

HF1482 - 0 - Metro Mobility Partnership Pilot Program

Chief Author: **Kelly Moller**
 Committee: **Transportation Finance**
 Date Completed: **2/20/2023 9:18:08 AM**
 Agency: **Metropolitan Council**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|--------------|---------------|----------|--------|--------|
| | Dollars in Thousands | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 |
| General Fund | - | 5,842 | 5,842 | - | - | - |
| Total | - | 5,842 | 5,842 | - | - | - |
| Biennial Total | | | 11,684 | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|-----------|-----------|----------|--------|
| | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 |
| General Fund | - | .5 | .5 | - | - |
| Total | - | .5 | .5 | - | - |

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 2/20/2023 9:18:08 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|--------|--------------|---------------|--------|----------|---|
| Dollars in Thousands | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | |
| General Fund | - | 5,842 | 5,842 | - | - | - |
| Total | - | 5,842 | 5,842 | - | - | - |
| Biennial Total | | | 11,684 | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| General Fund | - | 5,842 | 5,842 | - | - | - |
| Total | - | 5,842 | 5,842 | - | - | - |
| Biennial Total | | | 11,684 | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| General Fund | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

This bill requires the Metropolitan Council to implement a pilot program with a Transportation Network Company (TNC) to offer supplemental on-demand service for passengers with disabilities. The pilot program would serve the entire Metro Mobility service area and establish rider eligibility that is substantially comparable to eligibility requirements under Metro Mobility. Required hours of service are outlined in the bill; the pilot program must provide service during those hours that are outside of the current Metro Mobility service hours.

The Metropolitan Council also must submit a legislative report on the pilot program by February 1, 2026. Report requirements are outlined in the bill language and include a summary of the pilot program implementation, a fiscal review, and an analysis of pilot program results.

Money is appropriated in state fiscal years 2024 and 2025 from the general fund to the Metropolitan Council for the partnership pilot program outlined in this bill.

Assumptions

Assumption 1: A partnership with a TNC that provides the level of service outlined in the bill and is compliant with the Americans with Disabilities Act is possible.

The Metropolitan Council previously tried to contract with a TNC to provide an on-demand service option with equal availability for customers needing wheelchair accessible vehicles. After several months of negotiations, the TNC was not able to commit to a level of service for customers requiring a wheelchair accessible vehicle. In addition, they were not able to provide service to the entirety of the Metro Mobility service area beyond a compressed, 8-hour daytime schedule.

Assumption 2: Rider eligibility is limited to Metro Mobility certified customers.

Assumption 3: The Metropolitan Council will need to contract with a company to provide vehicles and drivers to ensure that the pilot program is available during the hours outlined in the bill.

Previous negotiations revealed that traditional TNCs are not able to meet the service span outlined in the bill. Typical TNC availability for this type of service is limited to 8 am-5 pm each day. In order to ensure the on-demand service is available during the hours specified in HF 1482, the Metropolitan Council would need to pay for service availability outside of the TNC hours. In other words, demand for service would not be sufficient for TNC drivers to choose to work these broader hours, and the Council would need to pay drivers above expected demand for the service to be available. This would be

especially important to ensure accessible vehicles are always available.

Below is a summary of estimated hours outside of TNC availability.

| Day of the Week | HF 1482 Hours of Availability | Estimated TNC Hours of Availability | Hours per day beyond TNC Availability |
|-----------------|-------------------------------|-------------------------------------|---------------------------------------|
| Weekdays | 6:00am to 10pm | 8:00am-5:00pm | 7 |
| Saturdays | 7:00am to 11pm | 8:00am-5:00pm | 7 |
| Sundays | 7:00am to 10pm | 8:00am-5:00pm | 6 |

Based on current Metro Mobility services, it is estimated that 30 additional vehicles would be needed to cover the hours and geographic area outside of TNC availability. The total service costs per hour are estimated at \$80 (this amount is based on existing services and includes operating and capital expenses).

Assumption 4: Since the bill language does not establish a fare structure for the pilot program, the Metropolitan Council would determine the fare. It is assumed the Council would implement a fare structure comparable to what is used for its current on-demand service.

The Metropolitan Council currently subsidizes a supplemental on-demand service option for customers needing same day service or opting to not use the Metro Mobility paratransit service. It is available to customers during the same hours in each community that Metro Mobility service is available. This service is called Premium On Demand (POD) and is provided by Transportation Plus, a taxi company that provides the service with an on-demand app. The customers pay the first \$5 of the fare and anything over \$20. The Metropolitan Council pays the rest of the cost of the trip, up to \$15. Actual POD rides have been shorter and most customers have paid \$5 total for the ride; a \$5 fare per rider is assumed for this analysis.

Assumption 5: Ridership for the pilot program will be comparable to ridership for Metro Mobility’s current POD service. Ridership for the POD service in 2022 was 40,110.

Assumption 6: Additional staff time will be needed to respond to customer service issues and manage the program. Based on experience with Metro Mobility’s current on-demand program, it is estimated that 0.25 of a customer service specialist FTE will be needed for the pilot program. In order to manage the program and fulfill reporting requirements, 0.25 of a project administrator FTE is estimated. An FTE is defined here as 2,080 hours. Current average budgeted salary and fringe costs for Metro Mobility project administrators and customer service specialists were used to determine estimated personnel costs.

It is a two year pilot program and the fiscal note assumes expenses for two years

Expenditure and/or Revenue Formula

Cost to Ensure Service Outside of TNC Availability

Total Vehicles: 30

Cost per Hour: \$80

Annual Cost for Weekday Hours: 30 vehicles x \$80 x 260 weekdays per year x 7 additional hours = \$4,368,000

Annual Cost for Saturday Hours: 30 vehicles x \$80 x 52 Saturdays per year x 7 additional hours = \$873,600

Annual Cost for Sunday Hours: 30 vehicles x \$80 x 52 Sundays per year x 6 additional hours = \$748,800

Total Cost for Additional Hours: \$5,990,400

Fare Revenue Estimate = \$5 x 40,110= \$200,550

Net Cost = \$5,990,400 - \$200,550 = \$5,789,850

Personnel Costs

Estimated Hours for each position = 0.25 FTE x 2,080 hours = 520 hours

Average Customer Service Specialist hourly salary plus benefits: \$40

Average Project Administrator hourly salary plus benefits: \$60

Annual Staff Costs = (\$40 x 520) + (\$60 x 520) = **\$52,000**

Total Annual Cost = \$5,789,850 + \$52,000 = \$5,841,850

Long-Term Fiscal Considerations

No long-term fiscal considerations since this bill is for a pilot program limited to FY2024 and FY2025.

Local Fiscal Impact

NA

References/Sources

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