



NYPTA White Paper on
Transportation Network Company (TNC) Issues

nypta NEW YORK
PUBLIC TRANSIT
ASSOCIATION, INC.



State legislation approved in April allows Transportation Network Companies (ride-sourcing agencies such as Uber and Lyft) to operate anywhere in New York State (outside NYC) with state oversight beginning 90 days from enactment. By June 29, these companies are expected to begin operations in upstate cities and counties and in the NYC suburbs, under rules being developed by NYSDMV and NYSDFS.

There's a transformation taking place in the world of transportation. Demand for service is increasing along with a growing menu of mobility options. What is the role of public transit? When should transit lead and when should transit partner? When should systems compete and when should systems collaborate?

NYPTA recognizes that transit systems need to embrace change in the face of new mobility expectations. Transit systems can use TNC partnerships to reinforce the strength that public transportation provides.

Increased coordination between transit systems and TNCs can improve access to transit. Ride-sourcing both complements and competes with public transit services, but the existence of TNCs and other shared mobility options can reduce auto use and lead to greater transit use in the longer term.

PURPOSE

The rapid and potentially widespread introduction of ride-sourcing services will have some impact on existing public transit services but also provide opportunities to improve mobility options by responding to new demands for customized, flexible, on-demand public transportation. To help inform transit system managers, NYPTA created a working group to investigate challenges and opportunities with TNCs operating outside NYC, and to develop a white paper with guidance and recommendations for working with TNCs. The goal is to position New York transit systems as leaders in pursuing partnerships with TNCs, and leverage TNC operations to improve mobility and support the growth of our communities.

This white paper includes:

- A brief review of the experience of some other transit systems nationally
- Results of a NYPTA survey of NYS transit systems on their expectations
- A list of issues and concerns for NYS transit systems dealing with TNCs
- Opportunities to coordinate and partner with TNCs
- Potential barriers to achieving coordination with TNCs
- Recommended principles and practices to improve the success of transit/TNC coordination

Appendices include a summary of the New York State TNC legislation, key findings from a TCRP Report - “Shared Mobility and the Transformation of Public Transportation”, a list of specific partnership best practices of some transit systems and cities with TNCs, and the results of the NYPTA survey of New York State transit systems.

EXPERIENCE OF OTHER TRANSIT SYSTEMS

While TNCs have operated in many areas of the country for several years, experience with transit system partnerships with TNCs is in its early stages and is still evolving. There is little data on the direct impact of these services on transit ridership. Across the nation, partnerships exist or are being developed to maximize transit funding, expand access to transit and the reach of transit systems, to improve mobility and deliver turnkey transportation solutions. Many of these efforts are demonstrations or pilot programs to test new service models. These efforts are generally in the following categories:

First-mile/last-mile: These efforts involve providing the first-mile/last-mile of a trip, including arrangements where TNCs provide a subsidized ride to or from one or more designated transit stops or the end of a transit route as part of a longer transit trip.

Replacement services: Systems have replaced under-utilized fixed route with on-demand services using TNCs.

2nd/3rd shift access to jobs: Transit systems are subsidizing TNC rides to accommodate work shift times outside normal transit system hours.

Joint marketing/mobile apps: Other partnering involves joint marketing of transit and TNC services (and sometimes other modes) through mobile apps that allow multimodal trip planning.

Paratransit service: Several systems have partnered with Uber and Lyft to provide some paratransit service, allowing the transit system to serve some trips with TNCs, provide same day trip scheduling, and reallocate resources.

NY MTA: TNCs have operated for several years in NYC under the jurisdiction of the Taxi and Limousine Commission. The MTA has experienced some reduction in bus ridership over the past several years, but has not yet determine how much is caused by diversion to TNCs. Trends indicate that TNCs may have impacted non-work trip bus ridership, particularly in the evening. MTA does not have any current arrangements with TNCs but is developing a pilot program for TNCs to provide some paratransit service.

To gain more information on the status of transit/TNC relationships, the Transit Cooperative Research Program (TCRP) has an RFP out for a study of “Collaborations and Partnerships between Public Transportation and Transportation Network Companies”, with results expected in the fall of 2018. NYPTA researched coordination/partnering efforts of several other transit systems around the nation and a summary is contained in Appendix C.



RESULTS OF SURVEY OF NEW YORK TRANSIT SYSTEMS

A survey of urban and rural New York transit systems was undertaken in May, 2017 to gauge the status of discussions with TNCs and collect issues, concerns and opportunities raised by transit system managers.

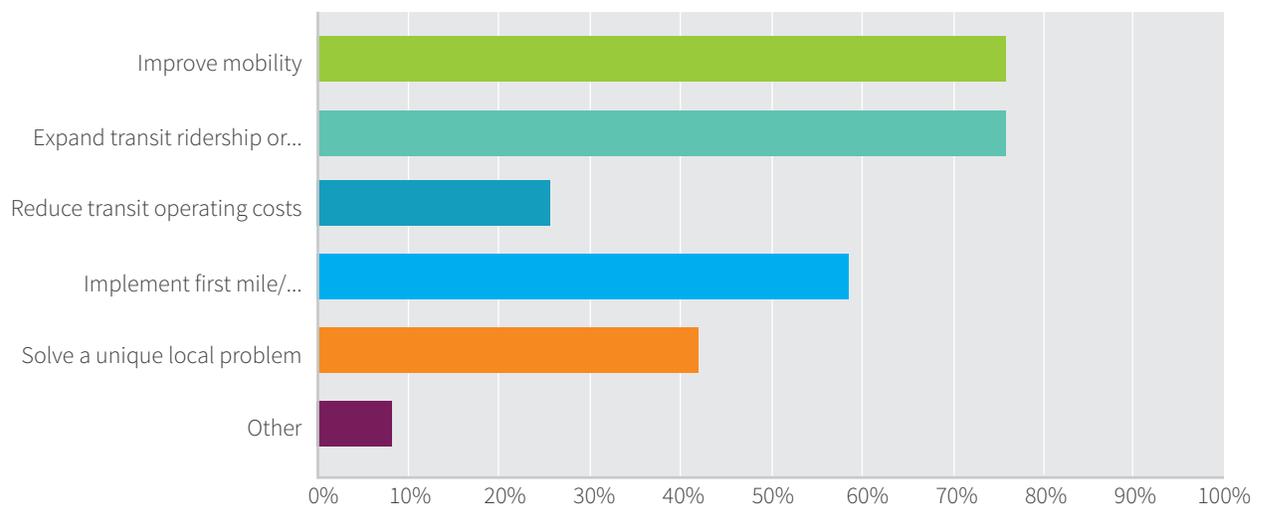
Of the 14 respondents, 4 transit systems have already had contact with one or more TNCs.

Half of respondents said that they had concerns with TNCs operating in their area including:

- Losing riders and revenue
- Competition for fares and subsidies
- No interest by TNCs in providing serviced in rural areas
- Cost of TNC trips in rural areas
- Impact on transit if MAS uses TNCs for Medicaid trips

Most systems believed that there were opportunities to partner with TNCs as shown below:

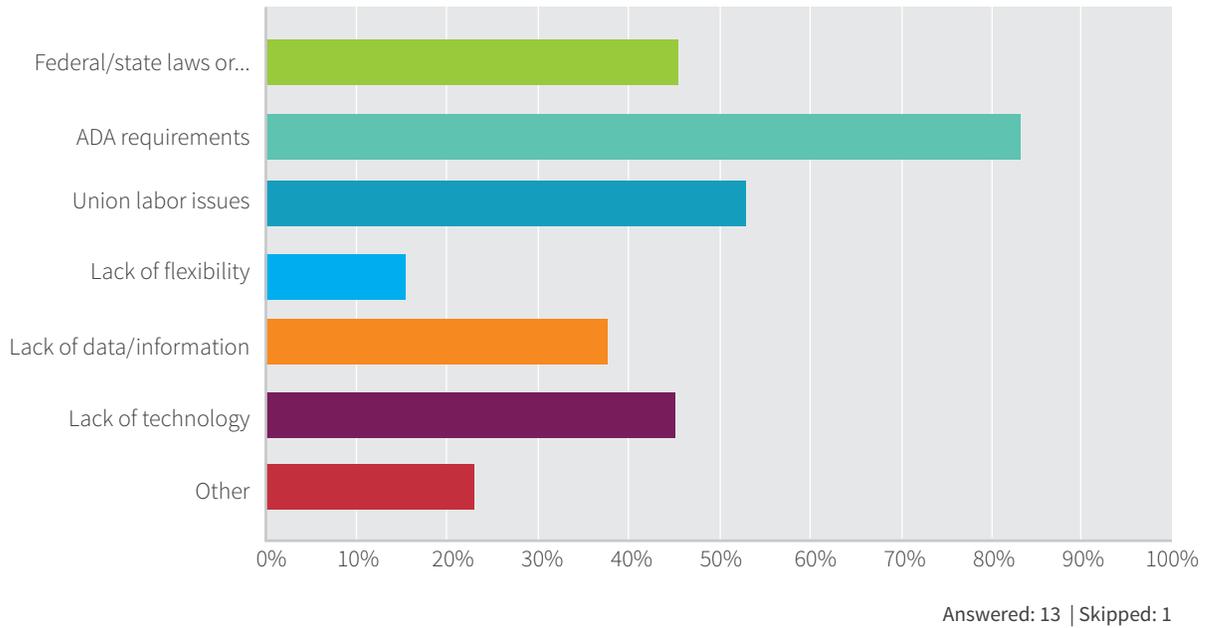
Q3 Please describe any opportunities you envision for your transit system to work with or coordinate with TNCs in your area to:



Answered: 12 | Skipped: 2

Systems also believed that there are some challenges and barriers that could impact the ability to partner with TNCs as shown below:

Q4 What challenges or barriers do you see in coordinating with TNCs?



Several suggestions were made to address barriers including:

- Grants for pilot programs to test new service models
- Competitive bidding for TNC contracts to reduce costs
- Waivers from regulatory requirements to test new service models

ISSUES AND CONCERNS

The introduction of TNCs in an area currently served by public transportation adds a new mode of transportation and thus raises a number of issues and concerns.

- New competition to government subsidized transit services
- Possible loss of current transit riders and revenues to TNC services
- Cutbacks in extent or frequency of transit services due to revenue loss
- Impacts from service reduction on lower income riders who cannot afford TNCs
- Lack of accessible TNC vehicles
- Reduced mobility choices for persons without smart phones or credit cards
- Driving safety of TNC drivers and driver fatigue (hours of service)
- TNCs may not engage with smaller or rural transit systems
- No guarantee of TNC service being available when needed
- Long-term sustainability of TNC model and companies
- TNC impact on taxi companies
- TNCs adding to traffic congestion

OPPORTUNITIES TO COORDINATE/PARTNER WITH TNCs

The addition of TNCs can present opportunities for transit systems to coordinate services or partner with TNCs to enhance mobility choices. This can provide an opportunity for transit systems to expand their traditional role as transportation providers to include overseeing/organizing mobility in a city or region.

As described above and in Appendix C, there are many examples of transit systems or local governments partnering with TNCs to improve overall transit service, add more travel options for customers, improve efficiency, and lower private automobile use. Research has shown that the existence of TNC services and other mobility choices (like bike-sharing, car-sharing and other shared mobility options) can lead to lower automobile ownership, which can help generate more transit customers in the longer term. A reduction in automobile ownership can lead to increased usage of all types of alternative mobility options.

Opportunities to coordinate or partner with TNCs include:

- Provide first-mile/last mile services connecting to existing transit routes
- Connect outlying communities to existing urban transit services
- Substitute TNCs for low volume or late-night transit services
- Use TNCs to provide on-demand services in rural areas
- Use TNCs to replace or supplement some existing paratransit services
- Provide mobile technology (apps) that allows customers to seamlessly use TNC and transit
- Assist in providing service to special events

POTENTIAL BARRIERS TO COORDINATION

Several challenges and barriers that could impact the ability to partner with TNCs have been identified by other transit systems nationally and through the NYPTA member survey. These include:

- Federal and state laws, including federal ADA requirements
- Labor union issues
- Compatibility of technology between transit and TNCs, including slowness of transit to introduce new technology at the same speed as TNCs
- Lack of good cell and wi-fi service in rural areas
- Lack of smart phones by some demographic groups of transit users
- Lack of trip data sharing by TNCs



GUIDING PRINCIPLES RECOMMENDED BY NYPTA

New York's public transit systems have a responsibility to ensure that both the taxpayers and community benefit from well designed and efficient transportation service. The introduction of new transportation modes, such as TNCs, provides transit managers the opportunities to be more creative in serving the community. Transit systems should recognize that TNCs are popular and are becoming part of the community transportation system desired by the public. Increased coordination between transit systems and TNCs can improve access to transit.

The following principles can guide transit systems in working with TNCs to provide greater mobility options:

- New York's transit systems should **pursue, and embrace the role of planning and coordinating mobility options** in their area, **focusing on serving the customer's full trip**.
- **Transit is the backbone of a region's public transportation system** and transit managers should **engage in partnering and collaboration opportunities with other shared modes of transportation** such as ride-sourcing (TNCs), bike-sharing, car-sharing, and vanpooling.
- Transit systems should **open a dialogue with TNCs** operating in their area, and relevant local governments, to **discuss partnering opportunities, for first-mile/last-mile solutions, paratransit service, joint marketing, integration of fare payment, and other potential mobility improvements**.
- Transit systems should **continue to provide high quality service to the public, including the disabled community**, and should **recognize that there will be environments where TNCs may not operate**. Transit systems should also **understand that there will be customers who may not have the ability to access TNCs through mobile apps**.
- Transit systems should **ensure that all customers have equitable access to service, information and fare payment options**.
- Transit systems should **participate in joint mobility technology platforms (apps) and make the application of technology a high priority**.
- Transit systems should **provide input to and participate in the state created TNC Review Board and Accessibility Task Force**.

RECOMMENDED PRACTICES

There are several recommended best practices, gleaned from research and the experiences of other transit systems nationally, that transit systems should consider in working with TNCs:

- Agreements with TNCs should specify the obligations of each party and include reporting requirements.
- Where appropriate, use identical contracts with multiple private transportation providers to eliminate any bias.
- Educate riders, the public and stakeholders on plans for new services. Marketing and stakeholder engagement are critical to early success.
- Strive to provide seamless transfers between modes to simplify the customer's trip.
- In partnering with TNCs, require collection and sharing of trip data to enhance planning.
- Pursue grants and pilot programs to test and demonstrate partnerships with TNCs.
- Share best practices and TNC model agreements with other transit systems and create a working list of lessons learned.
- Identify legislative and regulatory barriers that can improve the delivery of mobility options and suggest workable solutions.

QUESTIONS/SUGGESTIONS FOR NYPTA TO PURSUE

NYPTA transit systems raised several questions on TNC implementation that could be the subject of further investigation:

- Will TNC passengers and vehicle miles provided under contract to public transit agencies be reported to FTA for federal apportionment purposes?
- Will any TNC vehicles be accessible by mandate?
- Are there any restrictions on the pass through of public funds to private TNC providers as part of coordination agreement?
- Good data on actual TNC usage patterns by geography and time of day would be useful to understand their impact/role.
- How will TNCs work with local government? Can NYPTA work as an intermediary for this coordination?

NYPTA will work with its transit members to monitor TNC implementation and the development of state regulations to address these and other questions raised by transit systems. We will also create and maintain a working list of lessons learned on NYPTA's website.

The world of public transportation is changing. People want mobility choices. New York's transit systems can seize the opportunity to lead this change through developing partnerships and collaboration that empower choice.



APPENDICES

APPENDIX A - SUMMARY OF NEW YORK STATE TNC LEGISLATION

Legislation included in the 2017-18 state budget includes a provision to authorize Transportation Network Companies to operate anywhere in the state outside New York City. The state is the controlling authority and a county can choose to prohibit TNC operation in their area. Any city or county of 100,000 or more can opt out. The state imposes a 4% fee on fare revenues with proceeds deposited in the state general fund, and a 2.5% surcharge to cover worker's compensation insurance. NYSDMV will promulgate regulations for licensing drivers including criminal background checks.

Legislative requirements include:

- 7 passengers or less vehicle
- Pre-arranged trip through a digital network
- Originating trip within NYS
- No street hailing or cash payments
- TNC license from NYS and group insurance policy
- Liability insurance for drivers
- Electronic receipt of passenger's O&D, trip time, distance, fare
- Trip records retained for 6 years, state may audit a sample
- Airports can enter into arrangements with TNCs

The legislation creates a TNC Review Board to review issues related to operations of TNCs and report to the Governor and Legislature by January 1, 2019, and a TNC Accessibility Task Force to assess needs, resources, barriers and opportunities to provide greater access. The Task Force will hold public hearing and prepare a report within two years.

APPENDIX B - KEY FINDINGS OF THE RECENT TCRP REPORT - "SHARED MOBILITY AND THE TRANSFORMATION OF PUBLIC TRANSPORTATION"

1. The more people use shared modes, the more likely they are to use public transit, own fewer cars, and spend less on transportation overall.
2. Shared modes complement public transit, enhancing urban mobility. Ride-sourcing services are most frequently used for social trips between 10pm and 4am, times when public transit runs infrequently or is not available. Shared modes substitute more for automobile trips than public transit trips.
3. Shared modes will continue to grow in significance, and public entities should identify opportunities to engage with them to ensure that benefits are widely and equitably shared. Public transit agencies should seize opportunities to improve urban mobility for all users through collaboration and public-private partnerships, including greater integration of service, information and payment methods.
4. The public sector and private operators are eager to collaborate to improve paratransit service using emerging approaches and technology. While a number of regulatory and institutional hurdles complicate partnerships in this area, technology and business models from the shared mobility industry can help drive down costs, increase service availability and improve rider experience.

APPENDIX C - EXPERIENCE OF OTHER TRANSIT SYSTEMS

A number of cities and transit systems across the nation have or plan to partner with TNCs to improve access to transit and mobility, including:

Pinellas Suncoast Transit Authority, FL (PSTA) & Uber: PSTA partnered with Uber to subsidize first mile/last mile trips that serve designated transit bus stops. Trips must begin or end at the designated stop and PSTA pays half the fare, up to \$3 per ride. PSTA is also operating a state sponsored demonstration program providing overnight Uber service for low income residents. They will begin an FTA sponsored pilot program with Lyft to provide paratransit service in January 2018.

Centennial, CO and Lyft: In August of 2016, the City of Centennial announced a partnership with Lyft that would fully subsidize all Lyft Line rides to/from the Dry Creek Light Rail Station during commuting hours and within the eligible service area.

Dayton, Ohio: The Dayton transit system is partnering with Lyft on an app that connects customers from several small towns near the city to designated transit stops using Lyft.

Research Triangle, NC (joint marketing): Go Triangle provides long-distance rides between Raleigh, Durham and Chapel Hill. Each city has its own local bus service. Go Triangle has a three-way deal with Uber and TransLoc, a firm that provides real-time bus schedules, to promote a smartphone app that allows passengers to plan their route and book an Uber to cover the trip to or from the bus stop. The TransLoc Rider app allows people to find the best travel route, whether that be through public transit, walking, Uber or a combination, as well as provides real time bus information.

Philadelphia and Uber: The Southeastern Pennsylvania Transit Authority had a cross-promotion with Uber to encourage transit riders to use the service to get to 11 specific train stations along its commuter rail system. Uber offered riders a 40 percent discount to or from a train station. The program was targeted at stations where park-and-ride lots filled early or stations were under construction with limited parking.

Dallas and Uber (mobile ticketing): DART and Uber announced their partnership integrating DART's mobile ticketing system with Uber. Riders can access Uber directly from DART's mobile app to quickly plan their trip using both services, helping riders who cannot easily access their transit stops.

KCATA Ride Hailing Service (Taxis): The Kansas City Area Transportation Authority, in partnership with Transdev, will roll out an app-based public transit service called RideKC Freedom On-Demand. This one-year pilot enables customers to call on taxis at any time. The new app-based option begins with a strong core transit service for persons with disabilities and will also provide fast, affordable cab rides for everyone. Scheduling does not require notice like the current paratransit system. Customers can pay with credit or debit cards in the app or in the vehicle, as well as cash in the vehicle. There is a call-in option for those who do not use smartphones. ADA customers will pay just \$3 for the first 8 miles in the service areas and \$2 for every mile after that. Non-ADA customers 65 years of age and older, will pay \$5 for the first 8 miles in the service areas and \$2 for every mile after that. All general public customers will pay \$10 for the first 5 miles and \$2 for every mile after that, which is similar to other ride hailing services.

Massachusetts Paratransit Service: MBTA will launch a paratransit partnership pilot program with Uber and Lyft to help handicapped riders get to locations when they are not able to provide 24 hours' notice, as is required for those using "The RIDE", the MBTA's current paratransit program. Registered users can request a ride through Uber, Lyft, or multiple Boston-area taxi providers on demand. Wheelchair-accessible vehicles will also be available on request. Riders will be responsible for paying the first \$2 of each ride, with the next \$13 being paid for by the MBTA. After the first \$15 for each ride, riders will be responsible for any further charges. There will also be a \$3.15 set fare for customers with a minimum of one day's advance notice.

Washington, DC Paratransit: Metro plans to partner with Uber and Lyft to establish an alternative to MetroAccess, its door-to-door service for the elderly and people with disabilities. Under the program, MetroAccess customers will have the choice of booking a ride on the same day they need it, rather than the current MetroAccess requirement that trips be booked 24 hours in advance. Metro estimates that between 150,000 and 250,000 trips will be taken during the first year and will result in savings between \$4 million and \$6 million. Metro will pay up to \$15 per trip to the contracting company, compared to the MetroAccess cost of \$44 per trip.

NY-MTA Paratransit Pilot Program: The MTA is developing a pilot program for a web-based system to utilize Uber and two ride-hailing companies for paratransit service and to develop real time trip booking and dispatching. These transportation services would supplement existing dedicated paratransit service and taxis. The TNCs and taxis would be required to provide both accessible and non-accessible trips. Users will contact a call center and will not require smart phones or credit cards. Most trips will be advanced reservation, with same day trips for emergencies, rescues, or trips that can improve vehicle efficiency. The pilot is expected to last for one year, may be extended for an additional 2 years, and other transportation companies can be added throughout. MTA will have access to trip and GPS data.

APPENDIX D - NYPTA SURVEY RESULTS

NYPTA TNC ISSUES SURVEY

Question #1:

Have you, or your local government, had contact with TNCs regarding operating in your area, or do you plan to in the near future?		
	Response Percent	Response Count
Yes	28.6%	4
No	71.4%	10

If yes, please explain the nature of this contact and expected time frame for TNC startup if known:

- Discussions about ways we can work together. Might be late night service, weekend service, replacing feeder service, providing guaranteed ride home service and load-shedding paratransit work.
- LYFT two years ago and a new meeting scheduled with LYFT next week.
- RTS has been working on a vanpool program with a 3rd party vendor. We have a scheduled meeting with Lyft about partnership opportunities and are in the process of outreach to Uber.
- We have a meeting scheduled with Lyft to discuss possible coordination. We have not had contact with Uber as of yet.
- There has been some activity in the City of Poughkeepsie with cabs, but I haven't heard anything about Uber or Lyft.

Question #2:

Do you have any concerns with TNCs operating in your service area?		
	Response Percent	Response Count
Yes	53.8%	7
No	46.2%	6

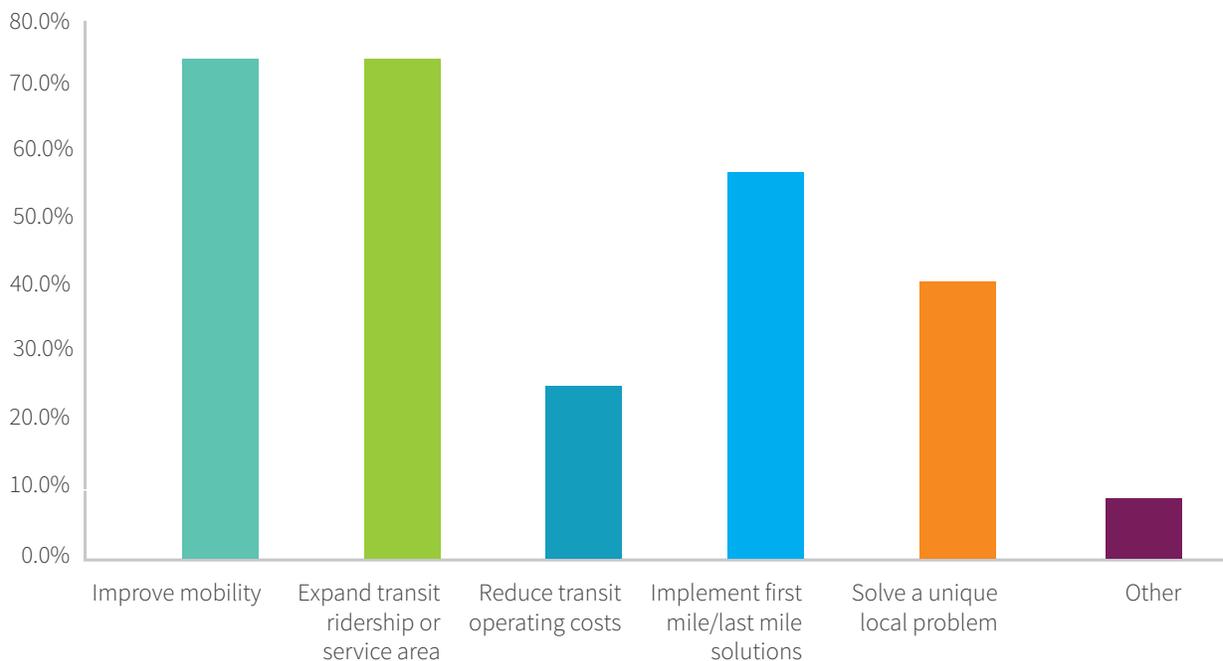
If yes, please describe:

- Potentially a significant impact during tourist season. Traffic congestion/delays/parking in Lake George is already an issue at times, additional SOV's from TNC's can only add to the problems.
- May cause competition for an already limited pool of seasonal drivers that transit operations depend on.
- Somewhere in between yes and no. I am not sure they will have a big negative impact on the transit system ridership -- unless taxis have to cut prices to compete and start taking transit riders or MAS starts somehow to use them.
- As it impacts the taxi service at the airports. None for public transit.
- While generally optimistic, we are concerned about how TNCs may cut into our current market share and farebox recovery ratios.
- Safety, especially in a college town---whose driving, what training, overloads, etc.

- TNC's potentially are in competition for funds (whether through fares or public funds) yet they operate without the labor and safety mandates required of public transportation.
- Rensselaer County is mainly rural with no transit services and many elderly. TNCs would be of use in these areas. Could help people gain access to transit once in transit areas.
- If we work collaboratively, it could be a win/win. If not, it could be disastrous. Much of our rural area could use the service to connect to the urbanized areas where public transit is available. Out-of-towners (tourists) would probably be happy to have Uber or Lyft in Dutchess County.

Question #3:

Please describe any opportunities you envision for your transit system to work with or coordinate with TNCs in your area to:



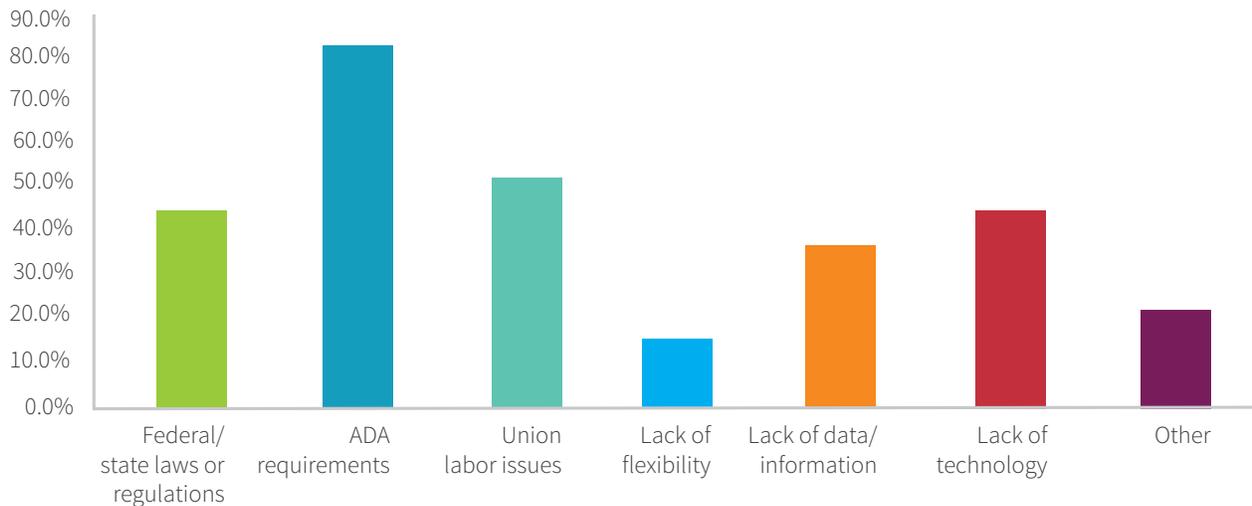
Please provide more detail for your selections:

- Schoharie is extremely rural area with persons living on seasonal roads or areas that a bus cannot accommodate. If affordable TNC service is available it would provide a means of mobility to those unable to access traditional means of transportation. The rural economic conditions might be cost prohibitive with accessing a TNC ride, however.
- Local wisdom believes that TNCs will not happen in our urbanized area because the low volume of users.
- RTS is currently in the process of engaging in a system re-design study to improve route structure and frequency of service in core backbone areas. A key question is what and where is mobility demand the greatest and what agency is best equipped to provide that service---transit or TNCs. The goal is to improve the public transit system but then work with TNC partners to improve mobility in the greater community.

- We would like to be able to pair with TNCs to help provide more robust service in areas where there is some demand, but demand does not warrant a 40-foot fixed-route service. We previously applied for grant funding that would have allowed us to develop an application to help provide service in on-demand zones to replace areas where current fixed route service exists. Our hope is that through a high level of coordination, we will be able to increase local mobility options and thus better service for our passengers.
- I can envision TNC’s assisting Broome County by providing commuter runs to employers who operate in our corporate parks three shifts per day.
- We have a population of IDD adults in our community who live more than a mile from the route. This could potentially solve the issue of commuting for this community.

Question #4:

What challenges or barriers do you see in coordinating with TNCs?



Please provide more detail for your selections:

- Technology issues pertaining to connectivity between transit agency and TNC drivers.
- Until the companies begin operation it is difficult to comment.
- The FTA and NYS are starting to look at how TNCs fit into the transportation ecosystem and how policy can promote the ability for transit to partner with these companies. The ADA requirements are a barrier to that and the ability to fund connective technology to make managing mobility easier.
- For RTS the union/labor challenge is a major barrier to collaboration.
- The complex regulatory environment in NY may make it difficult for partnering with Uber/Lyft or other TNCs. Additionally, we have heard consternation from our disabled riders regarding the lack of accessible features, essentially barring them from accessing these services. While some cab companies do have ADA accessible vehicles in our area, the vast majority of TNC operators will not. Additionally, the complex union environment that we operate in may complicate utilizing these providers if it is in lieu of union work.

- TNC vehicles are not typically lift equipped leaving Public Transportation the more expensive ADA service. Our labor unions will likely push back on contractual agreements with TNCs. Good data on the impact of TNCs is limited, making it difficult to make informed decisions. Liability issues could result when subcontracting with TNC's as they lack the insurance requirements of typical subcontractors.
- Willingness of TNC companies to work with others.
- Lack of good cell phone service and/or Wi-Fi and/or broadband in rural areas.
- Non-tech savvy possible users.
- If we could use 511 rideshare for an Uber/Lyft resource, we may be able to coordinate with those services for first/last miles and service to work for IDD adults.

Question #5

Do you have any specific suggestions to address any challenges or barriers to coordination?

- More grant funding to pilot partnerships would establish best practices. Waiver opportunities until more flexible policy around funding/service is adopted.
- Each agency will have to decide what their best course of action is and discuss with the TNCs directly. However, having an overarching policy and the ability to share best practices should ensure that all agencies are getting the most out of the TNC partnerships as possible.
- I suggest incorporating the competitive bid process into any agreements. Competition typically results in efficient pricing. Should one TNC emerge as dominant in NY, fair pricing could prove difficult.

Question #6:

Is there any state legislation or regulation that should be changed to facilitate your ability to work with TNCs?

- Not from our area's perspective.
- Right now, the union challenges are the biggest barrier, not to discussion with TNCs but to any partnership implementation.
- Regulatory changes that allow for greater public-private partnerships for service provision would be a good start.
- Formal state and federal dedicated funding streams would be beneficial. State mandated safety and liability standards for TNCs will reduce risks to our riders.
- Transit should get a portion of any local taxes charged.

Question #7

Do you have any questions on TNC implementation in New York State that NYPTA should investigate?

- Driver regulations i.e., drug testing, background checks, abstracts being pulled before drivers are allowed to operate.
- Good data on actual TNC usage patterns by geography and time of day would be useful to properly understand their impact/role.

- Is the State willing to look at a direct benefit to transit agencies who partner with TNCs in on-urbanized areas and then report the passenger miles to the FTA?
- Will any vehicles be accessible via mandate? What are the inherent restrictions on the pass through of public funds to private providers through coordinate agreements?
- I am looking forward to learning what DOT guidelines are put in-place and seeing the response from the TNCs. Historically, they have been successful in reducing legislative hurdles.
- TNC implementation should be throughout the upstate region and not just in the urban areas. The legislation should make that a requirement.
- How will the TNCs work with local governments? Can NYPTA work as an intermediary for this coordination?

