



March 13, 2025

To: Transit Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: OC Flex Microtransit Pilot Program Update

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the header.

Overview

In October 2018, the Orange County Transportation Authority initiated a microtransit pilot program, branded as OC Flex. The intent of the OC Flex service is to match resources with changing demand, increasing the efficiency and effectiveness of the Orange County transit system. This report provides a review of the OC Flex performance over the course of the pilot and outlines recommendations for its discontinuance effective July 1, 2025.

Recommendations

- A. Authorize staff to undertake efforts necessary to discontinue OC Flex service effective July 1, 2025.
- B. Authorize staff to notify riders and stakeholders, and coordinate with the service operator to ensure a seamless conclusion of service and communicate alternative mobility options to impacted riders to support their travel needs.

Background

In 2015, the Orange County Transportation Authority (OCTA) Board of Directors (Board) endorsed a comprehensive action plan known as OC Bus 360° to match resources with changing demand for public transportation. One of the strategies identified in this plan was the potential role that microtransit could play in Orange County. Microtransit is a service concept intended to complement existing fixed-route or regional rail service by providing first-mile and last-mile connections or serve areas with lower demand that may not support fixed-route service. Similar to the transportation network companies, like Uber or Lyft, microtransit is a flexible, on-demand transportation option that adjusts routes and schedules dynamically based on real-time passenger requests.

During service design, six microtransit service zones were considered for the pilot program. After conducting market research and developing information on trip propensity, two zones were selected for the pilot program. The Blue Zone, serving portions of the cities of Huntington Beach and Westminster, and the Orange Zone, serving portions of the cities of Aliso Viejo, Laguna Niguel, and Mission Viejo. These selected areas historically did not support productive fixed-route bus service but contained “hubs” or locations where passengers could transfer to other transit services, including the Goldenwest Transportation Center in the Blue Zone and the Laguna Niguel/Mission Viejo Metrolink Station in the Orange Zone.

On October 15, 2018, OCTA launched the pilot program to explore the merits of microtransit service. The Board approved five primary goals and five performance metrics to measure the success of the pilot program towards the goals.

The five goals included:

- Provide public transit mobility in lower-demand areas
- Reduce total operating and capital costs
- Reduce vehicle miles traveled
- Extend the reach of OC Bus and Metrolink services
- Meet customer needs

The five performance metrics included:

- Productivity – Aligning with how productivity is measured for bus and rail services; boardings per revenue vehicle hour (B/RVH) is used as a key metric for ridership. The target for the pilot is six B/RVH.
- Cost-Effectiveness – The key metric for cost-effectiveness is subsidy per boarding. This is measured using actual costs and revenues received. The target for the pilot is \$9.00 or less subsidy per boarding.
- Shared Rides – The key metric for vehicle occupancy is the percent of shared rides. Shared rides are the number of trip bookings that share a vehicle, including group trips. The target for the pilot is 25 percent shared rides.
- Connecting Transit Trips – The key metric for connecting transit trips is the percentage of trips to/from transit. The target for the pilot is more than 25 percent of trips connecting to/from transit.
- Customer satisfaction – The key metric for customer satisfaction is the percent of passengers satisfied with the service. The target for the pilot is more than 85 percent of passengers indicating that they are very or somewhat satisfied with the OC Flex service.

Through the first 12 months of operation, the OC Flex microtransit pilot program was well received, and customer satisfaction was high. Of the five Board-approved performance metrics, three were achieved with the remaining two trending in a positive direction. In January 2020, the Board approved an extension of the pilot through October 2020 to allow staff to implement strategies to improve performance.

In March 2020, due to poor ridership and resulting high cost-per-passenger subsidy, the Board approved the elimination of the Blue Zone and directed staff to reallocate the resources to the remaining Orange Zone. Shortly thereafter, OC Flex service demand was impacted by the coronavirus (COVID-19) pandemic. Service in the Orange Zone continued; however, this zone experienced a steep drop in ridership due to the decline in Metrolink ridership.

Recognizing the benefits of the service, in November 2020, the Board directed staff to extend the OC Flex microtransit pilot program to December 31, 2021, to allow the service time to recover following the impacts of the pandemic. During this time, the Board also approved including the management and operation of OC Flex service within the scope of the request for proposals (RFP) for the new OC ACCESS operation and maintenance agreement. This leveraged existing resources to provide cost savings from staffing efficiencies and provided an opportunity to allow continuity of the pilot program while staff evaluated the impact of the COVID-19 pandemic and the applicability of microtransit service in Orange County.

Discussion

This report provides an update on the performance of the OC Flex microtransit pilot program from October 15, 2018, through January 31, 2025. Below is a summary of each of the Board-approved performance metrics related to the project goals.

- **Productivity** – Through the review period, OC Flex ridership showed minimal growth since the impacts of the COVID-19 pandemic. As of January 2025, productivity was 2.3 B/RVH. This represents an eight percent decrease from the 2.5 B/RVH in February 2020, the month prior to the COVID-19 pandemic, and well below the target of six B/RVH.
- **Cost Effectiveness** – Cost effectiveness is measured by subsidy per boarding, the ratio of actual direct costs of the service less fare revenue and divided by total boardings. From August 2024 to October 2024, the subsidy per boarding was \$58.06. This level of subsidy represents a 111 percent increase from the \$27.55 observed from December 2019 to

February 2020, the three-month period prior to the COVID-19 pandemic, and far greater than the target of \$9 per boarding.

- Shared Rides – Shared rides are the number of trip bookings that share a vehicle, including group trips. The performance target is 25 percent. Through the review period, the percentage of shared rides was well above the performance goal. As of January 2025, 47 percent of trips shared a ride.
- Connecting Transit Trips – This measure is represented by the percentage of trips transferring to/from the OC Bus or Metrolink services. The performance target is 25 percent. Through the review period, the percentage of connecting trips was above the performance goal. As of January 2025, 38 percent of trips transferred to/from the OC Bus or Metrolink services.
- Customer Satisfaction – This key metric is tracked by measuring the percentage of passengers satisfied with the service. The performance target is 85 percent. Through the review period, the percent of passengers satisfied with the service was above the performance goal. As of January 2025, 98 percent (4.9 out of 5 stars) of the respondents had a satisfactory experience using OC Flex.

Other measures tracked include the average wait time and the average trip duration. To be comparable to other ride-hailing services, the targeted average wait time was 20 minutes. Through the review period, the average wait time met the performance goal, averaging 18.6 minutes. Though there is no target trip duration, the average was 14.4 minutes.

Since the COVID-19 pandemic, demand for OC Flex service has diminished despite various efforts to increase ridership and reduce subsidy costs. These efforts include multiple marketing campaigns that were initially successful but did not yield long-term ridership increases. The primary factor contributing to the lack of ridership growth is the slow recovery of Metrolink ridership, which was a key driver for ridership in the Orange Zone. Additionally, through this experience and insights gained from others in the transit industry operating microtransit services, OCTA learned that the service model and performance targets for the OC Flex microtransit pilot program could not be achieved. This has been especially apparent after the impacts from the COVID-19 pandemic.

In October 2024, Metrolink implemented a service change, increasing the number of trains serving the Laguna Niguel/Mission Viejo Metrolink Station to improve connectivity and attract more riders. This expansion was expected to drive higher Metrolink ridership, leading to increased demand for the OC Flex service. To assess the impact of this change, a three-month evaluation of the OC Flex service was conducted between October and December 2024. The results of the

evaluation revealed no change in ridership demand. Based on these results, it is recommended that the OC Flex microtransit pilot program be discontinued.

Upon Board approval, staff will initiate efforts to discontinue the OC Flex microtransit pilot program, effective July 1, 2025. Leading into the discontinuance date, staff will notify riders and stakeholders of the discontinuance and alternative mobility options will be communicated to impacted riders to support their travel needs. These options include OC Bus service and community rider programs as offered through 211OC. Staff will also coordinate service discontinuance with the contractor consistent with the terms of the contract.

Summary

The OC Flex microtransit pilot program provided OCTA an opportunity to evaluate a technology-driven mobility option. While the OC Flex microtransit pilot program achieved three of the five Board-approved performance metrics, other factors limited the ability of the service to meet the intended goals for service effectiveness and cost efficiency. These factors include the severe drop in regional rail ridership and the changes in travel patterns caused by the pandemic. Metrolink ridership was a key factor in the pre-pandemic success of the Orange Zone and the slow recovery directly contributes to the diminished performance. Based on these findings, staff recommends discontinuing the OC Flex microtransit pilot program, effective July 1, 2025.

Attachment

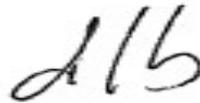
None.

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