

Several high-profile private corporations in the Bay Area<sup>1</sup> have responded to environmental regulations and requests from their employees by implementing shuttle services. The exclusive shuttles transport commuting employees from designated pick-up points to corporate campuses and back again.

The services fall into two categories. Modern, 45-passenger motor coaches, often equipped with power outlets and wireless data connections run regional service between several San Francisco neighborhoods and campuses on the Peninsula and in the South Bay. Local circulator shuttles, typically 25-passenger vans, operate within the city carrying employees to and from BART and Muni hubs. The buses run on regular routes and follow schedules during the workweek.

Opposition to the service has arisen from neighborhood residents who object to the increased traffic, often on streets not designed to accommodate such large vehicles. Limited curb space in the dense neighborhoods compels the private buses to use Muni stops, a violation of state law and a practice that interferes with public transportation operations. Other common objections are related to double parking and idling.

Proponents point to decreased use of single-occupant vehicles as the service has been enthusiastically embraced. Of the regional service commuters, 28% do not own personal vehicles. It is touted as a recruiting tool: corporations have a larger pool of candidates if potential employees know they can work during their commute times.

A report<sup>2</sup> commissioned by Commissioner Dufty delves into both sides of the issue, summarizes the findings, and proposes regulation.

### **The Report's Key Findings and Recommendations**

- When sharing stops with Muni, the shuttle buses have a significant negative impact on Muni's on-time performance. With high floors and a single door, dwell times frequently exceed 5 minutes during peak hours.
- Except for the peak hour runs, the private buses frequently do not run at capacity. The regional shuttles often between 20-70% occupied, while local circulator vans average just 18-42% occupancy.
- Regional shuttle routes should be limited to streets designed to withstand the loads of large motor coaches.
- Active management is required to coordinate current service, resolve conflicts and design for growth.

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<sup>1</sup> Google, Yahoo!, Apple, Genentech, LinkedIn, Facebook and eBay are firms outside San Francisco listed in the report; Adobe, Advent, Levi's Plaza, and Gap are examples of firms offering shuttle service within the city.

<sup>2</sup> Draft SAR 08/09-2 Strategic Analysis Report, "The Role of Shuttle Services in San Francisco's Transportation System" 17 November 2009

### **The Report's Proposed Financing Strategies**

- MTA staff should be responsible for consolidating local circulator service and should be compensated by the private firms being served.
- Implement a one-time fee collection for dedicated painted curbs (about \$1,800 for 66' to accommodate a motor coach).
- "Other fees" based on vehicle size and weight, or demand pricing.
- Voluntary tiered "Muni Partners" sticker/certification program.
- Public funding coupled with public access.

### **Shortcomings of the Report**

- The report overstates the benefits of private shuttles. One can argue that without the option of the shuttle, many employees would find their own alternatives. They would form carpools, which would also reduce the number of single-occupant vehicles on the road. Some would choose to live closer to work; others would change jobs and work closer to their residences. Any of these options reduces the environmental impact of an individual's commute. In fact, introducing private shuttles may contribute to sprawl, encouraging people to live farther from their jobs.
- The fees identified in Commissioner Dufty's program don't begin to cover costs of increased road maintenance, program administration and regulation enforcement. Additionally, firms that choose to locate outside of San Francisco avoid local taxes - including a 1.5% payroll tax - that fund local infrastructure and services.
- The largest cost - lost time and inconvenience as the shuttle buses interfere with public transit service - will be borne by the public transportation users, often those with no other transit option. While being forced to accommodate the private service, unless they work for the sponsoring corporations, they are not permitted to use it themselves.

### **Alternatives and Considerations**

The emergence of private corporate shuttle services demonstrates a clear demand and an unmistakable gap in the public transportation network. Rather than removing paying customers from MTA's base, Commissioner Dufty should be looking for ways to serve them within the public system - and increase transit options for the rest of us.

The report suggests consolidations of redundant service that duplicates Muni service or other private shuttles. Taking this approach a step further, MTA could itself run frequent service in 25-passenger vehicles from the neighborhoods currently served by the corporate shuttles directly (express) to the Caltrain station at 22<sup>nd</sup> Street. Commuters bound for the Peninsula and points south could transfer to Bullet Train Service. MTA could also partner with Samtrans, supplementing the existing express service on US 101 with modern motor coaches equipped with power and data connections. Corporate or public circulator shuttles would connect with Samtrans and Caltrain at the station nearest their respective campuses.<sup>3</sup>

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<sup>3</sup> This system is comparable to the Emeryville-Go-Round shuttle service, which connects the McArthur BART Station in Oakland with major employers and shopping destinations in Emeryville and is privately funded by local businesses. A slightly different version has been implemented at Stanford with the Marguerite Shuttle, connecting the campus with the University Avenue and California Avenue

The corporations could choose to subsidize their employees' public transit fares rather than an exclusive transportation network. This solution would have a positive revenue impact on Caltrain as well as on Muni.

If the private motor coach strategy is retained, we've got to develop a more robust means of addressing the funding and social justice gap. And that requires understanding the true market value of the service being provided.

To get an idea of the public transportation revenue lost to the private shuttles, here's a quick back-of-the-envelope calculation: a monthly Caltrain pass from San Francisco to Mountain View, a destination in Zone 3, costs \$159; a 4 Zone pass to San Jose costs \$205.50<sup>4</sup>. Add in the cost of a \$60 monthly FastPass for each employee to get to the train stations and it adds up quickly. If each bus carries 45 passengers and we assume an efficiency rate of 70%, each round trip is worth between \$84,096 and \$101,952<sup>5</sup> per year in revenue lost to the public transportation agencies!

Travelling by single-occupant vehicle provides another perspective on the market value of transportation. A trip from the Marina neighborhood to Adobe Systems HQ in San Jose, for example - 59 miles each way at 50 cents a mile<sup>6</sup> - works out to over \$14,000 per year *per employee!*

A more equitable fee structure would be based on the number of stops and number of trips per route per year. Additionally, each shuttle vehicle would be required to register with the city, similar to the taxi medallion concept. In exchange, the shuttle operators could opt to sell tickets to non-employees during non-peak hours to help offset their costs while offering another car-free choice to the general public. Net income is allocated to improving Muni service, acknowledging the negative impact a supplemental service has on local public transit. This free market approach lets the value of access set the price of the service.

In implementing a private shuttle service, firms have discovered the value of something transportation planners have long touted: high-quality, car-free transportation. In its current form, this exclusive service relies on exploiting existing public infrastructure - without contributing to its creation or maintenance and without increasing transportation options for the public. A comprehensive cost-benefit analysis - one that acknowledges economic, environmental and social justice impacts - will yield a more accurate picture.

Commissioner Dufty should not be willing to part with our shared resources so easily.

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Stations. The service is funded by the university and is free to users, whether or not they are affiliated with the university.

<sup>4</sup> Caltrain fares as of June 2010

<sup>5</sup>  $45 \times 70\% = 32$  passengers average per trip. Annual cost of an Adult M FastPass is  $\$60 \times 12 = \$720$ . Annual cost of Caltrain monthly 3-zone pass is  $\$159 \times 12 = \$1908$ .  $\$720 + \$1908 \times 32$  passengers = \$84,096. A 4-zone round trip route is then worth \$101,952 annually.

<sup>6</sup> 2010 IRS standard deduction