



# CITY COUNCIL AGENDA REPORT



**DEPARTMENT:** City Manager's Office

**MEETING DATE:** May 21, 2019

**PREPARED BY:** Brittany Mello, Assistant to the City Manager

**AGENDA LOCATION:** AR-2

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**TITLE:** Amendment No. 4 to the General Services Agreement with Lyft, Inc.

**OBJECTIVE:** To institute GoMonrovia program modifications that would result in a new Lyft pricing structure effective June 1, 2019, that maintains \$0.50 shared rides to / from Old Town and the Gold Line Station, and which increases the cost for service to other locations within the GoMonrovia service area by \$1.50 / ride

**BACKGROUND:** Since its launch on March 17, 2018, the City's innovative new mobility program, GoMonrovia, has exceeded all expectations with regard to user demand. Initially projecting monthly ridership volume of around 20,000 – 30,000 rides / month, the program attracted such widespread adoption that we had been providing between 65,000 – 75,000 rides / month. Today, more than 20,400 people have signed up for the GoMonrovia program, making the initiative Lyft's most utilized transportation partnership initiative.

Given our ridership volumes, staff has been working during the past several months to institute program adjustments to ensure the continued fiscal sustainability of the overall program. When the program launched, classic Lyft rides that began and ended in the designated GoMonrovia Service Area cost the passenger \$0.50 / ride, with the City subsidizing the remainder of the fare.

In August 2018, the pricing shifted to \$0.50 / shared ride and \$3.00 / classic ride. That change didn't reduce demand, but instead, we saw a continued increase in usage of the GoMonrovia Lyft program. Given that factor, the City Council approved a GoMonrovia Lyft Stabilization Plan in December 2018, which included the following actions:

1. Institute a \$0.50 fare increase to \$1.00 / shared ride and \$3.50 / classic ride effective February 1, 2019
2. Maintain \$0.50 / shared ride for trips that start or end at the Monrovia Gold Line Station or in Old Town Monrovia
3. Restructure the City's Dial-A-Ride Program to serve passengers with ADA-related needs only and to require advanced registration to qualify for the program
4. Amend contracts with Los Angeles County and City of Bradbury to Capture 100% cost reimbursement rates or scale back services

Most of the above components of the GoMonrovia Lyft Stabilization Plan were implemented between February and April 2019, with the latest modification being to amend the GoMonrovia Service Area to remove the unincorporated areas of Los Angeles County, pursuant to the decision of the County, which effectively reduced the service area by 31%.

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On April 16, 2019, staff held a City Council Study Session to review the anticipated combined impacts of these changes on the available GoMonrovia budget. The City Council provided direction to continue monitoring the Lyft usage through the remainder of April, and to begin planning for an additional pricing shift of \$1.00 - \$2.00 for shared and classic Lyft rides.

In April 2019, the total GoMonrovia Lyft ridership was 46,174, which represents a decrease of about 40%, following the unincorporated areas of LA County service area reduction. However, program costs continue to exceed available transportation revenues, and a price increase will be necessary to maintain continued service levels. To that end, instituting a \$1.50 / ride price increase, while maintaining the \$0.50 cost per ride to / from Old Town and the Gold Line Station, will allow overall program costs to come in line with available restricted transportation revenues.

**ANALYSIS:** Based on our new April 2019 ridership level of 46,174, our current Lyft costs run around \$177,387 / month. In order to financially stabilize the program, we need to reduce costs down to no more than \$100,000 / month. Given the direction provided at the April 16, 2019 City Council Study Session, coupled with further analysis that has been completed by staff, we are recommending that the following program modifications be implemented, as outlined below.

### **1) Institute a \$1.50 Price Increase**

Although ridership decreased by 40% in April 2019, following the removal of the unincorporated areas of Los Angeles County from the GoMonrovia service area, the overall costs still need to be trimmed by around \$340,000 / year.

Based on analysis conducted by staff, instituting an additional \$1.50 price increase on Lyft shared and classic rides, exclusive of the rides to or from Old Town Monrovia and Station Square, will fully stabilize the program. If approved, the updated pricing structure for Lyft would be as follows:

- \$0.50 Shared ride for any ride to / from Old Town and the Gold Line Station.
- \$2.50 / Shared ride anywhere else in the service area
- \$5.00 / Classic ride anywhere in the service area

Staff is recommending that the new pricing would take effect June 1, 2019. Furthermore, given that the new pricing structure may present an undue financial hardship for some GoMonrovia passengers, staff is also recommending that we begin to explore the feasibility of a potential program to provide discounted fares for passenger who qualify for financial assistance.

### **2) Make Modest Service Area Adjustments**

In addition to the pricing shift, staff is also recommending that we make modest service area adjustments, including the removal of Bradbury from our GoMonrovia program given their decision to adjust their transportation service levels. Furthermore, the GoMonrovia program area currently includes service to medical facilities outside of the City, and by making some precise adjustments to exclude certain areas outside of Monrovia from qualifying for the GoMonrovia service, we can achieve modest monthly cost savings.

By instituting the changes above, staff has modeled that our monthly costs will drop down to around \$92,000 / month, which would be well within our transportation program budget. To that end, the adjustments would put the GoMonrovia program on firm financial footing moving forward, and staff will continue to monitor various aspects of the program, including ridership levels and service area modifications, to help maintain long-term financial sustainability.

**ENVIRONMENTAL IMPACT:** There is no environmental impact associated with approving these actions.

**FISCAL IMPACT:** Since removing the unincorporated areas of Los Angeles County from the GoMonrovia service area, ridership and cost to the City has decreased by 40% and 34%, respectively. By approving the recommended price increases and adopting a reduced service area, along with a modest 5% projected decrease in ridership, we expect to bring our overall Lyft program expenses down to around \$91,680 / month, as outlined below. That would be well within our available budget of \$100,000 / month for the program.

<b>GOMONROVIA COST STRUCTURE COMPONENTS</b>	<b>TOTAL RIDES / COSTS</b>
Current Monthly Lyft Costs	\$ 177,386.56
Savings: Additional \$1.50 / Ride	\$ (69,261.00)
Savings: 5% Ridership Decline	\$ (6,445.19)
Savings: Service Area Adjustments	\$ (10,000.00)
<b>Total Monthly Costs</b>	<b>\$ 91,680.37</b>

**OPTIONS:** The following options are presented for City Council consideration:

1. Approve Amendment No. 4 to the City of Monrovia’s General Services Agreement with Lyft, Inc., to change the subsidized cost of the Lyft agreement to \$2.50 / shared ride and \$5.00 / classic ride, excluding any rides with an origin or destination of Old Town Monrovia or the Monrovia Gold Line Station, which will remain at \$0.50 / shared ride; and to institute a revised GoMonrovia service area, to take effect June 1, 2019.
2. Do not approve the amendment, and provide staff with additional direction.

**RECOMMENDATION:** Staff recommends that the City Council select Option 1.

**COUNCIL ACTION REQUIRED:** If the City Council concurs, the appropriate action would be a motion to approve Amendment No. 4 to the General Services Agreement with Lyft, Inc., and authorize the City Manager to execute any related and necessary documents in a form approved by the City Attorney.

## AMENDMENT NO. 4 TO CONSULTANT SERVICES AGREEMENT

This Amendment No. 4 (“Fourth Amendment”) to the February 20, 2018, Consultant Services Agreement (“Agreement”) executed by the City of Monrovia, a California municipal corporation (“City”) and Lyft, Inc., a Delaware corporation (“Consultant”), is dated May 21, 2019 (“Effective Date”) and is between City and Consultant.

### RECITALS

A. City and Consultant executed the Agreement to provide for Consultant’s ridesharing platform (“**Lyft Platform**”) and mobile application (“**Lyft App**”), which allows users the opportunity to request a ride from one location to another (each, a “**Ride**”). The transportation services (“**Driving Services**”) are provided by authorized drivers using their own vehicles (“**Drivers**”). Lyft provides enterprise transportation solutions through its Concierge Service, and Lyft Codes programs (collectively, “**Programs**”) to business partners to administer, track and manage its transportation spend for its authorized users (each, a “**User**”). Partner desires to participate in the Programs, and Lyft and Partner agree to launch the Programs in accordance with the terms of this Agreement and as specified in Exhibit A.

B. City and Consultant desire to amend the Agreement to modify Exhibit A: (1) Overview, and (2) Attachment 1 (“Program Map Area”).

The parties therefore agree as follows:

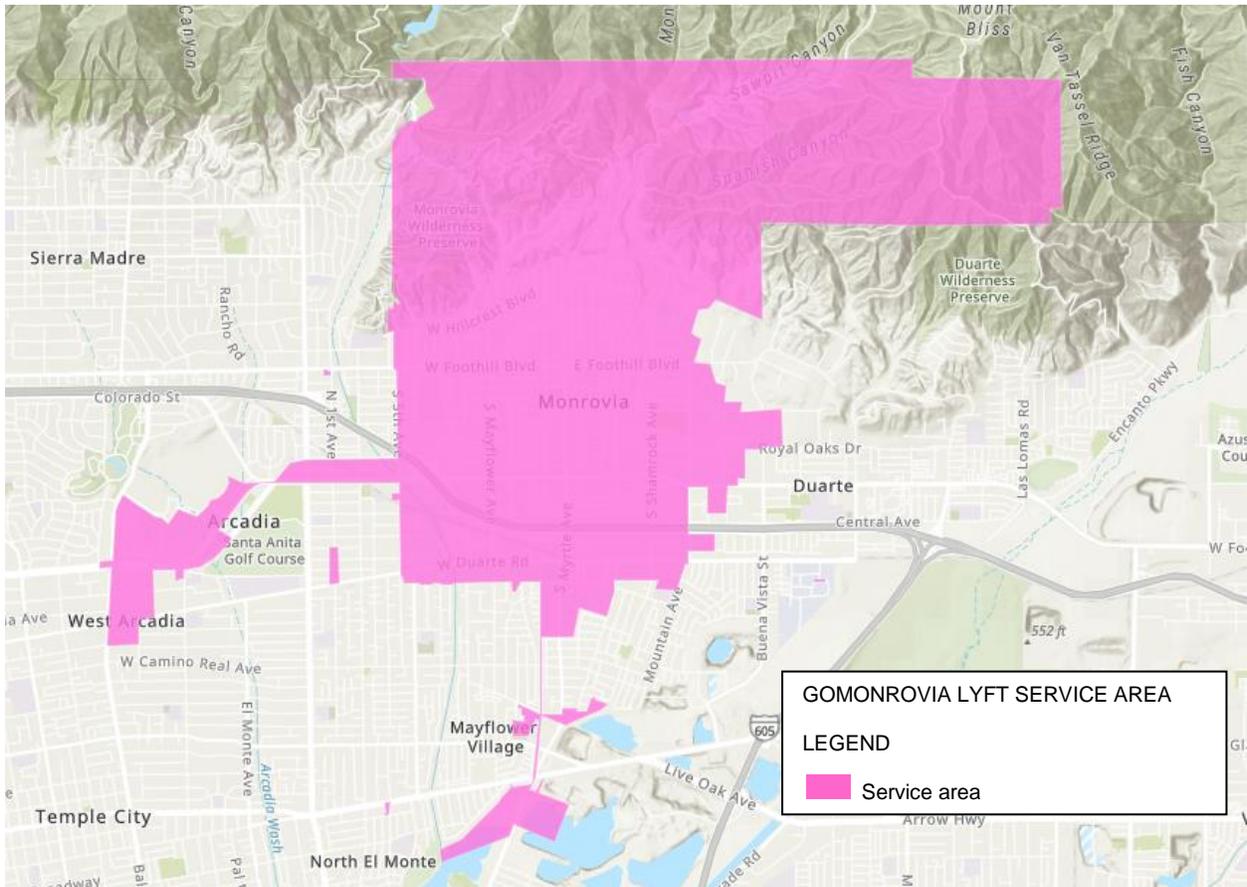
#### **1. Amendment to Section 1. Overview**

Section 1. Overview of the Agreement is hereby amended to read as follows:

“The activities described herein shall take place in the GoMonrovia Service Area, as set forth in the map attached hereto as **Attachment 1 (“Program Map Area”)**. The GoMonrovia program will provide subsidized rides for all eligible residents and visitors who apply the coupon codes using Lyft within the boundaries of the Program Map Area. Starting June 1, 2019, Riders who have entered the coupon codes will pay Fifty Cents (\$0.50) per Lyft shared ride which has a starting or ending destination within the geocoded areas of Old Town Monrovia and the Monrovia Gold Line Station; Two Dollars and Fifty Cents (\$2.50) per Lyft shared ride in the remainder of the Program Map Area; and Five Dollars (\$5.00) per Classic Lyft ride in the remainder of the Program Map Area, with the remaining cost of the ride covered by the City, pursuant to the terms and conditions outlined in this Exhibit A, up to a maximum subsidy amount of Fifteen Dollars (\$15.00) per ride, and One Hundred and Twenty One (121) rides per passenger per month. The City has the opportunity to change the fare subsidy amounts at the beginning of each month with at least one week’s notice to Consultant.”

**2. Amendment to Attachment 1 (“Program Map Area”)**

Attachment 1 (“Program Map Area”) is hereby amended as follows:



**3. Preservation of Agreement**

Except as expressly modified or supplemented by this Fourth Amendment, all of the provisions of the Agreement shall remain unaltered and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

The parties, through their duly authorized representatives are signing this Fourth Amendment on the date stated in the introductory clause.

City:

City of Monrovia,  
a California municipal corporation

By: \_\_\_\_\_  
Name: Oliver Chi  
Title: City Manager

ATTEST:

By: \_\_\_\_\_  
Name: Alice D. Atkins, MMC  
Title: City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: Craig A. Steele  
Title: City Attorney

Consultant:

Lyft, Inc.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents authorize only one person to sign this Agreement on behalf of the corporation.)*