

# Committee Report

Transportation Committee



**Committee Meeting Date:** September 25, 2023

**For the Metropolitan Council:** October 11, 2023

## Business Item: 2023-209

Micro Pilot Project Fare Change

### Proposed Action

That the Metropolitan Council authorize an increase of Metro Transit micro pilot fare from local to express fares.

### Summary of Transportation Committee Discussion/Questions

Metro Transit Service Development Senior Planner Victoria Dan and Metropolitan Transportation Services Contracted Services Program Manager Shelia Holbrook-White presented this item.

Carter, Tyronne asked what vehicle type and capacity are used in the service. Holbrook-White stated the vehicle is an accessible small bus and Dan stated there are 10 seats plus two wheelchair spots on the typical micro bus.

Carter, Toni asked if longer wait times could be an alternative to increasing fares. Holbrook-White said that was considered but as the wait time increases, inefficiencies are injected into the service. Inefficiencies include items such as customer refusals of the proposed pick-up time, customer cancellations prior to pick-up, and no shows at time of pick-up. Holbrook-White continued that these customer reactions to wait times of more than 30 minutes results in wasted resources and negatively impacts service availability for other customers.

The impact of various fare tools was discussed in response to a question by Carter, Toni. Metro Transit Service Development Director Adam Harrington stated the fare would increase for customers except those with a reduced fare such as TAP (who pay \$1 at all times), those with student passes, those eligible for mobility fare, etc. Harrington stated that Metro Transit has an agreement with Minneapolis Public Schools to provide passes to all high school students and parents of other students can purchase a pass individually.

Chamblis asked what is included in the supportive residences category. Holbrook-White stated that these residences are income restricted housing, with some also requiring that residents have physical, behavioral, and substance use diagnoses.

Morales asked if the algorithm prioritizes low-income customers. Dan stated that our program software allows prioritization of specific user types, but we haven't pursued that within the program.

Chair Barber asked if the micro app and Metro Transit's mobile app could be integrated. Metro Transit General Manager Lesley Kandarar stated that is a good question and will be taken back to our staff who manage the Metro Transit app.

Finally, Chair Barber asked if staff are developing plans for future implementation of the service including additional service areas. Kandarar stated that the Legislative omnibus bill includes funding for microtransit, so extending this pilot will be valuable and help guide the next steps for the Council's micro transit service.

Motion by Carter, Toni, seconded by Chamblis. Motion carried.

# Business Item

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<b>District(s), Member(s):</b>	District 6 (Lilligren), District 7 (Osman)
<b>Policy/Legal Reference:</b>	FM 12-2 Transit Fare Policy Changes Policy
<b>Staff Prepared/Presented:</b>	Lesley Kandaras, General Manager, Metro Transit, 612-349-7513 Charles Carlson, Executive Director, MTS, 651-602-1761 Adam Harrington, Director, Service Development, 612-349-7797 Gerri Sutton, Director, Contracted Services, 651-602-1672 Cyndi Harper, Manager of Route Planning, Service Development, 612-349-7723 John Harper, Manager, Contracted Services, 651-602-1744 Victoria Dan, Senior Planner, Service Development, 612-349-7648 Sheila Holbrook-White, Program Manager, Contracted Services 651-602-1618
<b>Division/Department:</b>	Metro Transit, Metropolitan Transportation Services

### Proposed Action

That the Metropolitan Council authorize an increase of Metro Transit micro pilot fare from local to express fares.

### Background

Metro Transit micro is a 24-month pilot of on-demand, curb-to-curb rideshare service (i.e. “microtransit”) that launched in North Minneapolis on September 10, 2022. Year 1 pilot goals were to (1) expand access to the High Frequency Network, (2) test technology and the service model, and (3) expand mobility choices, especially for low-income areas and communities of color.

In Spring 2023, staff conducted a mid-pilot evaluation to assess micro’s performance and develop recommendations for the pilot after the initial twelve months of service. Trip data revealed that one-third of micro trips could have been completed on fixed route within a comparable travel time window. Also, survey results suggest micro serves mostly low-income riders who likely qualify for or presently receive discounted fare through the Transit Assistance Program (TAP). Ongoing performance monitoring also show an increasing trend of ride request denials due to unavailable capacity.

Since launch, micro fare has matched local fares (\$2 off-peak, \$2.50 peak). Customers may transfer for free between micro rides and between micro and local fixed route within 2 ½ hours of initial fare payment. Staff recommend increasing micro fare to match express fares (\$2.50 off-peak, \$3.25 peak). Beginning Fall 2023, customers requesting a ride will see fixed route options next to on-demand ride options in the micro app, which may be especially helpful for riders who could have a cheaper fixed route alternative.

## Rationale

Increasing micro fare reflects the premium customer experience of on-demand, curb-to-curb service that provides a convenient one-seat option for trip-making anywhere in the micro service area. The fare change is also consistent with fares implemented on other demand-response services in the region. Previous evaluation showed one-third of micro trips had a comparable fixed route option, and riders will soon see fixed route options in the micro app. Combining this new feature with a fare increase will help manage service capacity to better accommodate riders with no reasonable fixed route option during the busiest times of day. Low-income riders who pay \$1 fare using TAP are protected from fare increase impacts, as are riders using a transit pass (e.g. Student Pass, MetroPass) or paying reduced fares (Mobility Fare and non-rush hour reduced fare for youth, seniors, and Medicare card holders). Microtransit is not a mode specified in the Council's fare change policy, which would typically require a public hearing process prior to implementing a fare increase.

## Thrive Lens Analysis

Increasing fare on micro advances *Thrive MSP 2040* regional outcomes by positioning on-demand service as an affordable alternative to car ownership and a premium service compared to local fixed route. This approach reinforces ridership and service investment on both micro and fixed route, contributing to regional prosperity, equity, and livability.

## Funding

Metro Transit micro is fully funded through a combination of MTS and Metro Transit budgets. In the future, micro will be funded through new local sales tax authorized by the Omnibus Transportation Bill in the 2023 Minnesota Legislative session.

## Small Business Inclusion

Small business inclusion was not a requirement of micro pilot software and operations procurement. It may be considered in future competitive procurement related to micro.





## BI 2023-209: Micro Pilot Project Fare Change

Victoria Dan, Senior Planner, Metro Transit-Service Development

September 25, 2023

Sheila Holbrook-White, Waiver Transportation Program Manager, MTS

# What *is* Metro Transit micro?

Metro Transit micro is a 24-month test program of microtransit. It is...



**On-demand:** Request a ride right when you need it and be picked up in a few minutes.



**App-enabled:** Download the smartphone app and create an account to start booking rides.



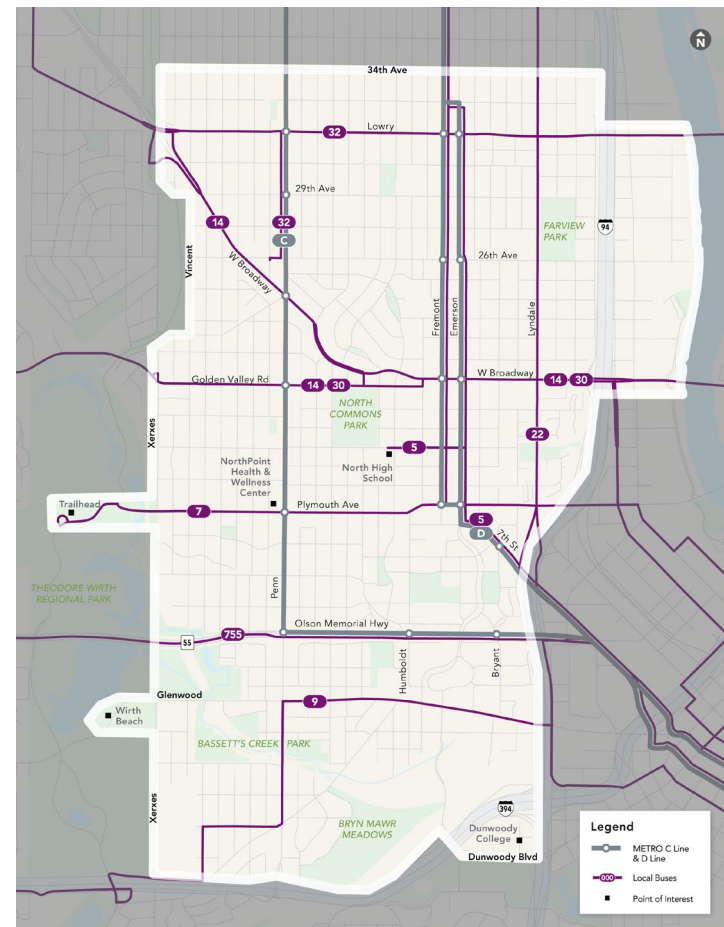
**Algorithm-powered:** Technology matches your ride with a vehicle in real-time to optimize your experience.



**Rideshare:** Spend less time waiting for a ride by sharing your vehicle with others.

# Pilot Milestones

- Launched September 10, 2022
- Expanded zone February 27, 2023
- Evaluation April-June, 2023
  - Survey April 8-23
  - Year 2 extension decision
- Year 1 completed September 8, 2023
- Year 2 ending September 30, 2024



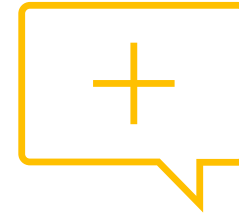
## Year 1 Goals



**Expand access** to the  
High Frequency  
Network



**Test** technology and  
service model

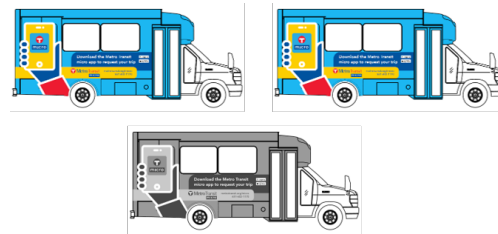


**Expand mobility  
choices**—especially for  
low-income areas and  
communities of color

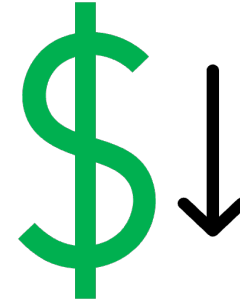
# Year 1 Learning Highlights



3% of rides end at a bus stop or BRT station



67% of micro trips were at least 5 minutes faster than the fixed route alternative

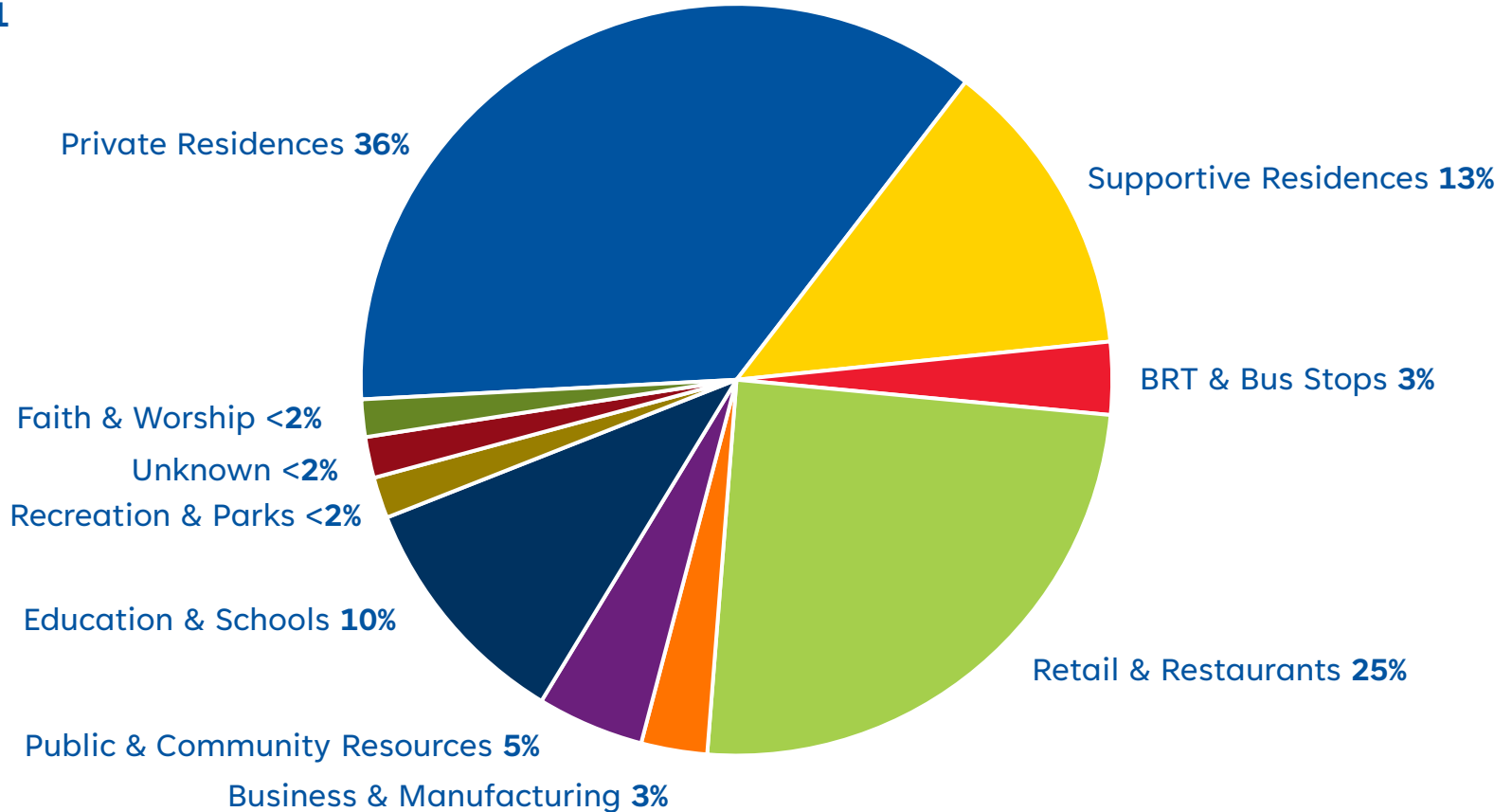


August operating cost \$9.85 per passenger mile and \$16.75 per ride



# Trip Destinations

Year 1



# Performance Snapshots

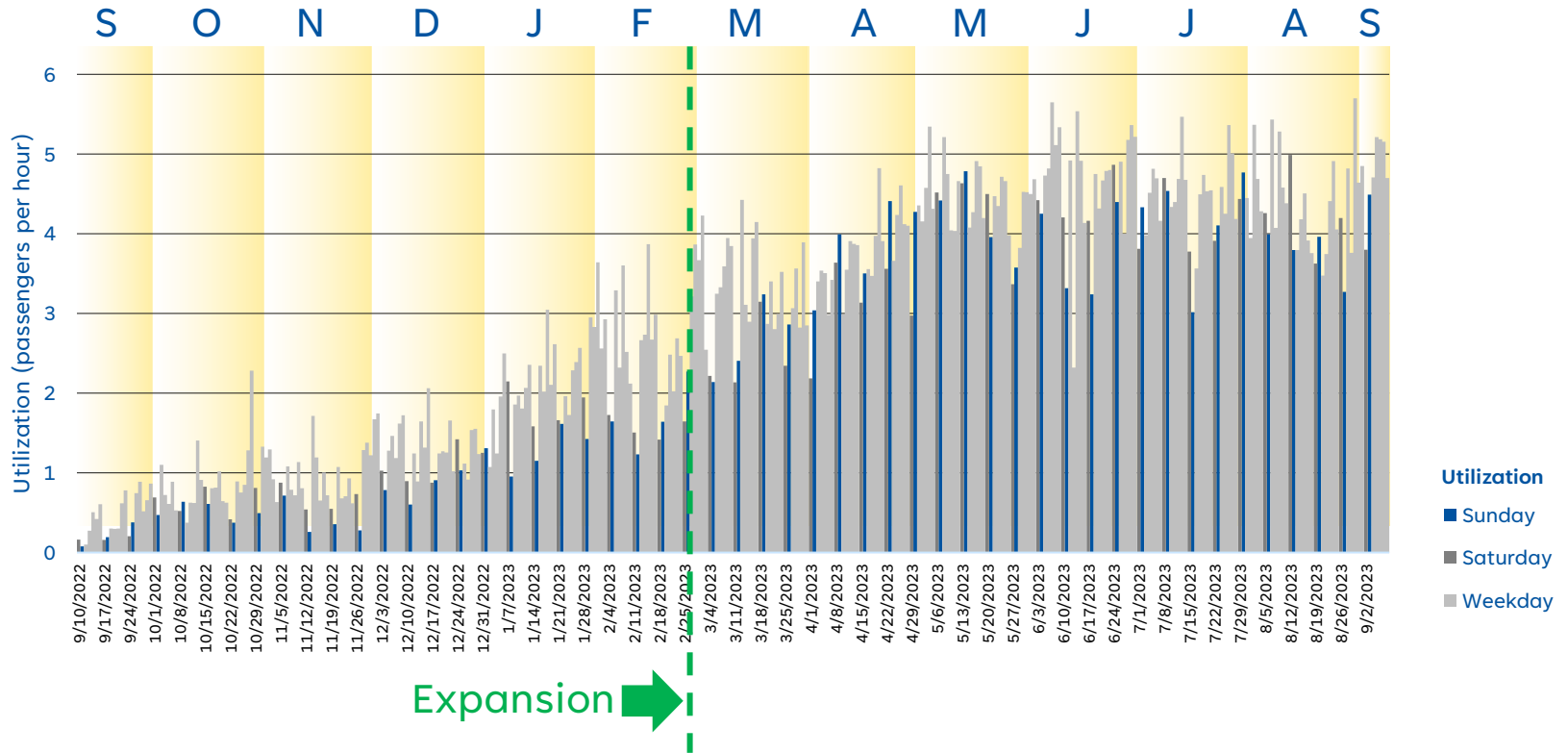
Year 1 Total	
<b>Service Operation</b>	
Total Passenger Rides Completed	45,411
<b>Rider Experience (Completed Rides)</b>	
Average Pick-Up ETA	12.7 minutes
Average Ride Duration	8.8 minutes
Average Ride Distance	1.8 miles
Rider Rating*	4.8 / 5 stars

\*Rider rating feature activated late Nov. 2022

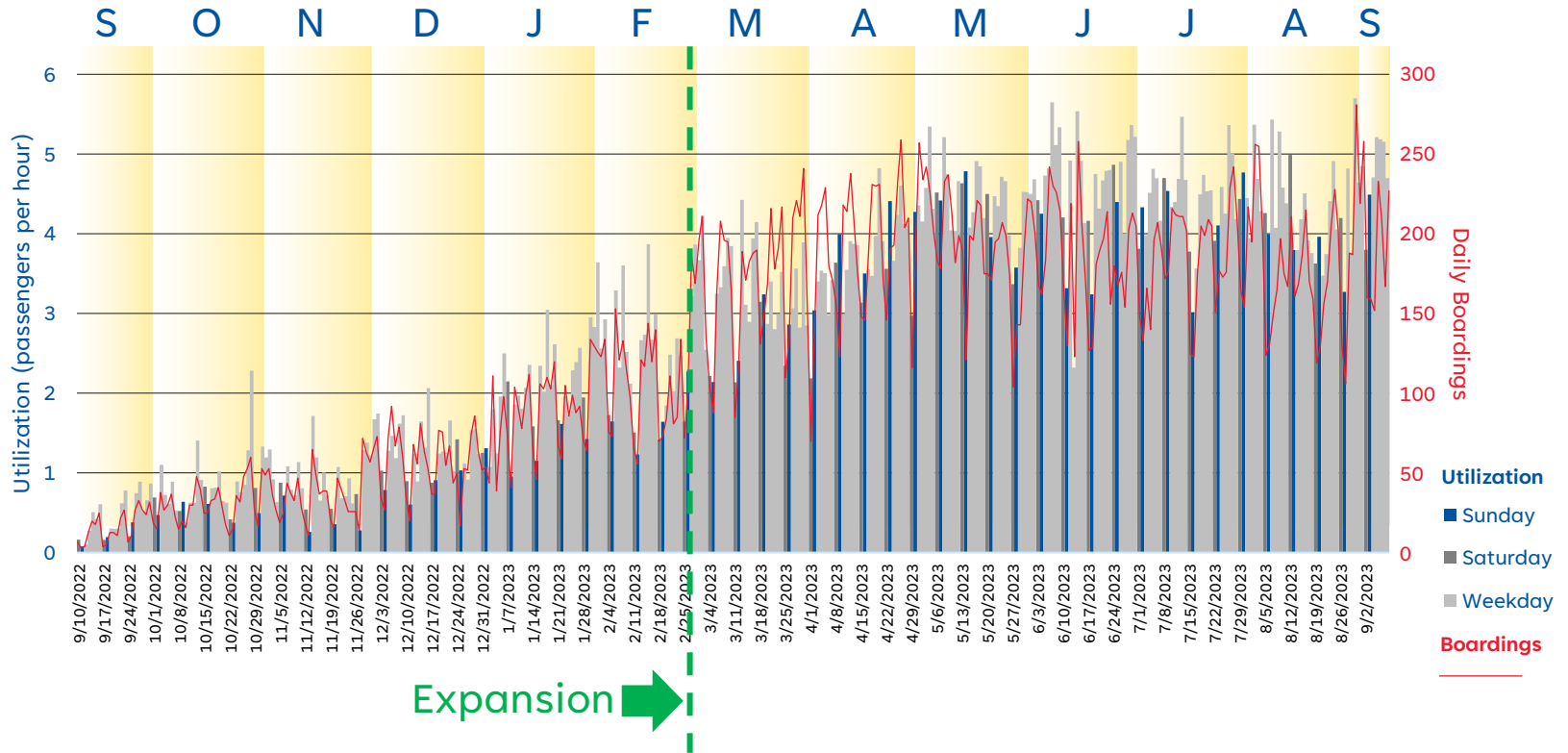
August 2023	
<b>Operations Performance</b>	
Utilization (rides per net driver hours)	4.3
Cost per ride	\$16.75*
Cost per passenger mile	\$9.85*

\*August costs are preliminary and unaudited

# Performance Over Time

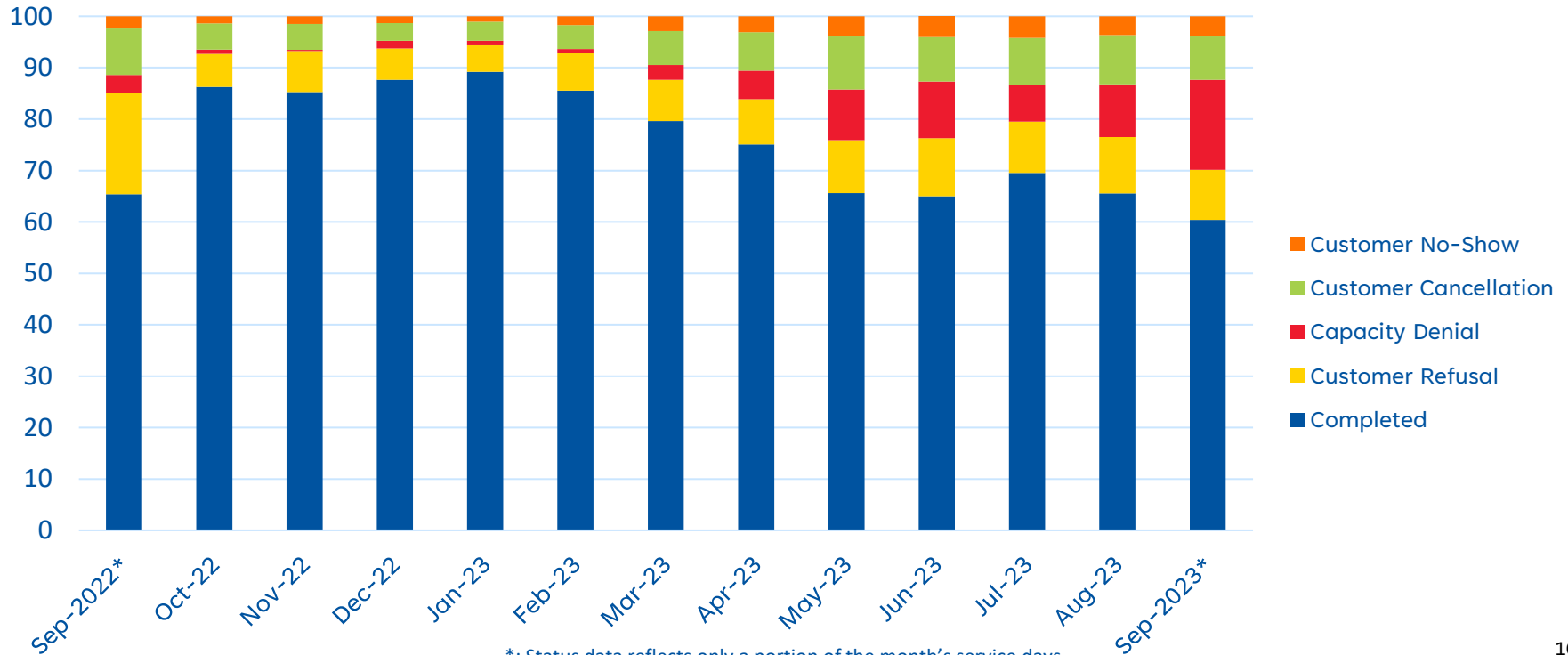


# Performance Over Time



# Ride Request Status

Year 1



# Fare Change Recommendation

Microtransit Service	Fare
Metro Transit micro (current)	\$2 off-peak / \$2.50 peak
Metro Transit micro (proposed)	\$2.50 off-peak / \$3.25 peak
Transit Link, Metro Mobility	\$3.50 off-peak / \$4.50 peak
Suburban Providers*	\$2-\$5**

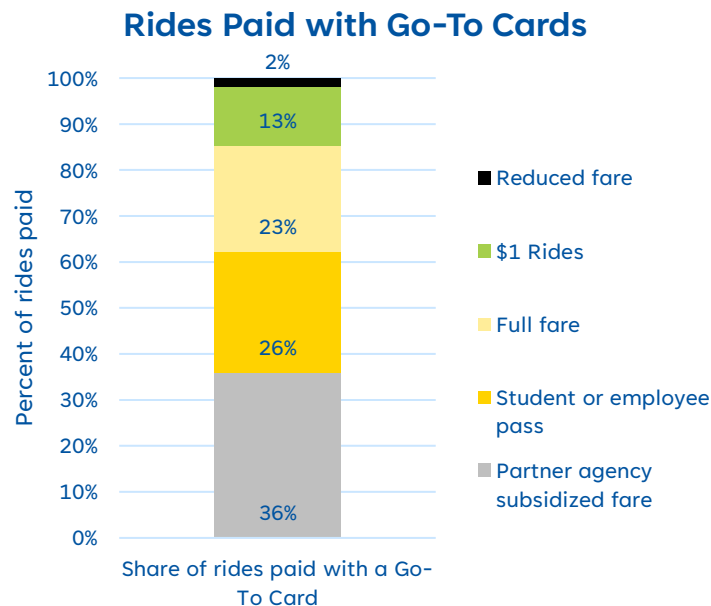
*\*MVTA Connect, Maple Grove My Ride, Plymouth Metrolink Click-and-Ride, SouthWest Transit Prime (excluding MSP Airport, Edge, Essential, or MD services)*

*\*\*Fare and transfers vary by agency and fare media*

- Customers currently pay local fare to ride micro
- Express fare
  - Reflects premium service quality
  - Consistent with regional demand-response services
  - Low-income riders protected from fare increase if paying with TAP, passes (Student Pass, Metropass, etc.), Mobility Fare, or non-rush hour reduced fare
  - Relieve capacity in busiest periods for riders with no reasonable fixed route option

## Free and Discounted Rides

- Transit Assistance Program (TAP)
  - **33%** of surveyed riders paid with TAP
  - **55%** of surveyed riders participated in public assistance (TAP eligibility requirement)
- **61%** of rides paid with Go-To Card
  - **77%** free or discounted
- Riders may pay reduced or mobility fare in cash, token, tickets, or mobile ticketing app.



# Fare Change Communications

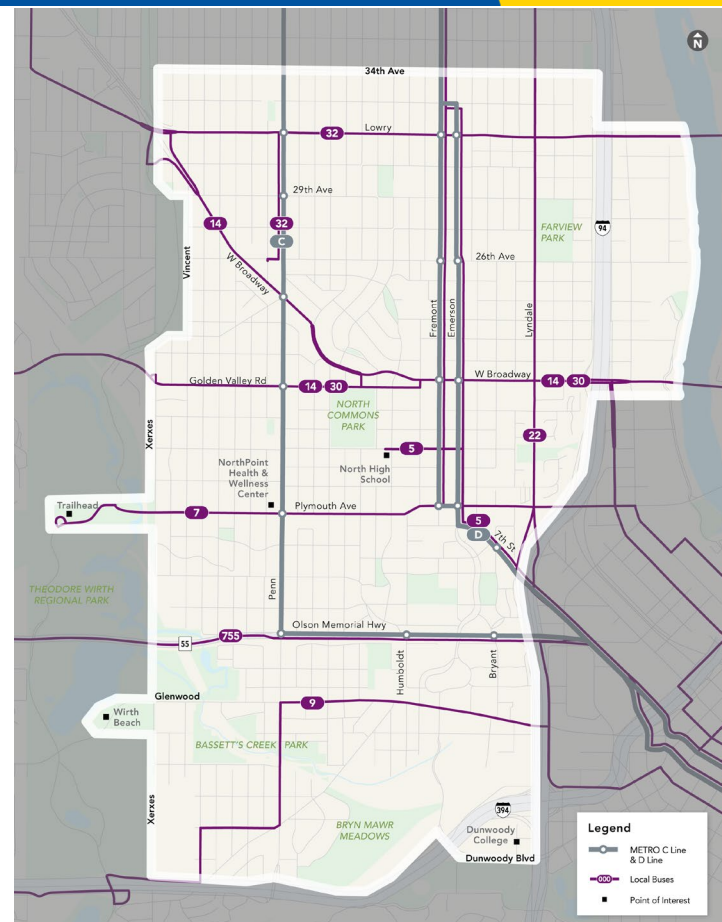
- Fare increase implementation proposed no sooner than November 1, 2023.
- Once authorized, communication plan will be developed to include:
  - Timeline of activities
  - Talking points
  - Advertising and social media
  - Partnerships with local organizations
  - Onboard materials and flyers
  - TAP outreach coordination





## Planned Year 2 Improvements

- Multimodal – When requesting a micro ride, customers will also discover comparable fixed route trip plans.
- Survey – New in-app question asks whether the rider intends to connect to/from fixed route.



# Considerations for additional microtransit projects

- Supplement mobility in low density areas
- Evaluate several pilot areas centered on transit centers or stations
- Evaluate operational capacity to implement
- Develop prioritization of 2024-2025 areas
- Coordination with regional providers
- TPP workplan study 2025-2026



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**Thank You!**