



On Demand Public Microtransit Funding and Implementation Overview

AASHIO
Innovation Initiative

WHAT IS ON DEMAND PUBLIC MICROTRANSIT?

On Demand Public Microtransit is a technology-based transit service that provides flexible schedule and/or flexible-route services to meet the real-time needs of passengers. The on-demand service can replace or augment a fixed route transit system and does not require the longer prebooking time of paratransit or demand response. By providing greater flexibility and convenience for riders, On Demand Public Microtransit expands access to transit and better responds to riders' needs than traditional transit services.

THE CASE FOR IMPLEMENTATION

- Increase the geographic availability of transit to areas with limited or deprioritized transit service, low density, or that are otherwise difficult to serve such as rural areas, suburban areas, towns, small and midsize cities.
- Increase equitable transit service in unserved or underserved areas.
- Reduce operating costs by replacing discontinued, inefficient fixed routes.
- Eliminate safety risks to riders by replacing fixed routes operating on corridors with difficult access.
- Redeploy underused fixed-route vehicles and staff to areas where there is greater need (when TaaS On Demand Public Microtransit service substitutes for the underused routes).
- Increase scheduling flexibility to better serve late-shift workers, elderly population, and those with unpredictable schedules.
- Provide first-mile and last-mile connections to fixed routes, including those in high density urban areas.
- Improve existing demand response service by increasing efficiency, eliminating human error, and reducing high cancellation or no-show rates.
- Understand potential future fixed route demand in underserved areas.



SERVICE MODELS

Generally, On Demand Public Microtransit service models exist on a spectrum characterized by what components are provided by the public agency versus what components are provided by a third-party service provider. Agencies can pick and choose which components to do in-house versus contract with a vendor based on their needs and resources. For example, an agency might own a vehicle fleet but contract with a vendor for drivers if they are staff constrained. Various cost sharing and revenue sharing provisions may be included in the model.

Software as a Service (SaaS)

A service provider provides the software, and the transit agency provides the drivers, vehicles, and operations management.

Transportation as a Service (TaaS / Turnkey)

A service provider provides the drivers, vehicles, software, and operations management as a turnkey solution on behalf of the transit agency.

FUNDING OPPORTUNITIES

Agencies providing On Demand Public Microtransit service can leverage a variety of funding sources to conduct studies, develop plans, and implement service.

FEDERAL	STATE	LOCAL/OTHER
<ul style="list-style-type: none"> FTA Formula Grants, e.g.: <ul style="list-style-type: none"> » Section 5307 (urban) » Section 5310 (private nonprofits) » Section 5311 (rural) FTA Competitive Grants, e.g.: <ul style="list-style-type: none"> » Accelerating Innovative Mobility (AIM) » Innovative Coordinated Access and Mobility USDOT Competitive Grants, e.g.: <ul style="list-style-type: none"> » Rural Surface Transportation Grant » Advanced Transportation Technology and Innovation (ATTAIN) FHWA Congestion Mitigation and Air Quality Improvement Program (CMAQ) (as of the Bipartisan Infrastructure Law) American Rescue Plan Act (ARPA) (commit funding by 2024, can be expended through 2026) 	<ul style="list-style-type: none"> State operating assistance or special programs; examples: <ul style="list-style-type: none"> » NCDOT ConCPT funding – Consolidation and Coordination of Public Transit Systems Program that encourages 1) transit systems to consolidate into a single transit system and 2) coordination between providers for longer-distance trips spanning 3 or more service areas » MDOT Service Initiatives funding – funding in the state’s transportation budget that provides funds for research, training/education, planning and coordination, and special operational and technical projects that support or enhance public transit. » \$8 Million Michigan Mobility Challenge – grant program designed to demonstrate emerging technology to improve mobility for seniors, persons with disabilities and veterans 	<ul style="list-style-type: none"> Tax revenues (e.g., local sales taxes) License plate fees Vehicle advertising Fares

ROLE OF A STATE DOT

As a transit agency or local community, it is important to stay in touch with your state DOT who can help foster innovation, obtain funding, and share lessons learned at a statewide level. This is particularly true for larger transit agencies in urban areas that are typically direct FTA recipients and may not have as much routine communication with their state DOT as rural agencies do. State DOTs can help transit agencies and communities:

- Fund feasibility studies and service
- Seek federal grant opportunities
- Provide technical planning assistance and oversight
- Leverage partnerships with universities to conduct research or support pilot studies

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