



**Massachusetts Bay
Transportation Authority**

The RIDE Budget and Options Discussion

April 3, 2017



Overview

- The Taskforce and MBTA have collaborated and produced good ideas, but FY17 **\$10M target savings is still not achieved**
- **RIDE is \$17M over FY17 budget** (\$92M vs. \$109M) due to those unrealized savings and budget overruns
- Even with **increased savings from the call center and taskforce pilot initiatives**, RIDE **FY18 budget will fall \$7M short** of target (\$94M vs. \$87M)
- While suspending premium service was one option to cover this deficit, **Taskforce is developing other options to continue providing service, but at a lower cost** to the MBTA
- The FMCB can **select all, none, or a combination** of these options



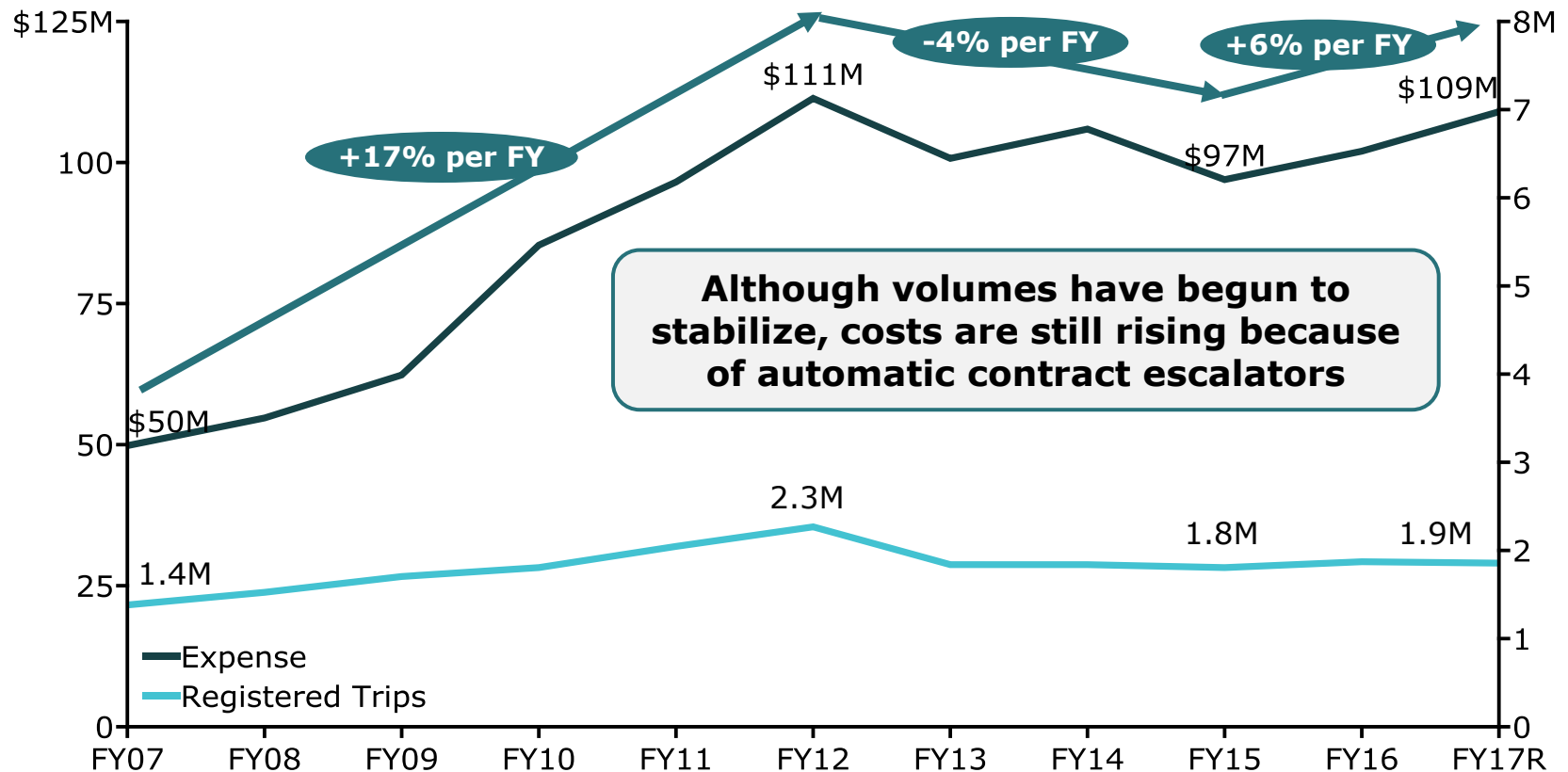
-
- Budget Discussion
 - Budget Options
 - Next Steps
 - Detailed Budget and Option Information



Vendor service costs and call center startup increased paratransit budget 6% per year

RIDE Expenses

Registered Passenger Trips



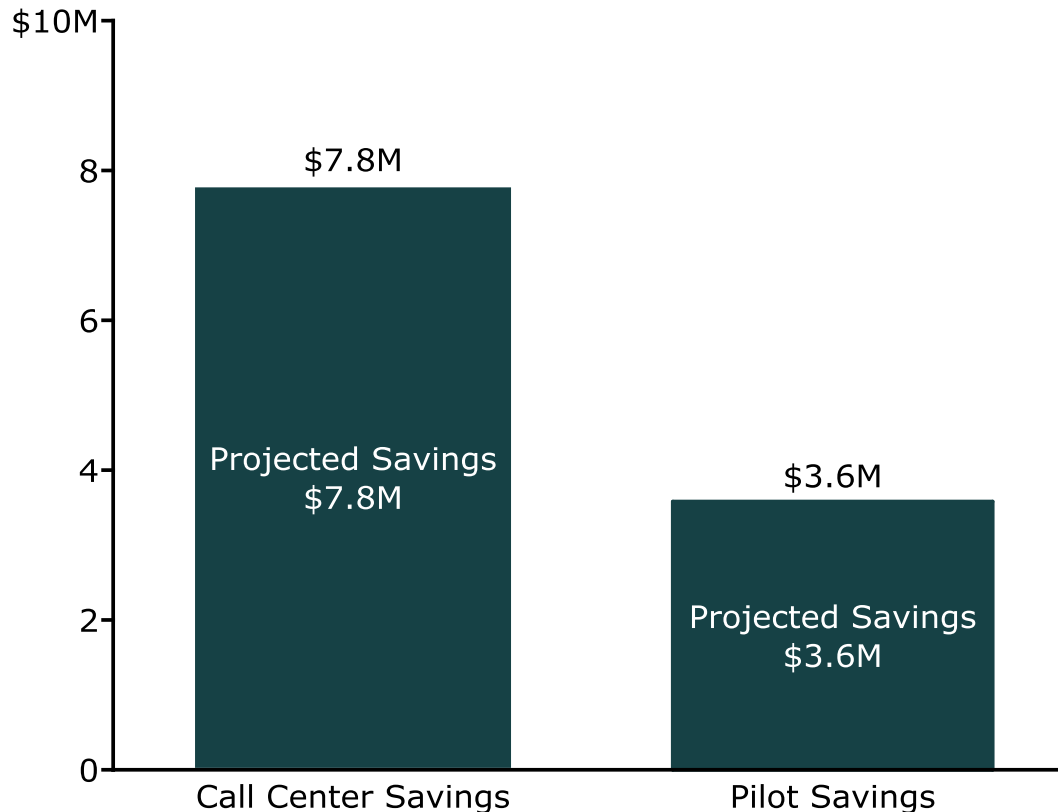
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Note: Call center will account for \$4.2M of RIDE expenses in FY17 (one-time cost) and will continue as \$8.8M in ongoing expenses for FY18 and beyond



In FY18, the call center and pilots will help reduce vendor costs

FY18 Net Savings Projection



Call Center Assumptions

- **Net Savings: \$7.8M**
(improvements of \$16.6M minus cost of \$8.8M)
 - \$15.3M in FY18 productivity improvements (eliminate service zones and improved run structures)
 - \$1.3M savings in FY18 for contract adjustments (fixed to variable cost shift)

Pilot Assumptions

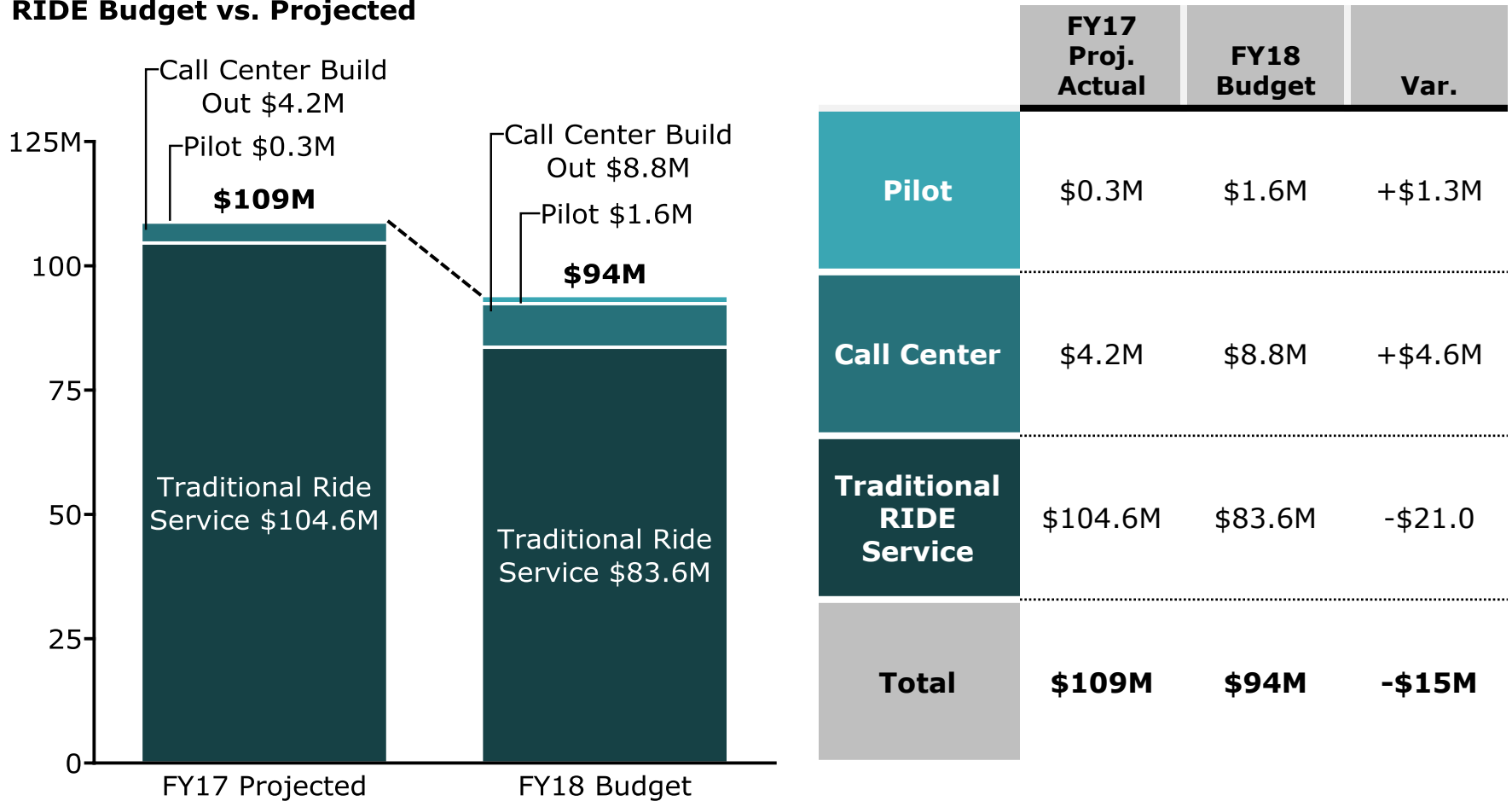
- **Net Savings: \$3.6M**
(improvements of \$5.2M minus cost of \$1.6M)
 - \$5.2M in improvements from 15% of customers using pilots

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Based on current initiatives, The RIDE can achieve an FY18 budget of \$94M

RIDE Budget vs. Projected



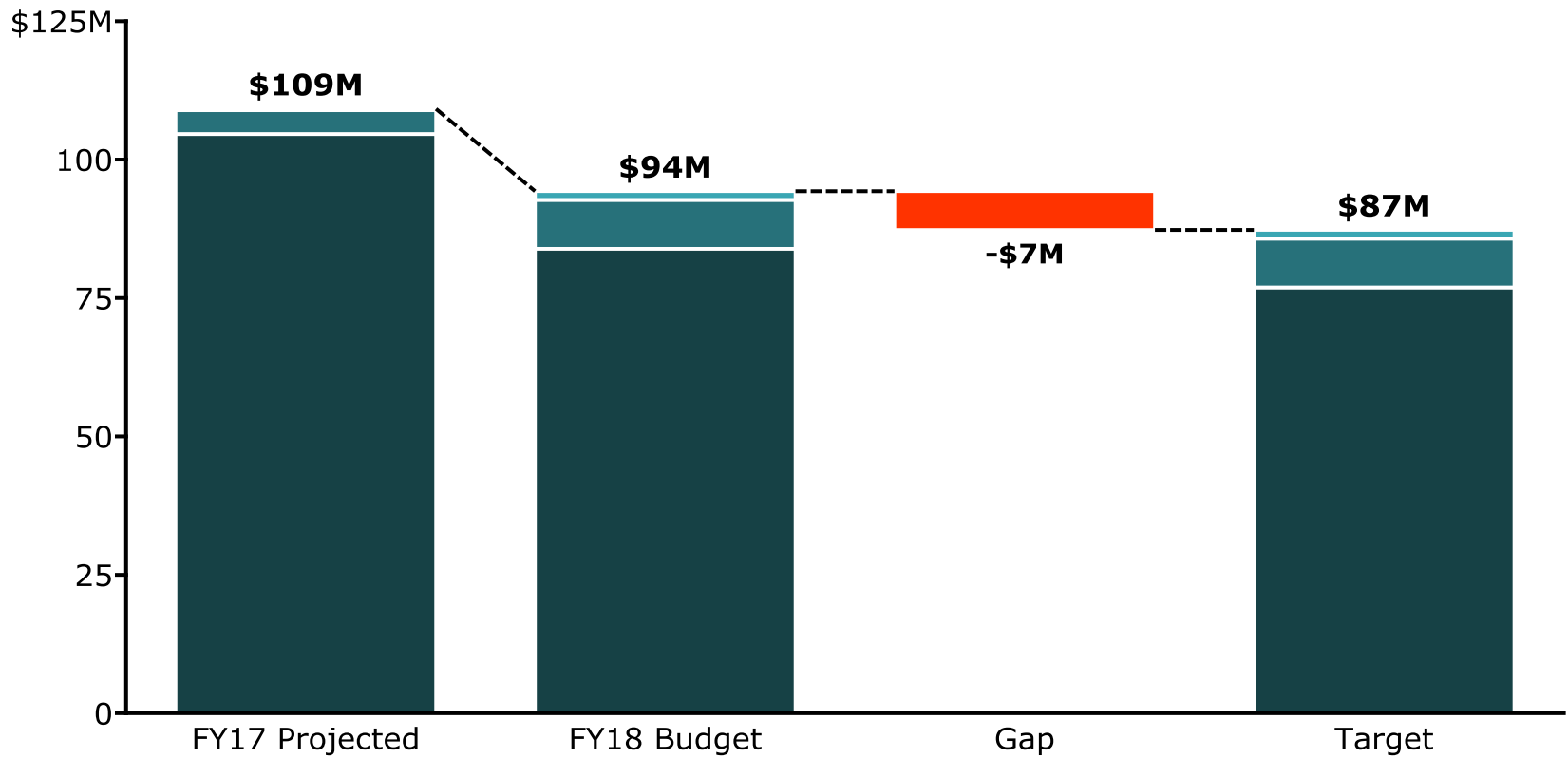
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Note: Net savings in FY18 are \$11.4M. When you remove the one-time cost in FY17 of \$4.2M, the total drop in budget from FY17 to FY18 is \$15.4M as indicated on the slide above.



While improved over FY17, FY18 RIDE costs remain \$7M over target

RIDE Budget vs. Projected





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RECAP: Premium service suspension

FY18 Premium Service Area Trips

- RIDE Service: 190K
- Pilot Service: 20K
- **Total Trips: 210K**

FY18 Variable Trip Costs

- RIDE Service: \$38.35 (inc. variable and fuel cost)
- Pilot Service: \$9.00
- **Blended Average: \$35.55**

FY18 Premium Service Area Cost

- RIDE Service: \$7.3M
- Pilot Service: \$0.2M
- **Total Cost: \$7.5M**



The RIDE and Taskforce have reviewed alternative options

Option	Description	Time Estimate	FY18 Savings Projection
Book Trips with HST	Use brokerage for premium area trips	5 months	\$1M to \$3.4M
Work with RTAs	Provide premium area trips via RTA	5 months	-\$75K ¹ to \$1.1M
Change Service Hours	Run premium area trips from 7am-8pm	2.5 months	\$380K to \$1.5M
Use Pilots in Premium Area	Cover premium area trips with pilots	3 months	\$1.4M to \$3.8M
Change Same Day	Continue no-strand policy	2.5 months	\$1.9M to \$4.3M
Assess Cities/Towns	Charge for service in high premium area coverage towns	7+ months	TBD
Adjust Pilot Payment	Increase rider co-payment to reduce cost	<1 month	\$0.2M to \$0.5M
Keep Existing Rider Service	Continue providing premium service for current riders, not for new applicants	2.5 months	\$0.6M to \$0.7M ²

A combination of options can be selected to continue providing service, but at a lower cost to the MBTA.

See appendix for detailed benefits, risks, and timelines for each option.

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¹ Potential for added cost (negative savings) can occur depending on how the deal is structured

² Limited initial savings that will ramp up over time



Each option has advantages and disadvantages

Option	Customer Impact	Completion Timeline	Complexity	Accessibility Issues	Savings	Improved Core RIDE	Lower Cost/Trip	Improved Service
Book Trips with HST	Neutral	Neutral	Neutral	Positive	Positive	Positive	Positive	Neutral
Work with RTAs	Neutral	Negative	Negative	Positive	Neutral	Neutral	Positive	Neutral
Change Service Hours	Neutral	Positive	Positive	Positive	Neutral	Neutral	Neutral	Negative
Use Pilots in Premium Area	Neutral	Positive	Negative	Neutral	Positive	Positive	Positive	Positive
Change Same Day	Positive	Positive	Positive	Neutral	Positive	Positive	Positive	Positive
Assess Cities/Towns	Positive	Negative	Negative	Positive	Neutral	Negative	Positive	Neutral
Adjust Pilot Payment	Positive	Positive	Positive	Positive	Negative	Neutral	Negative	Neutral
Keep Existing Rider Service	Neutral	Negative	Neutral	Positive	Positive	Neutral	Neutral	Neutral

Positive Impact



Neutral Impact



Negative Impact



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¹ Potential for added cost (negative savings) can occur depending on how the deal is structured

² Limited initial savings that will ramp up over time



While all options remain, the Taskforce expressed interest in the following:

Option	Description	Time Estimate	FY18 Savings Projection
Book Trips with HST	Use brokerage for premium area trips	5 months	\$1M to \$3.4M
Change Same Day	Continue no-strand policy	2.5 months	\$1.9M to \$4.3M
Total Potential Savings		\$2.9M - \$6.7M¹	

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¹ Overlap between both options (some premium area trips are also same-day trips) reduces total potential savings



Alternative Option Highlight: Book Trips with HST

Option	Description	Time	FY18 Savings	Complexity
Book Trips with HST	Use brokerage for premium area trips	5 months	\$1M to \$3.4M	Medium

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- Limited change for customers- No need to transfer- Providers adhere to strict standards- Lower cost per trip- Productivity improvements to rest of RIDE	<ul style="list-style-type: none">- Actual cost, not flat, per-trip rate- Same/next day trips can be expensive- Broker may need additional call-center support

Implementation Timeline

- 3/27-3/31: Obtain pricing simulation results from brokerage using MBTA data
- 4/1-5/1: Discuss with HST how to utilize brokerage
- 4/1-5/1: Identify best way to serve calls (increase brokerage call center staff or integrate into TRAC)
- 5/1-6/1: Finalize agreement with HST and brokerage and agree upon service parameters
- 5/1-7/1: Develop implementation plan (including customer communications and system configuration)
- 7/1-9/1: Execute implementation plan
- 9/1: Shift premium area trips to HST via brokerage



Alternative Option Highlight: Change Same Day

Option	Description	Time	FY18 Savings	Complexity
Change Same Day	Cover same-day trips with pilots	2.5 months	\$1.9M to \$4.3M	Low

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- Limited change for customers- Lower cost per trip and trip time- Reduced service delays for all customers- Productivity improvements to rest of RIDE- Can encourage more trips to be taken on pilots	<ul style="list-style-type: none">- Concerns about pilot accessibility<ul style="list-style-type: none">- <i>Current WAV demand met, can ramp up supply</i>- <i>Integrating Uber / Lyft into call center</i>- <i>Taxi 2.0 has call-in option + more WAV supply</i>

Implementation Timeline

- 4/15-5/1: Develop implementation plan (including customer communications)
- 5/1-6/15: Conduct outreach to impacted customers to educate and train on new options
- 6/15: Send change reminder communications to impacted customers via multiple medium
- 6/15-7/1: Make necessary system changes and train call center staff
- 6/25: Send change reminder communications to impacted customers via multiple medium
- 7/1: Shift same day trips to be covered by pilots



▪ Budget Discussion

▪ Budget Options

▪ Next Steps

▪ Detailed Budget and Option Information



Continued Taskforce involvement will be essential

- Finalize savings estimates
- Further develop implementation plans
- Include savings in proforma for FY18 budget



▪ Budget Discussion

▪ Budget Options

▪ Next Steps

▪ Detailed Budget and Option Information



Alternative Option: Book Trips with HST

Option	Description	Time	FY18 Savings	Complexity
Book Trips with HST	Use brokerage for premium area trips	5 months	\$1M to \$3.4M	Medium

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none"> - Limited change for customers - No need to transfer - Providers adhere to strict standards - Lower cost per trip - Productivity improvements to rest of RIDE 	<ul style="list-style-type: none"> - Actual cost, not flat, per-trip rate - Same/next day trips can be expensive - Broker may need additional call-center support

Implementation Timeline

- 3/27-3/31: Obtain pricing simulation results from brokerage using MBTA data
- 4/1-5/1: Discuss with HST how to utilize brokerage
- 4/1-5/1: Identify best way to serve calls (increase brokerage call center staff or integrate into TRAC)
- 5/1-6/1: Finalize agreement with HST and brokerage and agree upon service parameters
- 5/1-7/1: Develop implementation plan (including customer communications and system configuration)
- 7/1-9/1: Execute implementation plan
- 9/1: Shift premium area trips to HST via brokerage



Alternative Option: Work with RTAs

Option	Description	Time	FY18 Savings	Complexity
Work with RTAs	Provide premium area trips via RTA	5 months	-\$75K ¹ to \$1.1M	Medium

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- Limited change for customers- Providers adhere to strict standards- Lower cost per trip- Productivity improvements to rest of RIDE	<ul style="list-style-type: none">- Lengthy one-on-one negotiations- Not all premium area towns have RTA overlap- Transfers reduce savings and increase trip time- May require high start-up costs- RTA have different capacity and capabilities

Implementation Timeline

- 4/1-5/1: Develop full understanding of RTA overlap with premium areas and RTA capacity/capabilities
- 5/1-6/1: Conduct RTA outreach to selected RTAs
- 6/1-7/1: Conduct outreach to impacted cities/towns
- 7/1-8/1: Conduct negotiations with selected RTAs
- 7/1-8/1: Develop implementation plan (including customer communications)
- 8/1-9/1: Execute implementation plan
- 9/1: Shift associated premium area trips to selected RTAs, continue to provide premium service in other areas



Alternative Option: Change Service Hours

Option	Description	Time	FY18 Savings	Complexity
Change Service Hours	Run premium area trips from 7am-8pm	2.5 months	\$380K to \$1.5M	Low

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- Limited impact to customer (only 7% of trips)- Trips can be rescheduled or taken on pilot- Productivity improvements for The RIDE- Can encourage more trips to be taken on pilots	<ul style="list-style-type: none">- May create some confusion with hour differences- Limited productivity improvements for rest of RIDE

Implementation Timeline

- 4/15-5/1: Develop implementation plan (including customer communications)
- 5/1-6/15: Conduct outreach to impacted customers to educate and train on new options
- 6/15: Send change reminder communications to impacted customers via multiple medium
- 6/15-7/1: Make necessary system changes and train call center staff
- 6/25: Send change reminder communications to impacted customers via multiple medium
- 7/1: Shift hours to 7am-8am schedule



Alternative Option: Use Pilots in Premium Area

Option	Description	Time	FY18 Savings	Complexity
Use Pilots in Premium Area	Cover premium area trips with pilots	3 months	\$1.4M to \$3.8M	Medium

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none"> - Limited change for customers - Lower cost per trip and trip time - Productivity improvements to rest of RIDE 	<ul style="list-style-type: none"> - No pilot interest to provide low density-only service - Long trips could become expensive for customers - Concerns about pilot accessibility <ul style="list-style-type: none"> - <i>Current WAV demand met, can ramp up supply</i> - <i>Integrating Uber / Lyft into call center</i> - <i>Taxi 2.0 has call-in option + more WAV supply</i>

Implementation Timeline

- 4/1-5/1: Discuss implementation strategy with partners
- 4/1-5/1: Identify best way to serve trips for non-smartphone users
- 4/1-6/1: Find and negotiate additional vehicle or providers to help deliver WAV trips
- 6/1-7/1: Communicate to customers
- 6/15-7/1: Start integration of customers into pilots (Soft start)
- 7/1: Full integration of customers into pilots



Alternative Option: Change Same Day

Option	Description	Time	FY18 Savings	Complexity
Change Same Day	Cover same-day trips with pilots	2.5 months	\$1.9M to \$4.3M	Low

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none"> - Limited change for customers - Lower cost per trip and trip time - Reduced service delays for all customers - Productivity improvements to rest of RIDE - Can encourage more trips to be taken on pilots 	<ul style="list-style-type: none"> - Concerns about pilot accessibility <ul style="list-style-type: none"> - <i>Current WAV demand met, can ramp up supply</i> - <i>Integrating Uber / Lyft into call center</i> - <i>Taxi 2.0 has call-in option + more WAV supply</i>

Implementation Timeline

- 4/15-5/1: Develop implementation plan (including customer communications)
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- 6/25: Send change reminder communications to impacted customers via multiple medium
- 7/1: Shift same day trips to be covered by pilots



Alternative Option: Assess Cities/Towns

Option	Description	Time	FY18 Savings	Complexity
Assess Cities/Towns	Charge for service in high premium area coverage towns	7+ months	TBD	High

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- No change for customers- Allocates costs to cities whose use service most- May incentivize cities to evaluate/build more transit	<ul style="list-style-type: none">- No productivity improvements for rest of RIDE- Requires policy or legislation change

Implementation Timeline

- 4/1-5/1: Understand feasibility of increased charge on a city by city basis
 - 5/1-5/15: Refine technical criteria for premium assessment calculation
 - 5/15-7/15: Propose MBTA policy or legislation change
 - 7/15-9/15: Conduct outreach to impacted cities/towns
 - 9/15-10/15: Approve policy/legislative change
 - 10/15-11/15: Implement increased assessment
-



Alternative Option: Adjust Pilot Payment

Option	Description	Time	FY18 Savings	Complexity
Adjust Pilot Payment	Increase rider co-payment to reduce cost	<1 month	\$0.2M to \$0.5M	Low

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- No change in RIDE service for customers- Pilot users are relatively price inelastic per taskforce- Can change incrementally to determine impact	<ul style="list-style-type: none">- Reduced usage of pilots and increased overall costs- Increased volume of customer complaints

Implementation Timeline

- 4/15-4/22: Work with Uber and Lyft to implement change
- 4/15-5/1: Conduct outreach to impacted customers to educate on upcoming change
- 5/1: Change co-payment cost
- 5/1-6/1: Monitor ridership and identify any decreases
- 6/1: Change co-payment cost (up or down) based on month trial
- 6/1-ongoing: continue to monitor ridership and adjust co-payment as necessary



Alternative Option: Keep Existing Rider Service

Option	Description	Time	FY18 Savings	Complexity
Keep Existing Rider Service	Continue providing premium service for current riders, not for new applicants	2.5 months	\$0.6M to \$0.7M	Medium

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">- No impact to current customers- No drastic change of service- New customers served by lower cost pilots	<ul style="list-style-type: none">- Long pilot trips could become expensive- Hard to estimate exact savings- Small initial savings, but slowly ramps up- Limited initial productivity improvements for RIDE

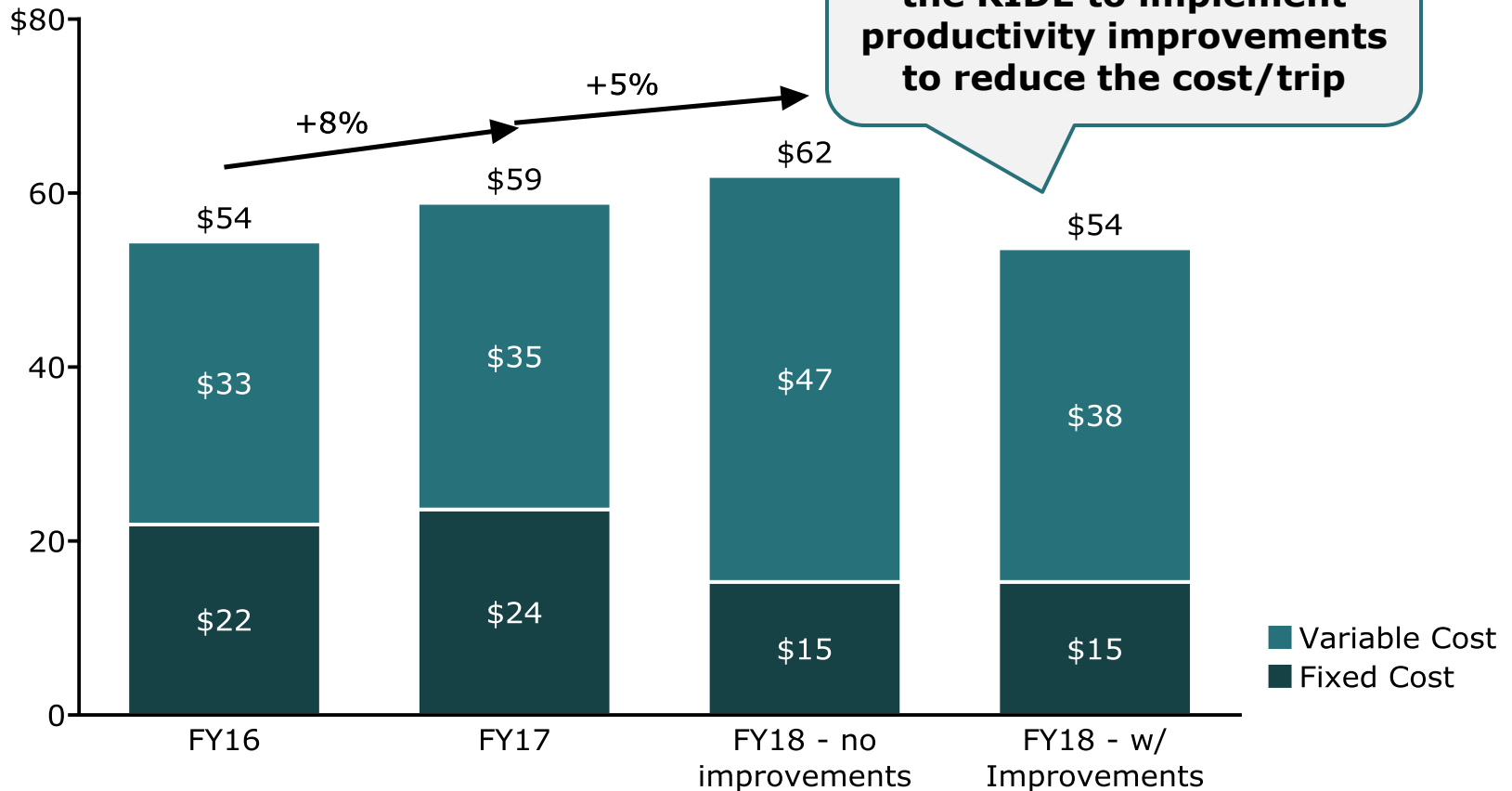
Implementation Timeline

- 4/15-5/1: Develop implementation plan (including customer communications)
- 5/1-5/15: Train eligibility center staff with new policy
- 5/15-6/15: Conduct outreach to customers to educate on new policy
- 6/1-7/1: Make necessary system changes and train call center staff
- 7/1: Implement new policy



Cost per trip has continued to rise, but the call center can reverse this trend

RIDE Service Cost per Registered Trip



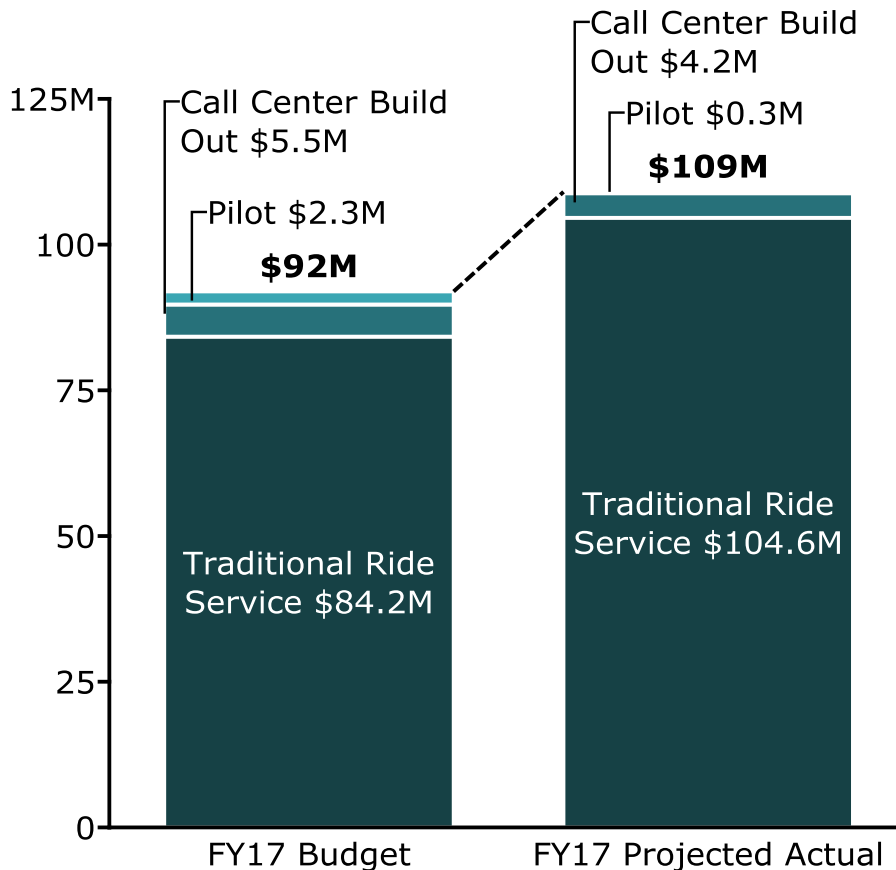
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Notes: Variable cost includes payment to ride vendor on a per-trip basis plus the average fuel reimbursed per trip. Variable cost switches in FY18 to be on a per revenue-hour basis vs. per trip basis, but has been converted back to a per-trip basis for this analysis; Fixed cost includes call center costs in FY17 (mobilization) and FY18 (operations); The call center will enable significant savings via productivity improvements discussed later in this presentation



The RIDE is expected to end FY17 \$17M over budget

RIDE Budget vs. Proj. Actual

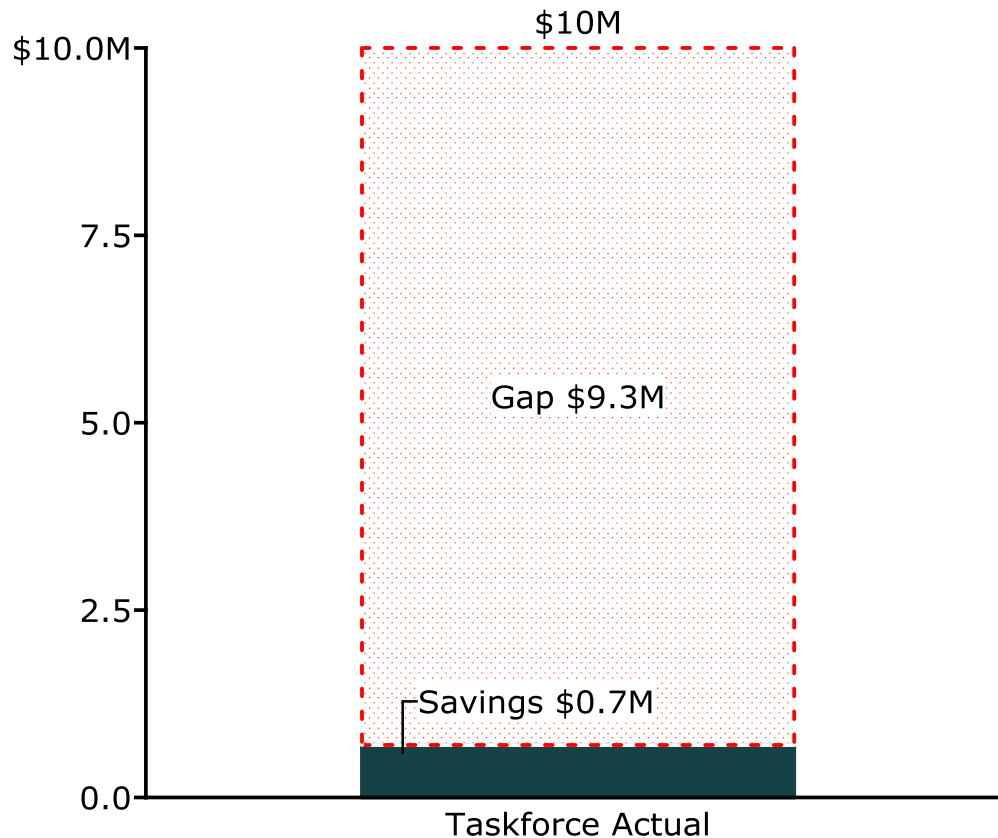


	FY17 BUDGET	FY17 PROJ. ACTUAL	Var.
Pilot	\$2.3M	\$0.3M	-\$2.0M
Call Center	\$5.5M	\$4.2M	-\$1.3M
Traditional RIDE Service	\$84.2M	\$104.6M	+\$20.4M
Total	\$92M	\$109M	+\$17M



Taskforce initiatives fell short of the FY17 \$10M savings goal

FY17 Taskforce Savings



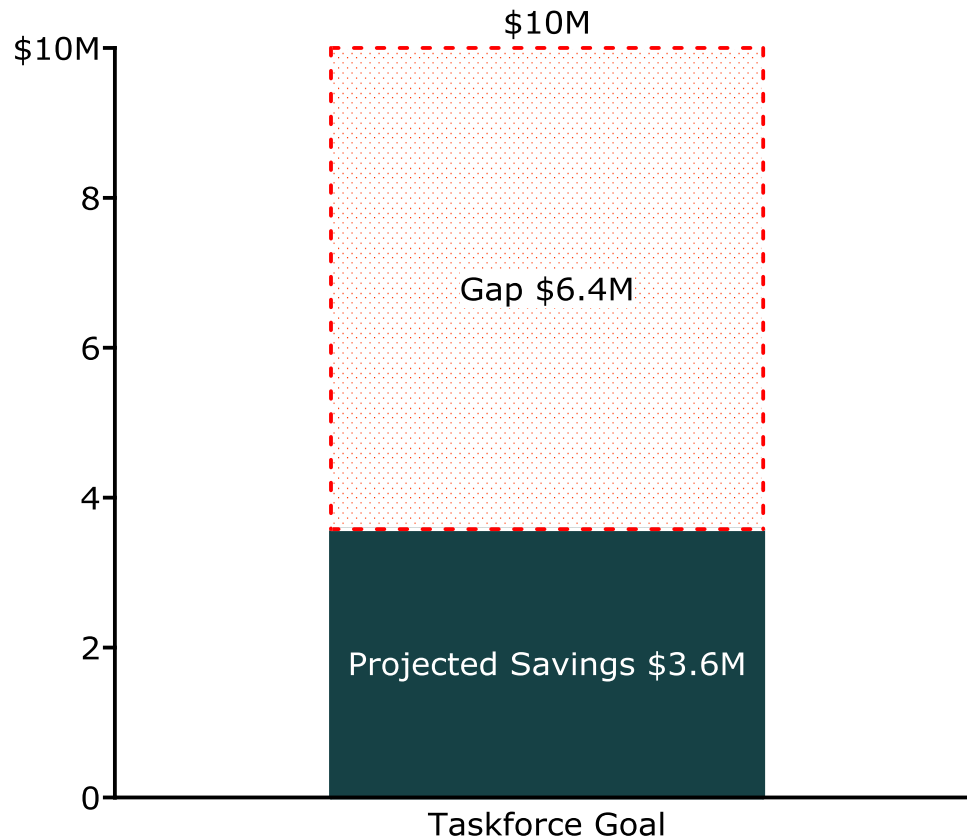
Taskforce Savings Notes

- \$400K from Uber/Lyft Pilot
- \$75K from Non-profit partnership with SCM
- \$200K from MWRTA partnership for Wellesley and Dover
- \$0K from Taxi 1.0 Pilot
- \$0K from RIDE Free Charlie Card Pilot (invitation letters mailed)
- \$0K from Taxi 2.0 Pilot (in procurement)
- **\$0.7M Total Savings**



Taskforce savings are projected to grow in FY18, but will not meet \$10M

FY18 Taskforce Savings Projection



Assumptions

Spending increases from \$0.3M to \$1.6M

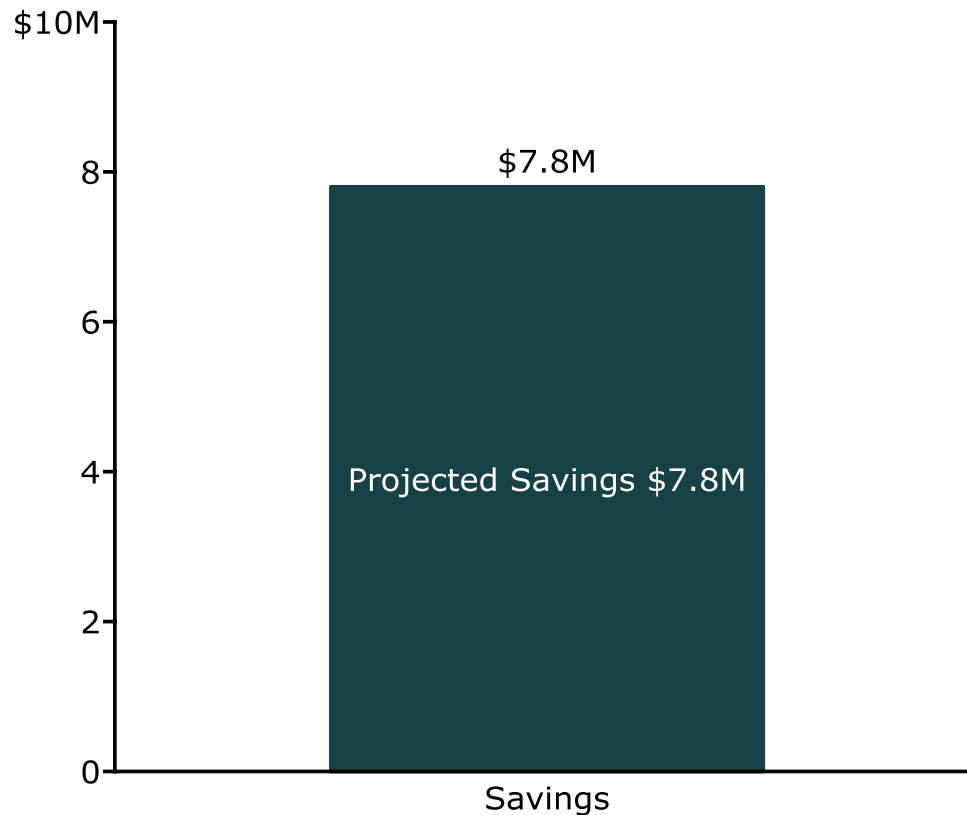
- Usage Increase (\$5.2M savings)
 - 15% of customers using pilots
 - 50% of old trips converted to pilots
 - 30% increase in demand from pilot
- Active Pilots and Percent of Savings
 - 51% Uber/Lyft Pilot
 - 34% Taxi 2.0 Pilot
 - 8% RIDE Free Charlie Card Pilot with travel training
 - 5% Wellesley/Dover MWRTA partnership
 - 2% SCM Non-profit partnership

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The call center (TRAC) is expected to provide significant savings in FY18

FY18 Call Center Savings Projection



Assumptions

Spending increases from \$4.2M to \$8.8M

- Productivity Improvements (\$15.3M)
 - Eliminate Service Zones
 - 12% avg. increase in productivity
 - Improved Run Structures
 - 10% avg. increase in productivity
- RIDE Service Contract Adjusted (\$1.3M)
 - 52% decrease in vendor fixed¹ cost
 - 6% increase in vendor variable² cost
 - 10% decrease in total cost per trip

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Note: Savings net of budgeted spending

¹ does not include call center fixed cost which would put decrease at 35%.

² includes fuel and productivity improvements. Without productivity improvements, would go up by 31%



Significant effort is under way to achieve aggressive but realistic targets

Pilot Marketing

- Contact riders via multiple media (mail, phone, e-mail, in-person)
- Hold in-person sign-up sessions in multiple locations/multiple times of day
- Reach out to employers, hospitals, and non-profits to encourage sign-ups
- Develop incentives for riders to try pilot services (e.g., free first trip)
- Alert riders of their options as they call into TRAC to book trips
- Speak at conferences and community meetings to educate community
- Use media (Globe, Herald, etc.) to promote success stories

Pilot Accessibility

- Continue holding in-person sessions to educate and train pilot participants
- Integrate Uber/Lyft bookings into TRAC, avoid need for smartphone
- Require new taxi pilot to have full call-in option and WAV ratings
- Increase WAV supply on pilots as demand increases
- Provide travel training to Free Charlie Card pilot participants