



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 24-227

Meeting Date: 6/18/2024

TITLE:

CLEAN MOBILITY OPTIONS VOUCHER PILOT PROGRAM AND GRANT FOR COMMUNITY BASED TRANSIT

DEPARTMENT: PUBLIC WORKS DEPARTMENT/ TRANSPORTATION
SERVICES DIVISION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR, (714) 754-5343

RECOMMENDATION:

Staff recommends the City Council:

1. Approve the proposed contract with Circuit Transit, Inc. for the Clean Mobility Options (CMO) Voucher Pilot Program in an amount not to exceed \$500,000 annually, for a term of three (3) years after commencement of on-demand transit services.
2. Authorize the City Manager and City Clerk to execute the agreement and future amendments to the agreement within the budgeted amount.

BACKGROUND:

The Clean Mobility Options Voucher Pilot Program is a statewide initiative and grant program that provides voucher-based funding for zero-emission carsharing, carpooling/vanpooling, innovative transit services, and on-demand ride services in California's historically underserved communities. The CMO program goals are as follows:

- Increase clean mobility options for low-income and disadvantaged communities.
- Provide community driven mobility solutions throughout the State.
- Improve access to clean mobility options that are safe, reliable, convenient, and affordable.
- Reduce greenhouse gas emissions and criteria pollutants.

City staff submitted a grant application in August 2023 in cooperation with Circuit Transit Inc. for CMO funds to create and implement an on-demand community shuttle pilot program. On October 9, 2023, the CMO Program Administrator notified the City of their intent to award CMO funds in the amount of \$1,500,000 for a three-year grant period (\$500,000 per year for three years).

On January 16, 2024, the City Council adopted Resolution No. 2024-01 (Attachment 2) to approve participation in the CMO project, accept the funds, comply with the requirements of the program, and authorize the Mayor, or designee, to execute approval of the CMO Voucher. The CMO Program Administration Team provided the draft CMO Voucher Agreement to City staff for review and execution on April 18, 2024. The draft CMO Voucher Agreement has been reviewed by the City Attorney's Office and is provided as Attachment 1.

On-Demand Transit Services for the CMO Pilot Program would begin in approximately three months following the execution of the proposed contract with Circuit Transit, Inc.

ANALYSIS:

In the application for the CMO Voucher Pilot Program, the City of Costa Mesa proposed to partner with Circuit Transit, Inc., an experienced micro transit vendor, to operate an "on-demand" transit project with an all-electric vehicle fleet. Circuit Transit, Inc. has over ten (10) years of experience providing on-demand transit services with operations in seven (7) states and the District of Columbia, with a team of over 500 in-house, EV trained employees. In Southern California, Circuit Transit has contracts in Huntington Beach, Los Angeles, Long Beach, Seal Beach, Oceanside, Carlsbad, Palm Desert, San Diego, Coronado, Chula Vista, and Catalina Island. In addition, Circuit Transit's custom proprietary mobile application for requesting rides is available for Androids and iPhones in English and Spanish, with the ability to add additional languages to the platform as needed. Circuit Transit has successful experience operating CMO funded pilot programs, including meeting data reporting requirements and performance metrics.

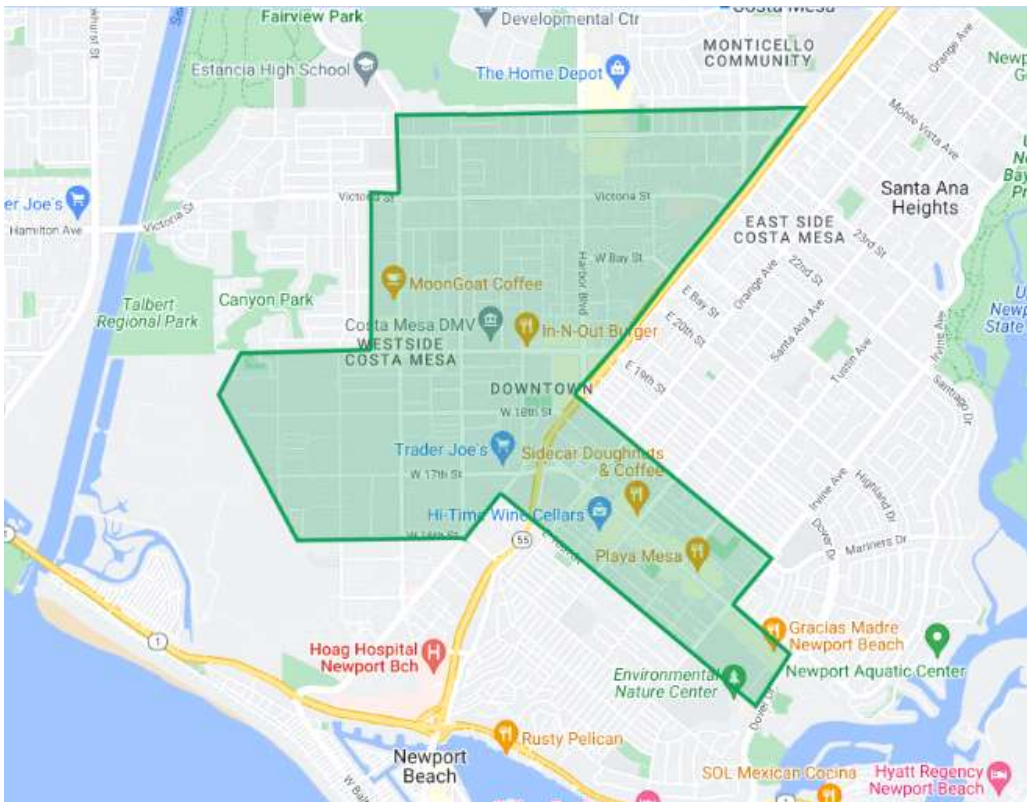
The project application for the CMO Voucher Pilot Program with Circuit Transit, Inc. included a proposed operations plan and budget for on-demand transit services. Per the project application and proposed contract with Circuit Transit, Inc., the proposed initial operating plan would have a total of three (3) electric vehicles operating up to 10 hours per day, 7 days a week, with adjustments made based on feedback from the public and service data to best align with the needs of the community. The proposed three electric vehicles consist of two (2) sedans and one (1) ADA accessible van with wheelchair storage space. As per the CMO Voucher Agreement, the proposed operator, Circuit Transit, Inc., would lease the three electric vehicles and the City of Costa Mesa will provide three (3) dedicated parking spaces with charging facilities at the City Corp. Yard as part of the commitment to the CMO pilot program. The electric vehicle charging equipment and installation costs are included as part of the CMO Voucher Pilot Program.

The CMO Voucher Pilot Program provides service to primarily disadvantaged and low-income communities. The proposed service area will be provided primarily in the SB 535 Disadvantaged Communities and AB 1550 Low-income Communities west of Newport Boulevard and connecting these neighborhoods with the West 19th Street Corridor and the 17th Street Corridor.

While less of 17th Street is geographically designated as Disadvantaged or Low-Income, it includes important transit connections to OCTA Route 55, grocery stores, shopping, and job centers. The focus of the service area will be on key destinations for the local population and visitors, including healthcare, transportation hubs, grocery, senior living facilities, and other destinations as determined through community feedback. The City of Costa Mesa will work with the community to identify key hot spots within this geofenced zone. Exhibit 1 provides an exhibit of the proposed service area for the

CMO voucher pilot program.

Exhibit 1: Proposed Service Area for the CMO Voucher Pilot Program



The CMO voucher pilot program provides funding of \$500,000 per year for three years, totaling \$1.5 million. After three years, the funds for pilot program are expended with no additional available funds from the CMO voucher pilot program. In order for the service to continue, the City would need to identify other funds to sustain the program. The cost estimate to operate the three (3) electric vehicles up to 10 hours per day for 7 days a week is \$500,000 per year each and includes vehicle leases, drivers, insurance, program administration, and outreach and marketing.

At the launch of the on-demand transit service, a transit fare is not recommended for all users. Staff will conduct periodic evaluation of the program to gauge performance of the service, including usage, trip cancellations and abuse of service. Based on this evaluation, staff will return to City Council with potential changes to the program which may include charging a nominal fare for the use of service.

Advertising can also be used to support future years of service and saved for continued service. Advertising could consist of vehicle wraps on the outside of the three service vehicles. It is estimated that approximately \$50,000 to \$75,000 can be generated with ad revenue from vehicle wraps over the course of three years of the CMO pilot program. Staff recommends opting out of advertising at this time, but to keep advertising in the proposed contract with Circuit Transit, Inc. as an option for consideration in the future.

For future project funds, City staff submitted an application to OCTA Project V Call for Projects on January 25, 2024, to continue the service provided by the CMO Pilot Program at the end of the three-

year funding period (FY 24-25 to FY 26-27), with an option to expand the service area by adding a sedan and associated driver. Staff have not been notified of the status of the OCTA Project V grant application at this time.

ALTERNATIVES:

The City Council may choose to not approve the proposed contract with Circuit Transit, Inc. However, this would cause the City to forgo the CMO Voucher Pilot Project grant in the amount of \$1,500,000. Staff does not recommend this alternative.

FISCAL REVIEW:

Funding for the proposed contract with Circuit Transit, Inc. is provided by the CMO Voucher Pilot Project grant for \$500,000 per year for three years, totaling \$1.5 million.

The CMO Pilot Project for On-Demand Transit Services is included in the proposed Fiscal Year 2024-25 Capital Improvement Projects budget. The CMO voucher pilot project requires the City's commitment to implement the proposed project. City staff time, including social media advertising and administration is required for the CMO voucher pilot project. In addition, electricity for the three (3) EV chargers and dedicated parking spaces at the City Corp. Yard is required for the CMO voucher pilot project. These additional costs will be absorbed as part of the operating budget.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report, prepared the proposed contract with Circuit Transit, Inc. and approves them both as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goals:

- Strengthen the public's safety and improve the quality of life.
- Advance environmental sustainability and climate resiliency.

CONCLUSION:

Staff recommends the City Council:

1. Approve the proposed contract with Circuit Transit, Inc. for the Clean Mobility Options Pilot Program in an amount not to exceed \$500,000 annually, for a term of three (3) years after commencement of on-demand transit services (Attachment 1).
2. Authorize the City Manager and City Clerk to execute the contract agreement and future amendments to the agreement within the budgeted amount.