



**August 8, 2019**

**To:** Transit Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Local Agencies' Interest in Project V Call for Projects

### **Overview**

Measure M2 establishes a competitive program through Project V to fund community-based transit services that complement regional transit services. Earlier this year, the Orange County Transportation Authority Transit Committee directed staff to determine local agencies' level of interest in applying for a fourth Project V call for projects. This report provides findings and recommendations emerging from these efforts.

### **Recommendation**

Direct staff to return by fall 2019 with revised Comprehensive Transportation Funding Programs Guidelines to support a fourth Project V call for projects.

### **Background**

Project V is a competitive program under Measure M2 (M2), which provides funding to develop and implement local transit services. Services currently eligible for this program include community-based transportation services that complement regional bus and rail services and also better suit local needs in areas not adequately served by regional transit. This competitive program provides funding for both capital and operations. Since its inception, the Orange County Transportation Authority (OCTA) Board of Directors (Board) has approved 28 projects and programmed \$41.7 million in Project V funds to support these services, which have primarily consisted of year-round or seasonal/special event trolleys and shuttles, and a demand-responsive service.

Consistent with current Project V Guidelines and program requirements, all Project V-funded services must achieve and maintain a minimum performance standard. Also, the M2 Project V subsidy must not exceed \$9.00 per boarding.

Reports on ridership and performance of all active Project V services are provided twice yearly to the OCTA Board, and general observations from these reports have included the following points:

- Seasonal and special event services appear to be the most successful component of the program, especially in situations where there is limited parking supply to service a major destination and/or event. On average, these services have substantially higher ridership than the other eligible service types;
- Fixed-route services have tended to struggle in achieving the program's minimum performance standards and have been more frequently subject to route/schedule modifications and cancellations.

Based upon these observations, as well as input that Transit Committee (Committee) members received from some local agencies expressing interest in a fourth Project V call for projects (call), the Committee, earlier this year, directed staff to poll all Orange County local agencies to determine the overall county-wide level of interest in a fourth call. This outreach process is now complete, and a summary of findings is provided below for the Board's review and consideration.

### ***Discussion***

In total, OCTA received letters from ten eligible local agencies expressing their respective interest in applying for a fourth call (Attachment A). These local agencies include Anaheim, Dana Point, Fullerton, Huntington Beach, La Habra, Laguna Beach, Laguna Niguel, Newport Beach, Orange, and San Clemente. It should be noted that Anaheim, Laguna Beach, and Newport Beach all expressed interest in applying for two different service types (i.e., two different Project V grants per agency, for 13 different expressions of project interest).

The majority of local agencies expressed interest in either providing new and/or expanding existing successful seasonal and special event services. Two agencies are considering/proposing new fixed-route services, one city is proposing to extend its existing fixed-route service, and one city is requesting planning/feasibility study funds to establish a fixed-route concept plan. In addition, three local agencies are proposing demand-responsive micro-transit service types.

Based upon this input, staff conducted a financial analysis of M2 Project V funds to determine if there is available financial capacity to support a fourth Project V call at this time. That analysis, which evaluated outstanding Project V liabilities, cancellations, and project savings, suggests that up to \$9 million, which could support projects over seven years, could potentially be available to support a fourth Project V call.

Therefore, considering the strong level of interest expressed by local agencies and the availability of M2 Project V funds, staff believes that a fourth Project V call can be accommodated, and is, therefore, seeking direction from the Board to initiate development efforts to support a fourth call. These efforts will include refining assessments of potentially available Project V funds and also developing Comprehensive Transportation Funding Programs Guidelines (Guidelines) changes for Project V, as appropriate.

Staff anticipates that if this recommendation is approved, the changes to the Guidelines will be developed over the next several months in collaboration with interested local agencies and will primarily focus upon tailoring program requirements to ensure successful delivery of new Project V services, based upon lessons learned from previous calls. The changes will likely be focused upon the following key concepts:

- Clarifying that OCTA does not have the resources during this call to be a service provider to local agencies;
- Focusing on encouragement of agency-led seasonal and special event services;
- Discussing suitability, viability, and performance parameters for demand-responsive services based on OCTA's experience to date with OC Flex;
- Allowing for planning/feasibility study allocations to keep the program fresh and evolving;
- Assessing long-term ability to accept and expand the program given funding limitations and desire to continue successful projects.

Once this review and update process is complete, staff will return to the Board with recommendations for revised Guidelines and also seek authorization to initiate a fourth call.

***Summary***

The Committee directed staff to reach out to all Orange County local agencies in order to determine county-wide level of interest in a fourth call. This outreach process is now complete and ten eligible local agencies (with 13 Project V concept requests) have been received. Staff has concluded that there is sufficient demand to justify a fourth Project V call. If the Board approves the recommendation specified above, staff will initiate development efforts to support a fourth call.

***Attachment***

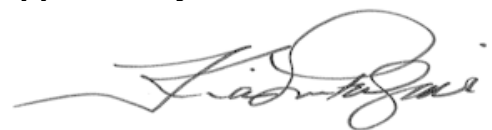
- A. Project V Letters of Interest Overview

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