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VANPOOLING

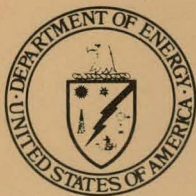
The Three Major Approaches

August 1979

Prepared for:

U.S. Department of Energy
Assistant Secretary for
Conservation and Solar Applications
Office of Transportation Programs

Contract No.: DE-AP01-79CS50063.000



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VANPOOLING :

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August 1979

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PREFACE

This manual is designed primarily for persons or groups involved in providing technical assistance to existing or prospective vanpool sponsors. It is designed to help them promote vanpooling in its three major approaches:

- Employer sponsored
- Third party sponsored
- Driver owned and operated

The manual consists of a bound section, plus looseleaf Factsheets.

The bound section includes two chapters. The first is an overview of vanpooling. The second, on vanpool marketing, is addressed to ridesharing coordinators and others whose responsibilities include the promotion of vanpooling.

The Factsheets consist of three sets, one for each of the major approaches noted above. The Factsheets are addressed to prospective vanpool operators. They provide convenient summaries of the needs and opportunities of each approach, and suggest solutions to practical problems likely to be encountered in starting new vanpool programs.

The looseleaf Format of the Factsheets will allow individual pages to be updated as new information becomes available.

The Factsheets can be duplicated and distributed to prospective vanpool operators, or can be revised by any interested party to meet local marketing requirements.

ACKNOWLEDGMENTS

Material for this manual was gathered in the spring and summer of 1979, through interviews with vanpool operators in many states, and with local, state, and federal officials concerned with ridesharing programs.

I owe major thanks to: John Beeson, Knoxville Commuter Pool; Roy Coughlin, Southern New England Telephone Co.; Art Davies, McDonnell Douglas; Richard Erickson, Hallmark Cards; Dave Fairbrother, Vermont State Department of Energy; William Fortune, Conoco; Chuck Horter and John Meilke, North Dakota State Highway Department; Sandy Johnson-Jones, Coors; Roy Noble, New Jersey State Energy Office; Bob Owens, 3M Company; Al Pasini, City of Kansas City, Missouri; J.W. Pieper, First City National Bank, Houston; Lew W. Pratsch, U.S. Department of Energy; John Provost, Erving Paper Mills, Inc.; Steve Retalka, Michigan Mass Transportation Planning Agency; Robert Redmond, U.S. Department of Transportation; Richard Ribner, Golden Gate Transit District; Ken Sawicki, Gulf Corp.; Bill Schott, Basin Electric Coop, Bismarck, North Dakota; John Shadoff, Seattle Commuter Pool; Clarence Shallbetter, Public Service Options, Inc.; Christine Shaver, U.S. Environmental Protection Agency; Carol Stickney, Illinois Department of Natural Resources; Tom Thomas, Employers Reinsurance Co.; Marvin Thompson, Melynie Greaser, Art Ashton, Ken Collins, and Jack Lane, all of Mason & Hanger - Silas Mason Co., Inc.; and Steve Volckmann, Pima Association of Governments.

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Chapter 1. VANPOOLING OVERVIEW

A. GROWTH OF VANPOOLING

1. Organized Vanpooling

Organized vanpooling has doubled every year since it began in 1973, and today includes more than 250 employer sponsored programs. Most of this expansion has been in the private sector, where many employers sponsor comprehensive ridesharing programs that include carpooling, vanpooling, and public and private bus transit.

Vanpooling, however, provides the key to most of these comprehensive corporate ridesharing programs. Vanpooling stimulates carpooling by example and requires ridematching services that can also be used by other forms of ridesharing.

The 3M Company pioneered organized vanpooling in early 1973 as a step to reduce impending costs for additional parking space with expansion of the company's suburban St. Paul headquarters. 3M started with six vans, even though management estimated that the company had the potential for as many as 15 vans initially. Today 3M operates more than 100 vans, and over 10% of 3M employees commute in those vans.

Organized vanpooling has spread from the 3M example, and today includes some government agencies and third parties, in addition to the more than 250 companies noted above. It is estimated that these sponsors are operating more than 4,300 vanpools.

The Tennessee Valley Authority has sponsored vanpooling since June 1974, operating through TVA credit unions. TVA's initial motive was to reduce traffic congestion and to avoid costly parking lot and road construction. By July 1979 TVA was sponsoring 440 vans serving 16 office and construction sites, and management estimated that the program had saved \$13 million in parking and road construction costs. As of July 1979 TVA had on order 70 more vans.

Recent years have seen many corporate moves from downtowns to new suburban locations. Such moves burden many employees with longer and more costly commuting, and a corporate move can cost the company some of its most experienced employees. Companies such as Prudential, Nabisco, and Erving Paper Mills started vanpool programs to ease the commuting burden imposed by relocations, and found that vanpooling helped them retain many valued employees.

Some other companies sponsoring vanpooling programs include Chrysler, General Mills, Texas Instruments, Hewlett Packard, Sperry Flight Systems, Aerospace Corporation, Mountain Bell, Southern New England Telephone, AT&T Long Lines, Conoco, Gulf, SmithKline, Hoffman LaRoche, Corning Glass, Coors, Hallmark, Combustion Engineering, and Montgomery Ward.

These corporate sponsors read like a list from the "Fortune 500." Many smaller companies also sponsor vanpool programs, for the same reasons that appeal to the leaders.

Vanpooling and Public Transit: Public transit officials have sometimes feared that vanpools would take riders and revenue from the transit system. Such fears have proved groundless; vanpools and transit serve different segments of the commuter market. The average transit commuting trip is 7 miles one-way, while the average vanpool trip is 25 miles one-way. In some areas transit authorities even sponsor vanpool programs to serve commuters who live beyond the transit system.

Promotional Opportunities: In some states, carefully designed promotional programs conducted by State Energy Offices, State Departments of Transportation, or local governments have paid off directly in increases in organized vanpooling.

A prime example of effective promotion is the program of workshops and referrals for direct technical assistance conducted by the New Jersey State Energy Office. The New Jersey model is described in Chapter 2 of this manual.

In some areas major employers or business groups have provided local leadership to conduct workshops and to provide technical assistance.

2. Driver Owned and Operated Vanpools

In contrast to organized vanpooling, the number of driver owned and operated vanpools is not known. With rare exceptions, these drivers do not receive help from employers or government agencies; they start spontaneously. Drivers simply note vanpooling examples and start their own vanpools, or possibly some of them re-invent vanpooling.

One vanpool on the road today began operating in 1967. When the original driver got a promotion and moved, one of the riders bought a van to continue the vanpool.

A 1978 roadside check on the bus and carpool lanes of the Shirley Highway, I-395, a major commuting route from northern Virginia into the Washington, D.C. area, counted over 100 vanpools. Most of these

vanpools were previously unknown to any government or private agency; they are assumed to be driver owned and operated. Checks in some other metropolitan areas also show substantial numbers of commuter vans, most of which are driver owned and operated.

These sample counts suggest that the number of driver owned and operated vanpools may already equal or exceed the total for employer sponsored and third party sponsored vanpools. They are estimated to be increasing even more rapidly than are the organized vanpooling modes. Most important, it is believed that driver owned and operated vanpools offer the greatest potential of any vanpooling mode for future growth.

Promotional Opportunities: Most driver owned and operated vanpools start by example and word-of-mouth. Promotional programs that present basic information on vanpooling for general audiences will stimulate word-of-mouth awareness of vanpooling. These presentations should also stress benefits to potential driver owner operators.

3. Summary, Vanpooling Growth

The following table shows known vanpools in organized vanpooling, by date:

| Date | Number of Sponsors | Number of Sites | Number of Vanpools |
|------------|--------------------|-----------------|--------------------|
| April 1973 | 1 | | 6 |
| " 1974 | 15 | | 125 |
| " 1975 | 25 | | 240 |
| " 1976 | 56 | | 643 |
| " 1977 | 86 | | 1,100 |
| Feb. 1978 | 122 | 163 | 1,986 |
| April 1979 | 308 | 372 | 4,382 |

Source: Vanpooling, An Update, U.S. Department of Energy, 2nd Ed., Sept. 1979.

B. ENERGY AND ENVIRONMENTAL IMPACTS

1. Vanpooling Opportunities in Context of U.S. Energy Use

Our national concern for energy focuses on petroleum use, where current shortages are most pressing.

In 1977 transportation accounted for 26% of all U.S. energy consumption; 54% of total U.S. petroleum consumption. (Nearly all transportation use is petroleum.) Private automobiles accounted for 52% of transportation energy use; and for 67% of highway use.

About 27% of all commuters travel more than 10 miles to work. These longer-range commuters account for 68% of all commuter miles, and for more than 20% of all automobile miles. They use more than 1 million of the 7 million barrels of gasoline used by automobiles daily.

Opportunities for vanpooling lie principally at these longer commuting distances, where vanpools offer substantial gasoline savings.

The Congressional Budget Office concluded in 1977: "Of all the urban transport modes, vanpools can probably make the greatest contribution to energy savings on a per-passenger basis where...vanpools perform best on all measures...in the ranking of modes, vanpools always appear to be the most energy efficient." The report continues, "Vanpools can be one of the potentially most productive parts of any program directed at urban transport energy." Furthermore, "Vanpools can be largely self-supporting and massive federal assistance is not needed to start or maintain vanpools." (Urban Transportation and Energy: The Potential Savings of Different Modes, Congressional Budget Office, 1977.)

Commuter vans average 10 miles to the gallon, and carry 9 to 15 riders per van, so the average vanpool rider travels 100 miles or more per gallon of gasoline. Vanpools are usually not cost-effective on short commuting runs, however, because their fixed costs are higher than for passenger cars. The truly impressive savings for vanpools develop at progressively longer commuting distances.

The accompanying chart shows how the cost advantage of vanpools increases with distance, compared with carpools and with solo commuting. The cost advantage reflects energy savings. The average vanpool, travelling 25 miles one-way, saves 5,000 gallons of gasoline per year.

In summary, most commuters live close to their work, and are not prime candidates for vanpooling. But for the minority of commuters who live further from work, vanpooling offers commuting cost savings that increase with distance. Those cost savings to individuals translate to energy savings to the nation.

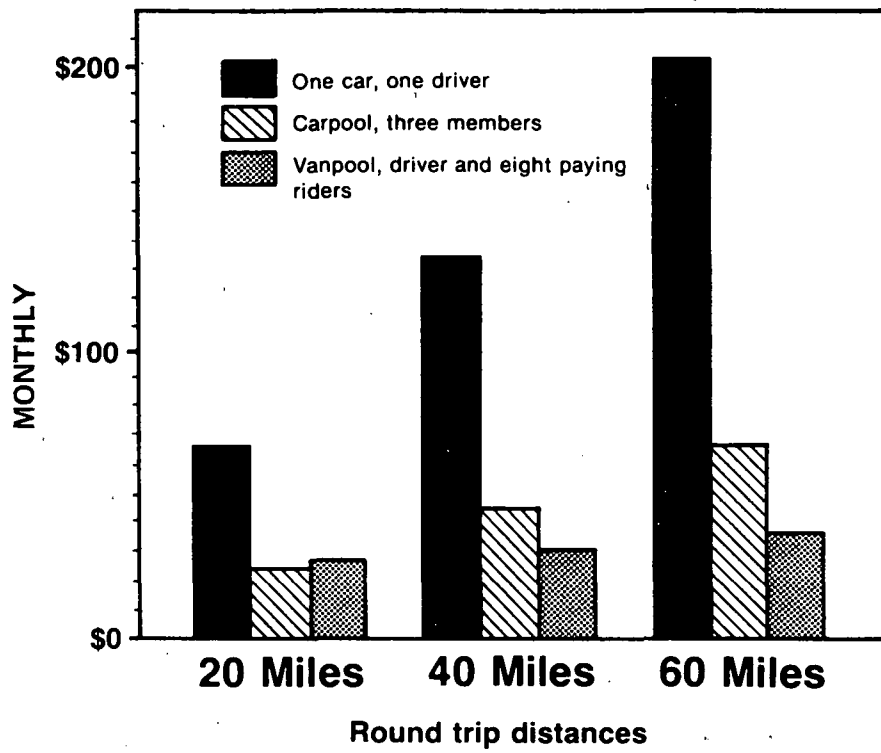


Fig. 1. -- Monthly per-rider cost relationships: solo commuting, carpools, and vanpools

Source: Adapted from University of Tennessee figures, 1977.

Vanpooling offers significant potential for energy savings when viewed on the national scale. All forms of commuter ridesharing together, including vanpooling, have a much larger potential for energy savings.

Fortunately, commuting is also one of the easiest of all activities in which energy waste can be reduced, since it is very repetitive.

2. Vanpooling Environmental Impact

The Clean Air Act as amended August 1977, requires all areas of the nation with serious air quality problems to consider vanpooling as one element of comprehensive measures needed to attain air quality standards. The Environmental Protection Agency, in cooperation with the Department of Transportation, has published transportation air quality planning guidelines, and provides planning funds to lead local agencies designated in each area to analyze and develop transportation measures that will help attain air quality standards. The standards are to be attained by 1982, or in some cases, by 1987.

The importance of vanpooling in this program is clear. The average vanpool travelling 25 miles one-way, replaces 8 private cars. A typical well-tuned, well-maintained van used in such a vanpool reduces air pollutants by about 2 tons per year.

Vanpools further reduce pollutants by their effect in reducing traffic congestion. A 10% reduction in commuter vehicles during congested peak hours reduces carbon monoxide emissions by considerably more than that amount. This reduction is a combined effect of fewer vehicle miles travelled thanks to ridesharing, and increased average speed of traffic due to fewer vehicles on the road. Assuming 10% fewer vehicles and increased average speed from 15 to 23 miles per hour, for example, carbon monoxide emissions drop 30%. (Pratsch, Lew W., "Carpools: The Underutilized Resource," Civil Engineering, January 1974.)

C. MAJOR APPROACHES TO VANPOOLING

Vanpools can be organized and managed in many ways, but most vanpool programs fall into one of three major operating modes. These are:

- Employer Sponsored
- Third Party Sponsored
- Driver Owned and Operated

Each mode serves certain markets best. Employer sponsored vanpools are suited to companies or agencies desiring to operate a program that will directly benefit their employees and themselves. Third party or driver owned and operated vanpools can serve employment sites where there are many employers reluctant to provide vanpools for the employees of other companies. Driver owned and operated vanpools can start anyplace without any formal organization or sponsorship.

1. Employer Sponsored Vanpools

In this mode the employer publicizes vanpooling among his employees and solicits their interest, designs vanpool routes by matching residence patterns of interested employees, determines vanpool costs and rider fares, recruits drivers and back-up drivers, buys the vans (or leases them), and provides continuing management support to the vanpool program. The employer recovers his capital and operating costs from vanpool rider fares. Employers usually restrict ridership to their own employees.

Vanpools offer corporate sponsors these benefits:

- Savings in parking lot construction and maintenance costs.
- Reduced traffic congestion near plant.
- Attractive, self-costing employee benefit.
- Improved access to plant; larger potential labor pool.
- Improved worker punctuality and reduced absenteeism.
- Lower employee turnover, particularly when companies relocate.
- Corporate image of action to conserve energy, and to reduce pollution and traffic congestion.

And may present these drawbacks:

- Need for capital outlay to start vanpool program.
- Difficulty of assessing liability exposure.
- Uncertainty over Worker's Compensation coverage.
- Possible union pressure to extend vanpooling benefits.

2. Third Party Vanpools

In this mode a third party owns or leases the vans, forms the initial vanpools, and either provides or contracts for continuing management support.

Third parties step in to operate vanpool programs when employers find it difficult or impossible to sponsor their own vanpools. Federal government agencies are forbidden by law to own vans to transport their employees to and from work. Many state governments impose similar bans. Some major corporations own no vehicles as a matter of policy. Many smaller employers feel they cannot take on the burden of sponsoring their own vanpool programs.

An employer may support a vanpool program for his employees through a nonprofit or for-profit third party entity. Or the third party may represent a broad range of civic and government agencies, and may serve employers and employees throughout an entire metropolitan area.

In summary, a third party program may offer these benefits:

- Can serve multi-employer locations.
- Can serve any size job concentration.
- Can offset management responsibilities to lessor and drivers.

And may have these drawbacks:

- More complex organization.
- More state and federal regulatory constraints.
- Possible higher insurance and overhead costs, and thus possibly higher fares.

3. Driver Owned and Operated Vanpools

Driver owner operators are individuals who see opportunity in the vanpooling concept and who start their own vanpools. Some of them may receive support services from their employers; most do not. In most states this mode is an easy approach to vanpooling, and driver owner operators can serve employees of more than one employer.

Great potential for expansion of vanpooling lies among employees who at present are unaware of their opportunities in vanpooling, and often are unaware of the vanpooling concept itself. These future vanpool operators are currently commuting to work in their own cars or in carpools. Reaching them with the vanpooling message is a challenge for every ridesharing coordinator.

Benefits to driver owner operators:

- Owns a \$10,000 van, paid for over 3 to 5 years by his vanpool riders.
- Rides free himself, to and from work.
- Enjoys unimpeded use of his van on his own time.
- Can modify his van at will; customize it, attach trailer hitch, take out seats for temporary hauling, etc.
- Has satisfaction of being his own boss, in full charge of his vanpool.

Drawbacks:

- Responsible for the loan and insurance on the van.
- Extra work of van maintenance; finding new and replacement riders.

D. INSTITUTIONAL ISSUES

1. Deregulation of Vanpools

Today at least 17 states have passed new legislation completely or partially exempting vanpools from regulation. An act of the California General Assembly, for example, deregulated vanpools in a clean-cut fashion:

'Passenger stage corporation' does not include the transportation of persons in a passenger vehicle having a seating capacity of 15 passengers or less from place of residence to place of employment, if the driver himself is on the way to or from the place of employment. (AB 918, approved by the Governor September 12, 1975)

California now treats vanpools like carpools; it leaves them alone. Vanpooling, deregulated, has been increasing more rapidly in California than in the nation as a whole. The same is true in other states which have deregulated vanpools, or which were free of regulation. These include New Jersey, Texas, Tennessee, and Minnesota; they are among the states where vanpooling is growing fastest.

Interstate vanpools were formerly regulated by the Interstate Commerce Commission. In the Surface Transportation Assistance Act of 1978, Congress deregulated vanpools by amending the Interstate Commerce Act to exempt vehicles carrying up to 15 passengers to and from work, from Interstate Commerce Commission regulations.

In some states only "nonprofit" vanpools have been deregulated; some other states still regulate even nonprofit vanpools.

Dampening Effect of Regulation: Recent Department of Energy research found that 42% of automobile commuters believed it was unlawful, or were not sure whether it was lawful, to collect a reasonable fare for taking other people to and from work. Only 12% of commuters interviewed said they were "very interested" in seeking additional riders. However, this response rose to 47% if the commuters would be allowed to reduce their own costs by \$100 a month, as by carrying four passengers who would share expenses at \$25 each per month.

These responses show the great potential strength of collecting reimbursement for increasing ridesharing. The uncertainty over whether collecting reimbursement is lawful relates primarily to uncertainty over the regulatory environment of carpooling and vanpooling.

Regulation of vanpools serves no evident purpose and is outside the intent of regulation. However, regulation does discourage private individuals, and companies such as Hertz and Avis, from starting new vanpools. Complete deregulation is the key to commercializing vanpooling, by unleashing the profit motive. Complete deregulation is in the public interest.

2. Investment Tax Credit

The Energy Tax Act of 1978 allows employers who operate vanpools for their employees to claim a 10% investment tax credit against the purchase price of vans they operate for three years or more. The Act thus reduced from seven to three years the period that vans must be kept in service as investment property, to qualify for the full 10% credit.

By limiting this special application of the investment tax credit to vans owned by employers, the Act neglects the potential incentive a tax credit could provide to driver owner operators and to third party vanpools.

Since all vanpools save significant amounts of energy, and the purpose of the special application of the investment tax credit is to reward and encourage the conservation of energy, the credit should be made available to all vanpool operations.

3. Income Tax Exemption for Vanpools

The Internal Revenue Service has declared that revenue from carpools operated on a nonprofit or "breakeven" basis need not be reported. By extension, it is generally assumed that that position applies also to vanpools. In the case of vanpools, however, drivers for employer sponsors are sometimes allowed to keep rider fares over a breakeven point, usually eight or nine riders, as incentive to keep the van full. These drivers must report the fares they keep as taxable income.

It has been proposed that these payments, and any other profits from vanpools, be exempted from Federal income tax. The result would be to stimulate the profit motive, already shown by surveys to be potentially the strongest force available for rapidly expanding the numbers of vanpools and carpools on the road.

Vanpools are not inherently high-profit enterprises. The revenue not taxed would be small, and should be far exceeded by the gain to the nation in energy saved.

4. Zoning Standards

Local zoning authorities set minimum requirements for off-street parking for new construction. The minimum standards are intended to keep off the street virtually all vehicles that might be parked at the new building after it is completed. The standards anticipate mostly single-occupant cars, and thereby do not encourage ridesharing.

It is now recognized that a more productive zoning approach would be to set a maximum number of spaces, on formulas that would give lower numbers than the previous minimums.

This new concept of zoning will encourage ridesharing by keeping parking spaces somewhat scarce. The concept is especially applicable to sites planning for ridesharing programs, or which are being required to do such planning.

At the least, it is proposed to allow companies exceptions to minimum zoning requirements where company ridesharing programs reduce the need for new parking spaces in connection with expansion programs.

The desired changes in zoning standards can be achieved by new state laws, or by action of individual local zoning authorities.

Chapter 2. VANPOOL MARKETING

A. MARKET RESEARCH

1. 3M Vanpool Program

In January 1977, when the 3M Company was operating 86 vanpools, management conducted an opinion survey of its vanpool riders. 3M found that 49% of its vanpool riders had formerly driven to work in single occupant cars, and 49% had ridden in some form of ridesharing. The 3M vanpool program at that time was 4 years old.

These figures suggest that the 3M vanpools must have wiped out the 3M carpools. In fact, the survey revealed no decline in carpooling at 3M, but an increase of 1,000 carpools. Many former carpools did join the vanpools, but many other employees also joined carpools or began their own carpools. Vanpooling stimulated carpooling.

Employment at the 3M Center in suburban St. Paul grew 23% but the total number of vehicles commuting to the Center decreased in the 4-year period. Not surprisingly, in the same period gross occupancy of vehicles commuting into the 3M parking lots increased 25%.

Workers with the most regular hours were the most faithful vanpool riders, and found vanpooling most convenient. Among 3M office workers who were vanpool members, 80% rode in their vanpool every working day, and 89% found vanpooling more convenient than their previous mode of commuting.

At the other extreme, among management employees in vanpools, 40% rode in their vanpools every working day, and 70% found vanpooling more convenient than their previous mode of commuting.

As a result of vanpooling, 66% reported that their car(s) left at home were used less frequently.

The average commuting time for all 3M vanpoolers was 28 minutes before vanpooling, 38 minutes after vanpooling. The majority of 3M vanpoolers found the longer commuting time acceptable in view of the benefits they enjoyed.

2. Conoco Vanpool Program

Conoco started its vanpool program in 1975. Four years later Conoco operated 120 vanpools at 19 work locations in 12 states. In a March 1979 survey, Conoco found that 75% of its vanpool riders were picked up at their doorsteps, and 25% were picked up at central "park-and-pool" locations.

Of the Conoco vanpoolers, 64% found vanpooling more convenient than their previous mode of commuting, 17% said convenience was the same, and 9% said vanpooling was less convenient.

As to costs, 76% said vanpooling was cheaper, 20% said vanpooling cost the same, and 4% said vanpooling cost more than their previous mode of commuting. But 98% said they would recommend vanpooling to their co-workers.

Among Conoco vanpoolers, 25% either sold a private car, planned to sell a private car, or felt that their vanpool made it possible for them not to buy an additional car. As to their own private car use away from work, 60% reported no change, 11% said they drove less, and 4% said they benefitted from lower insurance rates on their personal car.

Among Conoco vanpool riders, 42% had previously driven to work alone in their own cars; 45% had ridden in carpools or from 2 to 4 members.

3. Driver Owner Operator Market Research

In 1978 the first market survey of driver owned and operated vanpools obtained detailed responses from 82 drivers in 6 locations throughout the country. The drivers found it quite easy to finance, insure, and maintain their vans, and find riders.

Average commuting distance for these vanpools was 38 miles one-way, which is appreciably longer than the 25-mile average for sponsored vanpools. (It is speculated that the vanpool cost advantage is more self-evident at longer distances, and therefore more persuasive to prospective driver owner operators who may lack access to cost data compiled from organized vanpooling programs.)

The survey showed that operating a vanpool appeals to a wide income range. Ten of the drivers reported family incomes over \$40,000. One driver with a family income under \$20,000 had, nevertheless, managed to pay cash for his van.

Of the respondents, 85% acquired their van primarily for vanpooling. Most did not feel concerned over financing their vans, and at average rider fares of \$36 per month, 85% felt they were covering most of their costs.

Drivers did not feel particularly concerned about problems of getting or keeping riders. It took an average of 2.5 months to fill the vanpools, and at the time of the survey 8 vanpools were not full. But all the vanpools averaged 12.3 riders, reflecting the high proportion of 15-passenger vans owned by this group. Nearly 25% of the respondents were operating 15-passenger vans with full ridership of 14 passengers per van.

Drivers located their riders primarily by word-of-mouth; to a lesser extent through former carpool members and advertising.

The principal concerns felt by these driver owner operators related to van servicing, insurance, and priority parking at work.

In some of the longer-established vanpools, the original driver had moved and ownership of the van had changed hands, but the vanpools persisted. (Pratsch, Lew W., "Driver Owned and Operated Vanpool Market Research," American University, December 1978.)

4. Public Service Options Market Research

In 1976 Public Service Options, Inc., conducted a commuter vanpool study in the Minneapolis area, where the 3M Company and other large corporate sponsors have established high public awareness of vanpooling.

The study found that among employees whose companies did not sponsor vanpool programs, 52% were aware of the vanpooling concept, and 17% of the total base were "very interested" in vanpooling.

Of this "very interested" group, 80% gave "very important" ratings to safety as an attractive aspect of vanpooling, 69% to convenience, and 51% to cost savings. Only 4% of this group felt that use of a car during the day for personal reasons was "very important."

5. Quotes from Vanpoolers

The surveys summarized above turned up many comments which provide eloquent testimony of vanpool acceptance. Examples:

- "Vanpooling saves me approximately \$1,000 per year."
- "It's very convenient and enjoyable to ride; also helps you get to know your fellow employees better."
- (Driver) "The ability to use the van to go to meetings is a big asset to me. My only car is more available to my wife."

- "I like being able to sleep and daydream on the way to work. I don't have to fight the traffic."
- "I like the friends I have made and our annual van picnic and Christmas party."
- "I was planning to buy a second car, but because of the van program, a second car is not needed."
- "Best way of commuting, although all passengers must make effort not to delay the van."
- "Our driver is very conscientious and disgustingly punctual."
- "Vanpooling is slower. I get to work later and arrive home later, but I enjoy the company so I'm sure I can live with it."
- "There is no other way I could have transportation to and from work for \$22 a month."
- "Probably the closest I'll ever come to having a chauffeured limousine."

B. DIRECT MARKETING STEPS

1. Identify Your Markets

Jobsite and Residence Criteria: Vanpools do best where large numbers of employees--several hundred to several thousand--work at one location, for one employer, on the same shift hours. In addition, many of these employees should live in communities 10 to 15 miles, or more, from the worksite; far enough, that is, to realize the benefits from vanpooling.

Members of each vanpool may live close together enough for convenient pickup and dropoff, or may live along the vanpool route at locations convenient for them to "park-and-pool" at central pickup points. (One Vermont vanpool starts west of the Green Mountains with ten of its riders, crosses the mountains through the Appalachian Gap, and picks up its remaining four members at a point on the highway east of the mountains.)

Veteran vanpoolers feel that, given these favorable conditions of work and residence locations, the potential for vanpools can be 5% to 10% of the total workforce.

While desirable, these conditions are not necessary for successful vanpooling. Conoco, which operates over 100 vans nationwide, has 14 employees at one remote worksite in west Texas. Ten of its employees commute in a Conoco van, which is better than 70% workforce participation at that site.

A vanpool owned and operated by a state employee in Bismarck, North Dakota, travels a round-trip commuting distance of only six miles daily. This vanpool has 13 paying riders, all state employees, most of them working housewives. The vanpool succeeds at such a short commuting distance because it offers its riders dependable transportation, particularly during inclement winter weather.

These examples suggest that vanpools can succeed in many circumstances where a dedicated sponsor meets a local need. But it will be good business for you to seek your best markets first, according to the criteria of common time, origin, and distance noted above.

Finding Sponsors: As we have suggested, large employers--those with 500 or more employees--are best able to sponsor vanpool programs. They can usually finance their own vanpool programs, and can afford to wait for repayment from the monthly rider fares. They are willing to cover administrative costs of the vanpool program, usually a minor item. (Some employers recapture even these costs from rider fares.) They are also the companies most likely to benefit from reduced parking lot costs.

You need a list of the large employers in your area. Your Chamber of Commerce may have such a list available. If not, the Employment Security Commission or equivalent agency in your state may be willing to run a list for you of private employers of 500 or more workers. Don't expect more than the bare list; these agencies cannot reveal employment totals for individual employers.

Smaller Employers: Employers with fewer than 500 employees are a less promising market for vanpooling. Yet some smaller employers sponsor vanpool programs with great success. A smaller business may relocate, often from downtown to a suburb, and relocation may make commuting difficult for some key employees. Vanpools have helped keep such employees with the company, and have also reduced the cost of parking space at the new site.

White's City, Inc., the concessionaire at Carlsbad Caverns, New Mexico, has more than 100 employees in the peak summer season, but much less than 100 the rest of the year. The business consists of motel, restaurant, and service station operations, and many of the workers do not own cars. White's City, Inc. operates five vans on the 21-mile commute from Carlsbad. This vanpool program gives the sponsor a larger labor pool from which to select employees, plus the benefits of punctual arrival times.

Government Agencies: Government agencies, many of them forbidden by law to own vehicles for employee commuting, are promoting vanpooling among their employees by focusing on driver owned and operated vanpools and other arrangements.

These agencies often encourage carpooling through information programs and by providing preferential parking. But since vanpools need sponsors, thinking in government agencies often seems to run: "The agency can't own vans; therefore we can't sponsor vanpools."

That view is refuted by agencies that do sponsor successful vanpool programs without owning the vans. Examples include the Tennessee Valley Authority; Offutt Air Force Base near Omaha; and the Social Security Administration headquarters in Baltimore. Those government agencies develop financing for their vanpool programs through credit unions or other third parties.

Other Markets: Your market prospects may also include businessmen's associations in downtowns or other commercial centers; labor unions; and prospective individual vanpool driver owner operators. You may also find vanpooling opportunities in rural areas which have attracted industry.

You will want to promote vanpooling by stimulating "indirect" markets, also--those which are not candidates to sponsor vanpools, but still stand to profit from vanpooling. These indirect markets include new

car dealers, vehicle leasing agencies, insurance agents, and lending agencies such as banks and credit unions which will finance new van purchases. They can help with publicity, and with services such as providing loaner vans in emergencies, and discounts on repairs and maintenance in return for vanpool volume business.

2. Acquire Your Own Operating Expertise

You may have in your own agency or office complex, conditions sufficient to start your own vanpool. State and federal employees have done just that in a number of instances. When a vanpool program manager in a State Energy Office operates his own vanpool, his views gain authenticity and respect that is obtainable in no other way.

3. Prepare Promotional Materials

Your objective is to motivate key people to start vanpool programs. Most key people are top management figures, but our definition also includes any individual who might be motivated to start his own vanpool as a driver owner operator. So you are dealing with select groups from management, and with the general public. Fortunately, your approach will be much the same for any audience.

Your lever for motivating people is information about vanpooling. You must gather the information you need, understand it, and then disseminate it to your key people.

You have two basic sources of information (three, if you operate your own vanpool). The first consists of the many publications now available on vanpooling. The second consists of vanpool operators you can meet and talk to, either those active in your area or many others throughout the nation who will be glad to help you.

Interview vanpool operators. Find out how they run their vanpools, the problems they encountered in starting up, what advice they would give to newcomers to vanpooling.

Review the markets for vanpooling in your state. Which are the most promising large corporations? Who are their key management people? Who is the Federal coordinator for ridesharing programs? Your downtowns and other commercial centers undoubtedly need vanpool programs. How can you best market to them? What rural industries have similar needs?

Your promotional materials can include brochures, posters, media public service announcements, a slideshow, paycheck stuffers. These materials should:

- Describe vanpooling and its benefits.
- Illustrate problems in vanpool program planning, and their solutions, as actually encountered in your state or in comparable situations.
- Offer a referral service for further information.

One good, quick way to get such materials is to borrow heavily from existing publications. You can localize a good brochure by putting a new cover on it, with your State Energy Office address and phone number.

If you must prepare some materials from scratch, get the help to do the job right; which means a public information person with writing and layout skills. Your budget for promotion must include these services, if needed, and printing and mailing costs.

You can disseminate information directly, in talking with people, or indirectly by distributing your publications. Whenever you talk with people about vanpooling, give each of them some of your printed materials.

4. Arrange Direct Technical Assistance

At some point, as we have noted, you must refer your prospects to experienced vanpool operators for more detailed and direct technical assistance than you can provide. As you become more widely acquainted with vanpool operators in your state and elsewhere, you can make more effective referrals, matching where possible like-kind businesses, such as referring bankers who are prospective vanpoolers to bankers who already operate vanpools.

For referrals beyond your own acquaintances, the National Association of Vanpool Operators (NAVPO) is the source for nationwide contacts among employer sponsored and third party vanpools.

You will also need contacts with driver owner operators. You must learn about these through word of mouth, and seek them out in person.

The U.S. Department of Energy publishes Vanpooling, An Update, listing and briefly describing many vanpooling programs. Rosters of vanpooling programs and their key people are also available nationally and in some states. The present manual includes such a list (see Factsheet # 15 for Employer Sponsored Vanpools).

Referrals to vanpool programs within your state are particularly useful, not merely because they are close at hand, but because these programs have practical experience with vanpool regulation, insurance, and licensing and registration problems in your state.

In Texas the State Energy Office maintains a vanpool census, updated quarterly, which attempts to list all known vanpools in that state. A census for your state could keep you in touch with referral sources and, when handed out to your prospects, could virtually make some of your referrals for you.

5. Offer Workshops

Workshops are half-day meetings for small groups of invited prospective vanpool operators to hear speakers who are experienced vanpool operators. You should plan the program to allow plenty of time for questions and answers and informal discussion.

Roy Noble, who promotes vanpooling for the New Jersey State Energy Office, has relied heavily on workshops as a selling tool since early 1976. He distinguishes between initial and follow-up workshops. He invites more people, from a wider range of industry, to the initial workshops, which are intended to convey general information about vanpooling. For follow-up workshops he keeps audiences small and gives attention to matching like-kind businesses. Follow-up workshops are much like direct technical assistance referrals. Noble warns, "You need a skilled employer relations person to arrange these meetings."

He also stresses the importance of good speakers for workshops. "We have some companies with first-rate vanpool programs, who don't happen to have a good speaker on vanpools, so we don't ask them. Good speakers are in short supply; they are volunteering their time and sometimes they have to cancel. When I line up a speaker, I warn that it may be necessary to fill in on short notice for some other speaker on the same program, who may have to cancel out."

The New Jersey people advise that the State Energy Office keep a low profile in workshop promotions and in the program itself. They say, "We government employees can't run the workshops. It's our job to organize them, open the session, and then get out of the way and let the true vanpooling experts talk to their peers in industry."

The New Jersey office values media attention but, there too, prefers the low profile: "We invite the media and prepare media releases on each invited speaker. We may get a news story in the paper next morning. If the first three paragraphs are about the speakers and the audience, and our office gets mentioned in the fourth paragraph, that's our idea of really good media coverage."

They also write letters of thanks to the president of each company that provides a workshop speaker, with a copy to the speaker.

The New Jersey people advise employer relations specialists working for state agencies to "dress for success," pointing out that beards and scruffy clothing do not inspire confidence on the part of industry people.

New Jersey's small series of workshops, staged several months apart, have helped that state become a leader in vanpooling. As of mid-1979 New Jersey had 46 companies sponsoring 620 vanpools. The State Energy Office time spent on vanpool marketing totalled less than one person-year per year. As in many other activities, total time spent is less important than quality of effort.

In one instance the New Jersey people spent nearly three full weeks helping one company cost out its proposed vanpool program. At the other extreme, they heard of another company that was already vanpooling. An official of that company said, "Oh, yes, we got your brochure, and saw how to do it, so we went ahead and started our own program."

Illinois: Carol Stickney of the Illinois Department of Natural Resources (the State Energy Office) says of ridesharing promotion: "We send out invitations to workshops about a month in advance. The invitation is a signed letter from the Governor, which usually gets attention. We include the agenda. After a few days we get on the phone to follow up the invitation and to identify the attendance list as well as we can in advance."

6. Use Direct Management Contacts

The need for a skilled employer relations person applies equally in promoting vanpools through direct personal contact with management. Direct contact can be the primary promotion method, or can be part of a program that includes workshops.

Dave Fairbrother, one of two ridesharing coordinators in the Vermont State Energy Office, says, "We are persistent. When we find a possibly interested employer, we keep in touch with him. In particular, we do not send out a brochure and then wait a month for replies. We're likely to be on their doorstep the day after they receive the brochure. And maybe again the day after that, if we've found some new information they should have."

The City of Kansas City, Missouri, is the regional transit authority for its metropolitan area. Al Pasini, ridesharing coordinator for the city, says, "If the State Energy Offices want to develop ridesharing projects in the larger cities, they will have to find and pay for

people who can sell it. That means people who can walk into large corporations, make themselves welcome, and establish good rapport with the key people. They must be competent salespeople, but the job calls for more than that. You have to talk corporate language, be able to amass useful data and present it to show the key people how they are going to save money on their parking lot costs and through other benefits of the program. You don't talk energy conservation; you talk about their costs and the benefits they will receive from vanpooling."

Pasini says, "Kansas City has only 70 big corporations downtown; 30 of those have over 1,000 employees; the other 40 have between 500 and 1,000. All the rest of downtown consists of smaller employers.

"When we hold workshops, or when we make direct employer contacts, we try to reach the corporate executives interested in energy. Some companies have energy officers; others may figure the personnel director is the most interested, since vanpooling is employee-oriented.

"Usually at those levels some key person higher up needs to say 'go.' In some smaller companies we find we're talking with the president right at the start. But mostly we try all the techniques, and we keep re-doing them, to reach different levels of corporate management.

"We keep writing quick brochures, producing materials, mailing them out, and passing them around to the companies. As we get acquainted, if they get interested we will find the persons we need most to talk with."

7. Take Advantage of Media Opportunities

You need all the publicity you can get to help you promote vanpooling. Working directly with the media--radio, TV, newspapers--provides your basic publicity exposure. Vanpooling is news when new vanpool programs start up, and when established programs report on their previous year's activities, since these figures usually show good gains.

Vanpooling itself is an interesting activity; one that readers can easily identify with. The money savings enjoyed by vanpoolers makes news stories even more interesting. We all like to read about money, especially if we can visualize it as money in our own pockets.

When you have a story, such as a new vanpool program putting its first van on a regular commuting route, tell the business editors of your local newspapers about it. (If you haven't met them, drop by in person and get acquainted at that point.) If they run the story they will probably want to send their photographer to get pictures. You can help them line up interviews and photos.

You will also need your own vanpool photos, to hand out to media outlets such as weekly newspapers, which often depend on outside sources such as yourself for their pictures.

Your local radio and TV news programs will be interested in good vanpool stories. Call them when you have news, but if it's your first contact, drop by and meet their news people in person.

Radio talk shows will also be interested. Who should talk? You should. You are the local official expert on vanpooling. Invite yourself on the talk shows; if you can take along a good speaker who is also a vanpool operator, do so, and let the speaker take the lime-light.

When you have a visiting speaker from out of town for a vanpool workshop, get him on a talk show. His appearance will greatly enhance the publicity effect of the workshop.

Marvin Thompson of Mason & Hanger - Silas Mason Co., Inc's Pantex plant near Amarillo, stresses distribution of literature. He says, "Go to new car dealers and get them to put up vanpooling posters in their lobbies, and ask them to let you leave your vanpooling literature there. The same way with banks and finance companies. Every new vanpool means business for them. But since vanpooling is still so new, they won't do it of their own accord. It just won't occur to them and, if it did, they don't have the posters and the literature. You have both, and you can talk to them and persuade them." (Thompson was the original driver owner operator at Pantex and, working with Pantex management, virtually invented corporate sponsorship of driver owned and operated vanpools.)

8. Make a System for Handling Inquiries

Publicity will create questions coming in from all quarters. If your state has an Energy Extension Service, you will want the Service to field your incoming questions from the public.

Provide the Extension Service with plenty of your literature, and arrange to have important questions forwarded to you promptly.

If you do not have an Energy Extension Service, use your Energy Hotline number and have an extension phone for that number on your desk.

Put the phone number for incoming questions on your brochures, posters, and other materials. When you develop news stories with the media, ask the editors to run your phone number. You need lots of publicity for vanpooling, but you need only one item of publicity for yourself: that phone number where people can call to find out more about vanpooling.

C. GOVERNMENT AGENCIES

At times in your vanpool marketing work you will deal with other government agencies, and you will often have opportunities to refer prospective vanpoolers to those agencies.

1. Regional Transit Authorities

If your state has one or more regional transit authorities, ride-sharing promotion for that area may be a function of the transit authority. Some transit authorities sponsor or otherwise directly aid vanpool programs. Denver Regional Transit, for example, helped finance vans to serve employees of Rockwell International Corp. who were commuting to Rocky Flats, a site well beyond the transit authority's service area.

Kansas City Area Transit Authority: In Missouri, St. Louis and Kansas City each have regional transit authorities. The State Energy Office handles ridesharing questions for the remainder of the state.

Al Pasini, ridesharing coordinator for Kansas City, says, "The promotional approach for vanpooling that works for the rest of the state can't be applied here. The State Department of Natural Resources (the State Energy Office) has put us on our own to work out local strategies. Here in Kansas City we know the local people and know best how the local business community will react. The state vanpool coordinator refers calls from this area back to me, and I appreciate that."

Golden Gate Transit District: This agency owns 35 vans which it uses in a demonstration "seating" project to promote vanpooling. The district finds drivers and riders who are commuting by other modes, such as carpools, and puts them in a van for 6 to 12 months. The aim of the project is to convince the vanpool members through direct experience of the merits of vanpooling, so they will be motivated to obtain their own van and continue their vanpool. At the end of each trial period the vans are recycled to new groups of commuters who are potential vanpoolers. With this recycling objective, the district does not need or intend to increase its number of vans. Nearly all these demonstration vans serve multi-employer groups of riders.

2. Departments of Transportation

The Federal Highway Administration makes available to the states 75% matching grants from Federal highway funds, for vanpooling demonstration programs. If your state has adopted such a program it will be administered by your state Department of Transportation.

States which adopt these programs may designate a revolving fund for interest-free loans to buy vans for approved vanpool demonstration programs. An amount of \$100,000 in such a fund, for example, will finance about 10 vans on direct purchase.

Some states use their funds to guarantee loans, instead of actually lending the money, and guarantees will provide several times more vans than direct purchase.

Repayment from vanpool operators renews the loan funds automatically.

Practice in the states differs greatly. The Constitution of Texas, for example, forbids the state government to lend money to individuals, including corporations. In North Dakota, however, the State Highway Department lends readily to individuals and corporations from its vanpool demonstration fund. As of mid-1979 these loans had started 25 vanpools in North Dakota, of which 17 were driver owned and operated. Some states, such as New Mexico, require borrowers to form nonprofit corporations in order to qualify for the interest-free loans.

The purpose of these loan programs is to stimulate vanpooling by example. Veteran vanpoolers say, "Your best publicity is a van in the company parking lot."

The loan funds are limited, and loans are for one-time only. When the loan is repaid and it is time to trade the van, the new loan will have to come from a commercial lender.

3. Ridematching Services

Ridematching for vanpool programs consists of mapping job and residence locations of interested commuters, to identify prospects for specific vanpools. The same ridematching service can also meet needs of carpool and buspool programs.

Employers sponsoring vanpools usually do their own ridematching, since their program is intended only for their own employees. Some develop computer programs, especially if thousands of employees are involved and the matching is for carpools. Others match vanpools by zip codes, and many help the vanpools start up by advertising the routes in the company newspaper.

Where more than one employer is involved, ridematching will usually be done by a state or local government agency charged with ride-sharing promotion. These agencies may offer computerized ride-matching services free to anyone interested, to stimulate interest in ridesharing.

Third party vanpool programs, some smaller employers, and driver owner operators may want to use these services. As a vanpooling promoter you will need to inform yourself on the availability and effectiveness of ridematching services in your state.

An effective service should provide comprehensive area coverage and quick response time. Low priority for computer time usually means delayed response to requests, and is a danger signal for a ride-matching service.

D. FUEL ALLOCATIONS

The material for this manual was gathered in the spring and summer of 1979 by interviews with key people in selected public and private agencies and companies. The 1979 national gasoline crunch dominated the news at that time. Many of the people interviewed felt that the single most important step that State Energy Offices could take to promote vanpooling would be to use their authority to assure vanpools adequate fuel for commuting.

The case is beyond reproach, in view of the large gasoline-saving potential of vanpools. Allocations offer a potent and legitimate force to sustain and advance ridesharing, and should be used for that purpose.

In an initial case in June 1979, the Department of Energy allocated additional gasoline to Prudential Insurance Company, sufficient to operate the company's vanpools in California. (Case DEE-6080, Office of Hearings and Appeals, U.S. Department of Energy.)

If vanpool sponsors have their own gasoline storage tanks, or are willing to install tanks they can file an application for exception with the Office of Hearings and Appeals. Call or write Mr. David Ober, Allocations Task Force, Office of Hearings and Appeals, Department of Energy, Washington, D.C. 20461, telephone (202) 254-3008.

Vanpool programs without tanks, and driver owned and operated vanpools, must buy their gasoline at retail outlets. Since the drivers, who are commuters, are responsible for obtaining gasoline for 10 to 15 commuters, any delays or restrictions such as: long lines, even/odd day restrictions, maximum purchase limits of \$5 to \$10 when vans need \$30 per fillup, and the fact that vans are at "work" five days per week when many stations are open, place an unreasonable burden on the drivers. Under normal conditions some vanpools travelling 50 to 80 miles one-way had to get gasoline every other day. Some drivers have threatened to quit.

In June 1979 the White House Rural Development Initiatives stated that the Department of Energy's Economic Regulatory Commission will initiate a program whereby vanpools registered with State Energy Offices or their designees may receive 100% of required gasoline from designated service stations during periods of gasoline shortage.

E. PRIORITY HIGHWAY LANES AND RAMPS FOR HIGH-OCCUPANCY VEHICLES (HOV)

Since the early 1970s a number of HOV freeway lanes and ramps have appreciably reduced the use of single-occupant cars. Time savings per commuting HOV range from a few minutes to over a half-hour per day.

Two reversible carpool and bus lanes on the Shirley Highway, I-395, in northern Virginia, carry 39,000 commuters per peak period, compared with 25,000 commuters on the adjacent 3 to 4 lanes. Since the lanes were completed, 4-person carpools have grown from 1,000 to 3,700 per peak period, and buses from 300 to 500.

More than 100 driver owned and operated vanpools also use these lanes. This concentration of vanpools on a single corridor is probably the largest in the nation. Most of these vanpools started spontaneously, without financial aid or technical assistance.

The I-395 reversible lanes required years of reconstruction. Other traffic control methods cost much less and can be put into operation quickly. California now has over 40 directional miles of freeway lanes designated for HOV, and nearly 100 freeway priority ramps where HOV move immediately onto the freeway, while single-occupant vehicles are metered on by traffic lights.

Checks at different sites on the California priority freeway lanes show the annual growth of carpools to exceed 20%, while normal traffic growth is 2% to 3%.

Factsheets: Employer Sponsored Vanpools

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2. Vehicle Specifications
3. Financing
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Employer Sponsored Vanpools

Vanpool Benefits for Employers

SAVINGS IN CAPITAL IMPROVEMENTS

The 3M Company and the Tennessee Valley Authority, to pick only two examples, have each saved millions in reduced parking facility expenditures, through vanpool programs.

Each van saves 7 or more parking spaces at your plant. If your workforce is growing, you know that each new parking space can cost your company \$1,000 or more to construct, plus annual upkeep. Parking structures, above or below ground, cost \$7,000 or more per space. Figure out what 10 vans would save your company in capital improvement expenditures.

WORKFORCE EFFICIENCY

Vanpools give you a more efficient workforce. They improve punctuality and reduce absenteeism. In the heavy snowstorms of early 1979 Hallmark's attendance was down 50% on some days, but all the company's vanpools got through. Management credits the strength of vanpool group spirit.

RELOCATIONS

If you relocate your plant, vanpools can help retain your employees. Said one employee: "I thought I'd have to change jobs when the company moved to the suburbs, but then I found I could ride to work in a company van."

CORPORATE IMAGE

A vanpool program enhances your corporate image. Some companies are proud to display their corporate logos on their vans. Vanpooling makes news that puts sponsoring companies in a highly favorable light. Many vanpool sponsors have enjoyed the benefits of local newspaper and TV coverage, and some of these stories have run nationally. One company feels that media coverage of its vanpool program has been invaluable; "much better than paid advertising."

EMPLOYEE BENEFITS

Vanpools offer your employees after-tax savings up to hundreds of dollars per year in commuting costs. Those who become drivers and have personal use of the van after hours, can save well over \$1,000 per year.

In a company survey, 13 Conoco employees said vanpooling had saved them from having to buy second cars. A 3M employee said, "I didn't sell my second car, but I cut the mileage." Another 3M employee: "I drove 35,000 miles per year before joining the vanpool. Now I put 12,000 miles per year on my car, so I have delayed replacing my car by two to three years."

Most riders find vanpooling more convenient than driving their own cars. A Conoco employee: "An excellent program, probably the closest I'll ever come to having a chauffeured limousine." And from another company: "I like being able to sleep and daydream on the way to work. I don't have to fight the traffic."

A SELF-COSTING PROGRAM

Vanpools are self-costing. Your vanpool riders pay the fixed and operating costs. Once a vanpool is operating, administrative costs should be low. The 3M Company operates more than 100 vans, and administrative overhead runs \$50 per van monthly. Some companies absorb these administrative costs; others include overhead in rider fares and run totally unsubsidized programs.

TAX BENEFITS

The Energy Tax Act of 1978 allows you, as an employer, a 10% investment tax credit on the purchase price of new vans that you buy for employee vanpools, and that you operate for three years or more. You also depreciate your vans over their useful life, usually three years. Your per-month cost to pay off the vans may be much lower than you expect.

Employer Sponsored Vanpools

Vehicle Specifications

Some designated person or group, most likely the vanpool coordinator for your company, will specify the vans to be purchased and their optional equipment. Van manufacturers--GM, Ford, and Chrysler--will provide specifications on the options they offer. Brochures and reports from existing vanpool programs offer suggestions on optional equipment.

The most useful suggestions on equipment will come from experienced vanpool operators whose operating conditions closely resemble the program you are planning. If your vans must climb mountain roads or keep going in sub-zero temperatures, you need advice from operators familiar with such conditions.

CHASSIS

The one-ton chassis is required for vanpooling. It is the only chassis that can carry 12 to 15 seats.

BODY

Your choices are: 12-passenger or 15-passenger capacity.

A few third party vanpools offer "luxury executive" vans, with 10 airplane-type bucket seats in a 15-passenger body. Their riders are willing to pay the difference for the added comfort.

When you are starting a vanpool program you won't have the benefit of experienced rider feedback from your own vanpool members. Your designated person or group must decide body size and seat-

ing capacity. Most established vanpools specify 15-passenger vans, because the extra seating capacity provides a cost cushion. But added passengers can also increase pickup time; a decided deterrent. If your vanpools load and off-load passengers at one or a few central pickup points you shouldn't have a time factor problem with a 15-passenger van.

PERFORMANCE OPTIONS

- Engine size: Despite trends to smaller engines, most vanpool operators want V-8s, 350 cu. in. TVA, however, uses 318 cu. in., and a 15-passenger van commuting through hills or mountains may require a 400 cu. in. engine.
- Transmission: Automatics are the overwhelming choice. Manuals get somewhat better gas mileage, but often are not acceptable to potential drivers and back-up drivers.

Other Performance Options, recommended:

- Heavy duty suspension.
- Power brakes.
- Power steering.
- Heavy duty tires. Radials; or 8.00 or 8.75 x 16.5; 8-ply rating.
- Economy rear axle: 3.21 to 3.54 or similar ratio.

(over)

RECOMMENDED SAFETY OPTIONS

- Outside low mount mirrors, both sides.
- Single rear door with undivided window for best visibility.
- Rear door inside latch handle (optional now on some vans).
- CB radio.
- Instrument gauges.
- Fire extinguisher.
- Fresnel lens on rear window to reduce rear-end blind spot.

COMFORT OPTIONS

- Front and rear air conditioning and heating.
- Tinted glass all around.
- Custom interior package (carpets, insulation, etc.).
- AM/FM radio, front and rear speakers, separate volume controls.
- Side double doors with conventional latches for easy opening and closing.

CORPORATE IDENTITY

Some employers want their vans in "company colors," often with the company logo on sides and back.

Vans can also carry conspicuous lettering such as "Employee Vanpool," if desired.

Other companies prefer to mix up colors of their vans for the sake of variety.

Employer Sponsored Vanpools

Financing

FRONT-END COSTS

With new van sticker prices now over \$12,000, potential sponsors will look carefully at front-end costs for a new vanpool program. Most companies buy the vans they need and recover the costs from their riders. Some companies prefer to lease their vans.

If you finance or lease your vans, rather than buying outright, carrying charges will be higher, and the program will be that much more costly to your employees.

TRADE-IN SCHEDULE

Your financial plans must anticipate the need to replace vans. Virtually all vanpool operators buy or lease new vans. Leases provide fixed periods, which become the van turnover period. Operators who own their vans tend to trade also on fixed schedules, ranging from one to four years.

A van traded yearly is always under warranty.

Commonest practice appears to be to trade at three years or 100,000 miles. The three-year period qualifies the operator for all allowable depreciation write-off, and for the full investment tax credit.

REPLACEMENT COST PROJECTIONS

Total vehicle costs equal initial purchase price plus carrying charges, plus operating expense for the life of the van, less trade-in value. In recent

years--but before the 1979 gasoline crunch--van resale values held high.

Most of these costs are known, but you will have to estimate trade-in value.

Manufacturers and dealers also expect annual continuing price rises for new vans, due to inflation. (Some of the price rise in recent years; however, has been due to design improvements.)

OWN OR LEASE?

Leasing is one way to start vanpooling with no front-end costs. It is also the most costly way in terms of vehicle financing.

If you must avoid front-end costs, or if your company has a policy against owning vehicles, you can lease your vans.

Leases can be structured in many ways, with or without maintenance, and for different periods of time. Open-end leases place some of the trade-in market risk on the lessee, and are cheaper for that reason than closed-end leases.

Lease-purchase plans build residual values which can cushion the next lease or a planned switch from leasing to van ownership. You will pay extra for the savings feature incorporated in lease-purchase.

FLEET PURCHASING AND MAINTENANCE

Companies operating vehicle fleets will usually buy and maintain vans for the vanpool program as part of their fleet

operation. Savings will be considerable, and maintenance efficiency should be greater.

INTEREST-FREE LOANS

Some state departments of transportation operate modest revolving loan funds, using 75% Federal highway money, to promote vanpooling demonstration projects by providing interest-free loans to buy vans. The loans are available only to first-time van purchases for new vanpool programs.

Your State Energy Office or State Department of Transportation can tell you if such loans are available in your state and, if so, how you may qualify.

ABORT INSURANCE

In some states, Federal highway aid funds are also available for vanpool abort insurance, as another incentive to develop vanpool programs. This insurance pays 90% of out-of-pocket loss on vehicles purchased for a vanpool program, if the program fails in its first year of operation.

Abort insurance may help you find more favorable terms for van financing. Your state Energy Office can tell you if this coverage is available in your state.

Employer Sponsored Vanpools

Insurance

WHAT IS TO BE INSURED?

Vanpool insurance should cover the van itself, and should cover the driver and the sponsor (your company) against liability. As noted in Factsheet #5, in most states worker's compensation will probably cover employees while commuting in company-owned vans. Where employees are not covered, regular liability insurance will provide the needed coverage, and will also cover liability to third parties.

The coverage usually adopted for vanpools is the same as for any company-owned utility vehicle, and will include medical payments coverage. In addition, each rider should be covered under his or her own health and accident insurance.

EXAMPLE COVERAGE

Vanpool operators generally agree that coverage in the following categories is essential. Many also have corporate umbrella policies. Opinions differ on amounts of coverage. This list gives widely accepted minimums:

- Bodily injury: \$250,000/500,000
- Property damage: \$25,000
- Medical payment: \$5,000
- Uninsured motorist: \$250,000/500,000
- Comprehensive: \$100 to \$250 deductible.
- Collision: As for Comprehensive

RATES AND SELF-INSURANCE

Most major companies have little difficulty in obtaining insurance at reasonable cost. Some self-insure on collision coverage.

VANPOOL SAFETY

Organized vanpooling has far below average accident rates, and has had no passenger deaths during commuting travel. Clearly feeling reassured about vanpool safety, major insurance companies such as Prudential and Aetna operate vanpool programs for their employees.

Vanpools travel over completely familiar routes, often in congested stop-and-go traffic which, while exasperating, is relatively safe. Vanpool drivers sit higher and enjoy better visibility in all directions than do drivers of regular passenger cars, yet standard vans are no longer and no wider than full-size station wagons.

DRIVER SAFETY

Some state governments, and many vanpool sponsors, impose special qualifications on vanpool drivers and back-up drivers. These may include requiring chauffeurs' licenses and taking defensive driving courses.

Michigan, for example, conducts a defensive driving course designed for vanpool drivers. The course stresses safety procedures during passenger loading and off-loading.

(over)

Some companies conduct their own defensive driving courses for all fleet vehicle drivers. Other companies screen prospective vanpool drivers on the basis of their driving records.

Vanpool riders are highly conscious of their own safety. They won't stay with an incompetent or unsafe driver. This peer pressure is a potent force for vanpool safety.

Employer Sponsored Vanpools

Worker's Compensation

QUESTIONS OF COVERAGE

Most employers interested in sponsoring vanpool programs want to know if their employees will be covered by worker's compensation while commuting in a company-owned van.

In nearly all the states this question of coverage has not been tested in the courts, and fully definitive answers cannot be given.

It appears, however, that in nearly all the states employees commuting in employer-owned vans will probably be covered under worker's compensation. One exception is Kentucky, where state law specifically excludes ridesharing from worker's compensation coverage.

Possible "gray areas" include situations where the employer encourages other types of vanpooling such as driver owned and operated vanpools, or where the vans are leased from a third party operator.

Where worker's compensation applies, it will usually offer the lowest-cost liability protection available, and has the added advantage of setting upper limits to most claims.

Worker's compensation cannot, of course, protect against liability to third parties. Regular insurance coverage, as for any company-owned vehicle, will be needed for that protection.

The implications of workers compensation coverage should be researched by

each employer contemplating a vanpool program. Sometimes newcomers can learn the essentials of their situation by talking with employers who have done pioneering research on worker's compensation in relation to vanpooling in their state.

Ask your State Energy Office for help in locating such employers.

Employer Sponsored Vanpools

Maintenance

MANUFACTURERS' RECOMMENDATIONS

After you take delivery of new vans, you must perform the manufacturer's recommended routine maintenance in order to keep your warranty in effect. The recommendations are a guideline to good practice, regardless of warranty.

FLEET MAINTENANCE

If you operate a vehicle fleet, you either maintain the vehicles in your own shop or have them maintained by a dealer or a garage.

You can extend these maintenance services to your commuter vans, and charge the costs to your vanpool program, to be repaid from rider fares. The result should be a cost advantage to the vanpool program over maintenance provided through regular commercial sources.

MAINTENANCE HOURS

Vanpool programs need routine maintenance to be performed, as much as possible, between 9 a.m. and 4 p.m. on workdays, at a shop on or near the company's worksite.

NO FLEET MAINTENANCE

If your company does not operate a vehicle fleet, your vanpool program coordinator must arrange for routine maintenance of the vans. One way is to make the drivers responsible for

maintenance. They can have the work done on weekends, or during workhours if the service can be provided near their job location. You may have to give the drivers limited time off from work for vehicle pickup and delivery.

MAINTENANCE RECORDS

Your vanpool program coordinator should collect and keep basic routine maintenance records on each van.

In addition to filing invoices, maintenance items can be checked off on a log-book, with entries for date, item, cost, and odometer reading.

Maintenance records are useful, along with repair records, in estimating future vanpool operating costs, and in comparing costs of different makes of vans.

See also, Factsheet #8, "Recordkeeping."

Employer Sponsored Vanpools

Vanpool Costs and Rider Fares

BASIS FOR RIDER FARES

Your vanpool monthly rider fares should cover estimated fixed and operating costs. You will charge each rider an equal share of fixed costs, plus his share of operating costs, which vary with commuting distance.

FIXED COSTS INCLUDE:

- Cost of buying or leasing vans
- Taxes, licenses, and fees
- Insurance

OPERATING COSTS INCLUDE:

- Gasoline
- Routine maintenance
- Contingency for repairs
- Replacement tires and batteries

COST AVERAGING

An employer operating a vanpool fleet will average out the per-mile operating costs of all the vans, including long and short hauls, high and low gas mileage vehicles, and seasonal differences in gas mileage.

COST ESTIMATES

Fixed costs are easiest to estimate; the greatest variable will be esti-

mated trade-in value (salvage); which requires prediction of a future market.

Reduce your operating costs to a per-mile basis. For existing vanpools, you can project operating costs from your most recent records. For new vanpools your estimates must be based on the best available comparable experience.

EXAMPLE

The example on the next page is taken from the U.S. Department of Energy's Vanpool Implementation Handbook (April 1979). Using the method shown, you can compute sample rider fares for any roundtrip mileage.

The example calculation does not include effects of depreciation and tax credit, which can be used to offset interest charges and administrative expense.

Vanpool Cost and Fare Calculation (1979)

| | Sample | Your Van |
|---|--|---|
| A Calculate the monthly fixed cost of a purchased vehicle | | |
| 1 | Cost of the Van. Less salvage value (after 4 years) Equals depreciable value | \$10,000 <u>3,300</u> \$ 6,700 or \$140/month |
| 2 | Add other annual expenses License, registration, taxes Insurance Equals other fixed expenses | \$ 120 + 460 \$ 580 or + \$ 48/month |
| 3 | Monthly fixed cost (items 1 plus 2 above) | \$188/month |
| 4 | Add optional maintenance contract | + \$ 45/month |
| | Total monthly fixed cost | \$233/month |
| B Or calculate the monthly fixed cost of a leased vehicle | | |
| 1 | Start with your monthly leasing cost | \$240/month |
| 2 | Add maintenance contract (if not in lease) | + \$ 45/month |
| 3 | Add insurance (if not in lease) | + \$ 40/month |
| | Total monthly fixed cost | \$325/month |
| C Calculate per mile operating costs for purchased and leased vehicles | | |
| 1 | Start with the cost of gasoline (80¢/gal + 10 mi/gal) If you included a maintenance contract on A or B, gas is your only per mile cost. Otherwise: | \$0.080/mile |
| 2 | Add the cost of oil change, filter and lubrication | \$0.005/mile |
| 3 | Add other maintenance cost | \$0.025/mile |
| 4 | Tire costs over the life of the van | \$0.010/mile |
| | Total operating cost/mile | \$0.12 /mile |
| D Calculate passenger fares | | |
| 1 | Start with each van's daily round trip distance | 50 miles |
| 2 | Multiply this by your average number of workdays in a month | × 21 = 1,050 miles |
| 3 | Multiply this by your per mile operating cost from C | × \$0.12 = \$126/month |
| 4 | Add the van's monthly fixed cost from A or B | + \$188 = \$314/month |
| 5 | Divide this cost by your breakeven number of passengers | ÷ 9 = \$35/month |

Employer Sponsored Vanpools

Recordkeeping

KEEP IT SIMPLE

There is no prescribed format or set of forms for vanpool accounting and recordkeeping. Your own corporate practice should provide the format.

As to content, veteran vanpoolers advise, "Keep it as simple as possible." You will, at least, keep basic cost and van-use records for tax purposes, and to update your rider fares.

RIDER REPORT

Vanpool programs collect fares from their riders in advance, monthly or weekly, or by company pay periods.

Most programs treat the rider fare as a seat-charge, to be paid whether the seat is occupied or empty. These programs usually allow exemptions for planned vacations and some other types of absence when notice is given in advance. The simplest way to handle vacations and other predictable time off is to calculate monthly fares with those periods in mind.

In principle, the paid-up rider should then be free to sublease his seat to a temporary rider. For liability and tax reasons, however, replacement riders may have to be limited to employees of the vanpool sponsor.

Some vanpools charge no-shows a nominal seat fee of perhaps 50¢ for days of absence.

Vanpool drivers keep the rider reports and hand them to the vanpool coordinator

at agreed-upon intervals, no longer than monthly. A typical rider report lists vanpool members by name, down; and workdays across, by date, and includes two checkoff blanks per workday, one for ride in, the other for ride home. Names of temporary riders can be asterisked to the bottom of the page.

Flat monthly fares can eliminate the need for such recordkeeping.

COMPANY MILES

Management may want to use the vans on company business during working hours. The company usually pays the vanpool program a mileage rate for such use. Dates and odometer readings must be recorded to document company use, and to verify eligibility for investment tax credit. (At least 80% of annual miles must be for employee commuting.)

DRIVER PERSONAL MILES

Many vanpool sponsors allow drivers limited personal use of the van on evenings and weekends, at a nominal mileage rate covering operating costs, or sometimes only gasoline costs. Drivers log dates and odometer readings for personal use, and submit the record to the vanpool coordinator at the specified intervals.

VAN EXPENSES

Drivers submit receipts for gasoline and for other operating expenses that are within their responsibility, usually

consisting of routine maintenance and repairs. Some vanpool programs provide their drivers with credit cards, one for each van, for use only for van expenses. The driver and back-up drivers are authorized to sign.

The vanpool coordinator will arrange direct billing for maintenance and repairs performed in a company shop or by a contractor.

SETTLEMENTS

The vanpool coordinator's office verifies the driver's record of total miles for each van each month, with breakdown into commuting, company use, and driver personal use. The coordinator's office bills the company and drivers for amounts due for their use of the vans.

The coordinator's office also makes the monthly payments on the van loans or leases, makes insurance payments, and reconciles and pays all bills due for gasoline and services, if not paid by cash-out on the spot.

One large corporation is spread over many locations in a major metropolitan area. The vanpool coordinator says, "We have a cashier in each building. Drivers bring in receipts for gas and other expenses and get paid in cash. It's set up so I don't have to initial any of that paper for them to get reimbursed."

The same company had planned at first to bill vanpool riders monthly in advance. "But we pay weekly, and on second thought we decided to collect the rider fares by payroll deduction. The monthly commuting charge looks like a lot less if it's paid by the week."

Employer Sponsored Vanpools

Vanpool Program Development

THE VANPOOL COORDINATOR

Upon deciding to sponsor a vanpool program the employer should name a key person from management as vanpool coordinator.

The coordinator will organize the vanpool program, consulting as may be needed with corporate specialists in finance, physical plant, energy, vehicle fleet operation, accounting, payroll, public relations, personnel, insurance, safety, security, legal staff, and the like.

Most vanpool coordinators are assigned to Personnel; but they can be placed in the corporate structure wherever management feels they will function best.

STEPS IN ORGANIZING

Direct steps in organizing a new vanpool program include:

- Inform employees of the program.
- Find out which employees are interested.
- Establish vanpool routes by matching employee residence locations.
- Calculate rider fares; sign agreements with participating employees.
- Order vans.
- Solicit, screen, and train volunteer drivers and back-up drivers; sign agreements with drivers.

INFORM EMPLOYEES

How best to publicize your company's new vanpool program? One employer says: "We announced the program in the company newspaper, no details, but just a coupon asking who would be interested. For some reason we thought we should find out first how many people might be interested, and we intended to follow that up with detailed information about vanpooling and about our program. But we got a very poor response to the coupon. For one thing, a lot of employees don't even pick up the company paper.

"We thought it through again and decided on direct mail. We sent out leaflets describing vanpooling, the program we hoped to establish, savings employees might expect from vanpooling, and stressing our management commitment to the program.

"All those got delivered to the employees' homes, and mail from the company does get attention. We enclosed business-reply envelopes and a tear-off form for names and addresses of interested employees. That got a good response and we used those names to plan the vanpool program in detail. We also got plenty of employees volunteering as vanpool drivers."

RIDEMATCHING

Addresses of interested employees are sorted by community and neighborhood. These residential patterns are the basis for designing vanpool routes. Ridematching can be done manually for up to

several hundred names; for larger numbers computer sorting becomes necessary.

The ridematching process is completed by assembling the proposed members of each vanpool for a brief meeting, on company time, to explain details including rider fares, and to distribute rider agreement forms for signature.

See Factsheet #11, "Rider Agreements and Member Rules."

ORDER VANS

At least as soon as members are signed up, you should order the van for that vanpool. Long waits for new vans, after ordering, have discouraged some prospective vanpools.

One solution is to order the vans earlier in the game. Some sponsors have done that, and found their confidence justified. The vans filled within reasonable times, and went into operation promptly.

OTHER RIDESHARING MODES

In most companies vanpooling can serve only a minority of employees--those who live far enough from work, and close enough to one another, and who want to vanpool.

The same corporate publicity and management functions necessary for supporting the vanpool program can also support other ridesharing modes such as carpools and buspools.

Where parking space is crowded, and particularly if employees must pay for parking, free reserved up-front parking should be designated for all ridesharing vehicles, with the highest occupancy vehicles getting the best spaces.

SELECTING DRIVERS

Factsheet #10 goes into detail on selecting drivers and related considerations.

REPLACEMENT RIDERS

Vanpools and other ridesharing modes need replacement riders for vacancies. Management support in finding replacements is a convincing expression of interest in the program. It is also quite easy to provide. The vanpool or ridesharing coordinator's office can serve as an information and referral service for replacement riders; use of company bulletin boards can reinforce the service.

At Mason & Hanger - Silas Mason Co., Inc.'s Pantex plant the vanpool coordinator uses the company public address system to announce vanpool vacancies; they are often filled by that evening.

VANPOOLING REQUISITES

In your promotional material to employees you should make these points: Vanpools are most clearly cost-effective at longer commuting distances, while the majority of employees live closer to work, at distances where vanpooling will not be as cost-effective. Vanpool members must live close together; or must live close to pickup points convenient for their vanpool route. Vanpool members must work the same shift hours.

Employer Sponsored Vanpools

Driver Agreements

Employers want to keep their vanpool program management simple. The way to do that is to delegate responsibility to the drivers wherever possible.

DRIVER QUALIFICATIONS

A major benefit in the eyes of most vanpool members is not having to drive. Fortunately, some people like to drive and like the responsibility of being in charge of a vanpool.

As an inducement, drivers usually commute free of charge, and often enjoy limited personal use of the van on evenings and weekends.

Drivers must be steady, reliable people, and some volunteers won't do. They may have excessive absentee records, or poor driving records. Screen them out.

AGREEMENTS

Written agreements between vanpool drivers and the sponsor are a necessity. The agreements specify mutual obligations of driver and sponsor, obligations to riders, and rewards to drivers for their services. A typical agreement also provides for termination of the agreement by either party, usually on 30 days written notice.

DRIVER RESPONSIBILITIES

In a typical agreement the driver will agree to:

- Take a defensive driving course.

- If required by state law, obtain a chauffeur's license; otherwise, hold a current driver's license.
- Drive the van on its regular daily commuting trips; pick up and deliver the riders on time.
- Provide for minor maintenance of the van, including washing.
- Keep the van in a secure place at his home. Sponsors will want this to be off-street parking, if possible in a locked garage.
- Keep accurate records of van operations and expenses; submit records and bills to the sponsor.
- Not modify the van or its equipment without the sponsor's permission.

Agreements may also call for drivers to collect rider fares and remit them to the sponsor; recruit riders and back-up drivers.

SPONSOR RIGHTS AND RESPONSIBILITIES

A typical agreement might require or allow the sponsor to:

- Designate drivers and back-up drivers for each van.
- Furnish drivers free transportation to and from work.
- Find riders for the vanpool, or help the driver find them.

(over)

- Provide drivers with forms for record-keeping.
- Collect rider fares. (Occasionally drivers collect the fares and present a single payment to the sponsor.)
- The driver may use the van for personal transportation out of working hours at an agreed-upon mileage rate.
- On personal use the driver will not take the van more than 100 miles from his home without written advance approval of the sponsor.

GENERAL CONSIDERATIONS

Agreements can also provide that:

- Only the driver and back-up drivers will drive the van, emergencies excepted.
- Only paying vanpool members will ride to and from work.
- The van cannot be used to carry freight or passengers for hire.
- The driver will not load the van beyond its specified carrying capacity.
- The driver will not drive the van on flat or soft tires.
- The van will not be used to pull trailers, and no trailer hitch will be attached to the van.
- The van will be operated only on existing public and private streets and rights of way.
- The van will not be used for any purpose requiring removal of seats, fixtures, or attachments.
- The driver is solely responsible for fines for his own traffic violations.
- The driver must report each traffic violation promptly to the sponsor.
- The driver will report any accident involving bodily injury or property damage to the sponsor within five days.

Employer Sponsored Vanpools

Rider Agreements and Member Rules

Sponsored vanpools will need a "Rider Agreement" signed by each rider. The agreement defines the mutual obligations of the riders, the vanpool sponsor, and the vanpool driver.

Rider agreements can be long or short, informal or legal in phrasing; they can go into much detail or can deal mostly with general circumstances.

RIDER OBLIGATIONS

In a typical agreement the rider will agree to:

- Be ready to leave at his designated pickup time.
- Pay his fare when due, in advance, by check or payroll deduction as the case may be.
- Notify the driver when the rider does not need a ride. That means the night before, if possible.
- Notify the sponsor 30 days in advance when leaving the vanpool.

DRIVER OBLIGATIONS

The agreement will note the driver's obligation to:

- Pick up riders on time each day.
- Wait an agreed-upon time when riders are not ready.

- Notify riders if the van won't run on a particular day.

SPONSOR OBLIGATIONS

The sponsor may agree to:

- Help locate emergency service if a van cannot run, or breaks down en route.
- Collect fares in advance and pay the vanpool expenses.
- Notify riders in advance of any change in fares.
- Arbitrate disputes among vanpool members, on request of parties involved.

MODEL AGREEMENTS

The vanpool coordinator should secure a selection of rider agreements from established vanpool programs, as models in drafting the rider agreement to meet the needs of the vanpool that is being organized.

MEMBER RULES

Inseparable from its commuting function, a vanpool is also a social group. As a social group the members need some elementary courtesy rules to help avoid disputes, resolve disputes when they occur, and help the group get along and enjoy vanpooling.

Outsiders can't set these informal rules for a small social group. The members of each vanpool will set their own

rules. We note here, some of the things the rules might deal with:

- Will the van pick up riders at their doors, at central pick-up points, or by some combination of these methods?
- How long will the van wait for a tardy rider? (Some vanpools wait one minute; others three to four minutes).
- Is smoking allowed, prohibited, or restricted to rear seats?
- If the van has a radio with rear speaker, will rear speaker volume be controllable by a separate switch? How will the group decide what they will listen to?
- Does the vanpool need an assigned seating chart?
- Who closes the door?
- Is eating and drinking allowed during the commuting ride?

Employer Sponsored Vanpools

Technical Assistance for New Vanpool Programs

FIND EXPERIENCED VANPOOLERS

Direct technical assistance for employers in planning and operating new vanpool programs is best provided by experienced corporate vanpool operators. From the start of organized vanpooling the tradition has developed of "no trade secrets" and readiness to share experience.

Your vanpool coordinator should visit and observe established vanpool programs. Likewise you should invite experienced vanpool coordinators from other companies to visit you, inspect the operating setting for your new program, and offer you their comments.

Ideally, you will obtain this direct technical assistance from a company in your community, or at least in your state, and in your general type of business. This "good match" is more likely to be available in populous, industrialized states; less likely in less populated underdeveloped states. Vanpooling opportunities exist in every state, however, and where necessary you can secure "good match" technical assistance from experienced vanpool operators from outside your state.

You can seek technical assistance from more than one source of vanpooling expertise. You may want to talk with vanpool operators from several companies, in and out of your state, and in different types of businesses.

One company recently reported, "We invited the 3M people in from Minnesota. We slavishly followed their example, and we're glad we did."

Another company said, "We had to invent most of our program, to suit our own conditions. We talked to a wide cross-section of different vanpool operators, and picked up and used ideas wherever they seemed useful to us. It's worked out very well."

REFERRAL SERVICE

Ask your State Energy Office or regional ridesharing coordinator for contacts for direct technical assistance in your state or local area.

The publications listed in Factsheet #14 may also be helpful.

NAVPO

The National Association of Vanpool Operators (NAVPO) represents the majority of employer sponsored and third party sponsored vanpool programs. NAVPO is an information source in its own right, and can also provide referrals and contacts for direct technical assistance from companies like your own in the U.S. and Canada.

Address: Ms. Lee Mahony, Executive Secy.
610 Ivystone Lane
Cinnaminson, N.J. 08077

Phone: (609) 786-1414

FEDERAL GOVERNMENT ASSISTANCE

If your State Energy Office cannot help you, the Department of Energy actively promotes vanpooling, working through the

State Energy Offices and directly with
vanpool program sponsors. Call or
write:

Lew W. Pratsch, Vanpool Program Manager
Office of Transportation Programs
U.S. Department of Energy
20 Massachusetts Ave. N.W.
Washington, D.C. 20585

Phone: (202) 376-4435

Employer Sponsored Vanpools

Checklist for New Vanpool Programs

STARTING THE VANPOOL

1. Has management named a vanpool coordinator?
2. Does the coordinator have the management support and resources needed to organize the vanpool program, including access to the company's operating and staff departments?
3. Does management understand that six months is the minimum time to expect, from start of planning until the first van is operating?
4. Has the company joined the National Association of Vanpool Operators (NAVPO)?
5. Does the vanpool program have formal goals and budget, proposed by the vanpool coordinator and approved by management?
6. Is the vanpool coordinator making full use of government and private assistance for vanpool program development?
7. Is the vanpool recordkeeping system designed and ready, before the first van rolls?
8. Have employees been informed about vanpooling? Have interested employees been identified? Have vanpool routes been mapped by ridematching?
9. Have drivers and back-up drivers been selected? Are drivers fully qualified: chauffeur's license if needed; defensive driving training; check on driver traffic violations; check on work attendance reliability?
10. Does the vanpool program have a good driver agreement? A good rider agreement?
11. Are rider fares established? Do vanpool members and other employees understand the basis for rider fares? Are arrangements complete for vanpool members to pay their fares in advance?
12. Have vanpool members, including drivers, been encouraged to meet and establish their own courtesy rules?
13. Does the vanpool program provide all possible economic advantages, such as fleet purchases, discounts for volume on maintenance, gasoline, and replacement items such as tires and batteries?
14. Does the vanpool program have access to loaner vans for emergencies when a van is out of operation? Or, are members of each vanpool prepared to form interim carpools?
15. Does the program have a plan for road emergencies, as in mechanical breakdowns? Does the plan get employees to work or home first, then retrieve the van?

AFTER THE VANPOOL IS OPERATING

16. Does management reappraise the vanpool program at least yearly?
17. Does the vanpool program promptly

recruit replacement riders?

18. Does the company keep employees and the general public informed on vanpooling in general, and on the company's program in particular?
19. Does the vanpool coordinator attend NAVPO meetings? Serve on a NAVPO committee? (Committees include government relations; manufacturer relations on van design; maintenance; records; promotion; and ride-matching.)

TERMINOLOGY

In this manual "vanpool coordinator" refers to the management person and office in charge of the company's vanpool program.

Some companies call their drivers "coordinators," to emphasize the considerable management tasks that are delegated to drivers.

Employer Sponsored Vanpools

References

GENERAL

New Approaches to Successful Vanpooling, Five Case Studies, 1979.
Office of Transportation Programs, U.S. Department of Energy,
Washington, D.C. 20585.

Vanpooling, An Update, 1978. Office of Transportation Programs,
U.S. Department of Energy, Washington, D.C. 20585.

EMPLOYER SPONSORED

How Ridesharing Can Help Your Company, A Manual For Employers, 1979.
U.S. Department of Transportation, Washington, D.C. 20590.

The 3M Commute-A-Van Program, 3M Company, 3M Center, St. Paul,
Minn. 55101.

Vanpooling, A Commuting Alternative That Works, 1979. Continental
Oil Company, P.O. Box 2197, Houston, Texas 77001.

Vanpooling Implementation Handbook, 1979. Office of Transportation
Programs, U.S. Department of Energy, Washington, D.C. 20585.

THIRD PARTY

RIDES for Bay Area Commuters, Inc., Annual Report FY 1977-78. RIDES,
100 Van Ness Ave., 19th Floor, San Francisco, Calif. 94102.

The Transportation Broker, Knoxville Commuter Pool, Annual Report,
1977-78, Knoxville Commuter Pool, City Hall Park, Knoxville,
Tenn. 37902.

DRIVER OWNED AND OPERATED

Owner-Operated Vanpools at Pantex, 1979. Mason & Hanger - Silas
Mason Co., Inc., P.O. Box 30020, Amarillo, Texas 79177

FACTSHEETS

The Factsheets are in three groups:

- Employer sponsored vanpools
- Third party vanpools
- Driver owned and operated vanpools

Each group of Factsheets is preceded by its own Table of Contents. The titles and arrangement are not identical, since each major type of vanpool has its own needs and opportunities.

The Factsheets are looseleaf, to allow easy updating of individual pages as new information becomes available.

Employer Sponsored Vanpools

List of Vanpool Program Administrators

VANPOOL PROGRAM ADMINISTRATORS

The following pages of this Fact-sheet list administrators of vanpool programs, by state.

The number following the company or agency name is the number of vanpools operated by that sponsor, based on the best information available as of January 1979.

Source: Vanpool Implementation Handbook, U.S. Department of Energy, 1979.

References

U.S. Vanpool Program Administrators

ALABAMA

- Tennessee Valley Authority** 12
Bellefonte Nuclear Plant
Construction Site
Hollywood, AL
(See Knoxville Headquarters Listing)
- Tennessee Valley Authority** 2
Browns Ferry Nuclear Plant
Construction Site
Athens, AL
(See Knoxville Headquarters Listing)
- Tennessee Valley Authority** 3
Widows Creek Clean Plant
Stevenson, AL
(See Knoxville Headquarters Listing)
- Tennessee Valley Authority** 17
Muscle Shoals, AL
(See Knoxville Headquarters Listing)

ARIZONA

- Sperry Flight Systems** 11
Ms. Betty Dearling
Mail Station 101E
P.O. Box 21111
Phoenix, AZ 85036
(602) 942-2311 x211
- Motorola** 12
Government Electronic Division
Scottsdale, AZ

CALIFORNIA

- Southern California Commuter Bus** 2
Mr. Ron Hoffman
16782 Bolero Lane
Huntington Beach, CA 92647
(714) 896-4153
- 3M Company** 1
Los Angeles, CA
(See St. Paul Headquarters Listing)
- Ampex Corp** 5
Mr. John Dods
401 Broadway MS-2-01
Redwood City, CA 94063
(415) 367-2115
- Ralph M. Parsons Company** 35
Dr. Henry Francis
100 Walnut
Pasadena, CA 91124
(213) 440-2477
- Douglas Oil** 1
Costa Mesa, CA
(See Houston Conoco Listing)
- Aerospace Corporation** 20
Energy & Resources Division
Mr. James Baynes
P.O. Box 92957
Los Angeles, CA 90009
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Caltrans Vanpool Project 8
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C. F. Braun & Company 28
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Los Angeles, CA
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Pinetree Transportation Company 100
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Long Beach, CA 90807

Northrop Corp 6
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Hawthorne, CA 90250
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Commuter Computer 85
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Los Angeles, CA 90010
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City Hall
200 North Spring
Los Angeles, CA 90012
(213) 485-3315

Fluor Corp 36
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3333 Michelson Dr.
Irvine, CA 92730
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Hewlett Packard 11
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Statitrol 2
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Denver, CO 80217
(303) 979-1000

CONNECTICUT

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Greenwich, CT 06830
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CONOCO 1
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Southern N. E. Bell

Telephone 10
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New Haven, CT 06506
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General Dynamics Corp. 45

Electric Bolt Division
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Groton, CT 06340
(203) 446-6842

Aetna Life & Casualty Company 3

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Hartford, CT 06156
(203) 273-6563

Northeast Utilities Service Company 4

Mr. Henry T. Jaczak
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Hartford, CT 06101
(203) 666-6911

Yale University 1

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(203) 426-8840

Combustion Engineering 3

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Connecticut General Insurance 2

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Connecticut Department of Transportation 5

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DISTRICT OF COLUMBIA**Department of Transportation 12**

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HAWAII**Action Resources, Inc. VANGO Hawaii 10**

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IDAHO**Valley Commuteride 5**

Ada County Highway District
Pat Nelson/Paul Joos
Carpool Boise Office
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ILLINOIS**Montgomery Ward 19**

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Zenith Radio Corporation 7

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Chicago, IL 60639
(312) 391-7000

Allstate Insurance Company 10

Mr. William R. Brown
Allstate Plaza North — F4
Northbrook, IL 60062
(312) 291-5484

McMaster Carr Supply Company 5

Mr. Jerry O'Leary
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Chicago, IL 60680
(312) 281-1010

G. D. Searle & Company 2

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G. D. Searle & Company 2

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KENTUCKY**Greater Louisville Chamber of Commerce 6**

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CONOCO 9

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Baltimore County Government 2

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Social Security Administration 16

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Peterson, Howell and Heather 1

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VANGO, Inc. 18

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Digital Equipment Corp. 8

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MICHIGAN**Chrysler Corporation 75**

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Corning, NY 14830
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Consolidated Coal 2
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(See Houston Conoco Listing)

Consolidated Coal 1
Washington, PA
(See Houston Conoco Listing)

Prudential Insurance Company of America 2
Dresler, PA
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Scott Paper 2

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Allendale Park — Box 7500
Johnston, RI 02919
(401) 275-4211

Old Stone Bank 1

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(401) 278-2207

TENNESSEE**Tennessee Valley Authority** 257

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Knoxville, TN 37902
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Columbia Dam
Columbia, TN 38401
(See Knoxville Headquarters Listing)

Tennessee Valley Authority 169

Hartsville Nuclear Plant Construction Site
Hartsville, TN
(See Knoxville Headquarters Listing)

Tennessee Valley Authority 1

Norris Dam and Reservation
Norris, TN
(See Knoxville Headquarters Listing)

Tennessee Valley Authority 17

Office of Power Headquarters
Chattanooga, TN
(See Knoxville Headquarters Listing)

Tennessee Valley Authority 1

Raccoon Mountain
Chattanooga, TN
(See Knoxville Headquarters Listing)

Tennessee Valley Authority 3

Sequoyah Nuclear Plant
Soddy Daisey, TN
(See Knoxville Headquarters Listing)

Tennessee Valley Authority 4

Watts Bay Nuclear Plant
Construction Site
Spring City, TN
(See Knoxville Headquarters Listing)

Kayo Oil 1

Chattanooga, TN
(See Conoco Houston Listing)

Knoxville Commuter Pool 58

City of Knoxville
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CONOCO 91

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CONOCO 1

Big Spring, TX
(See Houston Headquarters Listing)

CONOCO 1

Carizzo Springs, TX
(See Houston Headquarters Listing)

CONOCO 1

Fall City, TX
(See Houston Headquarters Listing)

CONOCO 1

Hamlin, TX
(See Houston Headquarters Listing)

CONOCO 2

Midland, TX
(See Houston Headquarters Listing)

CONOCO 1

Pecos, TX
(See Houston Headquarters Listing)

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Aramco Services 19

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Mitchell Energy 19

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Mr. John Franklin
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Woodlands, TX 77830
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Gulf Oil 69

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Comet-Rice 1

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Houston, TX 77060
(713) 447-7423

Amoco 2

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Houston, TX
(713) 960-5111

Mason & Hanger — Silas Mason Company, Inc. 31

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Amarillo, TX 79177
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State of Michigan—State Employee Vanpool Program 37

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Lansing, MI 48909
(517) 373-1880

Detroit Edison 10

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2000 2nd Avenue
Detroit, MI 48226
(313) 237-7763

MINNESOTA

3M Company 108

Mr. Robert D. Owens
3M Center — Building 43-2E
St. Paul, MN 55101
(612) 778-5190

3M Company 8

Second Location
St. Paul, MN
(See St. Paul Headquarters Listing)

3M Company 2

Hastings, MN
(See St. Paul Headquarters Listing)

Cenex 20

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South St. Paul, MN 55164
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General Mills, Inc. 20

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P.O. Box 1113
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(612) 540-2588

Medtronic 1

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3055 Highway 8
Minneapolis, MN 55418
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Honeywell Corporation 4

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Minneapolis, MN
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St. Paul, MN 55101
(612) 298-3445

Grain Terminal Association 2

Mr. Ed Collier
1667 North Snelling
St. Paul, MN 55164
(612) 646-9433

Blue Cross Blue Shield 3

Mr. John Carlson
3535 Blue Cross Road
St. Paul, MN 55165
(612) 456-4272

National Car Rental Systems, Inc. 3

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Bloomington, MN 55437
(612) 830-2332

Minnesota State Employees Vanpool Program 10

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John Ireland Boulevard
St. Paul, MN 55155

Cargill 6

Mr. Harold Karr
Minneapolis, MN 55440
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Commuter Services Share-a-Ride Program 7

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Minneapolis, MN 55435
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MISSISSIPPI

CONOCO 1

Aberdeen, MS
(See Houston Conoco Listing)

Tennessee Valley Authority 2

Yellow Creek
Iuka, MS
(See Knoxville Headquarters Listing)

MISSOURI

Hallmark Cards Inc. 3

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City of Kansas City 3

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Kansas City, MO 64106
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MONTANA

Cenex 1

Laurel, MT
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NEBRASKA

Offutt Van Pool 8

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3902nd Air Base Wing/CVE
Offutt Air-Force Base
Omaha, NE 68113
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NEW HAMPSHIRE

Digital Equipment Corporation 2

Merrimack, New Hampshire
(See Maynard Headquarters Listing)

NEW JERSEY

Hoffmann-LaRoche Pharmaceuticals 36

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Nutley, NJ 07110
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Fablok Mills 3

Mr. Ed Cortina
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Murray Hill, NJ 07974
(201) 464-1950

Prudential Insurance Company of America 108

Mr. Ed Zazzarino
Prudential Plaza
Newark, NJ 07101
(201) 877-7711

Prudential Insurance Company of America 59

South Plainfield, NJ
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A.T.&T. Longlines 67

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Nabisco 13

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Schering Plough 15

Mr. Albert Trenton
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Kenilworth, NJ 07033
(201) 931-2503

Sandoz, Inc. 3

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Rt 10
East Hanover, NJ 07936
(201) 386-7750

Bell Telephone Lab 13

Mr. Charles B. Briggs
Room 1D212
Crawfords Corner Road
Holmdel, NJ 07733
(201) 949-2311

Educational Testing Service 3

Mr. Andy Korosec
Rosedale Road
Princeton, NJ 08540
(609) 921-9200

Laminating Corporation of America 5

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611 Industrial Way West
Eatontown, NJ 07724
(201) 544-9494

Mini-Transportation 1

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CERCOM
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Allied Chemical Company 3

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P.O. Box 2245R
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Becton-Dickinson 1

Mr. Tom Miras
East Rutherford, NJ

Boy Scouts of America 1

Mr. James Lanning
North Brunswick, NJ 08902
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New Jersey Bell Telephone Company 3

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(201) 649-3406

Ortho Pharmaceutical Corporation 2

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A.T.&T.

Larry Walker
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Golden Towers 2

Phillip Lee
Route 23
Cedar Grove, NJ 07009

Crum & Forster Insurance Companies 1

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United Service Automobile Association 27

Mr. W. F. "Bill" Borellis
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First City National Bank 3

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P.O. Box 2557
Houston, TX 77001
(713) 658-6303

Foley's Department Store 4

Mr. Vince Rachal
P.O. Box 19/1
Houston, TX 77001
(713) 651-6086 or 651-6561

General Crude 5

Mr. Gerald R. Smith
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VERMONT

Erving Paper Mills 6

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VIRGINIA

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Reston Commuter Bus, Inc. 3

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Reston, VA 22000
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Tidewater Regional Transit 63

Mr. Jim Echols
Mr. Lee Carlson
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WASHINGTON

University of Washington 8

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Recreational Equipment, Inc. 2

Mr. David Lester
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Seattle, WA 98188
(206) 575-4480

Rainier National Bank 8

Ms. Hattie Hanlin
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Seattle, WA 98124
(206) 621-4287

Intalco Aluminum 1

Mr. Bob Hollingsworth
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Ferndale, WA 98248
(206) 384-7242

WYOMING

CONOCO 2

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CANADA

Polisar, Ltd. 16

Commuter Van Cooperatives
Sarnia, Ontario, Canada

Factsheets: Third Party Vanpools

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4. Vanpool Promotion
5. Vehicle Specifications
6. Finance; Leasing Options
7. Maintenance
8. Insurance
9. Vanpool Costs and Rider Fares
10. Driver Agreements
11. Recordkeeping
12. Rider Agreements and Member Rules
13. References

Third Party Vanpools

Program Characteristics and Benefits

THIRD PARTY OPPORTUNITIES

Third party vanpool programs develop in situations such as these:

- Employers cannot sponsor their own vanpool programs.
- Civic groups want a strong area-wide vanpool program that can start up quickly and serve many employers and employment centers.
- A for-profit company or leasing agency sees a commuter market opportunity for vanpooling, and moves to fill it.
- A government agency decides to develop and back a nonprofit third party vanpool program.

Some third party programs are managed by comprehensive ridesharing agencies, which promote carpools and buspools as well as vanpools. Other third party programs are devoted only to vanpooling.

Details of some third party programs are presented in New Approaches to Successful Vanpooling, Five Case Studies (see listing, Factsheet # 13).

ORGANIZATION OPTIONS

Third party programs can be organized in many different ways. Most are operated by non-profit organizations, but they can be operated directly by commercial vehicle leasing agencies. Some serve one employer, with strong indirect sponsorship by the employer. Others serve entire market areas, and may deal directly with prospective drivers and riders.

Some third party programs own vans; others lease them. One third party program arranged to sell its leased vans to their drivers, and now provides third party management services to a local association of vanpool driver owner operators.

Third Party Vanpools

Technical Assistance

OBTAIN EXPERIENCED HELP

Technical expertise on third party vanpooling is concentrated in the relatively few established third party programs. Since these programs are highly diverse, new non-profit groups contemplating a third party program should gain an overview of the existing programs.

Call their directors, review their literature, and decide which programs can give you the technical assistance you need to meet your own needs.

(Commercial vehicle leasing agencies may not need such guidance.)

ESTABLISHED PROGRAMS

Some of the best-known third party programs include:

VANGO, Baltimore, Maryland
(301) 796-POOL

RIDES For Bay Area Commuters
San Francisco, Calif.
(415) 863-9588

Commuter Computer
Los Angeles, Calif.
(213) 380-7433

Valley Commuteride
Boise, Idaho
(208) 345-POOL

Offutt Van Pool
Offutt AFB, Nebraska
(402) 294-3571

Knoxville Commuter Pool
Knoxville, Tenn.
(615) 637-RIDE

INFORMATION

For up-to-date information on third party programs, call your State Energy Office.

Third Party Vanpools

Vanpool Organization Options

SPONSORSHIP

Commercial vehicle leasing agencies can operate direct vanpooling services. They represent neither employers nor employees; they are third parties, seeking a legitimate profit; they need no sponsors.

(Few commercial agencies have so far shown interest in operating vanpools. They are deterred by the regulatory climate inherited from other situations and applied to vanpools automatically and, in the view of most observers, needlessly.)

Most third party programs operating today are managed by private non-profit organizations. Their sponsors are the interests that desire the vanpool programs.

EXAMPLE: KNOXVILLE COMMUTER POOL

Knoxville Commuter Pool (KCP) is a nonprofit third party sponsor of a general ridesharing system including carpools, transit buses, privately owned express buses, and vanpools.

This system serves employers throughout the Knoxville area. KCP, founded in 1975, began vanpooling that year with leased vans. In 1977 KCP arranged to sell the vans to their drivers, who formed the Knoxville Area Vanpool Association (KAVA).

By early 1979 KAVA included 60 vanpools. About 40 local businessmen give KAVA members discounts of 5% to 20% on tires, parts, maintenance and other services, for their vans and also for their personal cars. KCP

provides KAVA with computer matching for ridesharing, and makes available a rental back-up van. KCP has also helped KAVA members secure vanpool abort insurance through the State Department of Transportation. With such insurance, van owners can obtain more favorable terms on new-van financing.

EXAMPLE: RIDES

RIDES, a third party program serving the San Francisco Bay Area, has a board of directors nominated by interested organizations, including the areawide transit authority and the Federal Highway Administration. Once named, however, RIDES board members represent themselves, not their parent organizations.

The board is thus free to act quickly on current business, without having to refer decisions back to the sponsoring organizations.

RIDES serves any interested commuter group in its area.

VAN PROCUREMENT

To obtain vans, a third party program may:

- Buy the vans and own them during their useful life to the program.
- Buy the vans for resale to driver owner operators.
- Lease the vans from a commercial leasing agency, and then supervise their routine operation in the vanpool program.

- Arrange for leases from a commercial leasing agency to each group of vanpool members, and guarantee payment of the leases.

MANAGEMENT SERVICES

A third party vanpool program can operate a vanpool coordinating office which will provide promotion, ridematching, driver selection and training, recordkeeping and accounting, maintenance, van purchase, insurance, and related aspects of program management.

At the opposite extreme of involvement, a third party program can devote itself to promotion and ridematching, and go into operation only to arrange and guarantee leases on vans.

This mode of operating puts vanpool operational responsibility on the members of each vanpool, who deal directly with the leasing agent, and requires a minimum of overhead expense to the third party program.

THIRD PARTY FUNDING

Third party vanpool programs are usually funded by one or more government agencies; often by a combination of local, state, and Federal agencies.

Third Party Vanpools

Vanpool Promotion

Third party vanpool programs serving an entire metropolitan area have special promotional opportunities. As private nonprofit organizations they are free to promote and market to a degree that might not be acceptable for government agencies.

RIDES

RIDES, for example, the third party ridesharing agency in the San Francisco Bay Area, believes in ordering vans ahead of time so that they are available quickly to new vanpool groups.

On one occasion RIDES received a shipment of vans several weeks before the expected delivery date, and had to find parking for them.

RIDES arranged with the area transit authority to park the vans beside the Bay Bridge entrance ramps. Each van carried the RIDES logo and phone number. Commuters held for up to 15 minutes approaching the toll gates had plenty of time to inspect the new vans alongside their lanes. RIDES received many inquiries about vanpooling as a result of this simple promotional device.

THIRD PARTY STAFF NEEDS

An area-wide third party program will need a staff specialist in employer relations. Large employers, and many smaller ones, although informed on vanpooling and attracted to it, may still hold back from sponsoring their own vanpool program. The third party provides

the services, asking from the employer only cooperation in promoting the program among employees.

RIDER FARE INCENTIVES

The basic vanpool rider fare is set on the basis of a nominal break-even paid ridership, such as 8 to 10 riders for a 12- to 15-passenger van. As an incentive the fare structure can be made flexible. The fares for all paying riders are reduced for any additional riders above the break-even number. This feature gives incentive to each rider to recruit additional members of the vanpool, and to recruit replacement riders for each vacancy.

Flexible fare structures may not work well in employer-sponsored vanpools, where the need to keep vanpool management simple may dictate a uniform fare schedule related to mileage. In that approach, fixed and operating costs for all vans are averaged.

Flexible fare structures can be used to advantage, however, by third party vanpool programs serving an entire area. RIDES uses a flexible fare policy with good results. Responsibility for day-to-day operation of each vanpool rests with the members, not with the third party sponsor. Members share the savings from additional riders above the break-even number, and they keep RIDES vans full, or nearly full, by their own promotional efforts.

Third Party Vanpools

Vehicle Specifications

It is assumed that any new third party vanpool program will take advantage, in its planning stages, of sophisticated direct technical assistance from established third party operators. This assistance will include detailed review of vehicle specifications; therefore no details are offered here.

Readers interested in a brief overview of this topic should see Factsheet # 2, "Vehicle Specifications," for Employer Sponsored Vanpools.

LUXURY EXECUTIVE VANS

For perhaps \$2,000 above dealer price, a new 15-passenger van can be customized for comfort, converting it for only 10 riders, with airplane-type bucket seats, carpeting and insulation, individual headphones and reading lights. Riders must pay the difference in initial cost, and also higher operating costs, since the van carries fewer passengers than its initial design load.

These vans will find a place in some commuter markets, particularly on longer commuting routes. They attract riders able and willing to pay the extra fare. This special market is limited, but it may be feasible as an option for some vans in third party vanpool programs.

Operators are warned that vacancies in luxury vans fill up slower than on regular uncustomized vans.

Third Party Vanpools

Finance; Leasing Options

If the third party sponsor buys vans, they will be financed in regular transactions by commercial lenders. Third parties are most likely to lease vans, however. This Factsheet briefly discusses leasing options.

CLOSED-END LEASES

This type of lease provides the vehicle itself and maintenance, if desired, for a specified period at a fixed rate. No obligations and no benefits remain to the lessee at the end of the period. As with other types of leases, the longer the period the more beneficial the lease in terms of per-month cost.

OPEN-END LEASES

This type of lease is also for a specified period at a fixed rate, but the lease agreement calls for sale of the vehicle at the end of the period, and final settlement to be based on the price it brings. That price is estimated in advance as part of the lease agreement. If at the end of the period, the vehicle sells for less than the estimated price, the lessee pays the leasing agent the difference. If it sells for more, the lessee gets the difference. Since the lessee assumes the risk of fluctuations in the used-van market, the open-end lease costs less than the closed-end lease.

When a third party sponsor repeatedly leases new vehicles to start new vanpools, or as replacement vehicles for existing vanpools, then over time fluctuations in the resale market

for used vans should cancel out.

LEASE-PURCHASE

A lease-purchase agreement is a partial installment purchase. When the lease expires the lessee has a credit which can reduce the cost of the replacement vehicle.

A lease-purchase allows the vanpool program to start from nothing and acquire front-end money during the initial years of operation. Lease-purchase can be likened to a form of savings account and, naturally, is more expensive than a comparable straight lease.

Third Party Vanpools

Maintenance

MAINTENANCE OPTIONS

A third party sponsor can either arrange for van maintenance, or can let each van driver arrange it. The choice should reflect the sponsor's management style. If the sponsor offers a turnkey-type operation, maintenance will be included. If the sponsor is operating bare-bones style, the drivers will arrange for maintenance.

Since most third party vans are leased, the leasing agent will either provide the maintenance and charge for it in the lease, if that is desired, or will insist on a minimum of routine maintenance to be arranged for by the drivers.

RIDES, AN EXAMPLE

RIDES, a third party sponsor serving employers and employees throughout the San Francisco Bay Area, leases its vans and provides for maintenance in the basic van lease. The leasing company deposits a portion of the fee in an escrow account to cover van maintenance and repair costs. The service facilities bill the leasing company directly. The company compiles monthly and quarterly reports on each van, including mileage, gasoline used, and maintenance. RIDES sends the drivers postal card reminders when the vans need oil changes and tune-ups.

Third Party Vanpools

Insurance

THE RECOGNITION PROBLEM

Third party vanpool programs are not yet a widely known management mode. It is not surprising that outsiders such as the insurance industry sometimes have difficulty finding an insurable category for third party programs. As a result, some third party programs have had to scratch to find their initial insurance coverage.

SEPARATE JURISDICTIONS

Since the insurance industry is compartmentalized by state lines, and within each state by many insurable categories, new third party programs may have to educate local insurance agents about vanpooling, to secure the insurance they will need.

SAFETY REDUCES COSTS

Growing public awareness of vanpooling and the good safety record of vanpools is reducing insurance costs for third party programs.

NEED FOR RESEARCH

As with other elements of a new third party program, insurance should be researched with the help of consultants experienced in third party operations.

Third Party Vanpools

Vanpool Costs and Rider Fares

FARE STRUCTURE OPTIONS

As a basis for considering third party rider fare options, practice in employer-sponsored vanpools is a useful reference.

In an employer sponsored vanpool program, where the employer owns the vans, it is usual practice to set rider fees on the basis of average fixed costs for all commuter vans in the vanpool program, plus average per-mile operating costs for all the vehicles. Operating costs are allocated to each vanpool on the basis of its commuter mileage.

FARES IN LEASING PROGRAMS

That approach can be applied by third party sponsors who own the vans in their vanpool program. The more usual practice for third party sponsors, however, is to lease their vans. New vanpools will start up at intervals, existing vanpools will reach the end of their lease period and require a new van and a new lease. The terms of each lease will vary depending on van prices and the cost of money at the time the van is leased. Each van will have its own identifiable costs, depending on its lease cost.

INCENTIVE FARE STRUCTURE

The total monthly vanpool cost is divided by a minimum number of riders; the result is the monthly rider fare for that vanpool. As more seats are occupied in the van above the minimum number, the individual fares go

down. This incentive makes each vanpool rider a salesperson for the empty seats in his or her van, and has shown remarkable results in increasing van occupancy.

RIDES; AN EXAMPLE

RIDES, the third party vanpool sponsor in the San Francisco Bay Area, charges each vanpool its own actual cost, to be repaid by rider fares. Older vanpools ride to the end of their lease period enjoying the lower new-van prices and lower interest rates that prevailed at the time their van was leased. New vanpools pay the current market on both items.

This system, while different from the cost-averaging practiced by most employer sponsored vanpool programs, is fair and acceptable in its own right.

Third Party Vanpools

Driver Agreements

DEFINING RESPONSIBILITIES

Third party programs may closely supervise and support their drivers, or may have almost nothing to do with drivers and vanpool riders once the vanpool is operating. The latter approach places most of the responsibility for the vanpool with the vanpool members.

For an overview of driver--sponsor relationships as reflected in some driver agreements, see Factsheet # 10, "Driver Agreements," for Employer Sponsored vanpool programs.

RIDES: AN EXAMPLE

RIDES, the highly successful third party program serving the San Francisco Bay Area, makes the members of each vanpool--drivers and riders together--responsible for arranging their own emergency transportation when their van is in the shop or has a mechanical breakdown. Vanpool members usually solve this problem by arranging two or three standby carpools, which they can put into operation whenever needed.

DRIVER AGREEMENT OPTIONS

These different approaches permit a variety of relationships between driver and sponsor. Driver agreements will reflect the particular relationship desired by the sponsor.

Driver agreements for a new third party program should be researched as carefully as any other aspect of the program's proposed operations. Program planners should consult with experienced third party operators in designing their driver agreements.

Third Party Vanpools

Recordkeeping

Vanpool recordkeeping for third party sponsors will depend on how deeply the sponsor is involved in day-to-day vanpool operations. A sponsor who owns vans is likely to be more closely involved than a sponsor who leases vans. Some sponsors leave all recordkeeping up to the drivers and the leasing agency, and receive only monthly and quarterly summary reports on vanpool operations from the leasing agency. The following notes are for sponsors who may require more involvement in recordkeeping.

RIDER REPORT

The driver will keep a monthly rider report, as an aid to vanpool members in dividing up their share of the costs charged to the van. If each rider pays a flat per-month fare, whether the seat paid for is occupied or not, a rider report may be needed only to verify "excused" absences such as vacation time declared in advance.

DRIVER PERSONAL MILES

The vanpool sponsor may allow drivers limited personal use of the van on evenings and weekends, at a nominal mileage rate. Drivers will log dates and odometer readings for personal use, and submit the record to the vanpool sponsor or leasing agent, as the case may be, at agreed-upon intervals.

VAN EXPENSES

Drivers submit receipts for gasoline and for other operating expenses that are within their responsibility. Some vanpool programs provide their drivers with credit cards, one for each van, for use only for van expenses. The driver and back-up drivers are authorized to sign:

RIDER FARE COLLECTIONS

Drivers will collect rider fares, by check and in advance, and will promptly deliver or send the checks to the sponsor or to the leasing agency, whichever is designated to receive the money.

SETTLEMENTS

The collecting agency will verify the driver's record of total miles each month, with breakout for driver personal use. The collecting agent bills the drivers for amounts due for their personal use of the vans.

The agent makes van lease and insurance payments, and reconciles and pays all bills due for gasoline and services. Preferably, drivers will use special credit cards, for vanpool expenses only.

Third Party Vanpools

Rider Agreements and Member Rules

DO YOU NEED AN AGREEMENT?

Where the third party sponsor closely supervises day-to-day operation of the vanpool, the sponsor will probably want a rider agreement. Prospective third party vanpool sponsors who feel they may want such an agreement are referred to Factsheet # 11, "Rider Agreements and Member Rules," for Employer Sponsored Vanpools.

Third party sponsors who place operating responsibility with the vanpool members may not need or want a rider agreement. RIDES, for example, does not use a rider agreement.

Third Party Vanpools

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DRIVER OWNED AND OPERATED

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Factsheets: Driver Owned and Operated Vanpools

1. Vanpool Benefits for Driver Owner Operators
2. Vehicle Specifications
3. Financing and Insurance
4. Van Maintenance
5. Vanpool Costs and Rider Fares
6. Recordkeeping and Tax Status
7. Vanpool Regulation: For-Profit Operation
8. Running a Safe Vanpool
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10. Finding Vanpool Riders
11. Courtesy Rules for Vanpools
12. Help in Getting Started
13. Checklist for New Vanpool Operators
14. Further Information

Driver Owned and Operated Vanpools

Vanpool Benefits for Driver Owner Operators

TRY THIS TEST

You can gain substantial benefits as a vanpool driver owner operator. Try this simple test:

- Would you like to own your own \$10,000 van, free, paid for over three to five years by your fellow-employees who you drive to and from work?
- Do you live 15 miles or more from work (10 miles in major urban areas)?
- Would you like to commute free of charge?
- Are you willing to take on additional responsibilities to gain the benefits of a vanpool driver owner operator?

If all your answers are "Yes," keep on reading!

HOW VANPOOLING PAYS OFF

Vanpooling works because your riders benefit as well as yourself. Find nine or more of your own neighbors who work where you work, and sign them up for your vanpool. That means, selling them on the advantages they will gain from vanpooling.

You will charge each rider a monthly fare. It will be much less than the cost to them of driving their own cars to work alone, and on longer commuting trips will be cheaper even than carpooling.

Much of the savings to your riders

and to you comes from the fact that vanpools save large amounts of energy. You all share in those savings.

Remember, in a vanpool you are sharing the cost of owning and operating a \$10,000 van among 10 or so persons. Compare that with the cost to one person of commuting alone and paying for his \$5,000 car.

PERSONAL AUTO SAVINGS

Some vanpool members can do without an extra family car for driving to work. Others will not sell an extra car, but riding to work in the vanpool means they are putting much less mileage on their personal car or cars. So they replace their own cars less often. These savings often amount to more than \$1,000 per year for a vanpool rider--savings in after-tax dollars.

Your rider fares will cover your loan on the van, your other fixed expenses for the van, and your operating costs.

(See Factsheet # 5 on Vanpool Costs.)

Your paid-for van gives you a free second car.

YOUR ARE SELLING CONVENIENCE

The fact that you want to become a vanpool driver puts you in a special category. Many people would rather ride than drive. They will enjoy the convenience of your driving the van. You will pick them up and drop them off each workday, at their doorstep or some convenient central

point. Many people are willing to pay for such convenience.

IT'S YOUR VAN

You completely control what you can do with your van on your own time. You can add a trailer hitch; take your van on back-country roads; travel as far from home as you like. You can take out seats to increase bulk carrying capacity of your van; you can customize inside or out, any way you please.

(You may have to pay for custom touches yourself. The standard production van is a fairly luxurious vehicle in itself, and your riders are paying for their basic transportation in that vehicle. If they agree in advance that they want custom comfort additions, they would then share those costs as part of their rider fares.)

One driver owner operator even planned for using his van on his vacation. He told his riders that he would operate the vanpool 50 weeks of the year, but that he intended to take his van on vacation the other two weeks. Some years this van goes on vacation; other years it stays behind for the vanpool.

Driver Owned and Operated Vanpools

Vehicle Specifications

HOW TO PICK YOUR OPTIONS

Van manufacturers--GM, Ford, and Chrysler--offer more options on vans than even on their passenger cars. Ask your new-car dealers for complete lists of those options. Study them, figure their costs, decide the exact van you want.

You should talk with experienced vanpoolers to get their ideas on equipment. Most driver owner operators these days are buying 15-passenger vans. The economics are more favorable, and some owners wish they had bought a 15-passenger van initially rather than a 12-passenger van.

You'll be driving the van for quite a while, so choose the performance options that you want. You'll probably demand safety options wherever possible, too, for the sake of your passengers.

You'll pick some comfort options to suit yourself, but for others you may want to consult with your prospective vanpool riders. Some driver owner operators, for example, buy 15-passenger vans and fit them out with seats for 12 passengers, or even 10 passengers with airplane type bucket seats. Some have individual headphone sets for stereo music.

How much would such options add to your riders' monthly fares? What are they willing to pay for? You may decide to pay for extra options that you want for yourself, such as custom interior and exterior items.

Following are lists of basic performance, safety, and comfort options that you will want to consider.

CHASSIS

Manufacturers make light, medium, and heavy vans, designated half-ton, three-quarter ton, and one ton. You will need a one-ton chassis for vanpooling. You shouldn't even consider a lighter vehicle.

PERFORMANCE OPTIONS

- Engine size: Despite trends to smaller engines, most vanpool operators want V-8s, in the range of 350 cu. in. A 15-passenger van commuting on long grades, as in the Rockies, may need a 400 cu. in. engine.
- Transmission: Most drivers today prefer automatics. You will need back-up drivers from among your vanpool passengers, and an automatic transmission will appeal to more people and give you a wider choice of back-up drivers.

OTHER PERFORMANCE OPTIONS

- Heavy duty suspension.
- Power brakes and steering.
- Tires: Radials. Or 8.00 or 8.75 x 16.5; 8-ply rating because heat builds up and causes excessive wear with 10-ply tires. Recommended pressure, 60 lb.
- Economy rear axle: 3.21 to 3.54 or similar ratio for improved mileage with both 12- and 15-passenger vans.

(over)

SAFETY OPTIONS

- Outside low mount mirrors, both sides.
- Single rear door with undivided window for best visibility.
- Rear door inside latch handle (now optional on some vans).
- CB radio.
- Instrument gauges.
- Fire extinguisher.
- Flarco.
- Fresnel lens on rear window to reduce rear-end blind spot.

COMFORT OPTIONS

- Front and rear air conditioning and heating.
- Tinted glass all around.
- Custom interior package (carpets, insulation, etc.)
- AM/FM radio, front and rear speakers, separate volume controls.
- Side double doors with conventional latches for easy opening and closing.

SELECTING A DEALER

Consider buying your van from a new car dealer, not near your home, but near your job, if that proves practical. Your new van will be under warranty, will need routine maintenance, and will be at work with you every working day. Ask dealers near your job if they can do your maintenance during working hours. Can they provide loaner vans so you can keep your vanpool on the road if your van goes in the shop for more than one day?

CAN YOU GET VOLUME DISCOUNTS?

As a driver owner operator, no one is going to tell you how to run your vanpool, but you will probably find other vanpool driver owner operators in your own company parking lot, or at other employers near by. It could be worth the trouble to get together to negotiate van purchases, maintenance, and loaner vans. Look for a car dealer who responds to the prospect of volume business and repeat business.

DELIVERY DELAYS

Depending on new-van inventories, after you order a new van you may have to wait weeks or even months for delivery. If you've sold your prospective vanpool riders on the vanpool, there's a danger that they can lose interest during a long waiting period.

If you will accept the risk, you can order the van you want, and then find your riders after it arrives or just before it arrives. Plenty of vanpool drivers have done just that. Sometimes it's taken a few months for them to build up ridership, but most of them have made it.

One driver owner operator says, "Look around your new car dealer lots. You may find a van that comes close to what you want. As long as the van is sitting on his lot, it's costing the dealer, so he'll want to sell. Push him to scrounge around and get the accessories and options you need. You can usually come pretty close. Sometimes the colors won't match exactly, but the item will work. You can use the van right away, and you'll save money, too."

Driver Owned and Operated Vanpools

Financing and Insurance

NEGOTIATING YOUR LOAN

When you have selected your vehicle specifications and are ready to order your van, it is time to talk to lenders. Your best prospects will be your local banks or credit union. Some of these lenders finance new vans with no downpayment and up to four years to pay, at around 12% (mid-1979 rates).

You can include sales tax, vehicle registration, and license in the van loan. Your insurance on the van would then be your only out-of-pocket start-up cost. If you can put money down, however, your loan will cost you less.

You may be able to trade in an extra car you already own, as a downpayment.

VANPOOL PLANNING

Buying and financing a new van for your driver owned and operated vanpool is no more difficult than buying a regular private passenger car. But since vans do cost more than most cars, you will want to plan your vanpool operation carefully, to make sure you get your money back.

INSURANCE

As with your private car, you will insure your van against physical loss, and yourself against liability.

EXAMPLE COVERAGES

Vanpool operators generally agree that insurance coverage in the following

categories is essential. Opinions differ on amounts of coverage. This list gives recommended minimums:

- Bodily injury: \$250,000/500,000
- Property damage: \$25,000
- Medical payment: \$5,000
- Uninsured motorist: \$250,000/500,000
- Comprehensive: \$100 to \$250 deductible
- Collision: As for Comprehensive

Vanpooling is proving safer than passenger car driving, and as insurance companies learn about vanpooling they are increasingly willing to insure vans at reasonable rates. In a few states or local areas vans for vanpooling may still have to be insured on an assigned risk basis. In other cases, costs may differ considerably in adjacent states. These problems are due to unfamiliarity, and the situation is improving. Today vanpooling is a recognized insurable category in 46 states, and you can usually get insurance just as you would for a passenger car.

The Department of Energy is preparing a flyer to aid drivers in obtaining insurance. It will be available in late 1979.

Driver Owned and Operated Vanpools

Van Maintenance

WARRANTY REQUIREMENTS

Your new van will be under warranty, and you will have to meet the manufacturer's required maintenance schedule to keep the warranty in force. It's good business, in any event, to observe the recommended schedule.

DO IT YOURSELF?

Many driver owner operators prefer to do their own routine maintenance. One says, "When I do my own oil changes I always drain the oil when the engine is hot. That gets more of the sludge out. No shop can guarantee you that kind of service."

If you know cars and like to do your own maintenance, you can have the satisfaction and save the money. If not, find a reliable and convenient place to have your maintenance done, whether it's your dealer's shop or elsewhere.

TIRES AND BATTERIES

Maintenance includes tire and battery replacements. One vanpool driver owner operator who works at Mason & Hanger - Silas Mason Co., Inc.'s Pantex plant near Amarillo says, "I buy new tires for my van probably a few thousand miles before I'd actually need to. If it were just my car, I'd get the extra wear out of them. But I have to consider my riders' safety, and I find I'm more strict on their behalf."

Driver Owned and Operated Vanpools

Vanpool Costs and Rider Fares

BREAK-EVEN CALCULATIONS

In this Factsheet we assume you are operating your vanpool on a nonprofit or "break-even" basis, as are most driver owner operators. If you intend to seek a profit, include your profit objective in the calculations outlined below, and refer also to Factsheet #7 for information on regulation of for-profit vanpools.

If you aim to break even, so that your van does in fact pay for itself, your monthly rider fares must cover your estimated fixed and operating costs.

FIXED COSTS

Your fixed costs will include:

- Cost of buying the van, including interest on loan
- Insurance
- License, taxes, and fees

OPERATING COSTS

Operating costs include:

- Gasoline
- Routine maintenance
- Replacement tires and batteries
- Contingency for repairs

A widely accepted figure for vanpool

gasoline mileage is 10 miles per gallon. Calculate gasoline costs according to your current pump price.

Your non-gasoline operating costs should fall between 4¢ and 8¢ per mile, with the higher range for shorter commuting distances. For the average vanpool one-way trip distance of 25 miles, 5¢ per mile for non-gasoline operating costs is an acceptable conservative estimate (mid-1979).

COST ESTIMATES

In estimating your fixed costs, reduce your new van cost by its expected trade-in value. Decide how many months you will probably operate the van before you trade it in. What will its trade-in value be at that time? No one knows, of course. Traditionally vans have had high re-sale values compared with passenger cars, but vans are also viewed as gas guzzlers in times of shortage, and demand for used vans dropped in the oil shortage of 1979.

If you compare your fixed costs with those for employer sponsored vanpools, you'll find that yours are higher. The employer gets a 10% investment tax credit based on his new-van cost if he operates the van for three years or more. He takes depreciation on the van over a three-year period. He also gets the cost breaks of volume (fleet) purchases and maintenance.

The tax credit and depreciation are not available to you as a nonprofit operator. (The possibility is being explored of giving driver owner operators a 10% tax credit, like that available to employers.)

Cost breaks on volume are possible, but will not be easy for you to secure. To get them you will have to combine forces with other driver owner operators.

Even without these extra benefits, as a driver owner operator you can still come out ahead and gain the benefits from your vanpool that we've noted.

EXAMPLE

The next page of this Factsheet is taken from the Department of Energy's Vanpool Implementation Handbook, published in April 1979. It shows vanpool costs and fares for fleet operations, but you can apply the method to calculate your own costs, and for any round trip distance.

In doing your own figuring, try to anticipate every cost item that could come up. If you must pay to park the van at work, include that cost.

One driver owner operator says, "After I started my vanpool I realized I'd want to carry flares in the van as a safety item, even though I don't feel the need for them in my private car. That's not a big cost, but I hadn't thought to include it when I estimated my total costs, so the flares came out of my own pocket."

RIDER FARES AND INCENTIVES

Show your riders the basis on which you figure your fares. They should know, ahead of time, that you may have to raise fares to keep up with rising costs. One driver owner operator says, "My riders know I have to meet those payments, and they want to keep the vanpool going just as much as I do."

The table on the next page uses the break-even number of 9 paying riders. If you have a 15-passenger van, you could have up to 14 paying riders. In that event your per-rider fare will

drop considerably. For 14 paying riders the monthly fare on a daily 50-mile roundtrip drops from the \$35 shown on the table, to less than \$23.

When you pass savings like that on to your riders, you turn each rider into a salesperson for the vacant seats in your van.

We can't repeat too often: Vanpools save everyone money!

Vanpool Cost and Fare Calculation (1979)

| | | Sample | Your Van |
|----------|--|------------------------------|----------------------|
| A | Calculate the monthly fixed cost of a purchased vehicle | | |
| 1 | Cost of the Van | \$10,000 | |
| | Less salvage value (after 4 years) | <u>3,300</u> | |
| | Equals depreciable value | \$ 6,700 or | \$140/month |
| 2 | Add other annual expenses | | |
| | License, registration, taxes | \$ 120 | |
| | Insurance | <u>+ 460</u> | |
| | Equals other fixed expenses | \$ 580 or | <u>+ \$ 48/month</u> |
| 3 | Monthly fixed cost (items 1 plus 2 above) | | \$188 month |
| 4 | Add optional maintenance contract | | <u>+ \$ 45/month</u> |
| | Total monthly fixed cost | | \$233/month |
| B | Or calculate the monthly fixed cost of a leased vehicle | | |
| 1 | Start with your monthly leasing cost | | \$240/month |
| 2 | Add maintenance contract (if not in lease) | | <u>+ \$ 45/month</u> |
| 3 | Add insurance (if not in lease) | | <u>+ \$ 40/month</u> |
| | Total monthly fixed cost | | \$325/month |
| C | Calculate per mile operating costs for purchased and leased vehicles | | |
| 1 | Start with the cost of gasoline (80¢/gal ÷ 10 mi/gal) | \$0.080/mile | |
| | If you included a maintenance contract on A or B, gas is your only per mile cost. Otherwise: | | |
| 2 | Add the cost of oil change, filter and lubrication | \$0.005/mile | |
| 3 | Add other maintenance cost | \$0.025/mile | |
| 4 | Tire costs over the life of the van | <u>\$0.010/mile</u> | |
| | Total operating cost/mile | \$0.12 /mile | |
| D | Calculate passenger fares | | |
| 1 | Start with each van's daily round trip distance | 50 miles | |
| 2 | Multiply this by your average number of workdays in a month | × 21 = 1,050 miles | |
| 3 | Multiply this by your per mile operating cost from C | × \$0.12 = \$126/month | |
| 4 | Add the van's monthly fixed cost from A or B | <u>+ \$188 = \$314/month</u> | |
| 5 | Divide this cost by your breakeven number of passengers | ÷ 9 = \$35/month | |

Driver Owned and Operated Vanpools

Recordkeeping and Tax Status

Keep your vanpool records as simple as possible, and keep them in the format that suits you best. Your principal object in keeping records is to be able to figure your actual operating costs, as a basis for setting or adjusting your monthly fares.

RIDER RECORD

Your monthly rider record can go on one page.

Your purpose is to keep track of riders who are on vacation or business trips. You need this information ahead of time. Ask your riders to mark their expected absence dates on a calendar, so you can transfer the information to your rider record.

OPERATING EXPENSE

Make a form to enter gas purchases and everything else you buy for the van, including all routine maintenance items. Save your receipts and keep them in an envelope or file. Run your total at the end of each month, and identify each category of expense.

MILEAGE

You can easily separate your vanpool mileage from mileage for personal use of the van. Vanpool mileage is your monthly round-trip commuting mileage, plus any trips for maintenance and for your back-up driver training. Everything above that is your personal use of the van.

TAX STATUS

In Revenue Ruling 55-555, the IRS held that in carpools where each member takes his turn driving to and from work, there is no taxable income and no deductible expense. This Ruling also holds that if one person furnishes the car and drives the carpool, and the other members pay him their share of the car expense, the money he receives need not be included in his gross income for Federal income tax purposes. On the other hand, driving the carpool on this break-even basis does not give him any normal business deductions. But the driver can still deduct interest costs.

Ruling 55-555 does not apply if the car owner makes a profit on the carpool.

For driver owned and operated vanpools, it is assumed that Ruling 55-555 applies as it does to carpools. If your objective is only to meet your expenses, you should keep your records in sufficient detail to establish that circumstance.

You may hear of a 10% investment tax credit for vanpools. Unfortunately, this credit applies at present only to vans owned by an employer and used to transport his employees to and from work. However, an owner operator version of this tax credit is being considered.

These comments are not to be construed as tax advice, but only to suggest the probable tax situation for nonprofit driver owned and operated vanpools. Consult a tax expert for any specific questions you may have on the tax status of operating your own vanpool.

Driver Owned and Operated Vanpools

Vanpool Regulation: For-Profit Operation

REGULATION PATTERNS

The business of transporting passengers for hire is regulated by each state public utilities commission. Vanpooling falls into this category of regulated activity in many states. The historic purpose of regulation was to protect franchised transit companies from competition. Vanpools seldom, if ever, compete with public transit, and in at least 17 states vanpooling has been entirely or partially deregulated by action of the public utilities commission or the legislature.

Congress deregulated interstate vanpools in 1978, by an amendment to the Interstate Commerce Act.

Some states have exempted only "non-profit" vanpools from regulation, and some still regulate all vanpools.

Because of this maze of regulation, starting a for-profit vanpool cannot be recommended at present. If you plan to start your own vanpool, and particularly if you want to seek a profit from it, ask your State Energy Office for information on the status of regulation in your state.

MOVES TO DEREGULATE

Energy conservation and environmental groups are urging complete deregulation of carpools and vanpools, as the principal step to expanding ridesharing. Surveys have shown that if carpool operators

were allowed to recapture some of their costs, as by charging rider fees totaling \$100 per month, large numbers of commuters would be motivated to start carpools.

In a break-even or nonprofit vanpool, the driver receives benefits exceeding \$100 per month. These benefits so far are proving adequate to attract increasing numbers of driver owner operators into vanpooling.

IF YOU WANT A PROFIT --

Some driver owner operators do want a profit above their break-even point. If you decide to operate on a for-profit basis you will need records to substantiate your vanpool gross income and expenses.

For-profit operation can give you a variety of tax advantages. As noted above, for-profit operation will probably subject your vanpool to regulation. In addition, your vanpool insurance costs will increase.

These comments are not to be construed as tax or legal advice. See your tax advisor and/or attorney for details of your tax and legal status as a for-profit vanpool operator.

Driver Owned and Operated Vanpools

Running a Safe Vanpool

VANPOOLING IS SAFE!

Records kept since 1973 show that vanpooling is much safer than travel in ordinary passenger cars. Vanpool drivers are familiar with their routes. They sit higher above traffic, and have better visibility than most cars. Much vanpool travel is on heavily congested commuter routes at peak traffic hours. These conditions make for slow, stop-and-go travel, which is unlikely to produce serious accidents.

Vanpool riders also contribute to vanpool safety, through the effect of their peer pressure. People simply will not keep riding with a reckless driver, and they will be quick to make their feelings known.

DRIVER SAFETY

Your state may require that you and your back-up drivers hold chauffeur's licenses. In addition, your state Motor Vehicle Department or other agency may offer defensive driving courses. Insurance companies may give lower rates to drivers who have passed such courses; you should ask if such training is available for you. Interest is increasing in defensive driving training specifically for vanpool operators. Such a course in Michigan, for example, stresses safety in loading and off-loading vanpool passengers.

Driver Owned and Operated Vanpools

Back-Up Drivers

YOU NEED BACK-UPS

As a driver owner operator you are responsible for driving your vanpool every workday. But you will need time off for vacations, business travel, or sick leave. A few vanpool drivers also like to take a break and travel as a rider rather than be the driver, for a day or two each month.

You must have someone you can rely on to drive the van in your place at those times.

One driver owner operator says, "You need at least two back-up drivers."

If your state requires that you have a chauffeur's license to drive your vanpool, then each of your back-up drivers must also hold a chauffeur's license.

Your back-up drivers need to know where you buy gas, where you file the receipts, and how you keep your rider and expense records. If you use a credit card for the van only, they should be authorized to sign.

BACK-UP DRIVER BENEFITS

Work out fair compensation with your back-up drivers. At a minimum back-up drivers should get a free ride when driving. An option would be to give them a blanket reduction on their rider fare, say \$10 to \$15 per month.

Some driver owner operators allow their back-up drivers to use the van on evenings and weekends, at a small mileage charge.

TRAINING YOUR BACK-UP DRIVERS

If you take a regular defensive driving course, your back-up drivers should take the same course.

You should also train your back-up drivers personally, preferably by having them drive the regular commuting route without passengers excepting yourself in the front seat beside the driver.

If necessary, you can substitute parking and driving conditions similar to those of the commuting route.

Driver Owned and Operated Vanpools

Finding Vanpool Riders

YOU MUST ADVERTISE!

Most driver owner operators find their own riders by talking up their vanpool among neighborhood friends and associates at work.

They put notices on company bulletin boards and in the company newspaper. They run classified ads in their local papers; print up flyers and tack them up in shopping centers, townhouse lobbies, and laundromats.

One driver owner operator says, "Sometimes you have to hustle to keep those seats filled."

EMPLOYER PUBLICITY

A few employers sponsor driver owned and operated vanpool programs. A notable example is Mason & Hanger - Silas Mason Co., Inc., at their Pantex plant near Amarillo. The company does not own or operate commuter vans, but with only a modest program has greatly stimulated the development of driver owned and operated vanpools and other forms of ridesharing among its employees.

Pantex posts up-to-date vanpool lists where employees can read them. The Pantex vanpool coordinator has access to the company public address system. Any vanpool vacancy can be announced to the entire workforce, and many vacancies are filled on the same day.

Your employer may be willing to provide that sort of help, if asked.

RIDEMATCHING SERVICES

Some state governments and regional transit authorities provide computerized ridematching for carpools and vanpools. These services could help locate prospective riders for your vanpool.

Call your State Energy Office to find out if your area has such a service, and how it might help you.

NEWSPAPER CLASSIFIEDS

In mid-1979 some newspapers responded to the gasoline shortage by running weekly classified advertisements, sometimes free of charge as a public service, for carpools to find riders. Vanpool driver owner operators rate these ads as highly effective in finding vanpool riders.

Driver Owned and Operated Vanpools

Courtesy Rules for Vanpools

WHY YOU NEED RULES

Your vanpool is a business-type arrangement between you and your riders--but all of you together are also a social group.

As with any social group, your vanpool will need some elementary rules to avoid disputes if possible, resolve disputes that do occur, and generally to make vanpooling enjoyable.

As the driver owner operator, you are in charge of the vanpool and you must take the lead in setting the rules. You'll do well, however, to listen to your riders at that point.

RULES MAY INCLUDE:

- Waiting time for pickup. We'll assume that you, the driver, are always on time. How long, then, do you wait for your riders at their pickup points? Some vanpools wait three minutes; some one minute. You need a number that you and your riders can agree on and stick to.
- Smoking or no smoking?
- Radio on what station? Loud or soft? Who decides?
- Eating and drinking allowed during the commute ride? (Some vanpools chip in to buy a 24-cup thermos for hot coffee, with a dispensing pump on top.)

YOUR VANPOOL'S PERSONALITY

One driver owner operator says, "Even seating arrangements should be part of the rules. I pick up riders at three government buildings. The ones I picked up first happened to be some that I dropped off first. They sat in the back and when they got out they struggled past other riders to get to the door. We changed that with a formal seating chart.

"Then we were also letting each rider who got in be the one to shut the door. That got awkward because they had to get in, turn around, and then shut the door. We changed that so that the person sitting closest to the door shuts it each time.

"Little things like that can cause a lot of tension until you get them resolved, and it's better if you think of them ahead of time."

Other vanpool operators find that their riders sit where they please, and change seats when it suits them, without causing problems.

Each vanpool has its own personality structure. In making up courtesy rules that structure is more important than any formal checklist.

Driver Owned and Operated Vanpools

Help in Getting Started

SPONSORS CAN HELP

Driver owned and operated vanpools are the easiest kind to start, and the most efficient kind to manage because they are self-starting and self-managing.

It's been found, however, that help from employers or third parties can greatly increase the number and success of driver owned and operated vanpools, without infringing on the owner's freedom to run his own show. Sponsorship of this kind is just beginning in a few localities, but it may represent the wave of the future of vanpooling.

Sponsors can provide prospective drivers with guidance in starting and managing their vanpools, can publicize vanpooling, and help find riders. Sponsors can also make contacts with insurance agents, and with dealers and maintenance shops for volume discounts.

Employers who sponsor driver owned and operated vanpools usually provide free, upfront reserved parking in the company lot, as well.

GOVERNMENT AGENCY HELP

It is public policy to promote vanpooling and other forms of ridesharing, because they save large amounts of energy. The Department of Energy funds ridesharing programs in each State Energy Office.

Some states have well-developed, highly expert vanpooling promotional programs where prospective driver owner operators

can get help in estimating costs and in other vanpool start-up and operating problems.

Call your State Energy Office to find out what services may be available to you through government ridesharing programs.

If your state does not have a service that meets your needs, refer to Fact-sheet #14, the reference list, for contacts for possible sources of help.

GASOLINE ALLOCATIONS

When gasoline supplies are tight you may need to apply and qualify for an allocation to operate your vanpool.

At present gasoline at the retail level is allocated by the State Energy Offices. The needs of vanpools are recognized, and the states are working out methods of meeting those needs.

Allocation guidelines are also under development to provide needed gasoline for new vanpools when they begin to operate.

The Department of Energy allocates gasoline at the bulk or wholesale level. In an initial case, on June 6, 1979, the Department approved an application by the Prudential Insurance Company for a special allocation of gasoline, sufficient to operate the company-sponsored vanpools in California.

Employers with bulk gasoline tanks may be able to supply driver owner operators who work for them.

Driver Owned and Operated Vanpools

Checklist for New Vanpool Operators

YOU NEED A CHECKLIST

You should make your own checklist of items to accomplish in forming your vanpool and getting it on the road. The notes offered here are a guide to some of the items you will want to consider.

1. Do you have sufficient riders for your vanpool? (Some operators start with only a few riders, and recruit as they drive. Nearly all succeed.)
2. Have you estimated your fixed and operating costs?
3. Do your prospective riders understand and accept your fare schedule?
4. Will you be able to fill vacancies with new riders when you have drop-outs?
5. Have you qualified as a vanpool driver (chauffeur's license, etc.)?
6. Do you have one or more back-up drivers, also qualified?
7. Have you decided your van specifications?
8. Is your van on order?
9. Do you know the delivery date for your van? Do your riders know and accept that date?
10. Have you talked with other vanpool driver owner operators to get the benefit of their experience?
11. Have you talked with your State Energy Office to learn what help they can give you in planning your vanpool program?
12. Have you agreed with your riders on vanpool courtesy rules?
13. Do you have access to a loaner van if your van is out of commission?
14. Do you have plans for getting your riders to work if you have no van at all available? (Many vanpools plan to split up into three or so temporary carpools.)
15. Have you qualified for a loan on your van?

Driver Owned and Operated Vanpools

Further Information

A. PUBLICATIONS

GENERAL

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Washington, D.C. 20585.

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How Ridesharing Can Help Your Company, A Manual For Employers, 1979.
U.S. Department of Transportation, Washington, D.C. 20590.

The 3M Commute-A-Van Program, 3M Company, 3M Center, St. Paul,
Minn. 55101.

Vanpooling, A Commuting Alternative That Works, 1979. Continental
Oil Company, P.O. Box 2197, Houston, Texas 77001.

Vanpooling Implementation Handbook, 1979. Office of Transportation
Programs, U.S. Department of Energy, Washington, D.C. 20585.

THIRD PARTY

RIDES For Bay Area Commuters, Inc., Annual Report FY 1977-78. RIDES,
100 Van Ness Ave., 19th Floor, San Francisco, Calif. 94102.

The Transportation Broker, Knoxville Commuter Pool, Annual Report,
1977-78, Knoxville Commuter Pool, City Hall Park, Knoxville,
Tenn. 37902.

DRIVER OWNED AND OPERATED

Owner-Operated Vanpools at Pantex, 1979. Mason & Hanger - Silas Mason
Co., Inc., P.O. Box 30020, Amarillo, Texas 79177.

B. CONTACTS

- Your State Energy Office or Energy Extension Service.

- Vanpool Coordinator
Pantex Plant
Mason & Hanger - Silas Mason Co., Inc.
P.O. Box 30020
Amarillo, Texas 79177 (806) 335-1581 x2461

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