



Written Testimony

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before

The Subcommittee on Highways and Transit

United States House of Representatives  
Transportation and Infrastructure Committee

on

**Examining the Future of Transportation Network Companies:  
Challenges and Opportunities**

Washington , DC • October 16, 2019

Good morning, Chair Norton, Ranking Member Davis, and Members of the Highways and Transit Subcommittee. My name is Jon Martz, Director of Government & Public Affairs for COMMUTE with Enterprise. For more than 40 years, I have been fortunate to work in the transportation sector in a variety of roles which enabled me to work with countless public transit agencies, State Departments of Transportation and Metropolitan Planning Organizations to problem solve and advance solutions on commuter vanpooling and public transportation issues.

For several years, I also had the opportunity to serve here in Washington, D.C. as a consultant to the Office of Budget and Policy of the Federal Transit Administration (FTA) on private sector involvement in public transportation, transit service contracting, innovative transit financing, and as a traveling instructor of activity-based cost analysis for transit agencies.

I am grateful for the opportunity to appear on today's distinguished panel and before the subcommittee to share our company's perspective on our innovative commuter vanpooling program and to offer a number of policy recommendations for your consideration as you seek to reauthorize the Fixing America's Surface Transportation or FAST Act.

I'd like to begin my testimony today by providing an overview of a public-private vanpooling partnership program that I, along with dozens of my colleagues, have sought to implement in jurisdictions throughout the country to provide meaningful benefits to commuters, employers, and communities.

Launched in 1994, COMMUTE with Enterprise, is a service of Enterprise Rent-A-Car and has become one of the largest and most cost-effective vanpool operations in the nation which offers immediate savings, safety and sustainability to those we partner with. Every business day, COMMUTE with Enterprise takes 67,000 individual cars off the road, eliminating 1.4 billion commuter miles driven each year and eradicating the need for 67,000 parking spaces. Additionally, 1.1 billion pounds of carbon emissions are reduced by our program with Enterprise customers annually.

Furthermore, based on annual passenger miles, COMMUTE with Enterprise would rank as one of the largest U.S. public transit agencies today. By providing an industry-leading selection of vehicles – including minivans and large passenger vans – COMMUTE with Enterprise offers customizable programs that help both rural and urban communities across the nation overcome transportation challenges, both long- and short-term.

### **How does vanpooling work?**

Put simply, vanpools are like carpools – just a little bigger. Commuters with common work schedules and destinations ride to and from work each day in a comfortable, seven- to fifteen-passenger van. Companies like COMMUTE with Enterprise provide commuting groups with access to their desired vehicle and access to proper insurance and mechanical maintenance to keep their van running in optimum condition. Participants are assessed a monthly fee that is paid by the riders, their employers, or both.



The cost of gas is also shared among those in the vanpool group. On average, our customers commute upwards between anywhere from 30 to over 100 miles one way each day from origin to destination.

One person volunteers to be the primary driver of the van. The participants decide the driving, routing, operating and gas cost sharing arrangements themselves. Riders plan trips that accommodate pick-up and drop-off locations at a starting point or along the commuter's route. Riders usually meet at a pickup location, such as a park & ride lot or a shopping center.



The needs of the vanpool groups are supported by the extensive Enterprise Rent-A-Car neighborhood network. From working with employers to help create vanpool groups to providing an industry-leading selection of vehicles and customizable vanpool programs, Enterprise helps eliminate common barriers communities face in creating vanpool services, particularly in small urban or rural areas where public transportation may be limited.

### **Who is COMMUTE with Enterprise?**

Vanpooling began more than 40-years ago and was a strategy that employers utilized during the oil embargo of the 1970s. The success of the program prompted an expansion to other cities across the U.S. Our vanpool fleet now stands at ~12,000 vehicles... testimony to our continuing success!

We provide service in both large urban areas and small rural areas. Some of our most noteworthy efforts are in rural and exurban areas of the country.

COMMUTE with Enterprise is one of the largest public transportation service providers in the United States. Reducing well over 1 billion passenger-miles a year, our efforts put us as a top 10 transit agency when considering annual passenger-miles?

- ***Notably, our vanpool fleet represents a private capital investment of more than \$425 million in the provision of public transportation service... and we can do more!***

### **So, where are we today?**

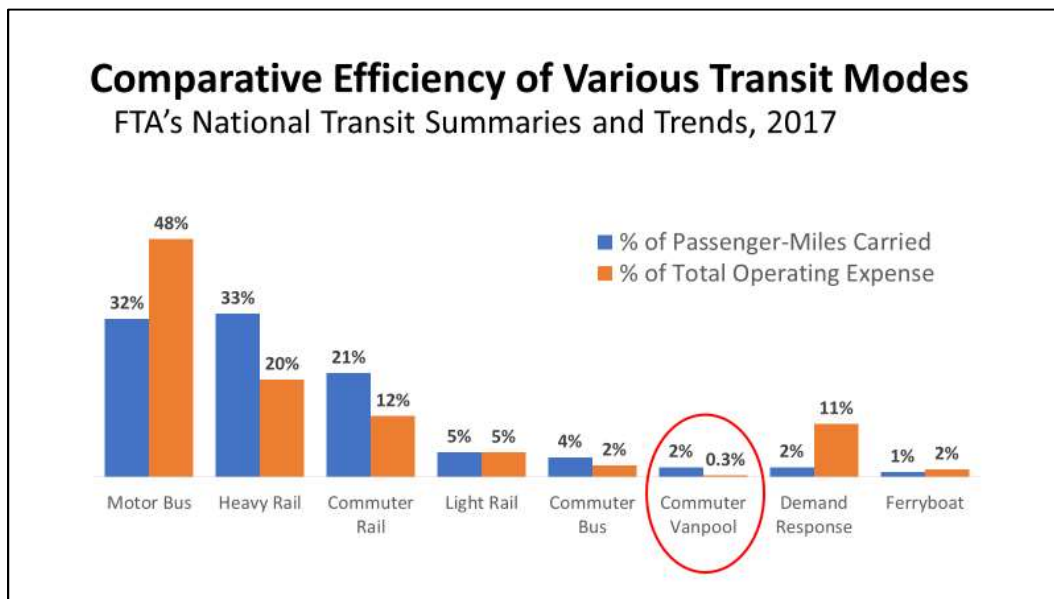
Our public/private partnerships enable us to provide regional vanpool services in more than seventy-five (75+) U.S. cities.



### Vanpooling is one of the Most Efficient Modes of Public Transportation

Vanpooling is one of the most efficient forms of public transportation. And, it requires a comparatively small amount of funding to be successful, especially when you consider the private sector is supplying the vehicle.

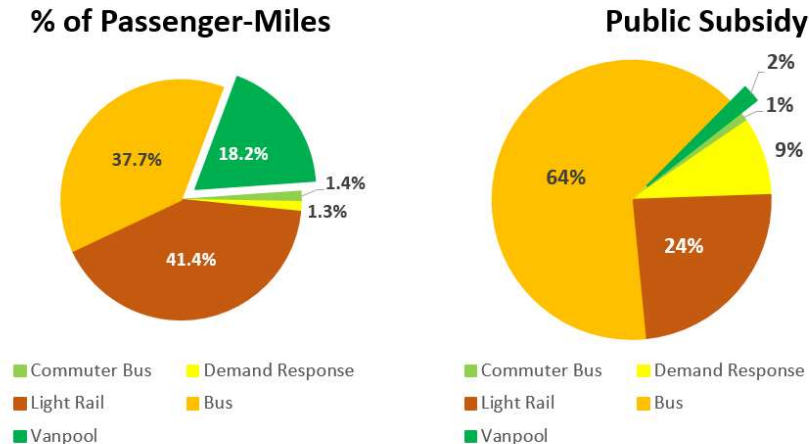
In fact, most of our public sector partners spend a small percentage of their transportation budget to subsidize vanpools. And this is true in rural areas, as well urban areas. Vanpooling's efficiency is not limited to large urban areas where one would assume the scale of operations would be a major factor.



## Examples of Efficiency

# San Diego, CA (Large UZA)

For 2% of the overall public subsidy we are providing 18.2% of the region's passenger miles



**San Diego CA** -- Several years ago, the San Diego Association of Governments (aka SANDAG), contracted with COMMUTE Enterprise to provide vanpool services to commuters in San Diego County.

Today, 727 vanpools provide 18.2% of the total passenger-miles carried by the all modes of public transportation provided by San Diego MTS and SANDAG, yet vanpool subsidies consume only 2.4% of these two agency's combined subsidies.

## Vanpools are the Safest Mode of Public Transportation

Vanpools are the safest modes of public transportation, both in terms of fatalities and injuries. In fact, vanpooling is safer than driving or riding in your personal automobile. This long-term history can be attributed to several reasons:

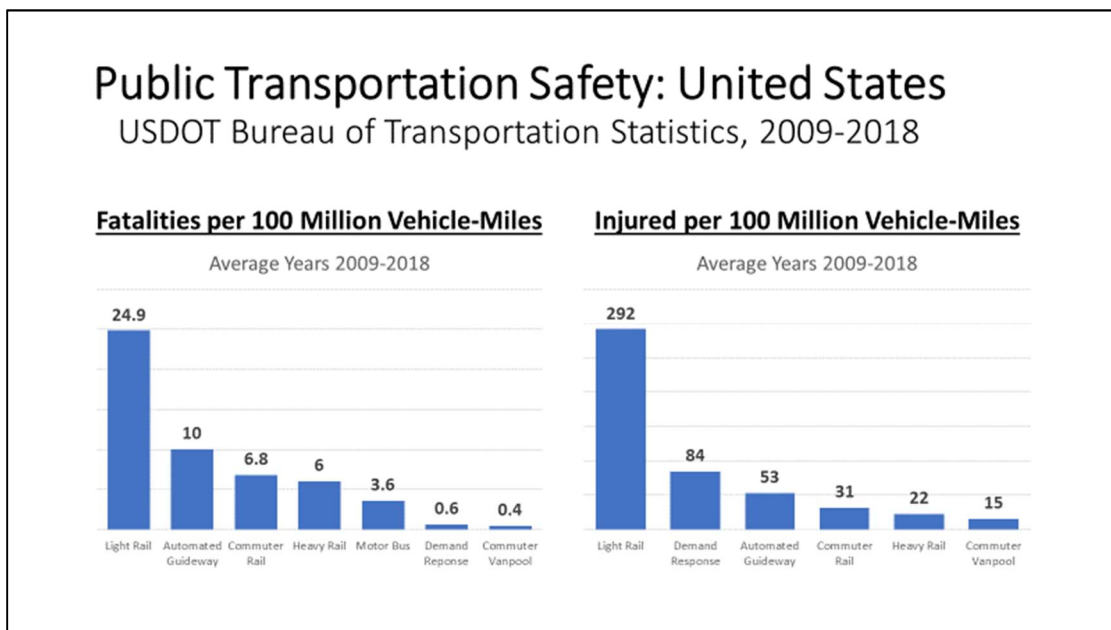
- **Vehicles...** In most cases, commute groups are provided a new vehicle when they start vanpooling. And, our typical vanpool vehicles are replaced after reaching 4 years, 100K miles (whichever comes first).
- **Maintenance...** Preventive maintenance (in accordance with manufacturer's recommendation) is provided by Enterprise. Unscheduled repairs are rare, but when they do occur, Enterprise is there to address the problem.
- **Drivers...** Vanpool drivers are unpaid, volunteers from within the commute group. In most cases, the driver is not a stranger to the group.

All drivers must apply for approval before they are given the keys. Each driver's MVR (Motor Vehicle Record) will be checked annually. Each approved vanpool driver must meet the following criteria:

- Possess a valid driver's license.
- Be 25 years of age or older\*.
- Have no more than two moving violations and/or at-fault accidents in the previous three years and no more than four moving violations and/or at-fault accidents in the previous five years.
- No major convictions in the past five years (i.e. driving under the influence of alcohol or drugs, driving while impaired, failure to stop and report an accident, driving while license is suspended or revoked, possession of drugs or open containers of alcoholic beverage, reckless driving and/or participating in a speed contest, drag or highway race, or attempting to elude authorities).
- Be licensed a minimum of five years in the United States.
- Meet and comply with any laws/criteria required by the state where the vanpool is operated (i.e. medical requirements, drug screen).

If a vanpool driver is traveling too fast or erratically, the vanpoolers are not shy about letting their driver know of their displeasure. And, given they are sitting directly behind the driver, their comments are always heard. Because the vehicles are much like the personal vehicles of most commuters, it is not necessary to put vanpool drivers through extensive driver training courses. The drivers are oriented to the few differences in the vehicles and encouraged to drive the vehicles individually before starting the vanpool.

- **Environment...** Most of our vanpools travel in traffic on paved roads at an average speed of 35 miles per hour. A notable percentage of vanpools in large urban areas travel on barrier-separated, high-occupancy vehicle lanes. Parking of vehicles is typically off-street in garages or surface lot provided by their employer.



## **Policy Considerations**

- ***Innovation Should Support and Enhance Transportation*** -- There is much to be gained from innovation including expanded service, cost efficiencies, and environmental benefits. However, we should not rewrite policies designed to protect the public because disruptive companies have decided that they should be exempt from existing policies instead of following the rules. Rather, we believe that this Committee should look to encourage and enhance the ability to utilize innovative and high-performing technologies and replicate business models that will expand and enhance services.
  
- ***Innovation in transportation comes in forms other than an “app”*** -- Numerous terms are being used to describe new ways to access transportation: carsharing; ridesharing; ride hailing; vanpooling; ride matching, peer-to-peer rental, point-to-point rental, and the list goes on. It is essential that policy at all levels be consistent and tailored toward the underlying service being provided – regardless of the means that the service is provided. All these terms are used to describe the same three basic transportation services that have existed for decades and prior to the advent of smartphones:
  1. For-hire ride-hailing – Often referred to as Transportation Network Companies (TNCs), this business line, like traditional taxicabs and limo services, provides a service that the Associated Press has labeled “ride-hailing.” A consumer pays to have a driver transport them from, and to, locations of the consumer’s choosing; and the driver intends to profit by providing the transportation to the consumer.
  2. Car and vanpools – The correct term for organized car and van pools is traditional “ridesharing.” It includes technology platforms that connect people who want to carpool; and vanpooling, which is the service of providing a large occupancy vehicle for people who want to commute together. In ridesharing, the driver of the vehicle is a volunteer and contributes to the cost of the transportation.
  3. Car rental/Carsharing - If you are paying someone to allow you to personally operate a vehicle you don’t own, whether for an hour, a day, a week or a month. This also includes peer-to-peer car-sharing, where private individuals rent their vehicle to another private individual.
  
- ***Provide local and municipal governments with access to Federal transit funds*** -- Federal transit funding is directed to transit agencies and quite often local and regional governments are not provided access to such funding, despite a need and desire to initiate programs such as long-distance commuter services, first/last mile connections, microtransit, or enhance demand response. A funding stream should be made available to regional and municipal governments that is separate from core transit funding.
  
- ***Reward Innovation & Performance*** – As Congress looks to authorize additional transit funding, we believe that a significant portion of the new transit dollars should be allocated through existing performance formulas to encourage agencies to look at highly efficient service options such as vanpooling and microtransit to provide job access, first-last mile, and rural transportation needs.

## **Policy Recommendation**

### **1. Create a High Performing & Innovative Transit Grant Program**

Funding should be made available to cities, counties, transit agencies, and municipal governments. The funding should be used to provide innovative mobility solutions such as microtransit, commuter vanpooling, first/last mile connections, and rural access to jobs and healthcare under certain conditions:

- The funding would be to provide **new** service to areas that have little to no existing service;
- The new service does not detract from existing service that is being provided; and
- The new service must meet all existing requirements including, Buy America, ADA and Labor protections.

If the initial project is successful, the project should be included in the core program of projects for continued funding, provided it continues to meet the conditions for eligibility.

### **2. Allocate A Portion of New Transit Funds Through the Performance Portion of the Formula**

Currently only about 7% of a region's transit allocation comes from the performance portion. We believe that as Congress invests more in the transit program, at least half of all **new** formula dollars should be allocated based upon the performance section.

Under this proposal all transit agencies would see their formula allocation rise. But, there would be an incentive to look towards operationally efficient and innovative solutions to provide service.



## PROJECT CASE STUDIES



### **Rural Vanpool Project:**

#### **White Sands Missile Range, NM**

Since August 2008, Department of Defense and non-DOD employees commuting to work from homes in Las Cruces NM (30+ miles away), El Paso TX (45+ miles away), and Alamogordo NM (50+ miles away) to White Sands Missile Range, McGregor Range, William Beaumont Army Medical Center and Holloman AFB have been afforded the opportunity to participate in the COMMUTE with Enterprise vanpool program. Today, more than eighty (80) vanpools serve ~600 commuting participants.

The demonstrated success of COMMUTE's efforts at the White Sands Missile Range has prompted the NMDOT to contract with COMMUTE with Enterprise to provide vanpool services to commuters traveling to and from the cities of Farmington, Santa Fe, Los Lunas, and Las Cruces.

The statewide vanpool program aims to help expand and enhance regional transportation options by providing a flexible public transportation alternative to commuters who are not currently served by fixed route service, those working outside of fixed route schedules, or those with longer commutes – typically exceeding 20 miles each way.

Program participants traveling to and from Farmington, Santa Fe, Los Lunas, or Las Cruces can also obtain a 33 percent discount on the monthly rate, while also helping increase federal transit formula grant funds in these areas to potentially make the program financially self-sustaining. The NMDOT-COMMUTE partnership currently serves 36 vanpool groups with more than 250 passengers per day.



### **Statewide Vanpool Program:**

#### **MichiVan**

**MichiVan**, a long-standing partnership between Michigan MDOT and COMMUTE with Enterprise, provides vanpool services to commute groups throughout the State of Michigan. Under the MichiVan program, the passengers pay a flat fee as low as \$55 per month (*based on monthly commute mileage and the size of van*).

Today, more than 525 vanpools are in service in this program. The MichiVan commuter vanpool program is THE most efficient public transportation program in the State of Michigan.

Additionally, both urban and rural public transit agencies in Michigan gain an allocated share of the Net Gain in FTA formula funds generated by the miles traveled by the commuter vanpools in Michigan's urban and rural areas of the state... *an estimated ~\$4.3M annually.*



## Emergency Recovery: Gulfport/Biloxi, Mississippi

Coast Transit Authority's (CTA) "Coast Commuter" vanpool program is designed to assist employers on the Mississippi Gulf Coast in recruitment and retention of employees and to provide cost and stress reducing options for commuters.

In the aftermath of Hurricane Katrina, the devastated towns of Biloxi and Gulfport struggled to find ways to return displaced residents to the cities to rebuild and continue their lives in those communities.

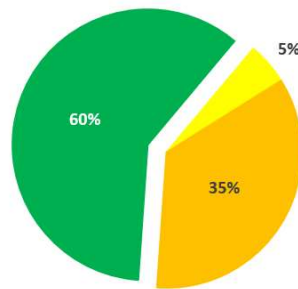
COMMUTE with Enterprise surveyed the companies, reviewed their employee commuting habits, mapped out where all employees live and identified distances and clusters of residents. Based on the information gathered, COMMUTE with Enterprise deployed the vans needed to transport participants, and it recruited and trained the drivers from among the potential commuters.

Currently, the vanpools primarily serve the Huntington Ingalls shipyard in Pascagoula, Mississippi, and various federal agencies operating at the Stennis Space Center, also located in this rural area. Of the 35 vanpools in operation today, 15 originate in rural communities. Vanpools are available to accommodate all work shifts at these facilities with enough interested commuters to start a pool.

## Gulfport, MS (Small UZA)

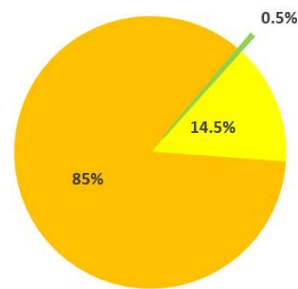
For .5% of the overall public subsidy we are providing 60% of the region's passenger miles

**% of Passenger-Miles**

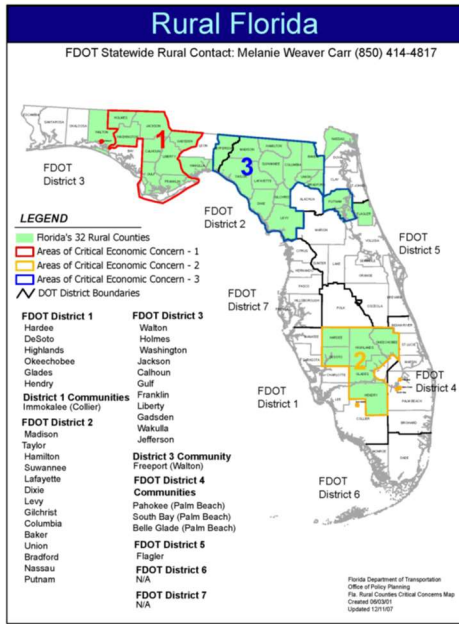


■ Demand Response ■ Bus ■ Vanpool

**Public Subsidies**



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## Job Access:

### Florida Rural Vanpool Program

The Florida DOT identified 28 of 32 rural counties as “Areas of Critical Concern.” These three “Areas of Critical Concern” have similar economic conditions:

- Low per capita income
- High unemployment
- Low wages compared to the state averages
- High percentages receiving public assistance
- High poverty levels compared to the state average
- A lack of year-round stable employment opportunities

COMMUTE with Enterprise proposed a public-private partnership to provide vanpool services to get individuals to jobs in adjoining counties. Traditional public transportation was not available or was considered inadequate to meet the needs of the population.

Today, more than thirty-five (35+) vanpools serve individuals in these areas who commute to jobs in the coastal counties. The program could grow, and more people be served, but historical funding constraints have limited the ability of COMMUTE with Enterprise to grow the program.



## Urban Commuter Partnership

### Los Angeles Metro

In a public-private partnership with the Los Angeles County Metropolitan Transportation Authority (LACMTA), COMMUTE with Enterprise provides vanpool services to commuters whose origin and/or destination is Los Angeles County. The average one-way commute distance of the vanpools is ~50 miles.

The capital commitment to serve the program represents an at-risk, private capital investment of more than \$45M in the provisions of turnkey public transportation services in Los Angeles County.

Today, the 1,365 vanpools provide 8.1% of the total passenger-miles carried by all modes of public transportation provided by LACMTA, yet vanpool subsidies consume only 0.6% of the operating subsidies of Metro.



## Job Access Nebraska Statewide

In June 2017, the Nebraska Department of Transportation engaged COMMUTE with Enterprise to provide vanpool services to commuters throughout the State of Nebraska. The State agency provides limited capital assistance of \$400 per month to qualifying commute groups willing to vanpool to/from work each day. The balance of the capital expense and 100% of the operating expense is to be recovered via passenger revenue.

- **Flooding near Nebraska City**

Earlier this year, Missouri River flooding wreaked havoc in eastern Nebraska. Major thoroughfares were closed and getting to/from work became a significant challenge for employees and employers trying to continue their business operations. The flooding presented a seemingly insurmountable challenge for the Plant Manager and his Human Resources staff at the Cargill Protein Nebraska City facility. *How would the company get its employees to the worksite to keep up production?*

A call was placed to the Nebraska DOT who referred the challenge to COMMUTE with Enterprise. The vanpool service program was quickly offered to the team at Cargill, who completely embraced the idea. Home locations and shift information was supplied and analyzed, language barriers were addressed, vanpool group formation meetings were hosted, and services were overwhelmingly accepted. Today, ~30 vanpool groups commute to and from the Nebraska City facility... serving more than 25% of the facility's workforce.

The statewide vanpool program in Nebraska currently stands at 46 vanpools with 3 more scheduled for delivery later this month (October 2019). Most of the vanpool groups commute from suburban and exurban locations on the periphery of Omaha to various locations in Lincoln (an hour's drive each way), or the groups commute to rural worksites in small towns like Nebraska City or Schuler (both an hour away from Omaha).

Note: COMMUTE with Enterprise has made an upfront capital commitment of nearly \$2M to serve these commute groups. The Nebraska DOT will be billed ~\$20k each month on a pay-as-you-go basis for these ~50 vanpools. Nebraska DOT is gaining significant leverage... ~\$250K a year in federal financial assistance (or \$1M over the life of the fleet). There is no financial obligation required for out-of-service or spare vehicles, or for non-appropriation of future funds. The private sector absorbs 100% of the financial risk, and 100% of the insurance risk.

*Design-Build-Finance-Operate-Manage (DBFOM)... a true P3 partnership in public transportation in a mostly rural state.*



## Job Access

### Eugene and Salem, Oregon

Valley Vanpool is a partnership between the Cascades West Council of Governments, the Salem Area Mass Transit district (aka “Cherriots”), the Lane Transit District (“LTD”) of Eugene, and COMMUTE with

Enterprise.

The partnership was launched in 2002 to streamline service, promotion, and recruitment for commuter vanpools in the Willamette Valley. The 2017 National Transit Database Reporting “Agency Profiles” for both Cherriots and LTD show forty-seven (47) vanpools in service in the Willamette Valley.

- In the Eugene area, the seventeen (17) commuter vanpools carry 5% of the total passenger-miles carried by the regional system, yet vanpool subsidies consume only 0.05% of the agency’s operating subsidies. The average trip length is 50 miles, and each vanpool carries an average of 5 passengers daily.
- In the Salem area, thirty (30) commuter vanpools carry 17% of the total passenger-miles carried by the Cherriots system, yet vanpool subsidies consume none of the agency’s operating subsidies. The average trip length is 35 miles one-way, and each vanpool carries an average of 5 passengers daily.