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Attachments: 1. Agenda Report, 2. 1. CMO Voucher Resolution, 3. 2. OCTA Resolution

Date	Ver.	Action By	Action	Result
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TITLE:

CLEAN MOBILITY OPTIONS PILOT PROGRAM AND OCTA PROJECT V GRANT FOR COMMUNITY BASED TRANSIT

DEPARTMENT: PUBLIC WORKS DEPARTMENT/ TRANSPORTATION SERVICES DIVISION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: JENNIFER ROSALES, TRANSPORTATION SERVICES MANAGER, (714) 754-5343

RECOMMENDATION:

Staff recommends the City Council:

1. Adopt the proposed Resolution No. 2024-xx, approving participation in the Clean Mobility Options Voucher Pilot Program.
2. Adopt the proposed Resolution No. 2024-xx, approving the submittal of a grant application for the Community-Based Transit/Circulators Program (Project V) under the Orange County Transportation Authority's (OCTA's) Comprehensive Transportation Funding Program (CTFP).

BACKGROUND:

Clean Mobility Options (CMO) Voucher Pilot Program

The CMO Voucher Pilot Program is a statewide initiative 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). An adopted resolution by the City Council to approve the CMO project, accept the funds, and comply with the requirements of the program is required by March 6, 2024, to execute the project.

OCTA Project V Grant for Community Based Transit

In November 1990, the Orange County voters approved Measure "M", a 20-year, half-cent local sales tax to fund transportation improvements countywide. In November 2006, the Orange County voters passed the Renewed Measure "M" Program (M2), extending the half-cent sales tax for the next 30 years, beginning in the year 2011. Revenues from this extended sales tax are proposed to fund a wide range of improvements in Orange County, including freeway, arterial, and transit systems.

The M2 Community-Based Transit/Circulators Program, referred to as Project V, establishes a competitive process to enable local jurisdictions to develop community-based, local transit services that complement regional transit services and meet needs in areas not adequately serviced by regional transit. OCTA solicited letters of interest in May 2023 from local agencies interested in a future Project V Call for Projects. The City of Costa Mesa submitted a Project V letter of interest on May 19, 2023, with a proposed service as outlined in the CMO voucher pilot program application.

In November 2023, OCTA issued a "Call for Projects" for Community-Based Transit (Project V) to enable local jurisdictions to develop community-based, local transit services that complement regional transit services and meet needs in areas not adequately serviced by regional transit. Project V applications for FY 2024/25 to FY 2030/31 are due by January 25, 2024 to OCTA.

ANALYSIS:

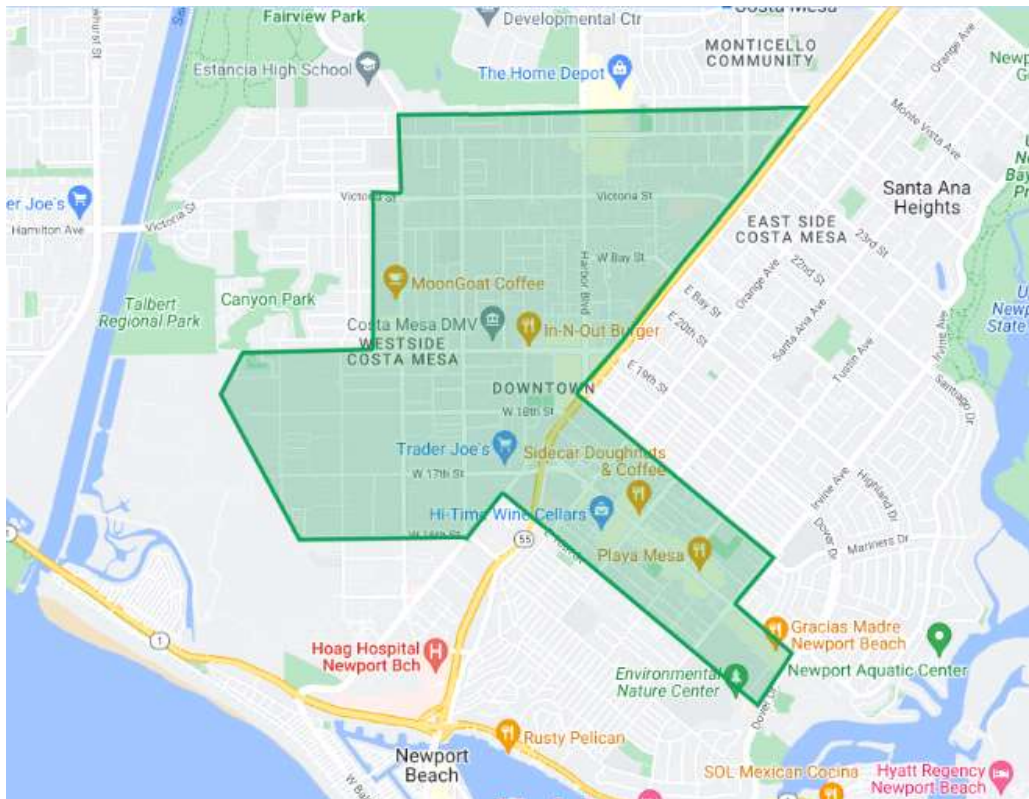
Clean Mobility Options (CMO) Voucher Pilot Program

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. A contract agreement with Circuit Transit Inc., for the operation of the CMO voucher pilot program is currently under development for review by legal and for future consideration by the City Council.

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 community 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 agreement, the proposed operator, Circuit Transit, Inc., would lease the three electric vehicles and the City of Costa Mesa will provide three dedicated parking spaces with charging facility at the City 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 the pilot program are expended with no additional available funds from the CMO voucher for the pilot program. In order for the service to continue, the City would need to identify other funds to sustain the program. One option to provide ongoing funding for the program is the OCTA Project V Grant, described below. 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 including vehicle leases, drivers, insurance, program administration, and outreach and marketing.

A nominal fare of \$1 to \$2 per ride is recommended to reduce canceled trips and abuse of service. In addition, the fare revenue can be saved for use in continuing service after the three years of funding from the CMO voucher pilot program is exhausted. The fare revenue is projected at \$140,000 over the course of the three years assuming a \$1 fare from the launch 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 requests City Council approval of the attached Resolution (Attachment 1) for participation in the CMO Voucher program with Circuit Transit, Inc. Staff will return to the Council at a future meeting regarding the operating details, fare assessment and advertising as part of the agreement with Circuit Transit, Inc.

OCTA Project V Grant for Community Based Transit

Project V allocations are determined through a competitive application process. The services currently eligible for OCTA's Project V grant program fall into two service categories defined as Traditional Project V transit services and On-Demand mobility services. The objectives of OCTA's 2024 Call for Projects follow:

1. To continue funding existing projects that are expiring.
2. To support expansion of existing projects.
3. To support new Traditional Project V services.
4. To allow for on-demand services that provide shared ride options.

On-demand mobility services include the following service characteristics:

- Based on contracted mobility providers responding to user-initiated requests for transportation (ride-hailing).
- User trips occur within a designated service area or boundary.
- May include designated user pickup/drop-off locations within a suitable distance from desired destinations.
- Users have an expectation of ridesharing where all trips may include diversions and deviations to serve other user-requested trips in an efficient and effective manner.

The current Project V funding cycle will be available starting in FY 2024-25 and ending in FY 30-31. The minimum local match is fifty (50%) for On-Demand services. Agencies will receive points for

committing to a higher match rate. The match may be comprised of any combination of private contributions, advertising revenues, and local discretionary funds. The match must be a local agency contribution and may not be made up of in-kind services. The maximum annual Project V grant funding allocation for on-demand services starts at \$300,000 in FY 24-25 increasing to \$350,000 in FY 30-31.

Staff recommends submitting an application to OCTA Project V 2024 Call for Projects to continue the service provided for the CMO pilot program at the end of the three-year funding period (FY 24-25 to FY 26-27) of the CMO pilot program, with an option to expand the service area by adding a sedan and associated driver. The annual cost to add a sedan would be \$156,000 in the first year with a 2% increase every year after that. With an additional sedan, the total cost for continuing service and expanding the service area would be about \$656,000 per year, beginning in FY 27-28. The available OCTA Project V funding in FY 27-28 for on-demand services is \$323,500. The City will have to identify local funds for the remaining \$332,500. The City's Project V application will request annual OCTA funding from FY 27-28 until FY 30-31.

The proposed project submitted will need to meet certain minimum requirements to be eligible for the M2 grants. While the City has met all these eligibility requirements, OCTA requires approval of the attached resolution (Attachment 2) prior to any consideration of City applications. The submittal of applications in response to this "2024 Call for Projects" will not be deemed complete and final until an adopted resolution is submitted to OCTA. The resolution authorizes the Public Works Director or designee to submit the grant application and any required documents, to accept any funds awarded by OCTA, and to execute any agreements, assurances, or other documents required in connection with the acceptance of such funds. Staff requests City Council approval of the resolution.

ALTERNATIVES:

One alternative considered is to not adopt the resolutions. By not approving Resolution 1, the City will forgo the CMO Voucher Pilot Project grant in the amount of \$1,500,000. Not approving Resolution 2 will render the City ineligible to compete for available grant funding for the OCTA Project V Community-Based Transit Program. Staff does not recommend this alternative.

FISCAL REVIEW:

The CMO voucher pilot project requires the City's commitment of the implementation of 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 EV chargers and dedicated parking spaces at the City yard is required for the CMO voucher pilot project.

The Project V resolution requires the City's commitment to implement the project if the grant application is successful including a financial local match commitment of fifty (50) percent. If successful in a grant award, the local match for the project would be proposed starting in the FY 27-28 capital improvement projects budget.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report, prepared the attached resolutions and approves them 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. Adopt the proposed Resolution No. 2024-xx, approving participation in the Clean Mobility Options Voucher Pilot Program (Attachment 1).
2. Adopt the proposed Resolution No. 2024-xx, approving the submittal of a grant application for the Community-Based Transit/Circulators Program (Project V) under the Orange County Transportation Authority's (OCTA's) Comprehensive Transportation Funding Program (CTFP). (Attachment 2).