

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: November 30, 2022

To: The Honorable City Council
c/o City Clerk, Room 395
Attention: Honorable Mike Bonin, Chair, Transportation Committee

From: Connie Llanos, Interim General Manager 
Department of Transportation

Subject: **ON-DEMAND MOBILITY PROGRAM TRIP FEE UPDATE**

SUMMARY

The Los Angeles Department of Transportation (LADOT) proposes an updated trip fee schedule for the On-Demand Mobility Program. This update will replace the current trip fee schedule adopted in March 2021.

RECOMMENDATIONS

That the City Council:

1. APPROVE the proposed trip fee update to the Rules and Guidelines of the Program related to the four On-Demand Mobility Program geographies;
2. APPROVE revisions to Ordinance # 186955 REGULATION OF SHARED MOBILITY DEVICES per the trip fee update;

BACKGROUND

On September 4, 2018, City Council authorized the One-Year Dockless On-Demand Personal Mobility Pilot Program. The pilot program enabled operators of shared dockless bikes and scooters to apply for permits for fleets of up to 10,500 vehicles each. Operators could deploy the maximum number of vehicles as long as they deployed 7,500 of those vehicles in disadvantaged communities, including the San Fernando Valley. To receive a permit, applicants submitted fees, insurance documentation, and deployment, parking, equity, and community engagement plans. LADOT required permitted operators to provide operational data in accordance with the Mobility Data Specification (MDS), integrate with the City's MyLA311 system, take part in a shared mobility task force, and distribute surveys to riders. LADOT issued permits for the pilot program on March 15, 2019.

In the yearlong pilot, LADOT permitted 36,170 vehicles deployed by eight operators. The average citywide deployment was 12,800 vehicles with the maximum deployment occurring in July 2019 with 17,700 vehicles. To allow for adequate pilot program evaluation, LADOT offered all operators who met current requirements a six-month extension period ending on September 15, 2020. Evaluation showed that despite large-scale usage and deployment, the program was not successful in equitably deploying vehicles to provide access in parts of the city that need it most.

In March 2021, Council ended the pilot program and approved a permanent permit program, the On-Demand Mobility Program now codified in LAMC Section 71.29. The permanent program defines four

deployment geographies: Equity-Focus Mobility Development Districts (EFMDD), Mobility Development Districts (MDD), Standard Permitted Districts (SPD), and Special Operations Zones (SOZ). Each geography has an associated per-trip fee designed to increase trips in EFMDDs and MDDs (areas with lower deployment but some infrastructure for ridership), and to ensure that high demand areas like SOZs incur higher fees to account for their greater impact on program administration at LADOT.

Since March 2021, trip fee revenue has been insufficient to cover program costs. Over 1.5 million trips were completed in the lowest rate geographies, and did not generate any trip fees. Ultimately, this means fee incentives have successfully driven trips into the highest need areas of the City, but at the expense of full cost recovery. Based on findings from trip invoices and data analysis, LADOT recommends revised trip fees. In order to meet the equitable goals of the dockless on-demand program, this revision does not increase trip fees for the equity focused mobility development district.

DISCUSSION

The Dockless On-Demand Mobility Program costs \$2,984,749 annually to operate. These operational costs include City staff direct and indirect costs, contractual services, training, material supplies, as-needed temporary hiring, field enforcement activities, and infrastructure investment. The current trip fee structure was intended to meet these requirements. After a review of 2021 data, LADOT determined that the collected revenue was not meeting the cost recovery requirements, and a revision to the trip fee structure is necessary.

Expense	Cost
Salaries (Direct + Indirect Costs)	\$ 1,603,264
Contractual Services	\$ 655,000
Field Enforcement	\$ 295,000
Materials, Equipment, Training, Supplies (Admin)	\$ 64,500
As Needed Hiring/Overtime	\$ 65,000
Community Engagement and Outreach	\$ 150,000
Infrastructure	\$ 151,985
<i>Bike Corral installation (5): \$ 2,721 per corral = \$ 13,605</i>	
<i>Bike racks (50): \$ 1,000 per rack = \$ 50,000</i>	
<i>Drop Zone Installation (90) \$ 982 per drop zone = \$ 88,380</i>	
Total Cost	\$ 2,984,749

Trip fee schedule

The current trip fee schedule is broken into four geographies, and calculated based on where trips start and end:

Geography	Applicability	Per Trip Fee*
Equity-Focused Mobility Development District (EFMDD)	Trips that start or end in the Equity Focus Mobility Development District	\$0.00/ No Cost
Mobility Development District (MDD)	Trips that start or end in a Mobility Development District	\$0.06
Standard Permitted District (SPD)	Trips that start and end in a Standard Permitted District	\$0.20
Special Operation Zone (SOZ)	Trips that start or end in Special Operations Zone	\$0.40

*The lower per trip fee will apply for trips that begin in one geography and end in another.

To maintain funding for regulatory and enforcement operations, LADOT proposes an increase in trip fees that end in MDD, SPD, and SOZ geographies. EFMDDs represent neighborhoods where many households experience economic hardship and transportation disadvantages, but generally, people have access to comfortable bicycle infrastructure, high-frequency transit, and see fewer crashes. LADOT will not increase fees in these areas to continue to encourage deployment. Trips that end in these equity-focused geographies will remain free:

Geography	Applicability	Per Trip Fee*
Equity-Focused Mobility Development District (EFMDD)	Trips that end in the Equity Focus Mobility Development District	\$0.00/ No Cost
Mobility Development District (MDD)	Trips that end in the Mobility Development District	\$0.25
Standard Permitted District (SPD)	Trips that end in the Standard Permitted District	\$0.50
Special Operation Zone (SOZ)	Trips that end in the Special Operations Zone	\$0.75

*Trips that end outside the city boundaries shall use the fee from their point of origin.

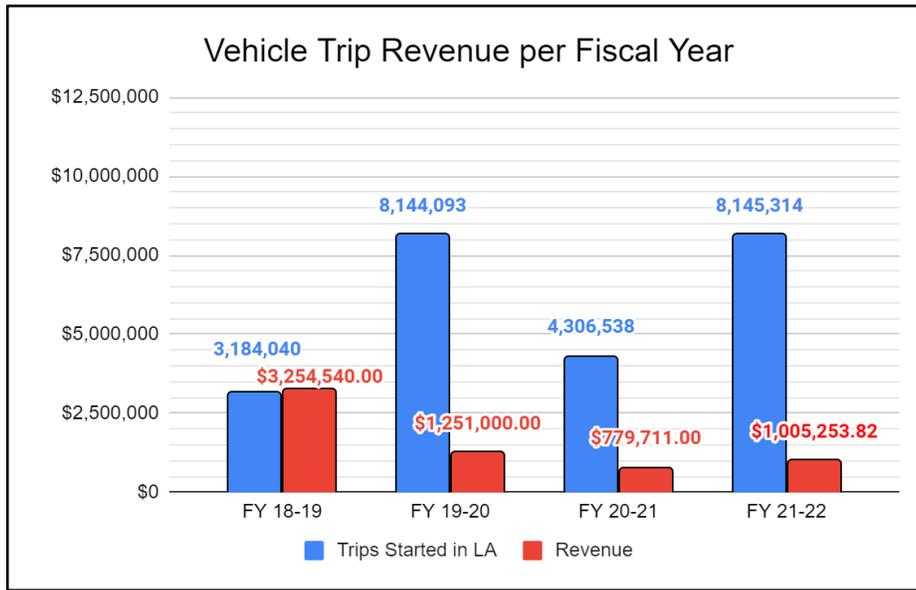
The new proposed fee structure is both an increase in some trip fees, and a shift in how LADOT

calculates fees. In the current trip fee model, pricing is based on the lowest priced zone where the trip started or ended. The new proposed fee structure amount will be based solely on the zone where the trip ends. This will support better vehicle distribution and reduce administrative work.

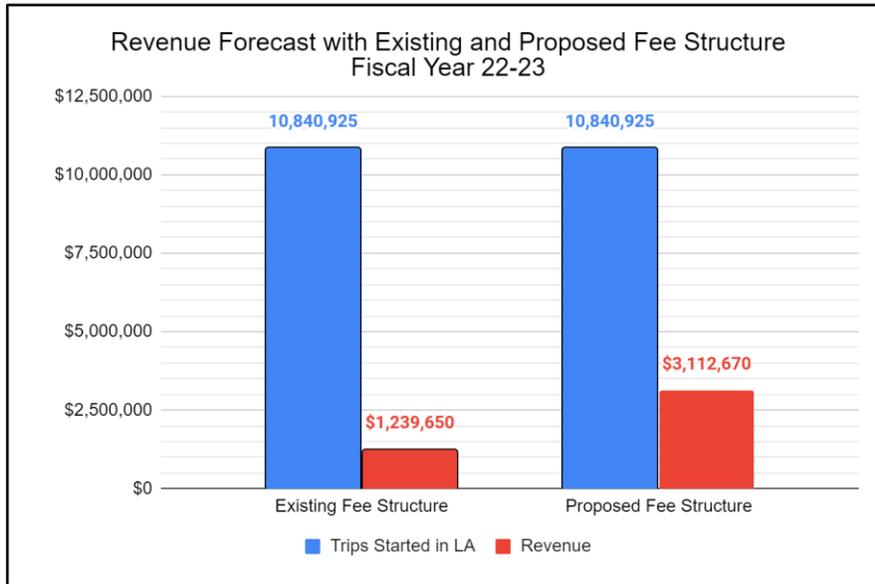
LADOT considered increasing the annual permit fee which is currently \$20,000, but found that absent a significant increase in the annual permit fee, cost recovery still would not occur without a change in trip fees.

Anticipated revenue

The following chart summarizes on-demand mobility vehicle trips and revenue collected per fiscal year since the beginning of the program. The on-demand mobility program converted from a per vehicle fee to per trip fees in March 2021.



The following chart summarizes anticipated total revenue collection under the existing and proposed trip fee structure for fiscal year 22-23. LADOT anticipates three million dollars in revenue collection by the end of fiscal year 22-23, under the proposed new fee structure, which will adequately cover the \$2,984,749 in annual operational costs.



The following tables compare the anticipated revenue collected per geographic zone under the existing and proposed trip fee structure for fiscal year 22-23. In order to meet the equitable goals of the dockless on-demand program, this revision does not increase trip fees for the equity focused mobility development district.

Trips invoiced per geography FY 22-23 (Existing Fee Structure)	
Geography	Revenue
EFMDD	\$0.00
MDD	\$221,957.18
SPD	\$683,133.08
SOZ	\$334,559.96
TOTAL	\$1,239,650

Trips invoiced per geography FY 22-23 (Proposed fee structure)	
Geography	Revenue
EFMDD	\$0.00
MDD	\$557,234.47
SPD	\$1,715,347.16
SOZ	\$840,089.06
TOTAL	\$3,112,670

Operator and Program Impact

This fee adjustment will provide the City with the revenue necessary to manage this large scale program. It will increase operational costs to the providers who deploy primarily in high-demand geographies, encouraging them to distribute deployment in other geographies and increase vehicle utilization rates. This should in turn help to reduce clutter.

FISCAL IMPACT

As dockless mobility ridership increases, the revenue collected will continue to support the self funded On-Demand Mobility Program. The revised trip fee schedule will help staff maintain cost recovery requirements of the program and reduce the potential impact of budgetary expenses on the general fund.

CL:JK:jm
Attachment

ATTACHMENT A: Map of On-Demand Mobility Program Geographies

