



## Planning Committee **STAFF REPORT**

Meeting Date: January 2, 2013

Subject	Update on Real-Time Ridesharing Pilot Program
Summary of Issues	<p>The Authority is one of three Congestion Management Agencies (CMAs) participating in a Real-Time Ridesharing (RTR) pilot program that will explore the application of smart-phone technologies as a catalyst for increased casual carpooling. Working in partnership with the Sonoma County Transportation Authority (SCTA), and the Transportation Authority of Marin (TAM), CCTA is the recipient of approximately one third of the \$1.5 million grant administered by MTC's through the Climate Initiatives Program. Staff will provide a brief update on the status of the pilot.</p>
Recommendations	<p><u>N/A Approve transmittal of letter to CPUC regarding upcoming evaluation of Real-time Ridesharing</u></p>
Financial Implications	<p>N/A</p>
Options	<ol style="list-style-type: none"> <li>1. Provide comments on the program status update</li> <li>2. <u>Accept, reject, or modify the proposed letter to the CPUC</u></li> </ol>
<p>Attachments (See PC Packet, dated 1/2/13 for Attachments A &amp; B.) See new Attachments C &amp; D</p>	<ol style="list-style-type: none"> <li>A. Draft Deployment Schedule</li> <li>B. RTR Task Force Roster of Participants</li> <li>C. <u>Letter to CPUC Regarding Rule Making for Real-Time Ridesharing</u></li> <li>D. <u>CPUC Press Release to Evaluate Ridesharing Services: December 20, 2012</u></li> </ol>
Changes from Committee	<p><i>The Planning Committee directed staff to prepare a draft letter to the CPUC regarding an upcoming evaluation of real-time ridesharing</i></p>

## Background

The Contra Costa Transportation Authority (CCTA) is one of three agencies to participate in a pilot Real-Time Rideshare program, along with the Sonoma County Transportation Authority (SCTA) and the Transportation Authority of Marin (TAM).

The Metropolitan Transportation Commission (MTC) has provided grant funding for the pilot programs – with the ultimate objective of reducing Greenhouse gases generated by cars and other vehicles. The total grant amount for the three counties is approximately \$1.5 million, of which Contra Costa receives about one-third (\$550,000).

Real-Time Rideshare takes casual carpooling to the next level, by using Smartphone technology to connect drivers and potential riders.

The technology vendor for this program is Avego Corporation, which has successfully launched the “app” for this program in other parts of the United States and Europe. A consultant team led by Novavia Solutions is preparing and will be implementing the pilot programs for Contra Costa.

To guide the effort, Authority staff has created an RTR Task Force comprised of RTPC and TDM managers, plus key stakeholders throughout the four subareas of Contra Costa. Attachment B shows the roster of participants.

The consultant team has reviewed a small number of potential routes for piloting the new technology, based on the following criteria: traveling population characteristics, outreach opportunities, existing transportation conditions and travel density.

In consultation with the RTR Task Force, the consultant team has identified the Contra Costa Centre and the Pleasant Hill BART station as the most favorable locations for the pilot project. Approximately 5,000 people commute to the Contra Costa Centre every day, 70% of which drive alone. Technology will provide more flexible options for those people to share rides when it is convenient without having to make long-term commitments. Another 6,000 people take BART at the Pleasant Hill station, where the parking lot has 3,000 spaces but fills up every morning. Incentives for program participants, such as guaranteed parking at the BART station, are under consideration.

We will be keeping the media and the general public apprised as we launch the pilot projects, and collect and analyze data, with the long-term objective of launching a full program later in the year.

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### Proposed Letter to the CPUC (New Subsection)

The California Public Utilities Commission (CPUC), which regulates charter-party carrier, has recently become involved in ridesharing businesses that use the Internet, social media, and location services to arrange for transportation services for compensation.

In a press release on December 20, 2012, the CPUC stated that it will evaluate the safety of ridesharing businesses that use new technology to "arrange transportation of passengers over public highways for compensation." Initial comments from interested parties are due by January 20, 2013.

Authority staff is concerned that the CPUC could introduce new rules that might jeopardize the success of Contra Costa's RTR pilot program. Consequently, staff recommends that the Authority voice its position and concerns during this initial comment period. In parallel, Authority staff will meet with CPUC staff to discuss issues and respond to questions.

The attached letter (new Attachment C) sets forth the comments and concerns that staff has regarding potential CPUC regulation of RTR in the Bay Region. The draft letter is from Chair Tatzin to the President of the CPUC. A joint letter to CPUC signed by the three CMAs (and possibly MTC) is also an option. Changes from the attached letter to a joint letter will be brought to the Authority meeting and provided in a handout for consideration.



CONTRA COSTA  
**transportation  
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January 16, 2013

**DRAFT**

Mr. Michael R. Peevey  
 President  
 California Public Utilities Commission  
 505 Van Ness Avenue  
 San Francisco, CA 94102

Subject: Real-Time Ridesharing

Dear Mr. Peevey:

The Contra Costa Transportation Authority is one of three public agencies in the Bay Region participating in a \$1.5 million federally-funded Real-time Ridesharing (RTR) pilot program funded through the Metropolitan Transportation Commission's Climate Initiatives Program. We are also the proud recipients of a \$322,400 federal Value Pricing Pilot (VPP) Program grant to explore RTR on the I-80 corridor.

As a key stakeholder in the deployment of new RTR technologies, the Authority welcomes and applauds the CPUC's upcoming evaluation of high-tech ridesharing services, and wishes to participate in the rule-making process.

Since the beginnings of casual carpooling across the Bay Bridge in the early 1970's, drivers and riders have been working together, cooperatively, to create carpools that help reduce travel time, cost, and pollution emissions associated with their daily commute. In the information age, smart-phone technology holds the promise to synergize casual carpooling and take it to new heights.

The benefits of RTR sound almost too good to be true. Imagine if we could apply new technologies to spontaneously transform the single-occupant vehicle into a carpool, while shedding the encumbrances and limitations associated with traditional carpooling. With the Bay Area facing critical challenges to the region's mobility and sustainability, it is imperative that we explore new, innovative solutions to our transportation problems. We look to the CPUC to eliminate irrelevant or obsolete regulations, to avoid creating new rules that could become roadblocks to success, and to facilitate, rather than stifle the innovations we wish to explore. We view the CPUC's

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Mr. Peevey

**DRAFT**

January 16, 2013

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upcoming evaluation as an opportunity for collaboration. As always, safety is our number one priority, and we support setting ground rules that ensure the safety of the general public.

At present, the Authority has retained the services of Avego® as the software vendor to provide the technology services needed to deploy an RTR pilot program at selected locations throughout Contra Costa. The Avego model allows drivers to announce their trips ahead of time, so that potential riders can ask for a ride. If a driver happens to be going in the same direction, and to the same destination as a rider, then Avego helps them get in touch with one another to arrange for pickup. If a carpool is successfully created, then at the end of the trip the rider electronically pays a small mileage-based fee that is apportioned 15% to Avego and the remainder to the driver.

In collaboration with the Sonoma County Transportation Authority (SCTA), and the Transportation Authority of Marin (TAM), we have launched the RTR project under the *wegoridesharing* brand name. The attached information, developed by Avego, draws some major distinctions between it and other services such as Lyft, Uber, and Sidecar that have received recent scrutiny from the CPUC.

We hope that your upcoming evaluation of RTR will take the above considerations into account. My understanding is that Authority staff is working with Ms. White at CPUC to arrange a meeting with appropriate staff to review our project and discuss any questions or concerns they may have.

Sincerely,

**DRAFT**

Don Tatzin, Chair  
Contra Costa Transportation Authority

cc: CPUC Commissioners  
Paul Clanon, CPUC  
Adrienne J. Tissier, MTC

## ATTACHMENT

The three-County Real-time Ridesharing pilot program is operated using the Avego® software. The current branding, specifically created for this pilot, is called "*wegoridesharing*". The Avego software presents potential driver/rider matches based upon criteria including those trips originating and ending within close proximity of each other. The software is not designed to broker trips from for-profit drivers who have no predefined destination (referred to below as "one-off" trips).

## PUBLIC UTILITIES CODE SECTION 5353

PUC Section 5353 states that this chapter does not apply to "transportation of persons between home and work locations or of persons having a common work-related trip purpose in a vehicle having a seating capacity of 15 passengers or less, including the driver, which are used for the purpose of ridesharing, as defined in Section 522 of the Vehicle Code, when the ridesharing is incidental to another purpose of the driver."<sup>1</sup>

**Commercial passengers**

Wegoridesharing uses the Avego app to help commuters accurately and fairly apportion the cost of the commute trip, based on the vehicle miles traveled. The rider is charged \$0.20 per mile until the 15th mile, then the price drops to \$0.08 per mile. At current prices of \$4 per gallon of gas, and using an average fuel consumption of 25 miles per gallon, the gas cost alone is \$0.16 per mile. Thus the Avego pricing is set to help fairly share costs, as part of the ridesharing experience. Drivers are not "earning" fares, rather riders are sharing the cost of gas and other car ownership costs, and paying for Avego's administration costs on a per-mile basis that is well below the IRS compensation rate, currently at \$0.565 per mile.

Likewise, CPUC section 5353 describes an exemption from CPUC licensing for work-related transportation for the purpose of "ride sharing." This exemption does not apply if the primary purpose for the transportation of those persons is to make a profit. "Profit," as used in this subdivision does not include the recovery of actual costs incurred in owning and operating a vanpool vehicle, as defined in Section 668 of the Vehicle Code.

**Exemption for Government Agencies**

In October 2010, MTC adopted Resolution No. 3925, Revised, awarding grants totaling \$33

<sup>1</sup> Excerpt from Public Utilities Code, Section 5353 (h)

million to 17 projects for its Climate Initiatives Competitive Grant Program to test innovative projects with the greatest potential to reducing greenhouse gas emissions and to replicate them on a larger scale around the region. Through this process, MTC awarded \$1.5 million to Sonoma County Transportation Authority (SCTA) for a project entitled "Regional Dynamic Rideshare Pilot Program." The three entities identified in the grant application are SCTA, the Transportation Authority of Marin (TAM) and the Contra Costa Transportation Authority (CCTA).

The wegoridesharing pilot is sponsored by the Metropolitan Transportation Commission and federally funded through the Federal Highway Administration (FHWA). Three Congestion Management Agencies (SCTA, TAM, and CCTA) are involved in the project. Avego was selected as software vendor through a competitive bid process that fully complies with all federal and state procurement regulations.

#### PUBLIC UTILITIES CODE SECTION 5371

The section states that: "No charter-party carrier of passengers excepting transit districts, transit authorities or cities owning and operating local transit systems themselves or through wholly owned nonprofit corporations shall engage in transportation services made subject to this chapter without first having obtained from the commission a certificate that public convenience and necessity require the operation, except that certain specific transportation services as defined in Section 5384 may be conducted under authority of a permit issued by the commission."

#### National legislation

Avego is compliant with the recent Highway Bill (MAP-21) legislation, which includes an updated definition of "carpooling" in section 1501. Work on getting this language inserted was part of the wegoridesharing pilot in partnership with Representative Mike Thompson.

#### SECTION 1501. REAL-TIME RIDESHARING

Paragraph (3) of section 101(a) of title 23, United States Code (as re-designated by section 1103(a)(2)), is amended by striking "and designating existing facilities for use for preferential parking for carpools" and inserting "designating existing facilities for use for preferential parking for carpools, and real-time ridesharing projects, such as projects where drivers, using an electronic transfer of funds, recover costs directly associated with the trip provided through the use of location technology to quantify those direct costs, subject to the condition that the cost recovered does not exceed the cost of the trip provided".

### Safety and security

Avego software includes a number of built-in safety and security features. These include one-time PIN Codes for each shared trip, a rider and driver community rating system, and an affiliate function to allow all members of a common community (such as employer community) to be identifiable as such. All payment transactions require a credit card or Paypal account, which is used to verify identity. Finally, the Avego system is based on users making the final decision as to whether they want to accept rider or driver requests.



FOR IMMEDIATE RELEASE

December 20, 2012

PRESS RELEASE

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

#### CPUC TO EVALUATE RIDESHARING SERVICES

SAN FRANCISCO, December 20, 2012 - The California Public Utilities Commission (CPUC) today said it will evaluate the safety of ridesharing businesses that utilize the Internet, social media, and location services to arrange transportation of passengers over public highways for compensation.

The CPUC, which regulates charter-party carriers, said it is opening a proceeding to protect public safety and encourage innovation in the transportation of passengers by companies such as Lyft, Sidecar, and Uber. The CPUC has a responsibility for determining whether and how public safety might be affected by these businesses.

"Our evaluation is not intended to stifle innovation and new services for consumers, but rather to assess public safety risks, and to ensure that the safety of the public is not compromised by the operation of these new transportation business models," said CPUC President Michael R. Peevey. "Our review will ensure that our safety oversight reflects the current state of the industry and that state laws that we enforce are just and fair for all passenger carriers."

Said Commissioner Catherine J.K. Sandoval, "I am pleased that we have opened this Rulemaking to ensure that public safety and consumer protection are consistently applied to ride-for-hire services, including those deployed through innovative mobile applications."

All interested parties are encouraged to participate to ensure that regulation is not a hindrance, but continues to be the safety net that the public can rely on for its protection. The issues that will be examined concern the CPUC's regulations relating to passenger carriers, ridesharing, and online-enabled transportation services. The CPUC seeks comment on issues including consumer protection and safety implications of the new methods for arranging transportation services; whether and how the new transportation business models differ from longstanding forms of ridesharing; and the new transportation business models' potential impact on insurance and transportation access.

Initial comments from parties are due in 30 days and a final decision is expected within six months.

Members of the public can comment via email to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov) or mail to CPUC Public Advisor, 505 Van Ness Ave., Room 2103, San Francisco, CA 94102.

The proposal voted on today is available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M036/K204/36204017.PDF>.

For more information on the CPUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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