



METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Transit Finance Working Group (TFWG)

DATE: February 4, 2015

FR: Pierce Gould and Barbara Laurenson

W. I. 1222

RE: Proposed Vanpool Support Program: National Transit Database Reporting for Transit Capital Priority Funds

Staff has undertaken a strategic review of MTC's Regional Rideshare Program (RRP) and is proposing significant changes to its FY17-FY21 workscope and funding. Staff is reaching out to the TFWG for feedback on the proposals. To increase vanpooling in the region, staff is proposing to create a Vanpool Support Program by reporting vanpool miles traveled to the National Transit Database (NTD), and using a portion of the expected resulting increase in FTA Section 5307 funds to pay for program costs. The proposal is expected to generate more 5307 apportionments than the cost of the vanpool program; the excess apportionments would be used to support other Transit Capital Priorities (TCP) projects. Staff plans to request Commission approval of the strategic direction, including the Vanpool Support Program, in April 2015. If the Commission is supportive, staff would return to the TFWG later this year to propose specific changes to TCP policy.

RRP Strategic Plan Overview

Currently, the RRP supports alternatives to solo driving in the Bay Area by marketing its ridematching system and website (www.rideshare.511.org); performing employer outreach to encourage employers to implement trip reduction strategies; supporting vanpool formation and maintenance; and evaluating program effectiveness.

The Strategic Plan takes into account several factors that necessitate change but also point to the importance of the program's mission to form carpools and vanpools: 1) increased competition for Congestion Mitigation and Air Quality (CMAQ) funds and the need to 'do more with less'; 2) proliferation of private-sector ridematching applications and partnership opportunities; and 3) expansion of Bay Area Express Lanes which intends to provide improved travel time reliability and connectivity for carpools and vanpools (as well as transit).

Key changes for the next contract cycle beginning FY 16/17 are:

- Contract Organization – Two contracts: Carpool Program and Vanpool Support Program.
- Ridematching System – Transition away from a publicly-funded ridematching tool to private sector ridematching applications through promotional partnerships.
- Employer Outreach – Transition away from regional employer outreach. Provide employer 'self-help' tools. Market carpooling through social media and incentives.
- Vanpool Support Program – Contract for turn-key vanpool formation, matching and data reporting services in exchange for supporting vanpool riders' operating/capital costs.

- Budget – Reduce from \$3.4 million to \$1.6 million/year, except for the Vanpool Support Program which would eventually be self-funding at \$2.5 million/year.

Proposed Vanpool Support Program: NTD and TCP Proposal

Staff is proposing to create a Vanpool Support Program in the Bay Area to increase the number of vanpools in the region and support reductions in vehicle miles travelled and greenhouse gases. A Vanpool Support Program is a ‘win-win’ for both vanpools and transit. Similar programs are already in operation in San Diego, Los Angeles, Denver, Arizona and elsewhere. San Diego’s program began in 2001 and saw 5% to 10% growth in the vanpool fleet every year through FY13. LA Metro began its program in 2007 and the vanpool fleet has grown about 14% per year. These programs have found that NTD reporting of vanpool data returns more money to a jurisdiction than the amount spent to offset vanpool costs. For example, the Northern Virginia Transportation Commission found that failure to report vanpool data in the Washington, D.C. metropolitan area resulted in a \$6-\$8 million loss per year, and that each \$1 invested would return more than \$2 in Section 5307 funds.¹ LA spends \$7 million to off-set vanpool costs and brings back \$20 million in additional 5307 funding.² The amount returned varies depending on the number of passenger miles travelled; vanpools that log more miles and carry more passengers have higher returns. MTC estimates that for every \$1 spent, about \$1.40 would be returned in TCP funds given the typical Bay Area vanpool distance travelled of 55 miles.³ MTC expects more programs around the country to start NTD reporting given the economics. If MTC does not pursue this opportunity, the Bay Area won’t keep up with other regions; TCP funds would decrease over time relative to other regions because of vanpool reporting.

MTC would issue a procurement to hire one or more turnkey vanpool service providers. MTC would provide annual funds to support individual vanpool capital and/or operating costs. In exchange, the vanpool service providers would promote the program, form vanpools and report vanpool mileage and other data to the National Transit Database (NTD) on MTC’s behalf. The Vanpool Support Program would be scalable, and MTC anticipates providing support of \$1 million in FY 16/17, \$2 million in FY17/18 and \$2.5 million by FY 19/20 (see Table 1). A \$2.5 million program could provide about 700 vans with \$300 per month. The actual terms of the program remain to be finalized pending more research and a procurement process.

Some key points of the proposal for a Vanpool Support Program are:

- MTC would use CMAQ and TFCA funds to pay for early year costs. In later years, the program would be paid for with its ‘earned’ Section 5307 funds.
- There would be a ‘paper trail’ to document the vanpool contribution to the Bay Area’s share of TCP funds. There would be no TCP funds for vanpools until MTC can document the amount of TCP funds that the region has received as a result of NTD reporting. Vanpool data from FY16/17 (July 2016 through June 2017) would be reported in October 2017, but no TCP funds would be spent on vanpools until FY 18/19.
- Funding caps would be put in place on the amount of TCP funds spent on vanpools. Vanpools would never receive more funds than their proportional share based on miles reported. Also, staff anticipates capping vanpool support at \$2.5 million/year, which

¹ Northern Virginia Transportation Commission; FTA Section 5307 Earnings Potential from Vanpools in DC Metropolitan Region; Revised: August 7, 2009

² October 2014 interview with LA Metro program manager, Jamie Carrington.

³ Estimate provided by vRide, a turnkey vanpool service provider, using proprietary tool and typical vanpool mileage reported by MTC’s Regional Rideshare Program.

would result in an estimated \$1 million/year of additional TCP funds for transit capital needs in the region beginning FY 21/22 (see Table 2).

- MTC would need to submit an annual FTA grant to claim TCP funds, or find a transit agency to claim funds on its behalf and enter into a pass-thru agreement. If the latter, MTC would provide reasonable compensation for grant management. Alternatively, it may be possible to exchange the 5307 funds with another regional fund source that does not require an FTA grant, such as STP or CMAQ. MTC is interested in other ideas that TFWG members may have on how the funds could be administered.

Table 1: Funds Needed for Vanpool Support Program - Proposal (Millions)

ID	Funds	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
A	CMAQ	\$1.0	\$1.0				
B	TFCA		\$1.0	\$1.0			
C	TCP			\$1.4	\$2.5	\$2.5	\$2.5
D=A+B+C	Total	\$1.0	\$2.0	\$2.4	\$2.5	\$2.5	\$2.5

Table 2: Est. Increase in TCP Funds and Balance for Transit (Millions; 1.4 multiplier)

	Funds	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
E	5307 Apport. from VPs			\$1.4	\$2.8	\$3.4	\$3.5
F=E-C	Balance for Transit				\$0.3	\$0.9	\$1.0

Staff looks forward to feedback at the February TFWG meeting about the feasibility of creating a Vanpool Support Program and its impact on existing TCP policy. Feedback will be shared with the Operations Committee in April 2015.