

The Business Case for Mobility Management

By:

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INTRODUCTION

What is this thing called mobility management? It's a strategic approach to managing a coordinated community-wide transportation network with multiple operating partners.

What are its benefits from a business perspective? It can help transit systems reduce their operating expenses and it can offer more mobility to a community's residents.

This article (the first in a series) provides an overview of mobility management and its benefits.

MOBILITY MANAGEMENT: WHAT IS IT?

Mobility Management is a customer-driven, market-based approach to transportation services. It focuses on

- Individual travel needs, not moving the masses.
- Offering a full range of travel options to the single-occupant auto, not just the mass transit mode.
- Innovation, changing usual business patterns.
- Cultivating partnerships and multi-agency activities.
- Offering a single point of customer access to multiple travel modes.

Mobility management includes (1) all activities involved with identifying customer travel needs and coordinating a variety of service providers to address those needs — and doing so in a manner that is effective for the customer and efficient for the taxpayer. It also involves (2) efforts to improve the performance of public transportation in conjunction with the management of community-wide transportation resources, thus including traffic management strategies and the coordination of public transportation with infrastructure development and land use policies.

The basic mobility management functions include

- Providing information: referring travelers to available trip providers
- Making trip connections: brokering trips for customers among the available providers
- Transportation planning: ensuring rational land use and transportation relationships; ensuring the availability of need transportation services.

The detailed, comprehensive package of mobility management activities can be described as service development and system management activities. **Service development activities** include

- A planning approach that can be described as customer-based and market oriented because it focuses on the needs of individuals, specific consumer groups, employers, human service agencies, and neighborhoods.
- Development and implementation of “One-Stop” travel information and trip planning systems that focus on the trip needs of individual customers.
- Travel training for individuals, case workers, employers, and potential users of all available transportation services.
- Coordination of public transportation, human services transportation, and privately provided transportation services.
- Establishment and implementation of transportation brokerage systems coordinating transportation service providers to efficiently meet the needs of consumers in a harmonized service network.

System management activities include

- Working with employers to develop and implement demand-management strategies, employer pass programs, and transportation management organizations (TMAs).
- Promotion of ITS and other technology applications to improve system management.
- Promotion of traffic management strategies that improve the performance of public transportation service (such as a Traffic Management Liaison).
- Improving the delivery of public transportation services by changing regulations or overcoming institutional restrictions on service delivery (which may require the services of an Institutional Change Advocate).
- Promoting land use policies which are compatible with the effective and efficient delivery of public transportation service.
- Working to ensure that infrastructure improvements (highway and other major infrastructure improvements) accommodate the needs of a variety of public transportation services and their customers.

THE ECONOMIC BENEFITS OF MOBILITY MANAGEMENT

Mobility management offers substantial cost savings and increased service effectiveness. The economic benefits of mobility management are quite similar to those offered by coordinating transportation services:¹ By working for greater efficiency in the use of transportation resources, mobility management can **lower the costs of providing services**. Most communities apply such cost savings to increase the numbers of trips served, thus satisfying a

¹ For example, see Burkhardt, J., Levi, S., (2005). *Seniors benefit from transportation partnerships: Case studies from the aging network*. (Prepared for the Administration on Aging, U.S. Department of Health and Human Services.) Rockville, MD: WESTAT.

greater proportion of the latent demand of public transportation services and **increasing overall service effectiveness**. The combination of increased efficiency and increased effectiveness can create great improvements in unit costs, such as costs per trip, per mile, or per hour. Transit agencies in the Denver, Detroit, and Portland (Oregon) regions are now realizing savings of about \$2 million or more per year by applying mobility management strategies tailored to the unique needs and resources of their communities.

Denver, Colorado: RTD

The Denver Regional Transportation District (RTD) is the public transportation provider for 40 cities and towns in all or portions of 8 counties around Denver. The service area population is more than 2.5 million persons located in 2,327 square miles.² RTD's operations include fixed bus routes, express buses, light rail, shuttles, ADA paratransit services, call-n-Rides, Senior Ride, vanpools, free shuttle services on the downtown mall, and other services.³ More than 86 million riders used RTD's services in 2005; the 2006 operating budget is \$393 million and average weekday boardings are now 290,000.

Key mobility management programs include RTD's vanpool program, the user-side taxi subsidy program, call-n-Ride, Bike-n-Ride, and guaranteed ride home. Other components include bus passes distributed by employers and RTD support of local transportation management organizations. Mobility management programs under development include additional taxi services, car sharing, feeder bus services to light rail, and transit oriented land use developments.⁴ RTD is attempting to create services that are "closer to the customer" and more cost-effective than typical services. RTD is now more interested in funding and managing certain services than providing them.

- **The Vanpool Program** has grown from 11 vehicles in 2001 to 134 in 2007. Per passenger subsidies on the vanpool program are \$1.19 per rider versus the \$3.20 average subsidy for all of RTD's riders (2005 figures). There were approximately 343,300 rides taken on the vanpool program in 2006 at a cost of about \$700,000. Using the 2005 cost numbers, we estimate that the 2006 savings generated by the vanpool program were \$690,234 (343,400 x \$3.20 vs. 343,400 x \$1.19).
- **The User-Side Subsidy Taxi Program** is designed as an alternative to ADA paratransit services, which in 2005 cost RTD \$36.77 per trip in subsidy. Under this program, the rider pays the first \$2.00, the RTD pays the next \$7.00, and the rider pays any fare over \$9.00. In 2005, approximately 49,800 rides were made as part of this program at a cost to RTD of \$348,600. If these rides had been taken on RTD's Access-a-ride service, the cost to RTD would have been \$1,831,146. Thus, this program saved RTD \$1,482,546 in 2005. Greater savings are expected to be recorded in future years.

² *Regional Transportation District Denver Colorado: Audited Financial Statements Fiscal Year Ended December 31, 2004 and 2003*, RTD Administration Department, Denver. May 2005. Accessed at <http://www.rtd-denver.com/>

³ See http://www.rtd-denver.com/Projects/Fact_Sheets/RTD_Facts.pdf

⁴ Bryne, J., Messa, C., Simpson, D., Snapp, K. *Mobility Management: A Toolkit for Creating an Organizational Culture and Management Structure Conducive to Mobility Management*. APTA, July 2005.

These two of RTD's several mobility management programs are saving RTD over \$2 million per year while providing access to increased numbers of persons. Other mobility management programs (such as ADA-eligible passengers using the general public paratransit program and the Front Range Express intercity bus service from Colorado Springs to Denver) add even more savings. These new services have been enthusiastically embraced by the public in the Denver region. A recent tax referendum focusing on new rail and highway services generated a 66 percent approval rating at the ballot box.

Detroit, Michigan: Suburban Mobility Authority for Regional Transportation (SMART)⁵

A fiscal crisis in the early 1990s led SMART to reassess its agency mission, customer base, and services. Spurred by a \$20 million deficit and an impending local property tax referendum, SMART redesigned its services to

- Provide links to job growth areas,
- Save money wherever possible, and
- Create links to every city, township, and village in their voting area.

SMART now uses more than 600 buses and provides 11 million rides per year, an all-time high, and is setting records in every sector of their business. The system has also become a model for other transit systems looking to make big changes.

Through SMART's Community Partnership Program, SMART decentralized that which could be provided most effectively by the communities and centralized what SMART could do best. This helped improve service at the local level without spending more money. SMART now has partnerships with 73 local communities providing buses and technical assistance where needed. Over 246 small buses are operated by community partners. The program allows each community to develop transit that fits the needs of their residents and businesses. SMART offers functions such as community forums, coordinated dispatching, preventative maintenance, joint capital purchases, and travel training to their community partners, who can partake of these services or not, as they wish. Each program is different in each city.

SMART has capitalized on the determination of its riders and partners to fund vehicles, provide special services to riders, and create services that are uniquely tailored to local travel needs. They look to their local partners to create new ideas and then generate the support needed to get these ideas implemented.

In 2002, the cost of the Community Partnership Program was \$7 million. Without this program, the services operated by SMART would have cost an additional \$2.7 million, for a total

⁵ Information on SMART comes from a presentation by Dan Dirks to the Community Transportation Association of America's 2006 EXPO in Orlando, Florida.

cost of \$9.7 million.⁶ Figures for later years are not available at this time but are expected to show even greater savings.

Portland, Oregon: Ride Connection

In Portland, Ride Connection operates under contract to Tri-Met, the local public transit authority, as an area-wide mobility manager for persons not well-served by regular public transit operations. Ride Connection is a nonprofit community organization that coordinates community agencies that provide rides for persons with disabilities and senior citizens without alternative transportation. Their service area includes 1.5 million persons in 3,000 square miles in three counties in Oregon and part of one county in Washington. They describe their mission as “linking accessible, responsive transportation with community need.” Operating in close collaboration with Tri-Met, Ride Connection has helped Tri-Met trim its ADA paratransit costs.

Ride Connection currently has 401 volunteers and 268 paid drivers. Ride Connection has consolidated administrative functions (such as driver training, compliance, and maintenance), but actual trips are brokered by Ride Connection and are delivered by their collaborative partners. This division of labor helps maintain high-quality, personal services that are tailored to the unique needs of each individual community. Also, they can get funding not available to a public agency like Tri-Met (from foundations, corporations, individuals, others). Their volunteers provide trips that would be nearly impossible for a public transportation agency to provide. Ride Connection and Tri-Met also cooperatively provide a travel training program to enhance the mobility of persons with special travel needs.

In 2000-2001, trips made through the Ride Connection brokerage cost \$9.73 per trip versus \$19.14 on Tri-Met’s LIFT program for ADA eligible riders. The probable cost savings to Tri-Met in that year were nearly \$2 million: actual costs were \$911,868 versus a probable cost of \$2,884,819.⁷

WHAT’S NEEDED FOR MOBILITY MANAGEMENT: CHANGING PERSPECTIVES, CHANGING STRATEGIES

Mobility management represents a new strategic approach for the transit industry, and it requires changing some long-established patterns and practices. Mobility management

- Replaces the classic approach of operating services that can move large numbers of persons with a focus on the individual trip needs of specific customers.
- Replaces the strategy of managing owned assets with strategic partnerships and alliances among multiple transportation providers.

⁶ Burkhardt, J., Koffman, D., Murray, G. (2003). *Economic Benefits of Coordinating Human Service Transportation and Transit Services, TCRP Report 91*. (Prepared for the Transit Cooperative Research Program, Transportation Research Board, The National Academies.) Rockville, MD: WESTAT.

⁷ Ibid.

- Emphasizes multi-modal rather than single-mode solutions.
- Requires focusing on a coordinated community-wide transportation service network of existing and potential trip providers.
- Emphasizes the need to provide services that are easily understood as beneficial by the general public: “a sellable product.”
- Emphasizes changing traditional business practices.

Mobility management requires that someone (some organization) take responsibility for managing a coordinated community-wide transportation service network comprised of the operations and infrastructures of multiple trip providers. The management component of this process entails focusing on and making visible improvements to the effectiveness, efficiency, and quality of the travel services being delivered. From a transit agency perspective, Mobility Management can achieve the more efficient use of existing resources in order to meet individual needs, as is called for in the research describing the need for a “new paradigm” for public transportation,⁸ a new approach to delivering transportation services.

The call for a new paradigm for transit is based on changing demographics and the emerging role of transportation in smart growth and environmental management activities. These forces will require transit systems to re-invent their service delivery model. The call for a redefined role for transit agencies is not new. APTA itself has published many articles and papers on “the new paradigm.” Many professionals have identified the need for a new transit image:

“Increasing access to public transportation is clearly the best way to create a stable, healthy and strong America.”⁹

“Public transit must develop a vision of its role in serving existing and potential markets and ensure that transit benefits the entire community”¹⁰

“Planning transportationsolely around the work place or around median or average behavior obscures the real needs of Americans.”¹¹

“The vision for America's transportation future must portray a nation where people have freedom to make transportation choices and where travel options are prominent.”¹²

Many human service agencies started their own transportation systems because the transit agencies were either unwilling or incapable of providing the service that the human service agency clients needed; many of these agencies now would gladly give up their transportation

⁸ Transit Cooperative Research Project report #97

⁹ William W. Millar, President, American Public Transportation Association Before The National Surface Transportation Policy And Revenue Study Commission Improving The Performance Of Our Transportation System March 19, 2007

¹⁰ TCRP Report #28, Transit Markets of the Future: The Challenge of Change, Washington, DC 1998

¹¹ “Putting People First,” Progress, vol. IV, no. 7, Surface Transportation Policy Project, Sept. 1994, p. 1

¹² William W. Millar, President, American Public Transportation Association before the National Surface Transportation Policy And Revenue Study Commission on Improving The Performance of Our Transportation System, March 19, 2007.

systems if they could get the service they need. But many transit agencies see their role as “providing mass transportation” and therefore have a difficult time adjusting their organizations and business models. A recent interview with FTA Administrator, James Simpson delivers this message very succinctly:

“I believe that one of the most important things we as industry leaders must do is to ask ourselves: “What business are we in?” For example, private passenger railroads like the Pennsylvania and New York Central, among the most powerful business a century ago, are now extinct. Why? Because they failed to adapt. They had what I call “marketing myopia.” They viewed themselves as being in the railroad business instead of the people business. Don’t think mode...think people!”¹³

“What business are we in?Don’t think mode....think people.”
James Simpson, FTA Administrator, 2007

The TCRP new paradigms report¹⁴ suggests some new models and new priorities. The three-tiered model embodies several basic principles:

- (Re) establishment of the **quality of the customer’s experience** as a central, strategic focus for the organization;
- Separation of **strategic responsibilities** focused on the quality of the customer’s experience from responsibility and accountability for the actual **production of goods and services**; and a
- **Systems of performance measurement** that bring into balance the quality of the customer’s experience (the emerging strategic goal) and the efficiency with which resources are used (the production goal);

The new transit paradigm also has a reliance on expanded **partnerships and alliances** with both public and private organizations and service providers (for-profit and not-for-profit). This is to ensure responsiveness to shifting customer needs and cost effectiveness in meeting them. Actions would also include an introduction of **state-of-the-art information technologies** that can link the mobility management organization to both its partners and its individual customers in real time.

¹³ Community Transportation, Fall 2006, Washington DC2005, page 24

¹⁴ TCRP Report # 97, Transportation research Board, 2003, Washington, DC, Robert Stanley, Cambridge Systematics

WHY SHOULD I DO THIS THING CALLED MOBILITY MANAGEMENT?

Why should transit systems practice Mobility Management? *First, it makes good business sense.* As shown by the examples above, transit operators can both reduce their operating costs and expand the services that they provide.

Second, SAFETEA-LU provides incentives for transit systems through the 5316 JARC and 5317 New Freedom programs. SAFETEA-LU makes mobility management a capital project and thus eligible for 80% funding. Not only is Mobility Management an 80/20 program, other non-DOT federal money can be used as local match.

Third, as transit managers expand their range of services, either through operations or partnerships, their constituency grows. If your constituency grows, your support base grows. As the support base grows, the funding follows.

Fourth, it is our job. The job of a transit system is to move people, and if we don't rise to the challenge of helping all travelers, someone else will. This may involve changing some perspectives and practices — not necessarily an easy thing to do — but not meeting changing circumstances would harm our industry.

Finally, it is the right thing to do. As stated earlier, many human service agencies started transportation companies because no one else would provide the service they needed. Over \$4.0 billion is spent annually on Human Service transportation. If this human service transportation was coordinated with the public systems, the savings could be well over \$1.0 billion annually. This money would be available to provide trips for the unmet needs which we hear about daily.