

Public-Private Partnerships in Transit

Key Findings

- Transportation network companies (TNCs) such as Lyft and Uber offer a new source of flexible transportation that has led public transit agencies to begin exploring partnerships.
- Case studies of existing public-private partnerships between transit agencies and TNCs offer important lessons and takeaways.
- Opportunities for public-private partnerships with TNCs in Minnesota include paratransit, transit for seniors and low-income communities, first mile/last mile transit, rural transit, and general transit on routes with particularly low ridership and high cost per rider.

Project Background

New modes of transportation have recently seen explosive growth, with companies leveraging digital technologies to offer a variety of mobility services on demand. Among the most successful are transportation network companies (TNCs) such as Lyft and Uber that match drivers with riders through online digital platforms; together these two companies provided 71 million trips per month across the U.S. in 2016, compared to 472 million trips per month for public transit.

The success of TNCs has led several U.S. transit agencies to begin exploring opportunities to join with them in public-private partnerships. In a report published by the Minnesota Council on Transportation Access (MCOTA), University of Minnesota researchers examine these partnerships through five detailed case studies, draw lessons and takeaways from these case studies, and identify opportunities for TNC partnerships in the Twin Cities and greater Minnesota region.

The TNC Advantage

This flexible approach offers several key advantages:

- Provides on-demand transportation that can be booked via a smartphone app with credit card e-payments.
- Does not typically entail a transit agency owning physical assets or having dedicated drivers.
- Relies on an online platform to match drivers using their own cars with riders.
- Can dynamically adjust prices and wages based on current levels of driver supply and customer demand.
- Offers ride sharing in a carpool format for transit routes with particularly low ridership and high cost per rider.

The Case Studies

Researchers selected case studies to highlight unique and distinctive features of the corresponding partnerships and categorized them along three key dimensions: the type of transportation fulfilled, the type of payment, and the type of TNC service provider. The case studies fulfilled various transportation needs, but most fell into one of four categories: first mile/last mile transportation, general transit, rural transit, and paratransit.

The case studies examined in this report include:

- Centennial, Colorado's, six-month pilot of its "Go Centennial" project, a first mile/last mile partnership with Lyft Line, Lyft's carpooling service.
- The Massachusetts Bay Transportation Authority's partnership with Uber and Lyft to provide on-demand paratransit to the Massachusetts Bay area.



- Gainesville, Florida’s, “Freedom in Motion” partnership with Uber to provide discounted rides for all seniors in Gainesville
- Dublin, California—a “low-density, high-income” San Francisco suburb—that is currently experimenting with a general transit public-private partnership pilot called GoDublin.
- Liberty Mobility Now: Rural Transit, a national TNC with a different model than Uber and Lyft. Liberty serves as the private end of public-private partnerships, focusing primarily on rural customers.

In addition, researchers looked at partnerships that have targeted other types of needs. For example, a program in Pinellas County, Florida, offers low-income residents 23 free nighttime rides per month, and a program in San Diego offered \$5 vouchers for UberPool to and from designated points during a busy weekend when the city hosted two major events.

Opportunities for Minnesota

Researchers used the case studies to identify opportunities for public-private partnerships between transit agencies and TNCs in the Twin Cities and the greater Minnesota region.

Paratransit

The Twin Cities paratransit service currently uses three different independent contractors. Rides must be booked at least one day in advance, and users are advised that a five-mile ride that may take 10 to 15 minutes in a personal automobile may take up to 50 minutes. These limitations could potentially be addressed by partnering with a TNC to supplement the current system while ensuring the continued availability (or even the expansion) of the service to all existing service areas.

Transit for Seniors

Seniors in the Twin Cities area qualify for reduced fares but do not have a dedicated transportation program other than paratransit. A partnership with a TNC may be able to provide service for low-income seniors at lower cost and in a more responsive fashion, freeing up capacity on paratransit vehicles.

First Mile/Last Mile Transportation

Other than park-and-ride lots, there currently is not a system that targets first/last mile challenges for commuters. A partnership with a TNC targeted at those who live sufficiently far from a transit pick-up point could increase transit use, reduce the need for park-and-ride lots, and shorten overall commute times.

General Transit

Researchers analyzed bus routes in the Twin Cities area and identified those with particularly low ridership and high cost per rider. These routes may be candidates for outsourcing through a partnership with a TNC.

Transit for Low-Income Communities

Reliable transportation can improve low-income communities’ access to jobs, schools, daycare, health care, and other social services. A partnership with a TNC that targets specific low-income neighborhoods or individuals could significantly broaden the range of economic opportunities for these communities.

Rural Transit

Rural transit is currently limited, but TNCs may potentially offer a solution. As demonstrated by Liberty Mobility Now, TNCs could leverage volunteer drivers to provide services for seniors and persons with disabilities under the umbrella of a nonprofit organization.

Challenges & Takeaways

Public-private partnerships between transit providers and TNCs can extend the reach of public transit, serve as an alternative to traditional transit, and enable on-demand transportation for seniors and persons with certain disabilities.

One limitation of these case studies is that access for persons with disabilities, compliance with regulations, and protection of civil rights were not clearly articulated in these pilot programs; greater understanding of these areas is needed.

The case studies highlighted other challenges as well. These include the marketing and outreach investments needed to explain the programs to users; a need to experiment with different models, pricing, service regions, and contractual agreements; quality-of-service monitoring and enforcement; overcoming technology and payment mode barriers; and mitigating long-term risks of outsourcing transit services.

About the research

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