

Driving Change in São Paulo

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It was very early on an August morning in São Paulo, Brazil, and Mayor João Doria was calling. The city's Secretary for Administration Paulo Spencer Uebel thought to himself, "this cannot be good."¹ For the past nine months, Uebel had been at the forefront of the mayor's push for more savings, innovation, and managerial efficiency in the municipality. In Brazil, "politicians are concerned with populist ideas, not so much with efficiencies and reducing administrative costs," Uebel noted. "But new leaders have started to focus more on the latter and using public spending more efficiently. In our administration, being data-driven in our decisions became very important."

One of the incoming administration's first moves was to take advantage of a new city ordinance mandating the regulation of transportation network companies (TNC) and allowing TNC use by city residents and tourists. For the city's administration, it meant opportunities to rethink its fleet management model, generate significant savings, root out bad habits, increase transparency, and collect data. Doria had promised that São Paulo could save R\$100 million¹—the equivalent of day care support for 100,000 children a year in the city—² by having cabinet secretaries and municipal staff use a TNC platform (or ride hailing program) for business travel rather than the leased cars the staff had relied on. São Paulo was the first municipal government in Brazil to adopt TNCs as an employee transportation model; to date, responses ranged from vehement opposition to overwhelming support.

"Did you read the newspaper?"³ Doria asked when Uebel picked up. Apparently, the press was reporting that São Paulo's Health Department was unable to perform key health inspection services after the leased cars program had been cut down.⁴ "Read the article and call me back," Doria instructed. Uebel then texted the same instructions to Yuri Batista, an advisor on public policy in Uebel's department and the project manager of the new employee transportation program using the TNC model.

Managing the Metropolis of São Paulo

As of 2019, with a population of 12 million, São Paulo was the largest city in the Southern Hemisphere, covering more than 1,500 square kilometers (twice the size of New York City). Providing public services and rightsizing the municipal government in a city of these proportions was extremely complicated. Known as a concrete jungle, São Paulo had many neighborhoods with endless vistas of commercial and residential high-rises, a patchwork of affluent areas nestled within poorer ones. Forty kilometers separated the city's luxury stores on Rua Oscar Freire—the city's equivalent of London's High Street—

¹ As of August 28, 2017, R\$1 was equivalent of US\$0.326. Source: <https://www.reuters.com/finance/currencies>.

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from poor and dengue-infestedⁱⁱ areas. At the same time, about 6 percent of the city's land was considered "rural," and included farms and even forest conservation land.⁵

In São Paulo, the mayor governed the executive branch, working in concert with the fifty-five-member city council, which drafted laws for the mayor's approval or veto. The mayor typically assembled a cabinet of twenty-six secretaries to manage the city's ninety municipal departments, including thirty-two regional City Halls, and almost 125,000 city employees.⁶ About 96 percent of city employees were civil servants; the rest were contractors or political appointees.

Transporting Civil Servants

Transporting São Paulo's 125,000 public servants was no simple task. On any given day, 1.5 million cars were on the city's streets,⁷ and they were considered a status symbol. In total, there were 6.2 million cars, 33,900 taxis,⁸ and 48,400 buses registered in the city,⁹ plus thousands of motorcycles and scooters. Traffic jams could stretch for 100 kilometers (km), and a thirty-five-minute trip to the airport could extend to three and a half hours on a rainy Monday morning.

Wealthy residents and business executives could escape gridlock by taking to the air from one of the city's 200 helipads¹⁰ (compared to forty-one in Los Angeles).¹¹ However, municipal buses accounted for nearly 70 percent of all journeys in São Paulo,¹² and an average of 3.5 million people a day used the city's subway system.¹³

Prior to 2017, civil servants relied on a fleet of leased vehicles to get around the city. At City Hall, leased cars were used for many different purposes: transporting inspectors and city authorities, bringing employees to meetings and training events, and moving items that ranged from school meals for the education department to controlled chemicals and medicine for the health department. "Every department used some form of internal transportation to deliver its public services," Batista noted.¹⁴ "To understand these patterns and transportation service provisions is to know how the São Paulo municipal government works."

In 2016, the city's ninety departments leased over 2,200 cars and drivers through 119 separate contracts. A contract manager in each city department oversaw vehicle requests and maintained paper records of trips. Apart from ambulance drivers and the mayor's chauffeur, most leased car drivers were not on the city's payroll; their services were provided as part of the lease contracts. Leased car providers typically charged a flat monthly fee per vehicle. On average, each car—including drivers' services—cost the city about R\$5,196.38 per month, plus R\$0.49 per km for gas, and an hourly fee for any overtime (R\$24.93 on weekdays and R\$33.23 on weekends and holidays).¹⁵ In 2016, transportation costs totaled about R\$174 million.¹⁶

High-ranking city employees—such as cabinet members, heads of agencies, or chiefs of staff—had a dedicated car, typically status-conferring "executive black sedans." For the rest of the city's employees, the leased cars insulated them from a hectic transit environment and offered a measure of security in

ⁱⁱ The dengue virus was spread by mosquitoes. It caused pain, fever, and rashes at best, and fatal complications at worst.

more dangerous neighborhoods, where a health inspector might be chased out of a venue by a gun-toting owner irate about receiving a violation.

However, City Hall had never conducted a thorough analysis of its leased car usage. “If a department used ten cars and had no issues, it would continue using ten cars,” Batista said. “If a problem arose, it might increase its fleet to twelve cars. There was no push towards optimization.” City employees had little motivation to pool their trips or consider whether a given trip was necessary. Sometimes city cars went unused for extended periods; at other times, car requests outnumbered available vehicles, hindering employees’ ability to perform their duties.

There were also concerns that some city employees were using cars for unapproved personal reasons, such as commuting or traveling to recreational activities, but these violations were only identified when someone reported them to the press or the internal affairs department. Since many employees benefited from the lack of transparency, there was no incentive to make the system more accountable.

The Groundwork for a New Transportation Model for Civil Servants

The advent of TNCs that connected drivers and passengers through a mobile app or website provided an impetus for experimentation at City Hall. In the early 2010s, Brazil’s restrictive public transportation laws stated that only taxis could charge for an individual ride, leading entrepreneurs to first explore mobile taxi-hailing apps.¹⁷ Transportation apps EasyTaxi, created in 2011,¹⁸ and 99Taxi (99), created in 2012, allowed users to request taxis directly.

In 2014, Uber bucked legislative concerns and became the first TNC to offer peer-to-peer services in Brazil. Brazil’s taxi drivers went through a registration process that frequently involved high legal fees; Uber argued it could bypass this process by categorizing itself as a private individual transportation service.¹⁹ Uber’s expansion brought widespread protests by taxi drivers, which frequently turned violent. The head of São Paulo’s taxi syndicate told city councilmembers, “Someone is going to die,” and reports surfaced of taxi drivers kidnapping or attacking Uber drivers.²⁰

An Innovative Approach: The Start of a Public-Private Dialogue

In October 2015, São Paulo’s city council approved, almost unanimously, a law banning all unregulated transportation. Then-Mayor Fernando Haddad, who believed the city should allow TNCs, reached out to Rodrigo Pirajá, a career civil servant with a reputation for making things happen. “After I studied the ruling,” he said, “I told Haddad that the law made it imperative for us to improve transportation regulations. I suggested developing a new ordinance to put TNCs in alignment with the law.”²¹ Meanwhile, citing Brazil’s right to free enterprise, court orders blocked enforcement of the ordinance and TNCs continued to expand.

An important part of getting the ordinance right was having a good understanding of the business the city was regulating. Pirajá said, “We had to talk to the private sector intensely to learn more about the model so we could correctly address the issues. We needed to change the standard mindset that it is bad to talk to companies that the government regulates or that are potential government vendors. It could be perceived as a conflict of interest, but we saw it as needed dialogue.”

The ordinance, issued in May 2016, stated that the city could charge TNCs a dynamic fee for street maintenance. The original suggested fee, supported by studies as enough to cover street maintenance costs, was lowered to allow smaller players to enter the market and to create a more competitive environment that would drive TNCs to offer better services. In response to concerns that there were not enough city guards to support increased TNC traffic, the ordinance required TNCs operating in São Paulo to have an application programming interface, allowing the city to monitor TNC traffic remotely.

An Idea with Many Parents

As the legal framework evolved, City Hall experimented with various methods to transport municipal workers. In 2015, the city's urban development department piloted the use of taxis. Then, in May 2016, Haddad mandated a second pilot at the treasury department, which used leased cars to perform company audits.²² It was considered one of City Hall's most professionalized departments, making it a particularly good choice for another pilot. However, due to the classification of companies allowed to take part in the bidding, the procurement process did not allow TNCs to participate. Subsequently, the taxi company that won the contract did not produce an app that could deliver the required services.

A Taste of Our Own Medicine

In June 2016, having negotiated the TNC ordinance on behalf of Mayor Haddad, Pirajá and his team wanted to make the São Paulo Business Agency—which was responsible for attracting new investment in the city—an example of modernized civil servant transportation. “The potential savings were huge and obvious! I proposed the idea to Pirajá, and he didn't hesitate much,” said João Abreu, an advisor at the Business Agency.²³ Pirajá saw no need to keep any of the leased cars. “We invited all the TNCs and taxi-hailing app providers to discuss contracting models. The conversation flowed naturally because we had already worked together on the ordinance. They all pushed for the selected company to be able to use its own billing system, but in the end, the city devised its own pricing system, charging per kilometer, which was simpler and more efficient.”

The Business Agency estimated saving about 90 percent on transportation expenses in the first month. At first, Abreu recalled, “When preparing the documentation approval to launch the procurement, we were asked by the operations manager to refrain from using the original savings estimate because the amount was so high that people were worried she could be charged with administrative improbity or misuse of public funds for sticking with such a cost-inefficient model for so long.” For that reason, the savings estimates were never added to the procurement process and were instead replaced with: “substantial savings are expected.”

A Fortuitous Encounter

In September, Batista and Abreu, who went to the same school, bumped into each other at a restaurant near City Hall. Batista recalled the conversation: “‘Hey, how are you? What are you working on? Oh, I'm doing an analysis on alternative models for city employee transportation. Oh, me too!’ We realized that we were converging on similar approaches and exchanged ideas.” Batista, a public manager by training, was responsible for improving City Hall's contracts, especially those common to all city departments.

In October, after analyzing 180 contracts (including some discontinued ones) from ninety departments and the previous pilots, Batista finished a report on potential savings and other benefits of switching transportation models. Based on leased car providers' flat monthly fees, his report estimated that leased cars driven fewer than 1,900 km per month (about 1,200 miles) cost more per km than taxis; leased cars driving fewer than 2,400 km per month (about 1,500 miles) cost more per km than TNCs. By switching models, City Hall could expect annual savings of between R\$40 million and R\$80 million, plus associated savings, such as not having to pay garage fees. (See Appendix 1 for an analysis of expected savings.)

Implementing the New Approach

In October 2016, Mayor Haddad lost his reelection campaign against Doria, an affluent Brazilian entrepreneur who also hosted the local version of the American TV reality show "The Apprentice." Doria had run for mayor on a centrist platform as part of the Brazilian Social Democrat Party following a country-wide conservative shift. In public addresses, Doria insisted, "I am not a politician, I am a businessman."²⁴ Being elected in the first round, with over 53 percent of the vote, gave Doria a strong mandate.ⁱⁱⁱ He promised to reduce administrative costs by 20 percent, cut the number of political appointees by 30 percent, and move towards "asset-light" government. He quickly became known for moving fast.

In December 2016, during the transition period, the mayor-elect heard of Batista's report and announced publicly that his government would implement the new transportation model, returning 1,300 cars and saving more than R\$120 million per year. Though inflating the potential savings, the announcement put the project on the agenda. The press quoted Doria as saying: "How will my cabinet members and the head of agencies do? They will use taxi or Uber, like anyone else does. For myself, I will use my own car."²⁵

Ready, Set, Go. And STOP.

On January 2, 2017, one day into the new administration, City Hall began the procurement process for the new transportation model. Batista and other members of the team that had worked on the report were transferred to work with Uebel, now the secretary of administration and one of the cabinet members closest to Doria. Batista was excited: "We had a clear problem, high transportation costs, and we had a potential solution: the TNCs, and a clear directive from the mayor." The team first spoke with major transportation providers and leased car vendors to see if they would consider offering a pay-by-use model instead of a flat monthly rate. When none showed interest, the team intensified its focus on shifting the model. Uebel recalled: "We said, 'This has to work.' We knew that the leased car providers would be against us, and so would people who used the old model for personal tasks with impunity. We knew that if we didn't move fast, we would have opposition. In January 2017, we developed a plan to implement the new model in three to six months. The mayor wanted it done tomorrow. The initial plan was to ban all leased cars, but after debate and reflection, we set a goal of at least a 50 percent reduction."

ⁱⁱⁱ In Brazil's two-round voting system, if a candidate has over 50 percent of valid votes in the first round, there is no need for a run-off.

On January 28, 2017, the procurement process was announced. It mirrored the pilot run at the Business Agency, with minor adjustments. Batista said, “The city attorney in charge of drafting the procurement process did not want to take big risks. Using a tested model seemed like a good solution.” After some technical adjustments, the legal department gave the green light to proceed.

On February 15, 2017, Doria issued a decree to pave the way for implementation. First, it stated that the administration department would manage the effort. Batista explained, “Employee transportation used to fall under the jurisdiction of the transportation department, also responsible for overseeing bus transportation, traffic management, and taxi regulations. Transferring the responsibility to the administration department signaled that this initiative would be given a strong central focus. This also allowed for a top-down approach.” Second, the decree mandated that civil servant transportation should be handled primarily by TNCs. Lastly, it prohibited the renewal of leasing contracts and limited the numbers of executive black sedans per department from three to one. “Getting the department leaders to reduce their cars would send a message,” Uebel explained. The decree made it clear that the new transportation program was not just for lower-level city employees, but also for cabinet members and other senior officials. Initially, Batista was a bit concerned that it would be counterproductive or risky if high-level people “who can change things at the stroke of a pen had problems with the app service, which we knew could happen at first.”

In the meantime, leased car vendors petitioned São Paulo to stop the procurement process. After the city rejected this request, the Municipal Audit Court^{iv} took up the case, stalling the bidding that was originally set to receive final bidding by February 23. The delay raised fears that city counselors with connections to the leased car vendors would try to block this shift. Uebel personally led conversations with the court, accompanied by Batista and the city’s chief attorney. Batista noted that the discussions were more technical than related to the legitimacy of contracting with TNCs: “I think they were more curious about how the procurement was drafted than challenging the proposal.” On June 1, the bidding process resumed after the court lifted the suspension order and fifteen companies entered. 99 won the bid by one cent and the result was ratified on July 3.

Rolling Out the Program: Pushback and Negotiated Exemptions

With a vendor selected, the administration department moved towards implementation. The procurement process required all city departments to “opt in” and sign a contract with 99 before using the new system. Uebel oversaw the implementation process and evaluated exemption requests for keeping leased cars; the February decree prohibited departments from renewing past contracts on leased cars. On July 19, the chiefs of staff of every department received an email on behalf of Uebel regarding the use of leased cars and requesting information on how departments would meet the mandated leased car reduction. On August 1, the mayor sent the same email to all cabinet members and agency heads.

Batista could count on one hand the number of departments that implemented the new system without asking for exemptions. The administration department received over fifty exemption requests—some filed the day after the notice came out. The same department took seven to fifteen

^{iv} The Municipal Audit Court had five counselors appointed by the mayor after city council approval. The counselors served an oversight and regulatory function. Three months after the 99 Taxi contract was signed, the Court started using the app.

days to review and communicate the outcome of each request. (See Appendix 2 for a sample of requested exemptions and approvals.)

Some departments argued that adopting the new model would cause logistical problems and security risks. Some regions in the city had bad cell phone coverage, making it dangerous for teams to travel there only to find that they could not secure a return ride. Batista felt it was important to assign a driver to city officials going to dangerous areas or making multiple stops. Uebel recalled, “We asked the departments to show us the places where they might not be able to easily get a ride.”

The mayor asked Uebel to present the savings accrued to each department at the weekly cabinet members’ meetings. Uebel noted, “I showed the savings from each department, which had reached their goals, and a ranking of performance. To be on the safe side, I would send the data to the departments first to confirm it and to let them know we would present it.”

In parallel, Batista held training sessions with all employees responsible for monitoring contracts within each department. “If they don’t know how to use the new system it won’t work, and resistance may arise. I had to make sure everyone understood it,” he reflected. “We also highlighted that the savings on transportation could count toward the total savings mandated by Mayor Doria, so they would not have to cut other services.”

Adjustments

After 99 won the bid, the city asked the company to have the new app available for use within sixty days; 99 delivered it in three days. The bidding process stipulated that 99 would have to provide a training program for employees as each department opted in.

For the first departments that opted in, the city sent 99 a list of employees’ full names and CPFs (the Brazilian equivalent of a social security number, which was widely used as a national ID). “Then the problems started,” recalled 99’s João Sabino.²⁶ “Some employees were seventy years old. Some did not have a mobile phone at all. Others did not feel comfortable sharing personal information or did not want to use their personal data plan for work purposes. There was lots of resistance from the public servants. The more they stood to lose, the more they protested.”

As employees challenged the legality of the city sharing employees’ personal information with 99, the registration procedure was changed. Individuals who wanted to use the system could register on the platform. Those who did not want to use the app could ask the transportation department to call for a ride on their behalf. If employees were concerned about using their cell data or could not use the app, 99 also directed them to a “web call” feature to hail rides—a feature that crashed under the unexpected call volume. Sabino explained, “We did not expect the web call demand. We were prepared for one hundred calls an hour but got 1,500 per hour. We had one week to redesign it; otherwise, we would get fined. It took three days to fix. We rapidly learned a lot about what it means to serve government.” When the 99 platform was unstable, all city departments already in the new system were incapacitated.

The city agreed to provide corporate phones so that individuals would not have to use their personal phones and data plans. However, Sabino noted that the procurement process for corporate phones

was so cost-conscious that the city wound up providing employees with cell phones that were not fully compatible with the 99 app.

Uebel too, had to adjust. One morning, his own leased black sedan was gone. “It turned out that the car was provided through a contract of another secretary, and his department cut the car,” Uebel recalled. “I just used the app.”

From Overwhelming Opposition to Overwhelming Support

Batista’s call brought Uebel back to the present. As they discussed the situation and Doria’s concerns, they reflected more generally on how things had gone and on how implementation had played out in various departments. Both had kept detailed notes and minutes of all meetings and events surrounding this project.

On the bright side, the system had immediately started to yield savings and revealed inappropriate vehicle usage. Any ride that cost more than R\$100 was flagged for the contract managers’ review. In some instances, the issues were driver-related; for example, if a driver forgot to close out a ride, a R\$100 trip might clock in at R\$600. As implementation continued, however, it became obvious that some city employees were using the new service to commute to work or to go to personal events.

Early in the rollout, the system flagged a ride that had cost R\$1,500; an investigation revealed that an employee had used the app to attend a soccer game and instructed the driver to wait for him until it was over. In a more egregious example, a chief of staff registered his relatives as 99 drivers, in cell phones under his control, so that he could be assigned to his own rides and get paid for them. “He was essentially getting paid to drive himself to work,” recalled then-contract manager Jefferson Nunes.²⁷ “Imagine our surprise. We notified him and he insisted that there was no explicit rule against that. When we took the case to the controller, the consensus was that this was absolutely at odds with the spirit of civil service and the principles of public administration as written in the Constitution.” Civil servants caught misusing the service were investigated and many were dismissed.

In some departments, such as the Perus Regional City Hall, implementation had been smooth. Nunes worked there and reported being “excited about a project that could save resources.” The Perus Regional City Hall held two meetings to explain the process to its 270 employees. “Despite receiving very little guidance besides training and instructions, I was optimistic but a little worried about the transition,” Nunes recalled. The department had already halved its fleet of leased cars to six and Nunes welcomed the chance to free up resources for other things, such as funds for at-risk juveniles.

Elsewhere, such as in the education department’s school meal program, enthusiasm for the new model had turned to frustration. The leaders of the meal program opted in immediately, without asking for leased car exemptions or consulting with their team. In early 2017 the education department had already pared back its cars from sixty to forty-two. Now, they would have no leased vehicles to provide a municipal service responsible for families of school-age children, especially the poor. On any given school day, around 1 million children attended São Paulo’s 3,270 schools, and every student received an average of two meals per day. The absence of leased cars posed a major logistical challenge for the school meals inspection program, which had been used daily by the education department’s sixty-one nutritionists.

Aymée Beatriz Vicente, then-advisor at the school meals department, oversaw shift implementation within the education department. Fully aware of the change's impact, she organized meetings with the team and suggested that one of the thirteen regional units could lend them cars. She recalled, "Part of the team of nutritionists said, 'Okay, I understand.' But some people came to my office and plainly said, 'I am not using this new system. As a career civil servant with job security, I will not do that.'"²⁸ Some of these detractors were senior employees with a decade or more of experience. Working with the leased car drivers had been part of their daily routine, and they now worried about working with unfamiliar drivers who did not know certain neighborhoods well or might not be on hand quickly during potentially hostile situations, all adding an extra burden to an already stressful job. Some of the former leased car drivers tried to register as 99 drivers, but there was no way for the nutritionists to ensure they would be placed with a specific driver on a regular basis.

Many inspectors soon refused to conduct on-site visits, leaving children stranded without food supervision. "If people did not want to go into the field, we suggested that they could tackle paperwork in the office. There were over 1,000 cases that were pending and needed to be reviewed," said Vicente. To support the food inspectors, she held weekly meetings to discuss concerns, gather data to show the need for leased cars, and plea for potential adaptations. The school meal director handled the situation more harshly, according to Vicente: "If you don't keep the average number of inspections, your pay will get cut." Batista and Uebel worried that news of these slowdowns would hit the press or that children were being provided meals under unsanitary conditions.

Health Department's Sanitary Inspection Services

For the moment, however, Uebel's and Batista's primary focus was the health department, a concern from the outset. Its team of 3,500 health inspectors was responsible for a wide range of tasks including infectious disease control, food quality, working conditions, pest control, and pharmacy and drug delivery. Every spring, inspectors resumed campaigns to educate the population on dengue threats and patrolled the city to make sure that there was no standing water in streets or backyards. Before the new system, the department had been operating with 390 leased cars from three vendors.

Batista had known that the health department would need special consideration. "For months, we had been working with them to solicit their input on an appropriate reduction target, in vain. A week before, two of their main leasing contracts (which accounted for 50 percent of their leased fleet) was set to expire, they started requesting meetings and a three-month review period," he explained. The city initially estimated that the health department would have to reduce its total leased fleet by approximately 30 percent, but at one meeting, an advisor from the administration department mentioned a gradual 50 percent reduction target. For the time being, they agreed that the health department would keep the leased cars as they were for the short term and send data on vehicles usage within thirty days, toward reaching the long-term goal of 50 percent reduction. The next day, the health department's leadership sent part of the agreed data to Batista, who pointed out that was not what they had agreed upon. He noted, "They used my response as an excuse to not renew the contract, which we just found out through the press. And someone must have leaked it to the press, because there is no public act of not renewing a contract."

One week after the cut went into effect, the health department asked Batista to directly observe the department's field work so he could see the limitations of the new model. Ana Claudia Mori, who had just been put in charge of the department's fleet management, recalled, "the teams were worried and there was a great deal of resistance. I was told that Yuri was scared by what he saw because he did not know what our work was really like in the field. Our team took Yuri to a far southern region of the city for a day of health inspection and disease vector control.^v By mid-day, he had seen enough, and the employees said, 'Well, try using the app to go back.' But he could not get an app driver to come to that area, so they returned to the office in the department's leased cars they were using that day."²⁹ Many people in the department, she explained, believed that "using the app was easy in the central neighborhoods, but in the city outskirts the wait time for cars could reach twenty minutes and some drivers cancelled on us. On top of that, most of our activities could not be done through TNCs, due to the technical characteristics of the service."

Batista recalled accepting the invitation, even though he had experience with the health inspection process in neighboring cities, prior to his work in São Paulo, and was aware that some activities required leased cars. "We did two trips," he recounted. "The first one used a leased car, and they showed me how that type of work could not be done through hail-ride apps, as the inspectors had to go into rivers and carry hazardous pesticides. The second one took me to a type of inspection that could be served by the TNC, but in a far region, and I showed them how it was possible to use the new transportation model. The waiting time was almost double the average but within the fifteen-minute cap. I recall sending an email to Uebel reporting that the experience was a success and that a great deal of the health inspections work could be done using the new model."

Too Far Too Fast? And What Next?

The newspaper article about the health department begged questions that had been front and center for Batista and Uebel since the start of the process: *How fast was too fast? How far should the city have gone in cutting leased cars? Was the process for exemptions appropriate? How should Doria's administration have responded to the article, internally and externally? And which other departments might have been at risk of becoming the subject of a similar article that may worry citizens?*

^v A disease vector referred to an organism or agent such as fleas, mosquitoes, parasites, or microbes that can conduct an infectious pathogen.

Appendices

Appendix 1a Report on Vehicle Leasing for São Paulo City Hall (November 10th, 2016)

Selected Findings from the Summary of Conclusions

- São Paulo City Hall has over 2,200 leased vehicles, the vast majority including fuel and a driver (workload of forty-four hours weekly).
- Most of the leased vehicles are “Common Cars” (four or five doors, sedan, or hatchback), followed by station wagons, vans, and minivans. “Executive black sedans” and small trucks represent an insignificant amount of the leased vehicles.
- The units with the greatest number of leased cars are the municipal health department and the Regional City Halls (half of leased vehicles). If the social services department and the education department were also included, these departments’ sum would account for approximately 80 percent of the total number of leased vehicles.
- Half of São Paulo City’s total cost of renting vehicles is concentrated in only fifteen contracts; most are for operational purposes (especially inspectional services) within the city.
- Many procurement/bidding processes require that the leased vehicles be brand new, creating an extra burden of more than R\$2 million per year. It is recommended that these requirements be dropped in future Request for Proposals. Replacing the vehicle lease model with the taxi service model can also remedy such a problem.

Appendix 1b Evaluation Report on Transportation Models for City Hall (November 10th, 2016)

Selected Findings Related to Efficiency

The analysis used three categories:

Model A: Leased cars, including provision of driver and fuel; current primary transportation model

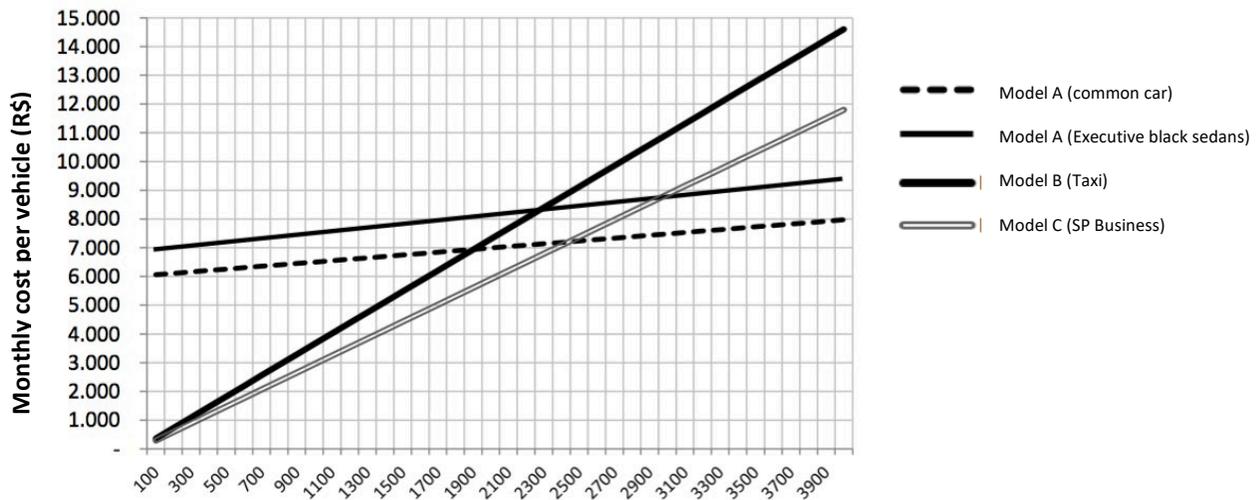
Model B: Taxi hailing through cell app or website

Model C: TNC or taxi hailing through cell app or website

- The lower the usage of leased cars, the more savings are possible when considering the taxi alternative (*Model B*). In departments with modest usage (less than 500 km per vehicle per month), the estimated savings are approximately 70 percent.
- The more a leased vehicle is used instead of a taxi, the less marginal savings gained, and costs can even increase depending on the “effective mileage use.” Effective mileage use is the time the car is used driving the passenger from one place to another, excluding the driver’s commute to the pickup and back to headquarters. Savings cease for effective mileage use at 1,900 km or more for common cars and 2,550 km or more for executive black sedans.
- Comparing the leasing model (*Model A*) and the TNC model (*Model C*) when adopted by SP Business, the turning points are at least 2,400 km of effective mileage use of common cars and at least 3,300 km of effective mileage use for executive black sedans.
- The mileage noted above is extremely high. For a vehicle to have 1,900 km per month mileage, it would have to run at least four hours with a passenger. Executive black sedans would need five or more hours of effective mileage use.

- The use of taxis or TNC (*Models B and C*) has additional advantages: better control and monitoring of the service; an end to conflicting demands for the same car; and projected savings in parking costs and even in office supplies (as a technology-based system).
- Based on these estimates, the savings for adopting the models in all City Hall departments, by substituting Model A with Model B or C is between R\$40 million and R\$80 million per year. The exact amount depends on the effective mileage use (and the current data is not available or reliable) and the adopted model (B or C).

Graph Comparing Costs of Models A, B, and C



Source: Yuri Batista “Evaluation Report on Transportation Models for City Hall”

Effective Use (in Kilometers) of One Vehicle

KM	Costs per vehicle - Model A	Estimated Costs per vehicle - Model B	Savings (1-(B/A))	Estimated Costs per vehicle - Model C	Savings (1-(C/A))
100	6059.68	365	94%	295	95%
300	6157.68	1095	82%	885	86%
500	6255.68	1825	71%	1475	76%
700	6353.68	2555	60%	2065	67%
1,000	6500.68	3650	44%	2950	55%
1,300	6647.68	4745	29%	3835	42%
1,500	6745.68	5475	19%	4425	34%
1,700	6843.68	6205	9%	5015	27%
2,000	6990.68	7300	-4%	5900	16%
2,300	7137.68	8395	-18%	6785	5%
2,500	7235.68	9125	-26%	7375	-2%

Source: Analysis by Yuri Batista, based on “Portaria n. 171/2016,” Electronic bidding system from the State of São Paulo, and data from the administration department (SMG), urban development department (SMDU), and finance department (SF)

Appendix 2 Exemptions Requested and Approved (selected from larger data set)

Department/Regional City Hall (RCH)	Requested	Re-commendation	Authorized	Authorization Date	Rectification Authorized	Rectification Date
Metropolitan Housing Company (COHAB)	14	0	0	8/15/17		
Administration Dept (SGM)	5	1	1	8/15/17	3	8/31/19
Communication Dept (SECOM)	6	3	3	8/15/17		
Internal Affairs (CGM)	1	1	1	8/15/17		
Human Rights and Citizenship Dept (SMDHC)	1	1	1	8/15/17		
Infrastructure Dept (SMSO)	20	1	1	8/15/17		
SP TURISM	1	1	1	8/15/17		
Environment Dept (SVMA)	18	9	9	8/15/17		
RCH-Parelheiros	5	5	5	8/23/17		
RCH-Sé	7	3	3	8/23/17	6	8/31/19
RCH-Socorro	5	4	4	8/25/17		
RCH-Aricanduva	4	3	3	8/25/17		
RCH-Ipiranga	7	4	4	8/25/17	5	8/31/19
SP- Public Works	5	1	1	8/25/17	3	9/22/17
RCH-Butantã	7	5	5	8/31/17		
RCH-Vila Prudente	5	4	4	8/31/17		
Sports Dept (SEME)	14	7	7	9/11/17		
Urban Development Dept (SMUL)	3	3	3	9/11/17		
RCH-Campo Limpo	8	5	5	9/12/17	7	11/28/17
RCH-Sapopemba	7	4	4	9/15/17		
PRODAM	2	2	2	11/28/17		
RCH-Pirituba	10	5	5	11/28/17		

Source: Yuri Batista

Appendix 3 Timeline

	YEAR	MONTH	PROJECT-RELATED EVENTS	BACKGROUND EVENTS
Haddad's Administration	2011			Easy Taxi is created.
	2012			99 App is created.
	2013	JAN		Mayor Fernando Haddad takes office.
	2014			Uber starts operations in Brazil.
	2015	OCT		São Paulo's city council almost unanimously approves law banning all unregulated transportation.
		DEC	Urban development department pilots use of taxis.	
		MAY	Treasury department runs the second pilot.	Ordinance is instated regulating TNCs.
		JUN	SP Business Agency runs the third pilot.	
		OCT	Batista's report is released on potential savings and other benefits of switching transportation models.	Mayor João Doria is elected.
	2016	DEC	During transition period, Mayor-Elect Doria announces implementation of a new transportation model.	
João Doria's Administration	2017	JAN	Procurement process begins.	
		FEB	Decree is made changing employee transportation jurisdiction and mandating TNCs as primary mode.	
			Municipal Audit Court stalls procurement.	
		JUN	Bidding process resumes after the Court lifted the suspension order.	
		JUL	Email is sent requesting information on how departments would meet the mandated leased car reduction.	
			Exemption-request evaluations begin.	
			Training sessions begin.	
			Twelve units opt into the 99 contract.	
		AUG	33 exemption requests are evaluated.	
			Health inspections department does not renew contract; claims harm in service delivery.	
Fifteen more units opt into 99 contract.				

Source: Case writers

Appendix 4 Stakeholders Cited on the Case and Highlight Quote (in order of appearance)**Paulo Spencer UEBEL, Secretary for Administration of the City of São Paulo (2017-2018)**

“Politicians are concerned with populist ideas, and not so much with efficiencies and reducing administrative costs. However, new leaders in Brazil have started to focus more on the latter and on using public spending more efficiently. In our administration, the focus on being data-driven in our decisions became very important.”

João DORIA, Mayor of São Paulo (2017-2018)

“How will my cabinet members and the head of agencies do? They will use taxi or Uber, like anyone else does. For myself, I will use my own car.”

**Yuri BATISTA, Administration Department Advisor on Public Policy; Project Manager of the Ride-Sharing Program. (2017-May 2019)**

“People are worried about change and will claim that things are not really working, even if they might be. This is where the strong direction of the leadership is essential.”

Rodrigo PIRAJÁ, SP Business Agency President (2013-2016)

“We needed to change the standard mindset that it is bad to talk to companies which the government regulates or that are potential government vendors. It could be perceived as a conflict of interest, but we saw it as needed dialogue.”

**João ABREU, Advisor at São Paulo Business Agency (Jul 2016-May 2017)**

“When preparing the documentation approval to launch the procurement, we were asked by the operations manager to refrain from using the original savings estimate. He was worried that amount was so high that the organization could be charged with misuse of public funds for sticking with such a cost-inefficient model for so long.”

João SABINO, Head of B2Gov (Business to Government)/Public Sales at 99 (2016-2018)

“Some employees were 70 years old. Some did not have a mobile phone at all. Others did not feel comfortable sharing personal information or did not want to use their personal data plan for work purposes.”

**Jefferson NUNES, Contract Manager of Perus Regional City Hall (Aug 2013-Mar 2018)**

“Despite receiving very little guidance besides training and instructions, I was optimistic and not worried about the transition.”

Aymée Beatriz VICENTE, Advisor at the School Meals Department (Mar 2015-Jun 2018)

“Part of the team of nutritionists said, ‘Okay, I understand.’ But some people came to my office and plainly said, ‘I am not using this new system. As a career civil servant with job security, I will not do that.’”

**Ana Claudia MORI, Administration and Finance Director of Health Inspections Dept (Jan 2018-)**

“The teams were worried and there was a great deal of resistance . . . Many people in the department believed that using the app was easy in the central neighborhoods, but in the city outskirts the wait time for cars could reach twenty minutes . . . On top of that, most of our activities could not be done through TNCs, due to the technical characteristics of the service.”

Appendix 5 Ride Report

11/04 Ricardo Silva

Cost: R\$15.36; **Time:** 31 minutes; **Distance:** 5.1 km;
Start: Wednesday, April 11 of 2018 at 14:03 – São Paulo;
Cost Center: Cabinet



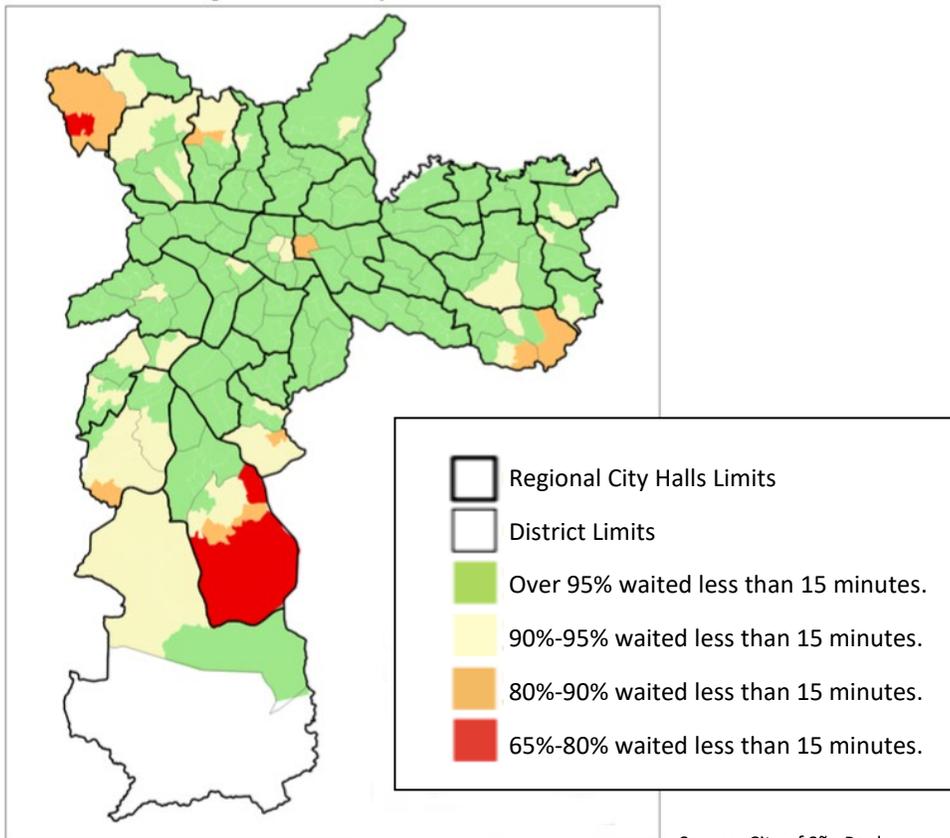
User: Ricardo Silva
Email: rsilva@prefeitura.sp.gov.br
Phone: (11) 9XXXX-XXXX
Company: Administration Department - SMG
Cost Center: Cabinet
Project: Meeting with city employees
Supervisor: (name) (email)

Driver: Joao Neto
Phone: (11) 98765-1234
Car: VW Gol – ABC-0001
Category: 99POP

Cost: R\$15.36
Time: 31 minutes
Distance: 5.1 km
City: São Paulo
Origin:
Destiny:
Reason: Meeting at DGP
Platform: app

Source: City of São Paulo Note: Information has been disguised to anonymize data.

Appendix 6 Heat Map of Car-Arrival Wait Times in Metropolitan São Palo



Source: City of São Paulo

Endnotes

- ¹ Paulo Spencer Uebel, interview by Carlos Paiva and Carin-Isabel Knoop, February 8, 2019. All further quotes by this individual from this interview.
- ² Administration Department, City of São Paulo. April 20, 2018. “Relatório de Avaliação Serviço de Transporte Aplicativo na Prefeitura de São Paulo,” [“Evaluation Report – App for city employee transportation at São Paulo City Hall.”]
- ³ As reported by Paulo Spencer Uebel in interview by Carlos Paiva and Carin-Isabel Knoop, February 8, 2019. All further quotes by this individual from this interview.
- ⁴ Leonardo Fuhrmann, “Prefeitura não dá prazo para Vigilância Sanitária ter carro,” [“City Hall does not set a deadline to give cars for the Health Inspections Department”], *Agora*, August 17, 2017, <http://www.agora.uol.com.br/saopaulo/2017/08/1910602-prefeitura-nao-da-prazo-para-vigilancia-sanitaria-ter-carro.shtml>, accessed March 2019.
- ⁵ João Sorima Neto and Fabiana Parajara, “Maior cidade do país, São Paulo tem área rural com pomares e bois pastando pelas ruas,” [“Biggest City of the Country, São Paulo Has Rural Area with Orchards and Oxen Grazing”], *Extra*, May 29, 2008, <https://extra.globo.com/noticias/brasil/maior-cidade-do-pais-sao-paulo-tem-area-rural-com-pomares-bois-pastando-pelas-ruas-518873.html>, accessed March 2019.
- ⁶ “Funcionalismo na Prefeitura,” [“City Employees at São Paulo City Hall”], <http://transparencia.prefeitura.sp.gov.br/funcionalismo/Paginas/BuscaServidores.aspx>, accessed June 2019.
- ⁷ Carlos Paiva, “Qual o Número de Veículos que Circula em São Paulo?” [“How Many Vehicles Are on São Paulo Streets Daily?”], https://www.sinaldetransito.com.br/artigos/qual_o_numero_de_veiculos_em_sao_paulo.pdf, accessed March 2019.
- ⁸ “Estatísticas,” [“Statistics”] Associação de Empresas de Taxi do Município de São Paulo, October 8, 2015, <http://www.adetax.com.br/index.php/informacoes-e-servicos/estatisticas>, accessed March 2019.
- ⁹ “Frota de Veículos em SP - por tipo de veículo,” [“Fleet Vehicles in São Paulo - Types of Vehicles”], Departamento Estadual de Trânsito de São Paulo, <https://www.detran.sp.gov.br/wps/wcm/connect/portaldetran/detran/detran/estatisticatransito/sa-frotaveiculos/d28760f7-8f21-429f-b039-0547c8c46ed1>, accessed March 2019.
- ¹⁰ Ed Wiseman, “Forget Uber – New Voom App Lets Commuters Hail a Helicopter,” *The Telegraph*, July 20, 2017 <https://www.telegraph.co.uk/cars/news/uber-style-helicopter-hailing-app-voom-touches-sao-paulo>, accessed February 2019.
- ¹¹ VTOL Investor, “Infrastructure: Getting VTOLS off the ground,” September 18, 2018, <https://www.vtol-investor.com/blog/2018/9/18/infrastructure-getting-vtols-off-the-ground>; Paul Berger and Katie Honan, “In New York City, a Helipad Is a Prime Perk,” *The Wall Street Journal*, November 17, 2018, <https://www.wsj.com/articles/in-new-york-city-a-helipad-is-a-prime-perk-1542463201>; both accessed February 2019.
- ¹² Nick Van Mead, “The Four Hour Commute: The Punishing Grind of Life on Sao Paulo’s Periphery,” *The Guardian*, November 29, 2017, <https://www.theguardian.com/cities/2017/nov/29/four-hour-commute-grind-life-sao-paulo-periphery>, accessed February 2019.
- ¹³ Lise Alves, “A User’s Guide to the Sao Paulo Public Metro System,” *The Culture Trip*, January 30, 2017, <https://theculturetrip.com/south-america/brazil/articles/a-users-guide-to-the-sao-paulo-public-metro-system>, accessed February 2019.
- ¹⁴ Yuri Camara Batista, interview by Carlos Paiva and Carin-Isabel Knoop, February 7, 2019. All further quotes by this individual from this interview.
- ¹⁵ Yuri Camara Batista, November 10th, 2016 “Relatório de Locação de Veículos na Prefeitura Municipal de São Paulo,” [“Report on Vehicle Leasing for São Paulo City Hall”] provided to case writers in January 2019.
- ¹⁶ Ibid.
- ¹⁷ Julie Ruvolo, “The Fight against Uber Is Getting Violent in Brazil,” *Tech Crunch*, 2016, <https://techcrunch.com/2015/10/01/the-fight-against-uber-is-getting-violent-in-brazil/>, accessed January 2019.
- ¹⁸ Ibid.
- ¹⁹ Ibid.
- ²⁰ Ibid.

²¹ Rodrigo Pirajá Wienskowski, interview by Carlos Paiva and Carin-Isabel Knoop, February 7, 2019. All further quotes by this individual from this interview.

²² Decree 56.986/2016, May 13, 2016. <http://legislacao.prefeitura.sp.gov.br/leis/decreto-56986-de-13-de-maio-de-2016/consolidado>, accessed March 2019.

²³ João Abreu, interviews by Carlos Paiva, between January and March 2019. All further quotes by this individual from these interviews.

²⁴ Dom Phillips, “How a Wealthy Non-politician and Star of ‘The Apprentice’ Won South American’s Biggest City,” *The Washington Post*, October 4, 2016, https://www.washingtonpost.com/news/worldviews/wp/2016/10/04/how-a-wealthy-non-politician-and-star-of-the-apprentice-won-south-americas-biggest-city/?noredirect=on&utm_term=.fb9eeb2410c4, accessed April 2019.

²⁵ Bruno Ribeiro, “Doria anuncia cortes estimados em R\$ 8 bi e manda equipe andar de Uber e taxi,” [“Doria announces estimate cuts of R\$ 8 billion and orders city staff to ride in taxis and Uber” *Estado de São Paulo*, December 3, 2016, <https://sao-paulo.estadao.com.br/noticias/geral,doria-manda-equipe-andar-de-taxi-e-uber-e-anuncia-corte-de-15-nos-contratos-publicos,10000092350>, accessed March 2019.

²⁶ João Sabino, interview by Carlos Paiva and Carin-Isabel Knoop, February 6, 2019. All further quotes by this individual from this interview.

²⁷ Jefferson Nunes, interview by Carlos Paiva and Carin-Isabel Knoop, February 6, 2019. All further quotes by this individual from this interview.

²⁸ Aymée Beatriz Vicente, interview by Carlos Paiva and Carin-Isabel Knoop, February 7, 2019. All further quotes by this individual from this interview.

²⁹ Ana Claudia Mori, interview by Carlos Paiva and Carin-Isabel Knoop, February 8, 2019. All further quotes by this individual from this interview.