Legislation Text

File #: 25-518, **Version:** 1

TITLE:

CLEAN MOBILITY OPTIONS VOUCHER PILOT PROGRAM FOR COMMUNITY BASED TRANSIT - AMENDMENT ONE

DEPARTMENT: **PUBLIC WORKS DEPARTMENT/ TRANSPORTATION SERVICES DIVISION**

PRESENTED BY: **RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR**

CONTACT INFORMATION: **BRETT ATENCIO THOMAS, ACTIVE TRANSPORTATION COORDINATOR, (714) 754-5275**

RECOMMENDATION:

Staff recommends the City Council:

1. Approve Amendment One to the Contractor Services Agreement (CSA) with Circuit Transit, Inc. for the Clean Mobility Options (CMO) Voucher Pilot Program in an amount not to exceed $650,000 annually, for a term of two (2) years.

2. Authorize an increase of appropriation of the Clean Mobility - On Demand Transit Services from $500,000 to $650,000 for Fiscal Year 2025-26.

3. Authorize the Interim City Manager and the City Clerk to execute the agreement and future amendments to the agreement.

BACKGROUND:

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

- 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, City Council adopted Resolution No. 2024-01 to approve participation in the CMO program and

accept funding. On June 6, 2024, City Council awarded a CSA to Circuit Transit, Inc. to operate the on-demand ride share service.

On February 2, 2025, in response to availability of additional funding for the program, City staff submitted an application for its expansion. On June 12, 2025, the CMO administrator notified the City of the execution of Amendment 1 to the initial Voucher Agreement to increase the program funding from $1,500,000 to $1,800,000 within the original grant period, and authorized the City to expand the service area and add an additional vehicle (Attachment 1).

On-demand transit services for the CMO Voucher Pilot Program would be expanded as noted in Fall 2025, following the execution of the proposed CSA Amendment One with Circuit Transit, Inc (Attachment 2).

ANALYSIS:

In the original August 2023 application for the CMO Voucher Pilot Program, the City proposed to partner with Circuit Transit, Inc., an experienced microtransit vendor, to operate an “on-demand” transit project with an all-electric vehicle fleet. 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 which included a total of three (3) electric vehicles operating 10 hours per day, 7 days a week.

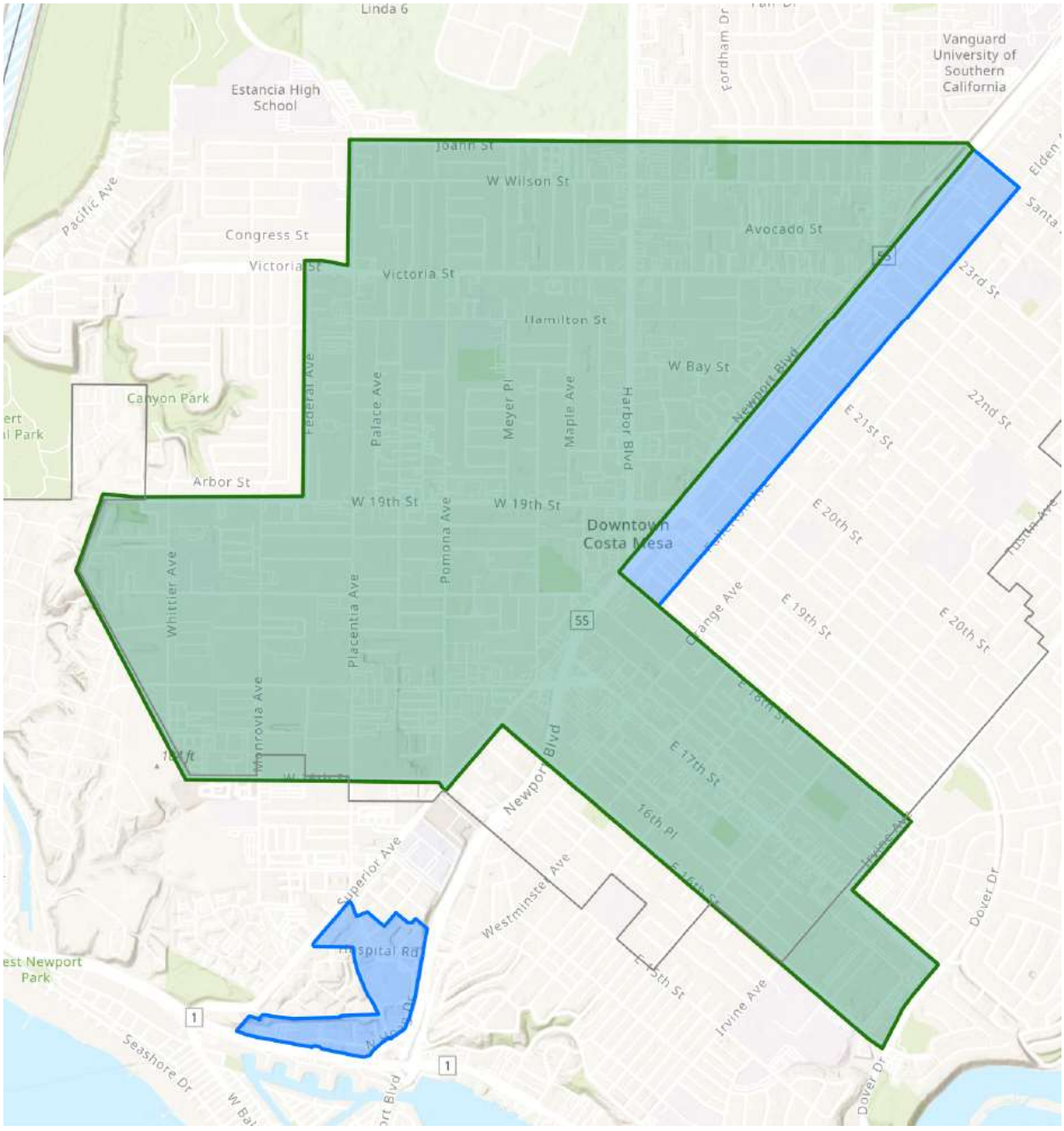
Following the award, Circuit began operations of the service on October 24, 2024, with two (2) sedans and one (1) ADA accessible van with wheelchair storage space. As per the CMO Voucher Agreement, Circuit Transit, Inc. leased the three electric vehicles, and the City provides three dedicated parking spaces with charging facility at the City Yard as part of the commitment to the CMO Voucher Pilot Program.

Since the launch of the program, service has been 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 and the 17th Street Corridors. The service has provided important transit connections to OCTA Routes 35, 55, 43, and 47; grocery stores; shopping; educational facilities, and job centers. As of July 31, 2025, the program had provided over 11,000 rides.

The success of the program prompted City staff to submit a request for additional funding to allow for the inclusion of an additional sedan and expansion of the service area to include the east side of Newport Boulevard including the recently opened Project Homekey site located at 2274 Newport Boulevard, and to Hoag Hospital in Newport Beach which is a major employment and health services center, providing health care access to many service area residents. In July 2025, the City of Newport Beach was notified of the intent to expand the service area to Hoag Hospital.

The focus of the service area will continue to be on key destinations for the local population and visitors, including healthcare, transportation hubs, grocery, senior living facilities, education, employment, and other destinations. Exhibit 1 illustrates the proposed expansion to service area for the CMO Voucher Pilot Program with green showing the current service area and purple showing the proposed service area expansion.

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



The CMO Voucher Pilot Program Amendment One will provide additional funding of $300,000 over the next two (2) remaining years of the grant program, increasing the total funding from $1.5 million to $1.8 million. After three years of operation, the grant funds for the CMO Voucher Pilot Program will be expended. For service to continue beyond the third year, the City would need to identify other funds to sustain the program. The cost estimate to operate the four (4) electric vehicles up to 10

hours per day for 7 days a week is $650,000 per year, which includes vehicle leases, drivers, insurance, program administration, and outreach and marketing.

ALTERNATIVES:

The City Council may choose not to approve the proposed Contractor Services Agreement (CSA) Amendment One with Circuit Transit, Inc. However, this would result in the City forgoing the CMO Voucher Pilot Program additional funding in the amount of $300,000.

FISCAL REVIEW:

Funding for the proposed agreement with Circuit Transit, Inc. is provided by the CMO Voucher Pilot Program three-year grant for a total of $1.8 million. The amendment will increase the annual amount from $500,000 to $650,000 for the final two (2) years of the agreement.

The CMO Voucher Pilot Program for On-Demand Transit Services is included in the Fiscal Year 2025 -26 budget in the Other Grants Fund (Fund 232) in the amount of $500,000. Staff is requesting to increase the appropriation to $650,000 for the approved expansion of the service.

The CMO Voucher Pilot Program requires the City's commitment to implement the proposed project expansion. City staff time including social media advertising and administration is required, as well as electricity for the four EV chargers and dedicated parking spaces at the City yard. These additional costs are funded by the amended Voucher Agreement between CALSTART, Inc. and the City of Costa Mesa.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report, prepared the proposed Amendment One 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 Amendment One to the Contractor Services Agreement (CSA) with Circuit Transit, Inc. for the Clean Mobility Options (CMO) Voucher Pilot Program in an amount not to exceed $650,000 annually, for a term of (2) two years.

2. Authorize an increase of appropriation of the Clean Mobility - On Demand Transit Services from $500,000 to $650,000 for Fiscal Year 2025-26.

3. Authorize the Interim City Manager and the City Clerk to execute the agreement and future amendments to the agreement.