



# Kansas RTAP Fact Sheet

A Service of The University of Kansas Transportation Center for Rural Transit Providers

## The Business Case for Mobility Management

By Pat Weaver



In recent years mobility management has been a centerpiece of discussion associated with developing regional and coordinated

services—in Kansas and across the country. Kansas RTAP has published several articles and fact sheets defining it, providing examples of what a mobility manager does, and citing cases around the country where mobility managers are being utilized. We've learned about successes in improving access to transportation service and increased mobility. But can a case be made for benefits from a business perspective? Does mobility management help transit systems reduce costs, while at the same time provide more access? A paper written by Jon Burkhardt, transit consultant with Westat, Inc., and Jim McLary, who was at the time United We Ride Ambassador with the Community Transportation Association of America, examines some of the economic benefits of mobility management. This article will look at some examples of mobility management as a good business decision and describe whether that case can be made for rural transit.

### What is mobility management again?

While there are many definitions of mobility management, the basic premise is that it's a customer-focused service. It considers services more systemically, looking across the community for the resources necessary to improve mobility of one or many. Burkhardt and McLary define it as “a strategic approach to managing a coordinated community-wide transportation network with multiple operating partners.”

Mobility management functions include providing information, helping make trip connections, and planning transportation services. The activities are usually divided between either service activities such as development of “one-stop” travel information, travel training, coordination or brokerages; or system management such as working with employers to implement travel pass programs, promoting land use policies to complement transit services, or making sure that infrastructure improvements, such as a new or upgraded road, can accommodate transit services.

Individual services or programs such as a van pool program, a taxi subsidy program, transit passes or computerized centralized dispatch, when considered as part of a system, can be figure into mobility management. It is this systematic approach that distinguishes mobility management from business as usual. As Bruce Able, Assistant General Manager of Bus Operations at RTD said, it is “focusing on moving people instead of operating vehicles, creating partnerships that focus on cost effective ways to move people instead of focusing on the vehicles, and managing community mobility assets instead of just the transit agency's physical assets.”

### Measuring economic benefits of mobility management

The authors presented three examples in support of their business case: Denver RTD, Detroit SMART, and Portland's Ride Connection.

**Denver RTD.** Denver's regional system implemented several programs within mobility management: a van pool program, a taxi subsidy program which provides discounted taxi fares, Call-n-Ride, Bike-n-Ride, and Guaranteed Ride Home. In addition, employers distributed bus passes and a number of other programs were under implementation at the time of the compilation of case studies by Burkhardt and McLary—all with a focus on creating services that are “closer to the customer.” These services were also more cost-effective than typical services.

## Kansas RTAP Resources on Mobility Management

Improving Rural Transportation with Regional Cooperation. Kansas RTAP Fact Sheet, August 2009, <http://www2.ku.edu/~kutc/pdffiles/FS-RegCoord.pdf>.

What Does a Mobility Manager Do All Day? Kansas TransReporter, April 2012, page 1. <http://www.kutc.ku.edu/pdffiles/KTR2012-April.pdf>

What is Mobility Management. Kansas TransReporter, July 2009, page 3. <http://www.kutc.ku.edu/pdffiles/KTR2009-Jul.pdf>

In the reporting period of 2005, the authors estimate that the van pool program saved \$700,000 over traditional services, providing more than 343,000 rides. Likewise, the user-side taxi subsidy program saved approximately \$1.5 million for approximately 50,000 rides that normally would have been taken on RTD's paratransit service. In 2007, RTD reports that two of RTD's mobility management programs (the van pool program and the Access-A-Taxi program) continue to save RTD over \$2 million per year while still increasing service (Dalton and Hosen, 2007).

Examples of current services put in place as part of mobility management, according to Abel, include Section 5311 match funding for partnering with private non-profits, Access-a-Cab, and several shuttle services with partners (Boulder HOP, Englewood ART Shuttle, Brighton Call-n-Ride, Arvada A-Line Shuttle, as well as a coordination pilot in Longmont.

### ***Detroit's SMART Community Partnership Program.***

Detroit's Suburban Authority for Regional Transportation (SMART) totally redesigned its services in the 1990s in response to a significant financial deficit. Through its Community Partnership Program, it decentralized services that could be provided more effectively by the individual communities, while centralizing functions that best served the communities: coordinated dispatching, preventative maintenance, joint capital purchases and travel training. This "cafeteria plan" allowed each community in the region to take part in the centralized functions that made sense for them. At the time of the report (2002), the program was estimated to have reduced costs by nearly 30 percent. By 2008, SMART was experiencing the highest ridership in their history, and even more savings. The program partners with local communities to "share the responsibility of operating their own transit systems while conserving resources and reducing costs."

Examples of services developed in recent years have include the Dearborn Bilingual Program, the Auburn Hills Emergency Evacuation Plan which utilizes vehicles in emergency evacuations, and a joint agreement with Blue Water Area Transit Authority and Detroit Department of Transportation to create a regional fare pass allowing passengers to easily transfer. These

services, along with many others, led SMART from operating at a deficit to moving to a balanced budget by 2009. They have been able to continue to cut costs but still expand services. In their 2009 annual report, SMART reported that administrative expenses were at nine percent of total annual costs—nearly 35 percent less than the national average for transit organizations.

***Oregon's Ride Connection.*** Ride Connection, located in Portland, provides area-wide mobility management operating under contract to Tri-Met, the transit authority serving the Portland area. Ride Connection serves 3,000 square miles in three counties in Oregon and one county in Washington. Their services have reduced the costs of ADA paratransit services.

One cost-saving strategy has been to consolidate administrative functions such as driver training, compliance and maintenance. Ride Connection then brokers trips to their partners. Ride Connection makes extensive use of volunteers to provide trips that would be difficult for a public transportation agency. Other services include: Washington County U-Ride (service in rural areas of the county), Washington County Bus Service for commuter residents, Job Access, and many more.

Ride Connection provided paratransit trips at just under \$10, while the Tri-Met LIFT program trip costs were approximately \$20 per trip. The estimated cost savings of making use of Ride Connection as the mobility manager was estimated at about \$2 million for approximately 100,000 rides (in 2000-2001). As the program has grown, so has the quantity of service and the potential savings. Ride Connection reports that they now provide more than 400,000 rides, along with an additional 1,000 customers through their travel training program (Ride Connection, 2013).

### **Is there a business case for mobility management in rural transit?**

While cost savings for mobility management strategies in rural areas are not well-documented, mobility management strategies are being used more and more in rural communities, and quantifying cost savings while improving service is not far behind. Salina's CityGo provides a good example of just how much money mobility management strategies can save. Or from

another perspective, mobility management strategies can provide expanded services to meet community needs at a much lower cost than would otherwise be possible. Let's see how they did it.

**Salina's CityGo Taxi Subsidy Program.** We've reported many times on some of the innovative programs operated by the CityGo program operated by OCCK, Inc. in Salina, Kansas. Their service includes fixed route, complementary paratransit, non-emergency medical transportation, and a mobility management strategy of taxi subsidy. The taxi subsidy program was initiated as a way of providing transit services beyond the regular hours of their fixed route services provided from 6 a.m. to 9 p.m. Monday through Friday and 9 a.m. – 5 p.m. on Saturday. Some passengers needed transit outside of those hours for employment transportation, but regular fixed route service or even regular demand-response service for those hours was too expensive. The solution they developed was to make use of taxi service in the community to respond to those needs.

Here's how the cost comparison works. To provide demand response service between the hours of 9 p.m. and 6 a.m. Monday through Friday and 5 p.m. Saturday to 6 a.m. Monday morning, OCCK estimates that 2.5 vehicles would be needed to meet demand at an annual cost of \$318,500. The taxi subsidy program costs approximately \$12,000 per year providing 5,900 trips.

Option	# Passengers served	Cost per year to CityGo
Taxi Subsidy Service	5,900	\$12,000
Demand-response service provided by agency (est.)	5,900	\$318,500
Savings		\$306,500

*Salina's taxi subsidy program saves the agency over \$300,000 per year.*

While passengers pay a higher fare for this premium after-hours service (\$5 per trip) than for shared-ride demand-response service during the day, it is still a lower cost to the passenger for an unsubsidized taxi trip.

### Conclusion

Mobility management can stretch limited funding to provide the maximum benefit to customers, and hopefully reduce program costs while providing good service. As you move forward to implement a new program as part of your customer-centered service design, consider making the business case. What does delivery of traditional services cost per trip? Are you able to compare the cost per trip and number of trips to be provided to the cost of providing the service in an alternative way, possibly involving other partners to meet some of those needs? Can you make a business case for adding that service?

Some of the examples given here are from urban areas, but often include services provided to nearby rural or suburban areas. In addition, many of the types of mobility management approaches described may be relevant to rural and small urban areas. What may be lacking is the business case quantifying these services, showing the financial benefit to rural communities.

Making the business case for your agency's mobility management services helps your funding sources, local stakeholders and customers understand that your

creative approaches are saving money while bringing needed services to your community. Documenting these savings with more rural examples helps us take a big step forward in increasing mobility options in rural communities.

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