

Subsidized Uber in the Suburbs

FOR YEARS, IT LOOKED LIKE THE NEXT BIG THING IN PUBLIC TRANSPORTATION FOR THE SUBURBAN CITY OF ALTAMONTE SPRINGS, FLORIDA, WOULD BE AN INNOVATIVE PROGRAM CALLED FLEXBUS. Instead of running on fixed routes, buses would respond to demand from kiosks located at specific activity centers. It was, city manager Frank Martz says, “the first demand-response transportation project ever developed in the United States.” Some even referred to it as an “Uber for transit.”

Unfortunately, it didn’t work out. The regional bus operator administering the plan lost key federal funding, and Altamonte Springs had to look for a new solution. “Rather than be mad,” Martz continues, “We decided to solve the problem. We still needed to serve our residents.”

This time, officials went with Uber itself. This past spring, the Orlando suburb announced a straightforward partnership with the ride-sharing firm, subsidizing citizens who opted to use that service instead of their own cars—particularly for trips to regional rail stations that connect population centers around Seminole County. The pilot has proven popular enough that several municipalities in the area have already launched similar programs.

with Uber; UC Berkeley’s Transportation Sustainability Research Center and others have been diving into ride-sharing data with an eye toward public-transportation impacts. And this past March, the American Public Transportation Association released a study assessing how new services can complement more familiar forms of “shared mobility,” and suggested ways that agencies can “promote useful cooperation between public and private mobility providers.”

“What it’s going to boil down to is how this new system interacts with the existing, traditional system,” says Daniel Rodriguez, a Lincoln Institute fellow who teaches planning at University of North Carolina and has studied transportation innovation in Latin America and the United States. He expects more experiments as cities work to figure out how “to get Uber users to complement the existing infrastructure.”

That almost exactly describes one of the prime motivations for Altamonte Springs’ Uber pilot: the service was, Martz points out, an existing option that required none of the time-and-money commitments associated with a typical transportation initiative. “The focus could not and should not be on infrastructure,” he said. “It needed to be on human behavior.” In other words, ride-sharing services already respond to demand that has been demonstrated by the market, so how could the city hitch a ride on that trend?

The answer was to offer local users a subsidy: the city would pay 20 percent of the cost of any local ride, and 25 percent for rides to or from Sun Rail stations, the region’s commuter-rail system. Riders simply enter a code that works in concert with Uber’s “geofencing” technology to confirm location eligibility; their fee is lowered accordingly, and the city seamlessly makes up the difference. “It’s all about user convenience,” Martz says. But he’s getting at a bigger point than ease of payment. Instead of building systems that citizens respond to, maybe it’s worth trying a system that responds to where citizens actually are—and adjusts in real time as that changes.

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Most of what we hear about the relationship between municipalities and ride-sharing startups involves contention. Right around the time Altamonte Springs started this pilot program, a standoff over regulatory details in Austin, Texas, led both Uber and its chief rival Lyft to stop doing business in the city. But Altamonte Springs is an example of how some cities, planners, and scholars are trying to find opportunities within the rise of ride-sharing’s prominence and popularity. MIT’s Senseable City Lab has worked

Whether this works out in the long run remains to be seen, but as an experiment the risks are pretty low. Martz has estimated the annual cost to the city at about \$100,000—compared to \$1.5 million for the earlier FlexBus plan. While the pilot is just a few months old, he says local Uber use has risen tenfold—which is why neighboring municipalities Longwood, Lake Mary, Sanford, and Maitland have all joined in or announced plans to do so. (“We’re creating a working group among our cities,” Martz adds, with a focus on managing traffic congestion and “how to connect our cities.”)

As Rodriguez points out, the land-use implications alone, both short- and long-term, are compelling. On the day-to-day level, affordable ride-sharing as an option for, say, doctor visits or school appointments or similar errands lowers demand for parking spaces. On a higher level, it leverages options that already exist instead of devising more land-intensive projects that can take years to plan and complete.

In a sense, the experiment fits into a broader trend of seeking ad-hoc transportation innovations. Rodriguez has studied experiments from home-grown bus systems to aerial trams in Latin America that supplemented existing systems rather than building new ones. And while at first blush the concept of partnering with a ride-sharing service sounds like something that would work only in a smaller municipality that lacks a realistic mass-transit-system option, he points out that it could actually play a role in bigger cities. One example: Sao Paulo, Brazil, which offers what *The Atlantic’s* CityLab has called “the best plan yet for dealing with Uber”—essentially auctioning off credits, available to both existing taxi services and ride-sharing startups, to drive a certain number of miles in a set time period. The regulatory details (devised in part by former Lincoln fellow Ciro Biderman) aim to give the city options, while capturing and exploiting market demand rather than trying to shape it.

That captures Martz’s broader attitude. “Why,” he asks, “should the public sector focus on infrastructure embraced by people who used it 40 years ago?” While he readily notes that this



After a demand-response bus system failed in the suburb of Altamonte Springs, Florida, the city began paying 20 percent of residents’ local Uber fares. Credit: iStock.com/GoodLifeStudio

line of policy thinking is very much in step with the pro-free-enterprise attitudes in “a very Republican county,” he also insists that local political support for the plan crossed party lines. And more significantly, he stresses that this solution leaves the city much more easily positioned to adjust as technology changes. Carpooling scenarios seem like one logical possibility. And Uber and other technology companies are known to be working on driverless-car scenarios that could prove even more efficient. Martz doesn’t quite come out and say this, but if Uber gets “disrupted” by some more efficient solution, striking up a new partnership would be a lot easier than a do-over on a multiyear region-wide project. “Let market forces carry the day,” Martz says.

Of course, as Rodriguez notes, all of this remains very experimental at this stage—and a full-on embrace of ride-sharing carries potential downsides. It obviously remains car-centric and not necessarily affordable to broad swaths of many city populations, even with the 20 percent discount. The ability to travel longer distances for lower costs has been a major factor in city sprawl. “This could be another step in that direction,” he observes.

But the combination of uncertainty and potential is exactly why it’s worth attending to efforts that embrace ride-sharing upstarts instead of fighting them. “There’s no correct answer right now; it’s still an exploration,” Rodriguez cautions. But the likes of Uber do offer one attribute that’s hard to deny for those willing to experiment, he adds: “It’s tangleable, and you know it works.” □

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