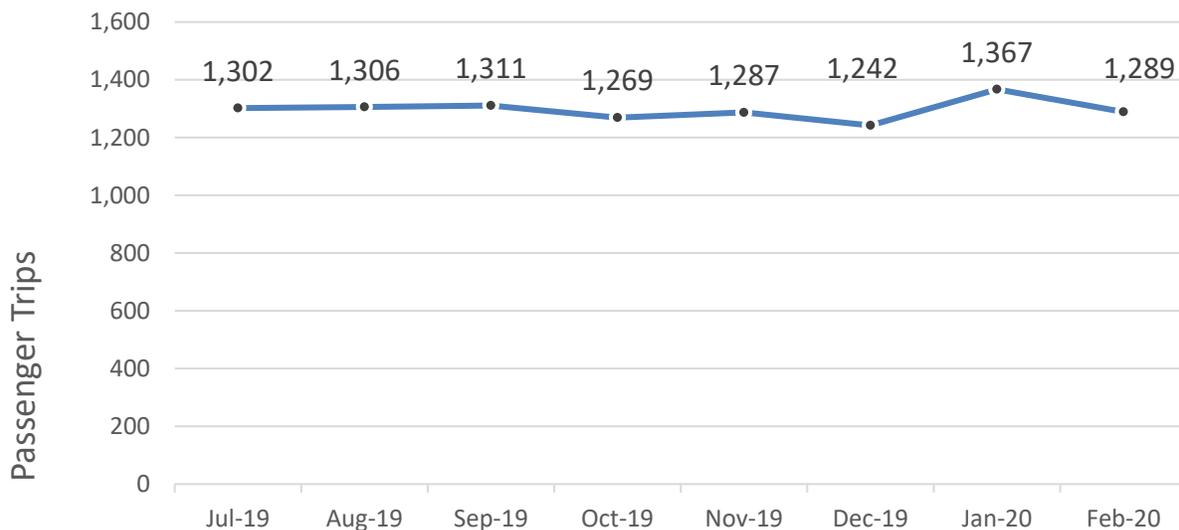


Figure 1: FY 2019/20 Monthly Ridership

Staff has also found that daily ridership demonstrates a similar consistency to monthly performance data. Average daily ridership has trended slightly upward during the second year of the pilot phase, as seen in **Figure 2**. Data for March 2020 represents the first full week of March (the first full week of service before ridership declines due to COVID-19 outbreak).

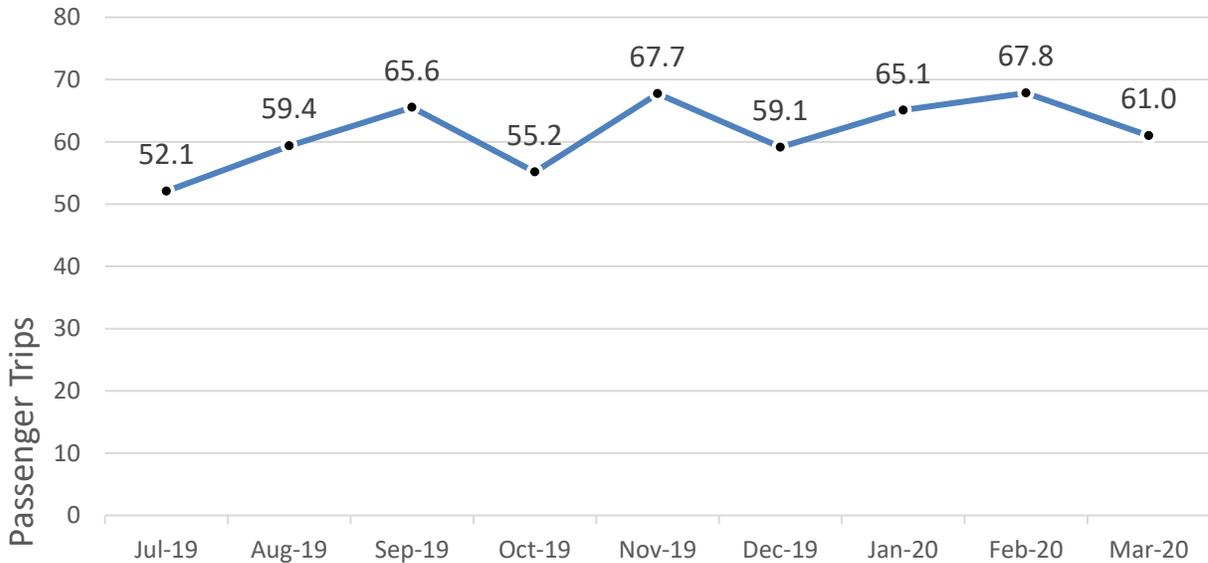


Figure 2: Average Daily Ridership

The Connect one-year evaluation report highlighted that over two-thirds of Connect riders used the service to access jobs and nearly half earned over \$100,000 per year. The Connect service continues to be effective in serving the first or last mile connection from SMART to employment centers. Most of those trips consist of Kaiser and Marin County employees whose trips are subsidized by the employer through an agreement with the District. These trips are referred to as “Employer Sponsored” trips throughout this letter. February employer-sponsored performance data in **Figure 3** shows that the employment share of trips remained steady at about 40 percent compared to the prior month. This is consistent with what staff predicted in the January 2020 Board report.

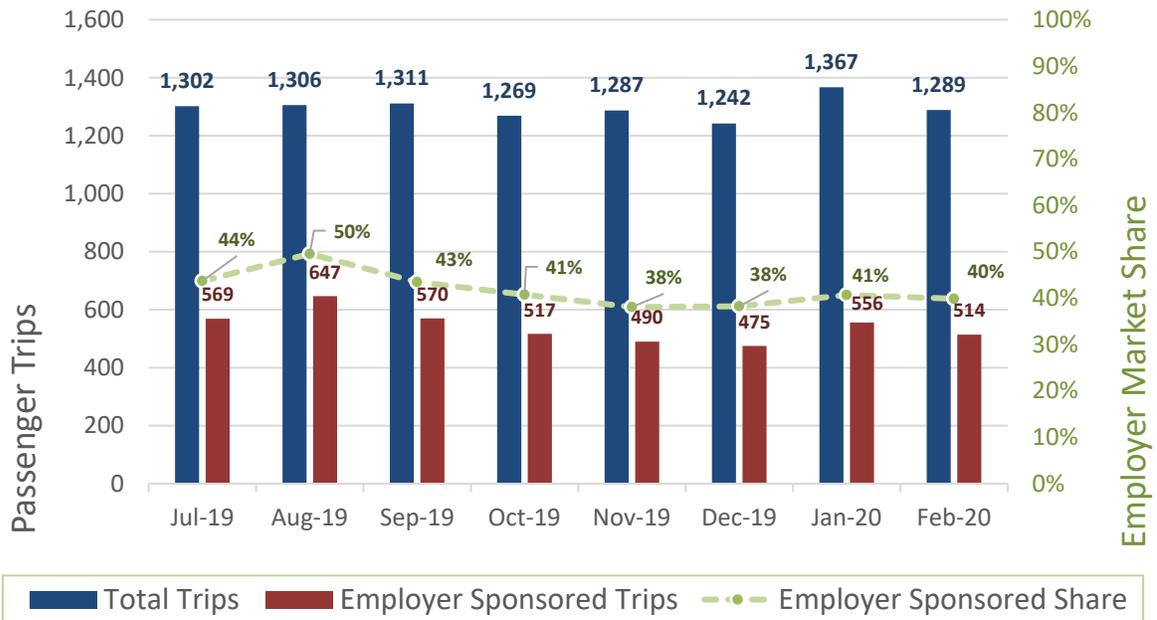


Figure 3: FY 2019/20 Monthly Employer-Sponsored Ridership

The Connect pilot program provided an opportunity to test how on-demand public transit service could serve multiple markets. The primary goal of the program was to provide an on-demand service for those who do not have other options due to accessibility issues or income restrictions. Staff predicted a \$3.00 flat fare would increase the attractiveness of the Connect program for senior/ADA riders, without being cost-prohibitive. The \$3.00 Marin Access flat fare is also in line with the proposed \$3.00 paratransit fare and \$4.00 base fare on Catch-A-Ride that will go into effect on July 1, 2020.

Analyzing the activity of Marin Access client and wheelchairs trips (designated as WAV/ADA) in **Figure 4**, February 2020 data shows a five percent increase in these trips. The highest rise in the number of Marin Access accounts created in February compared to prior months of the pilot.

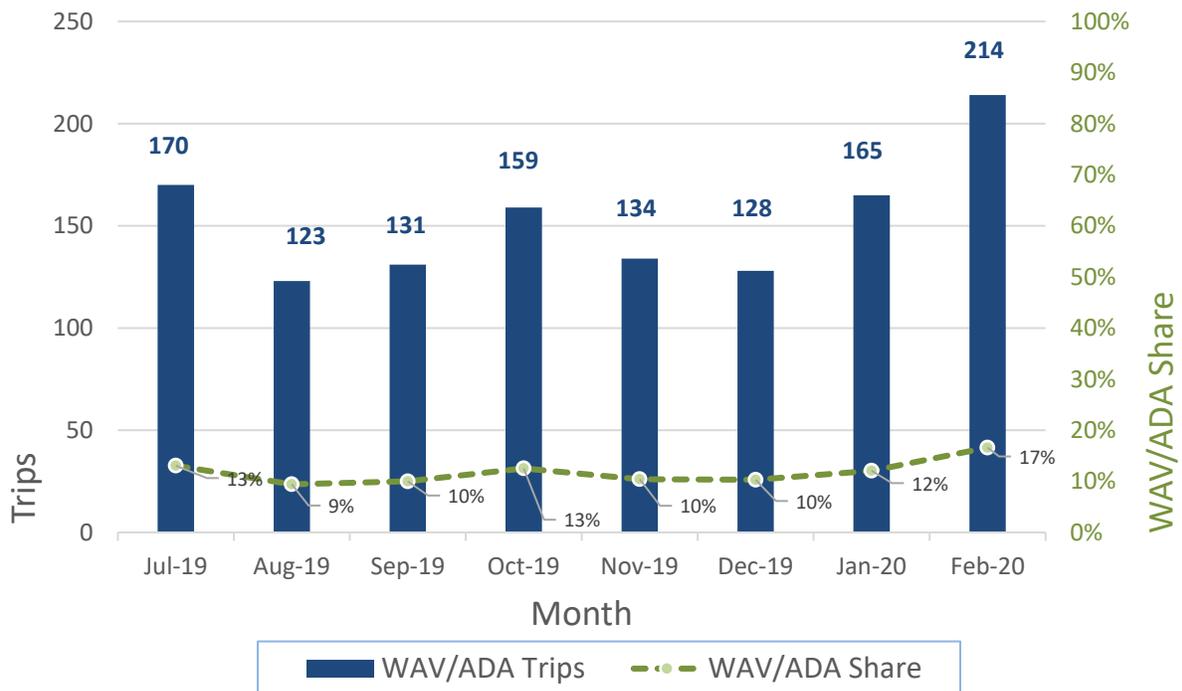


Figure 4: FY 2019/20 Activity from Wheelchair and Marin Access Clients

The February Connect fare changes increased general public fares to be closer to the market rate and as an incentive to consider other options for first/last mile connections to transit services. General public fares are more comparable to other shared ride on-demand services in the county, such as Uber and Lyft, and taxi options. Connect was not intended to directly compete with these services through subsidized fares or to duplicate TAM's GET2SMART program for SMART station first/last mile access. Thus, staff predicted that a \$4 per mile distance-based fare will likely decrease ridership from those who pay on a per trip basis and encourage them to seek a different trip option. Staff conducted a survey of Connect riders in advance of the proposed fare changes. Based on the findings, staff anticipated that the implemented changes will potentially shift some general public ridership demand from Connect to other services. **Figure 5** shows that the general public market slightly decreased its share of trips in February compared to January 2020. WAV/ADA trips slightly increased, and employer trips remained relatively consistent.

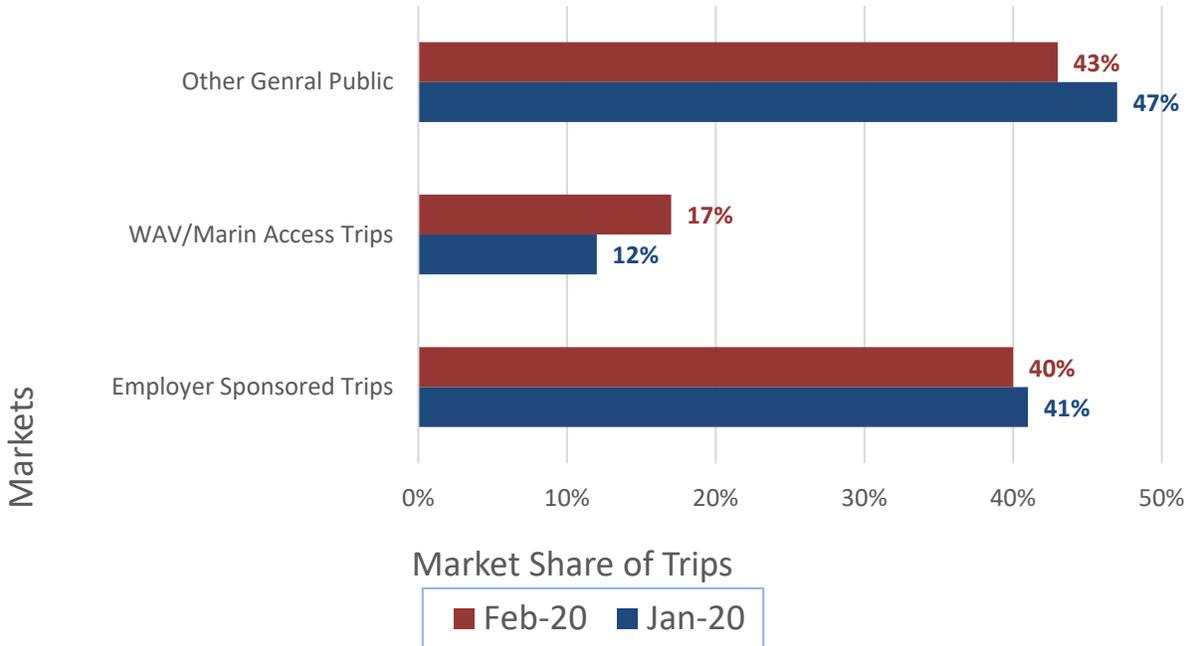


Figure 5: Observed Market Changes Following Fare and Service Area Changes

The District has continually adjusted the supply of service to better target demand and productivity. The productivity trends shown in **Figure 6** indicate that performance is improving overall, with a slight decrease in productivity in February and March 2020. March data includes only the first full week of the month as performance on Connect significantly dropped due to COVID-19.

Staff estimated that the program would need to expand the availability of vehicles and driver hours to accommodate the new service area. Overall, staff expected increased utilization of Connect with an expanded service area, though the ability to market the program and grow ridership has been limited due to COVID-19. It is difficult to evaluate the impact of the expanded service area and fare changes beyond the first five weeks given the Coronavirus' effect on transit ridership across all program types.

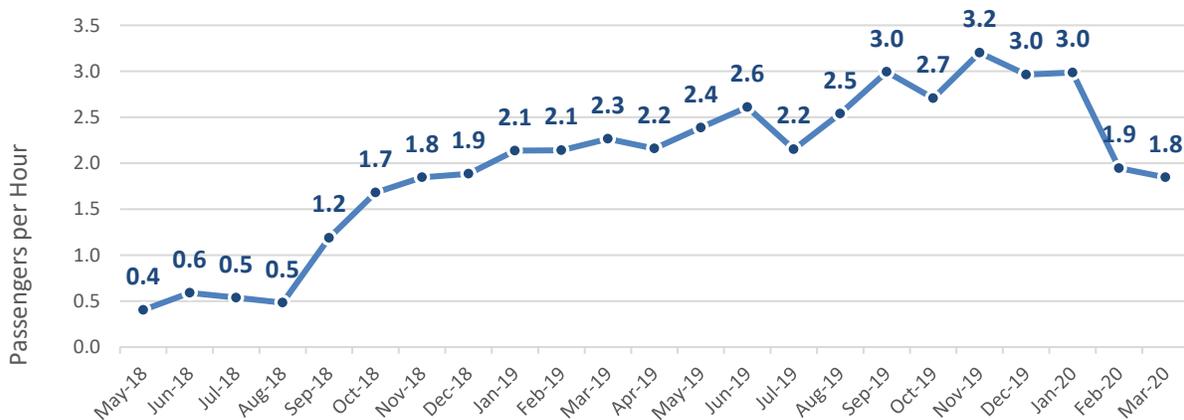


Figure 6: Productivity (Passengers per Revenue Hour), May 2018-March 2020

The changes to the Connect fare structure has resulted in a significant increase in the average fare per passenger trip. Figure 7 shows that average fares ranged between \$2.00 and \$3.00 per trip prior to the February 2020 changes. After the fare change, the average fare for employer-sponsored trips increased to \$6.14 per trip and non-employer sponsored trips went up to \$4.92 per trip.

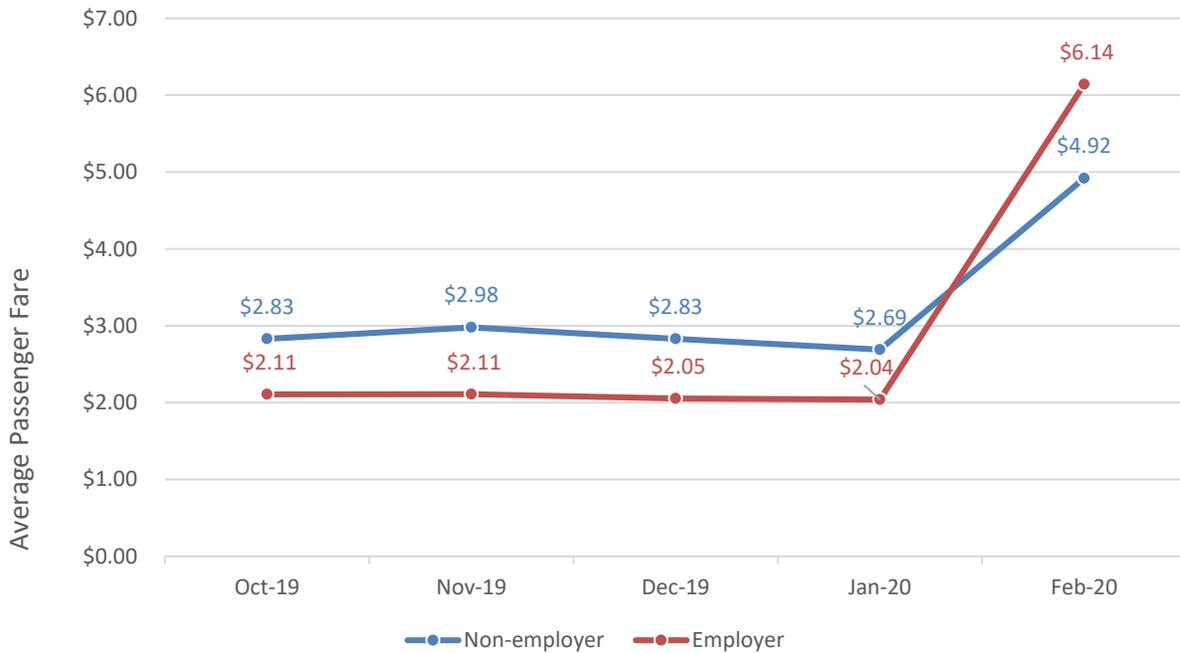


Figure 7: Average Fare

Cost effectiveness, or subsidy per passenger trip, has also improved since the start of the program (**Figure 7**). The first two quarters of operation showed an extremely high subsidy per passenger due to the high start-up costs and low ridership. As the program has matured, the subsidy rates have reduced significantly though remain above the District’s suggested target of \$15 per passenger trip. The purpose of the fare changes was to increase fare revenue and offset the high subsidy per passenger. Given the COVID-19’s effect on ridership, fare revenues will not increase as anticipated for the last five months of the Connect pilot.

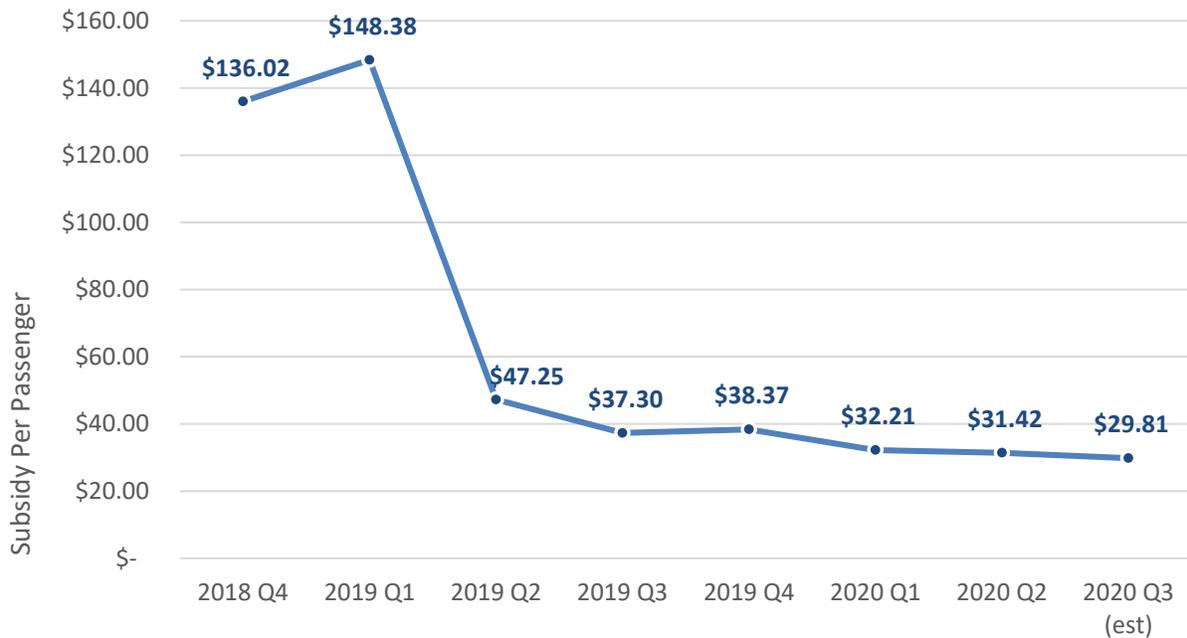


Figure 7: Cost Effectiveness (Subsidy per Passenger), 2018 (Q4) – 2020 (Q3 estimated)

OBSERVED IMPACTS: Marin Transit expected that the expanded service area would lead to increased utilization of Connect. Results are mixed due to limited time to test the expansion before the onset of COVID-19. Staff observed a small increase in wheelchair/Marin Access trips while overall ridership remained relatively constant. However, the program was oversupplied in driver hours to meet potential demand and this decreased productivity. Below is a list of program changes and their observed impact since the February 3, 2020 changes.

- **Expanded service area:** A small group of existing riders are taking advantage of service into downtown San Rafael.
- **Regular Fare:** Moving to a \$4 per mile distance-based fare decreased the number of general public riders who pay on a per trip basis. Fares from non-employer sponsored trips increased significantly from an average fare of \$2.69 in January to \$4.92 in February, which has made the program more cost-effective.
- **Flat fares for Marin Access riders:** The \$3.00 flat fare is not cost-prohibitive and has increased the attractiveness and utilization of the Connect program for WAV/ADA riders.
- **Marin Transit Monthly Pass:** The fare change retained the monthly pass option, though it increased the price to \$80.00 per month. The monthly pass price is competitive with the current \$4 per mile regular fare based on the assumption that a pass holder takes about 20 rides each month. Staff predicted that monthly pass holders would not ride the Connect as frequently due to the increase in pass price. Monthly pass holders in February decreased from 10 riders in January to 9 riders in February. The total number of trips, however, increased from 282 trips to 386 trips. More trips being taken by pass-holders likely reflects riders' desire to get more value out of the increased pass price.
- **Marin Access Monthly Pass:** The fare change retained the Marin Access Monthly Pass option at half-reduced price of \$40 for seniors and ADA-eligible riders. Marin Access pass holders effectively pay less than the Marin Access full fare of \$3 per trip if they take at least 14 rides per month. The expanded service area includes many paratransit client residences and common travel destinations, and staff expects this underutilized pass

option to be more attractive to senior/ADA riders. Marin Access Monthly pass rides increased 20 percent compared to January, though the low number of users indicates that this payment method is still underutilized.

- **Employer-based accounts:** Fares for Kaiser and Marin County employees did not change as their respective employers pay for the new distance-based fare. Employee ridership remained consistent, and fares from employer-sponsored trips increased significantly from an average fare of \$2.04 in January to \$6.14 in February. This has made the program more cost-effective.

Staff predicted many of the observed impacts within the first five weeks of implemented program changes. Due to COVID-19's enormously negative effect on transit ridership, staff cannot assess rider response to changes beyond the initial five week period. Connect is still running and will remain free to riders who may need the service for essential trips throughout the shelter in place order that went into effect March 17, 2020. The County of Marin's Public Health Officer released new orders on March 31, 2020 that explicitly prohibit travel on public transit that is not made for essential services or reasons.

COMMUNICATION & MARKETING: In mid-November, the District sent an email to all Connect riders with a survey regarding the proposed changes. The survey asked riders to provide feedback on how an expanded service area and fare changes would affect their use of Connect. Your Board approved the changes in January 2020, and staff sent multiple emails, text, and in-app messages to riders to inform them of the changes. The Marin Access Travel Navigators personally communicated the service changes to all active Marin Access Connect riders.

Planning staff worked with outside agencies to promote messaging on program changes. Marin Transit's partnership with Technology 4 Life produced a Connect Travel Training video that was updated to reflect service changes. Information was also shared with the public via newsletters from the San Rafael City Manager, neighborhood organizations, and partner organizations. Rider notices were posted at all bus stops in the expansion area downtown. Plans for other coordinated marketing efforts were postponed due to COVID-19.

NEXT STEPS: Connect has provided the District a unique opportunity to explore how an accessible, on-demand public transit service can serve multiple markets in San Rafael. The following are key takeaways from the nearly two years of service on the different iterations of the Connect pilot program and proposed goals for the next generation of the Connect pilot program.

- **Current service does not meet targets.** Staff recommended that the Board use a \$15 per passenger subsidy as a target for evaluating the Connect program. Although cost-effectiveness has continued to improve, the current \$29.81 subsidy level per passenger is nearly double that target. Compared to paratransit and Dial-A-Ride subsidy targets of \$35.00 per passenger, Connect subsidy levels indicate a potentially lower cost option to serve these trips with increased convenience for those riders. Staff have identified the following program goals moving forward for improving cost effectiveness:
 - **Increase ridership/utilization of service.** The District schedules a fixed supply of vehicles and drivers independent of actual demand since this service is booked on-demand. Drivers are often sitting idle and not being fully utilized aside from select times during the peak hours when SMART passengers request the service. If more riders take advantage of the service, fare revenues will increase and help offset operating costs.
 - **Decrease technology costs.** Although not a significant factor, the fees to support the app account for approximately \$3.00 per completed trip.

Implementing opportunities to decrease the technology fees or increase ridership will help reduce the per trip cost.

- **Spread out demand to reduce peak demands on service.** Operating costs are a function of the number of vehicles assigned to the service to meet anticipated demand. During focused time periods, SMART first/last mile commuters place a disproportionate burden on service based on southbound train arrivals. Staff should explore opportunities to minimize peak supply, and thus operating costs, to serve this first/last mile need.
- **Higher service quality attracts a different demographic of rider.** Connect riders have a different socioeconomic profile from the District's typical fixed route and Marin Access riders. The majority of Connect riders are also SMART passengers. Their household incomes tend to be higher, and they have more access to vehicles. A much higher percentage of SMART passengers commute from Sonoma County and use the Connect to get to/from their place of employment.
- **App-based services offer significant benefits for outreach, surveying, and communications with riders.** The app provides the ability to directly communicate with active riders, an unparalleled feature. This provides a direct method for contracting and obtaining feedback from riders through in-app messaging and surveying. The app enables the District to communicate service changes and other service disruptions much more efficiently.
- **A District-sponsored app limits the exposure of the program.** The District's approach to using Via's app branded for the Marin Transit Connect program provides advantages for marketing, branding, and data collection. However, the current app is only used to book Connect services and this likely limits the use of the service because Connect is only available in a very specific area during limited hours on select days. Ideally, the app used to request and book Connect services should provide the user with other mobility options, including other modes of transit, for completing their request and enable them to directly compare the cost and convenience of each option.
- **Increasing ridership will depend on a significant expansion of service area.** The limited service area limits the potential utility of the Connect program for all riders. Surveys of riders and non-riders who downloaded the Connect app indicate that expanding the service area is the most desired improvement. The ability to include additional high activity centers requested by Marin Access riders will also attract more senior/ADA rides.

Staff recently concluded a procurement to identify and select a longer-term technology platform that will enable the District to continue to support on-demand accessible service and seek to achieve the goals listed above. The current partnership with Via expires at the end of June 2020. The new on-demand service will begin in July 2020 with a renewed focus on providing senior/ADA trips. The District partnered with the Transportation Authority of Marin on the procurement with the goal of retaining an option for first/last mile commuters and others with transportation needs within the service area. Ideally, a program that integrates Marin Transit's Connect program and TAM's GET2SMART first/last mile program could serve more riders with a larger service area and provide riders with more mobility options. At today's meeting, your Board will consider the contract award for the new platform.

FISCAL/STAFFING IMPACT: There is no fiscal impact associated with this item. In October 2019, your Board approved a second amendment to Agreement #171837 with Nomad Transit, LLC (Via) to continue use of the current technology until June 30, 2020 at a cost not to exceed \$29,000. Under that amendment, Via committed to conduct the additional development work

required to expand the service area, implement fare changes, and provide an additional six months of support service on the technology. Additional service hours needed to support the expansion in February and March are within the approved FY 2019/20 annual budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Betts". The signature is stylized and cursive.

Robert Betts
Director of Operations and Planning

Attachment A – Connect Program Update Presentation