

# BACON'S REBELLION

The Op/Ed Page for Virginia's New Economy

## Carpool Comeback

**Thanks to \$3-per-gallon gasoline and NuRide's online, ride-sharing service, carpooling could stage a big rebound.**

By James A. Bacon

**C**arpooling is a dying practice, but Rick Steele is applying CPR. Indeed, the Herndon visionary and entrepreneur hopes to inject new life into ride sharing as a strategy for coping with traffic congestion, dependence on foreign oil and excessive air pollution.

U.S. Census numbers document a troubling decline in ride sharing in recent years: from 500,000 Virginia commuters in 1990 to 441,000 at the turn of the millennia. Virginians, like other Americans, are so busy, they have so many side trips to run, and their work schedules are so irregular that they hate committing to a schedule of driving to work with someone else.

But Steele, president and co-founder of NuRide, has developed an online service at [www.nuride.com](http://www.nuride.com) where commuters can plug in a location, destination and a time of day to see if they can find someone making the same trip. The beauty of NuRide is its flexibility. "Traditional carpooling locks you into a schedule," Steele says. "With NuRide, you can book just one trip."

To give commuters extra incentive to share rides, Steele shows them with discounts, freebies and other special offers

from retailers along their routes. For regular carpoolers, those bennies can add up to hundreds of dollars per year. The retail perks may take the back seat, however, to gasoline conservation as a ride-sharing motivation. With gasoline crashing the \$3-per-gallon barrier and the cost of driving fast approaching \$.50 per mile, sharing rides translates into serious cash savings.



NuRide, which launched in the Washington, D.C., area in March 2004 and has expanded since to Houston, New York, Long

Island and the entire state of Connecticut, has registered about 5,000 riders. About half are located in the Washington area. On any given day, about 30 percent of NuRide's registered riders use the service.

The Virginia Department of Transportation is supporting NuRide financially in the expectation that it will take cars off the road. Although no one expects ride sharing to solve all of Virginia's road-congestion woes, it could prove to be an important piece in a larger puzzle. VTrans2025, the Warner administration's transportation strategy plan, says that building enough new road and transit capacity to keep up with projected traffic growth will require an average of \$5.4 billion a year in new

revenues over the next 20 years -- a politically unattainable sum. Virginia has no choice but to look for solutions like NuRide that are potentially more cost effective.

Admittedly, NuRide's 5,000 thousand riders is a drop in the bucket compared to the millions of motorists in three of the nation's largest metro areas. Heck, it's less than a drop in the bucket... 5,000 riders is an invisible droplet of mist. But Steele insists that the number will surge in the year ahead. He deliberately throttled back growth last year, he says, while he was refining the service. "In the next year," he promises, "you'll see our efforts really expand."

Steele cites Metcalfe's law -- the theorem that the value of a network increases exponentially with the number of people who use the network -- as the basis for his optimism. The greater the number of people within a metro area that uses NuRide, the more likely that they can find someone to share a ride with. The more frequently people use the service, the more word spreads. Says Steele: "Our growth rate is compounding every month."

One of four co-founders, Steele has 20 years experience in running high-growth companies. NuRide's chairman, Thomas Murray, is CEO of Community Wireless Structures, which develops cell phone towers in Northern and Central Virginia. The board of advisors includes Tony Coelho, a former California congressman and chairman of Al Gore's presidential campaign, and John Milliken, a former state

Secretary of Transportation.

NuRide has a two-pronged business strategy: It targets employers and riders on the one hand, and retailers on the other. Instead of advertising, which would recruit riders from random locations, Steele is building nodes, or concentrations of riders, around employment centers. "We get people to join NuRide through employers," he explains. "We know people are going to the same place – we've already nailed one of the variables."

The first big employer the company signed up was America Online. Then NuRide pitched major employers nearby like MCI and Orbital Sciences, and filled in the little guys in the neighborhood. The office node near Dulles airport encompasses thousands of employees.

"We want to make sure that people have a high probability of finding rides," Steele explains. So far, NuRide's track record is pretty good: About 30 percent of all ride requests result in a match.

NuRide's other initiative is to line up retailers and other businesses who want to connect with the company's carpoolers -- or, as Steele refers to them, "nuriders." In theory, NuRide provides retailers a highly targeted advertising pitch: They can make special offers to riders who drive past them on any given day. Taking a slice of the advertising revenue provides NuRide with an additional revenue stream.

NuRide is closing in on 100,000 total trips scheduled through its service, and Steele is gaining confidence that he's developed a winning recipe. "As I said three years ago to my investors, we have eggs, flour and sugar, but

we don't have a cake yet... Now we're getting close to having a cake. ... In the next year, you'll see our efforts really expand."

Steele says NuRide is negotiating contracts to move into new metropolitan markets. He won't say if any of those are in Virginia, noting only, "NuRide's commitment to Virginia is strong and expanding."

**V**irginia has more than 3.5 million workers; of those about 77 percent in 2000 drove alone; less than 13 percent shared rides to work. (Others walked, biked, took mass transit or worked at home.) If Steele can persuade one percent of the go-it-aloners to share a two-way ride each day, he can get 27,000 commuters off the road. That's equivalent to adding a lane of Interstate highway -- each way -- for a 15- to 20-mile stretch, saving the state an expenditure of tens of millions of dollars.

If NuRide, with a little help from \$3-per-gallon gasoline, could wind back the clock all the way to 1990, it could get 60,000 motorists off the road. That's potentially worth hundreds of millions of dollars in avoided costs to the state.

What are the odds that Steele can achieve that level of success? Frankly, I don't know. It depends on how successful he is at building "nodes" of activity, and what kind of luck he has convincing retailers to try his unorthodox medium for reaching new customers. It also depends on how seriously businesses sell ride sharing to their employees, and what kind of promotional muscle local and regional governments put behind the program.

A missing element, it seems to me, is the ability to create

"nodes," or clusters of riders, at the *residential* end of the commute. Ride sharing loses much of its allure if the driver has to travel 10 minutes out of his way to pick up a passenger. By contrast, carpooling becomes a more attractive option if the commuters can rendezvous at a Park 'n Ride, or, better yet, if they live within a walk or short drive from one another -- a scenario that presupposes a density of development not commonly found in Virginia's scattered, cul de sac subdivisions.

NuRide won't solve Virginia's congestion problems by itself. There are no silver bullets that will magically clear the roads. But there are a host of demand-side solutions -- from designing balanced communities where residents can meet many of their needs locally, to equipping employees to work from distributed locations, including home -- that can reduce the stress on Virginia's transportation system.

Spending a few million dollars on experiments like NuRide looks like a smart way for the Commonwealth to hedge its bets.

**Read more columns  
by Jim Bacon at  
[www.baconsrebellion.com](http://www.baconsrebellion.com).**