



**January 14, 2021**

**To:** Transit Committee

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

A blue ink signature of Darrell E. Johnson is written over the 'From:' line.

**Subject:** Measure M2 Community-Based Transit Circulators Program  
Project V Ridership Report and Proposed Program Revisions

### **Overview**

Measure M2 includes a program to fund Community-Based Transit Circulators known as Project V. The goal of the program is to provide local transit services designed to complement regional transit services. Funding is awarded to local agencies through a competitive call for projects and awarded services are then implemented by awarded local agencies. Ridership reports for each of the Project V-funded services are presented to the Board of Directors twice annually. This item provides the ridership report covering the fourth quarter of fiscal year 2019-20 (April - June 2020) and the first quarter of fiscal year 2020-2021 (July - September 2020). Due to the significant impacts that the coronavirus has had upon Project V services and recent audit recommendations, several revisions to the program are presented for review and approval.

### **Recommendations**

- A. Receive and file the Project V Ridership Report as an information item.
- B. Approve Project V Program revisions related to the impacts of the coronavirus and recent internal audit recommendations.
- C. Authorize the Chief Executive Officer to negotiate, execute, and amend as necessary all existing cooperative agreements for Project V services, in order to implement the recommendation above.

### **Background**

The Measure M2 (M2) Community-Based Transit Circulators Program (known as Project V) is a competitive grant program, which provides funding to develop and implement local transit services. Currently funded service types include community-based circulators, shuttles, trolleys, and demand-responsive services intended to complement regional transit, while also better meeting local needs in areas not adequately served by regional transit.

M2 Project V services are required to adhere to established minimum performance standards, which include achieving six boardings per revenue vehicle hour (B/RVH) by the end of the first year of service, maintaining six B/RVH and going up to ten B/RVH by the end of the second year of service, and then maintaining ten B/RVH for the remainder of the grant term. If services are not meeting standards, or are trending toward not meeting minimum standards, Orange County Transportation Authority (OCTA) staff will meet with the local agency and discuss adjustments, with an overall goal of attempting to improve ridership. However, under the current guidelines, M2 Project V funds are subject to cancellation if a service continues to perform below minimum performance standards. Revisions to these standards are proposed in this item in response to the coronavirus (COVID-19) pandemic. Additional changes are also proposed to both Project V and Project S (extensions to Metrolink) in response to recommendations provided through a recent internal audit of the Combined Transportation Funding Programs (CTFP).

Service performance is reported to the OCTA Board of Directors (Board) semi-annually, and the current reporting period includes ridership information covering the fourth quarter of fiscal year (FY) 2019-20 (April 1, 2020 through June 30, 2020) and the first quarter of FY 2020-21 (July 1, 2020 through September 30, 2020), which is summarized in this report.

### ***Discussion***

#### **Semi-Annual Ridership Report**

The COVID-19 pandemic, the State of California's stay-at-home order, and associated social distancing requirements pertaining to transit have had a significant impact upon Project V ridership and services. Only the three services listed below remained operational during this reporting period.

- Anaheim Canyon Circulator;
- Lake Forest Commuter Vanpool Service (Irvine Station and Ossur); and
- San Clemente Lyft Rideshare.

Specific productivity reporting and service notes for these services are provided in Attachment A. The other 23 Project V services identified in Attachment A were either suspended at the direction of the local agency or not initiated due to the pandemic and its associated impacts. In October 2020, OCTA met with local agency project managers to discuss these impacts and consider the future of the Project V Program. Key input from these discussions included the following:

- Most services will not be reinitiated until social distancing requirements are lifted;

- Project V ridership is largely discretionary, and as a result, Project V services may be unable to meet existing minimum ridership requirements post-pandemic and well into the future. However, Project V services add value to the communities they serve, and local agencies noted that they may want to continue to provide Project V services post-COVID-19. As such, they requested that OCTA consider alternative minimum performance standards; and
- Local agencies also noted that they anticipate the overall cost for the service could increase post-COVID-19 and requested that OCTA consider providing additional funding to remedy anticipated cost increases, especially to support more frequent and enhanced cleaning efforts.

#### Proposed Project V Program Revisions

Given this input, staff has developed proposed Project V program revisions for Board review and consideration. These proposed changes are focused on modifying the program's minimum performance requirements/service parameters to allow for re-establishment and providing annual escalation of funding within the programmed grant amount. Attachment B provides a more detailed overview of the proposed revisions.

The proposed revisions provide local agencies flexibility to reinstate and fund Project V services in a post-COVID-19 environment, while shifting evaluation metrics to be more financially focused, context sensitive, and locally driven. The proposed changes also maintain the fundamental M2 requirement that Project V services be subject to performance measures.

These recommendations were presented to local agency project managers and OCTA's internal M2 Program Management Committee during fall 2020. While local agency project managers stated that they would like to receive as much additional funding as possible, and also eliminate performance measures entirely, both groups were generally supportive of the proposed revisions.

The revisions have also been evaluated from a programmatic funding perspective and they can be accommodated within the program's currently projected revenues and cash flow. Therefore, Board consideration and approval of these proposed program revisions and related cooperative agreement amendments is requested.

#### CTFP Audit - Findings/Recommendations

During this reporting period, OCTA's Internal Audit Department conducted an audit of oversight and reporting controls of the M2 CTFP. The audit included a finding that on-time performance and customer satisfaction requirements for the Project V Program were not included in agency cooperative agreements. Accordingly, staff is proposing to make adjustments to all appropriate Project V cooperative agreements to clarify that local agencies should carry out customer satisfaction surveys. These surveys should be conducted at least once a year, reported on to OCTA through regular billing processes, and should include a plan to improve service if customer satisfaction is found to be below acceptable standards. A similar change is also proposed for on-time performance. However, this requirement would be implemented, as applicable, given that not all Project V-funded services maintain fixed schedules. Attachment B also includes other changes that clarify other audit requirements.

#### Next Steps

If approved, these program changes will supersede the individual CTFP Guidelines that were in place for each of the individual calls for projects that guide how the funds are administered for each project. Further, staff will work with local agencies to implement these changes and initiate amendments to all applicable Project V cooperative agreements in order to formalize and facilitate these proposed changes. Staff will also return to the Board in July 2020 with the next Project V semi-annual report, which will include the standard Project V Ridership Report and an update on the effectiveness of the proposed changes herein, to the program.

#### ***Summary***

A status report on Project V services is provided for informational purposes. Approval of proposed Project V programmatic changes related to impacts from COVID-19 and a CTFP audit finding/recommendation are also requested. If these proposed changes are approved by the Board, authorization is also requested to initiate amendments to all applicable Project V cooperative agreements in order to implement the proposed changes identified in this report.

***Attachments***

- A.     Project V Services – Ridership Report
- B.     Proposed Project V Program Revisions

**Prepared by:**



Alfonso Hernandez  
Transportation Funding Analyst, Senior  
(714) 560-5363

**Approved by:**



Kia Mortazavi  
Executive Director, Planning  
(714) 560-5741