TNC Access for All Act - Track 4 Issues

Uber Presentation

May 2021

Uber

Agenda

01 WAV Program Update

- Chris Pangilinan, Sr Public Policy Manager

02 Measuring Improved Levels of Service

- Connor Fagent, Sr WAV Operations Manager

03 Offset Cost Accounting

- Tim Myers, WAV Program Lead

WAV Program Update

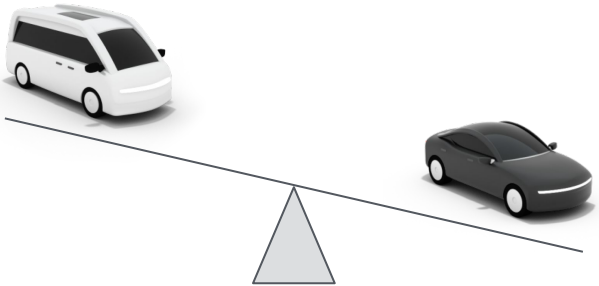
WAV Program Update

- Uber's platform has helped bring the concept of on-demand WAV to reality in 10+ cities across the US
  - In New York City, Uber accounted for 84% of all on-demand WAV trips
  - In California, Uber accounted for 81% of all on-demand WAV trips among top 2 TNC platforms.
- A new level of "seamless spontaneity" in a world of inaccessible private cars
- But work remains to expand access in more cities throughout California and beyond

WAV Program Update

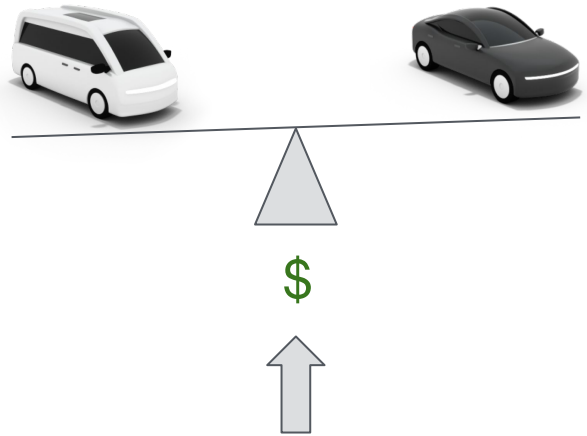
- Access for All presents opportunity to expand WAV
  - High quality of service for riders
  - Earning opportunities for drivers
  - AFA helps WAV be financially sustainable in the long run
- Close collaboration between the CPUC, riders, advocates, drivers, and Uber is needed
  - Align incentives for all to maximize benefits for riders
- Deploy Access for All funds to:
  - Increase ridership
  - Increase service area
  - Increase service quality and reliability

Increasing WAV with Public Policy



Need to level the playing field for WAV

- WAVs are more expensive to own or rent
  - Purchase or rental cost is higher than a sedan
- WAVs are more expensive to operate
  - More intensive training for drivers
  - More fuel and maintenance
  - Fewer trips per hour
    - Less demand for WAV priority vehicle
- WAV *fares* are equal to UberX - despite the extra costs



TNC Access for All
Uber Subsidies

- Incentivize WAV on-demand
- *Need to be mindful of keeping non-private auto transport competitive with private auto*

On Measuring Improved Levels of Service

On Measuring Improved Level of Service

- On-Demand WAV is **still in its infancy in California**. TNCs should have **flexibility in how they are able to show improvements** while the marketplace is maturing.
- The spirit and intention of the AFA program is to <u>expand access</u> to wheelchair-accessible service:

> "There exists a lack of wheelchair accessible vehicles (WAVs) available via TNC online-enabled applications or platforms throughout California....It is the intent of the Legislature that California be a national leader in the **deployment and adoption** of on-demand transportation options for persons with disabilities."

On Measuring Improved Level of Service

As it relates to measuring progress against these goals, Uber maintains that focusing on metrics such as completed trips reflects a better alignment of priorities, rather than completion rate:

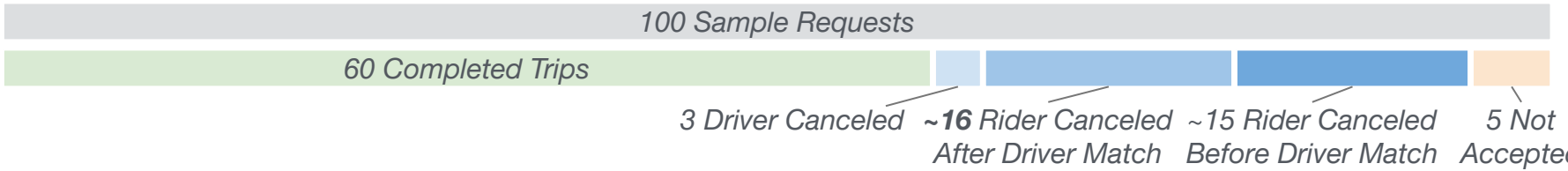
- **Mandating completion rate floors** will **disincentivize expansion** and **cause contraction** in the availability of on-demand WAV service.
- Measuring improvement on **Total Completed WAV trips** (while holding a floor on response times) **aligns incentives across all parties** to best meet the spirit of expanding WAV access

Completion Rate

Point #1: Completion Rate is not fully within the control of TNCs and is partially driven by consumer behavior

Illustration: Uber's Q1 Data from San Francisco

Completion Rate = Total Requests Completed / Total Requests Submitted



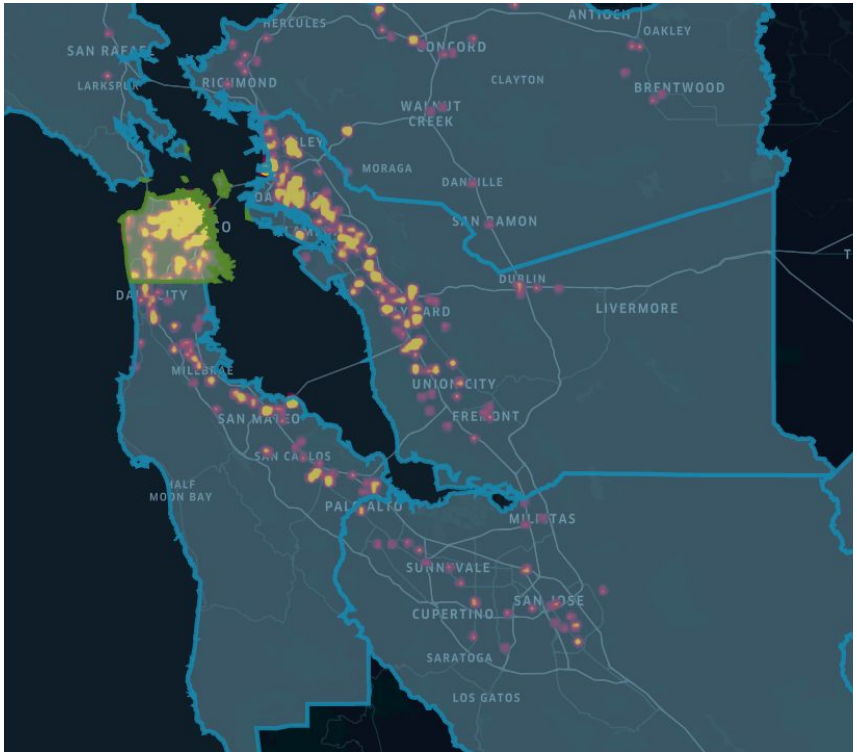
- "Rider Canceled After Driver Match" means that a **driver was matched to and accepted the trip**, but the rider either didn't like the ETA or changed their plans
- "Rider Canceled Before Driver Match" and "Not Accepted" instances are **best reduced by consolidating service area** and increasing the density of supply

Measuring Improved Level of Service

Point #2: Uber is unable to increase total supply in the short term, since current expenses exceed available offsets in most counties.

As such, improving completion rate would require reducing service area and consolidating supply in smaller geographic areas

Uber NorCal WAV Trips: Q1



Legend:

Red →Orange Heatmap: Density of Completed Trips

Green: Service Area if Constrained to SF County

Blue: Other NorCal Counties w/ Completed WAV trips in Q1

Offset Cost Accounting

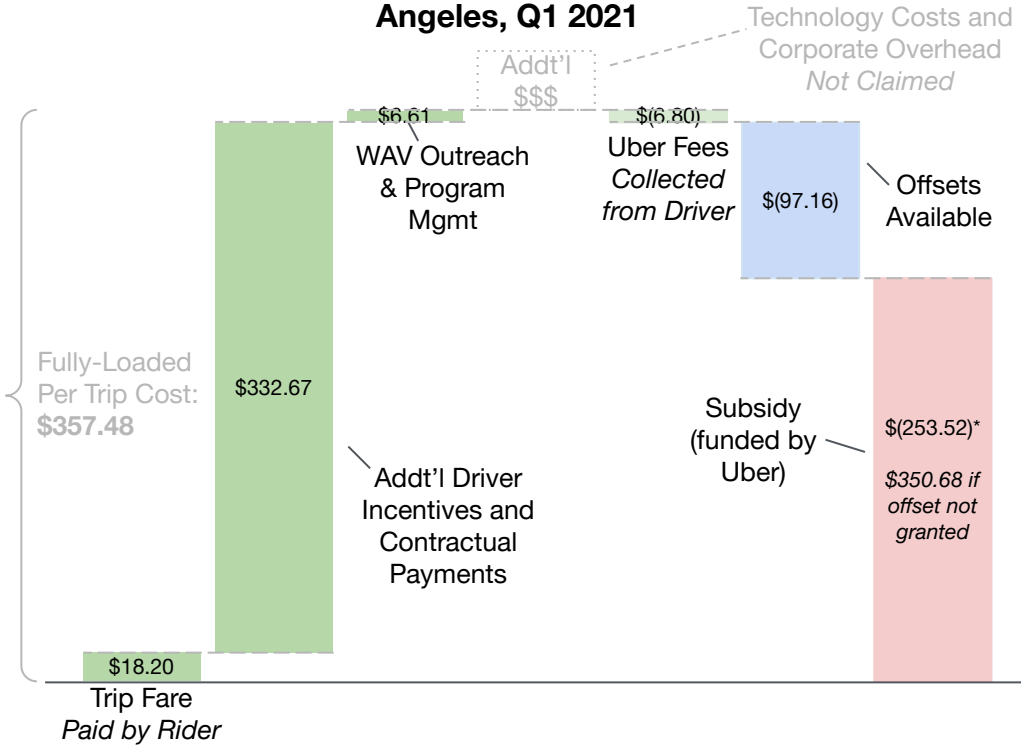
Offset Cost Accounting

The discussion about TNCs “double counting” fares collected for the purposes of offsets is **misinformed** and **not consistent with the reality of the business.**

Key Points and Clarifications:

- <u>Uber doesn’t collect or retain trip fares</u> that are charged to passengers.
  - Those fares are earned by and paid to *drivers* (who could be independent operators or part of a larger fleet)
- Uber collects a <u>service fee</u> % of each transaction from drivers in exchange for access to the marketplace
- Uber’s service fees are de minimis relative to the full costs associated with the WAV product

Cost Accounting for Avg WAV Trip in Los Angeles, Q1 2021



On Cost per Completed Trip

- There will **always be a cost** associated with running an on-demand WAV program so long as rider prices are the same as UberX rates
    - This is because the **requirements** for a driver to be eligible to receive WAV requests (vehicle, training, inspections) are **more costly** than for non-WAV requests

- However, the current state of the Access for All offset eligibility requirements contribute to **higher cost per completed trip** because they are **focused around response times and completion rate** (and not the total number of trips completed)
    - In order for TNCs to meet aggressive (and increasing) response time requirements, **they must maintain a high ratio of available supply (which is expensive) relative to demand**

- If the commission is interested in refocusing the goal of the program on decreasing costs per completed trip, the AFA rules would need to be **dramatically reshaped to focus on increasing vehicle utilization and trip volumes**, not on response times and completion rates.