

Proposed Project V Program Revisions

Recommended Changes to Project V Performance Requirement

Changes to the Project V performance requirement as described below are recommended to help manage the reduced ridership that is resulting from social distancing and stay-at-home requirements related to the coronavirus.

- Existing Project V Minimum Performance Requirement:
 - Year 1 - Meet or exceed six boardings per revenue vehicle hour (B/RVH) by the end of the first year of service.
 - Year 2 - Maintain six B/RVH and meet or exceed ten B/RVH by the end of the second year of service.
 - Year 3 - Maintain ten B/RVH each reporting period thereafter through the life of the grant.
- Existing Action for not Meeting Minimum Performance Standards:
 - After Year 1, services that perform below the minimum performance standards (above) for two or more reporting periods will be evaluated for cancellation.
- Proposed Project V Minimum Performance Requirement:
 - Change the Project V minimum performance requirement from the current B/RVH metrics (listed above) to a maximum cost per boarding metric established by the Orange County Transportation Authority (OCTA). Based upon evaluation of existing and similar services, this amount should be set at twice the current \$9 per boarding subsidy (i.e., \$18 per boarding). However, when this amount is escalated consistent with other actions identified in this item, it will result in a maximum cost per boarding for fiscal year (FY) 2020-21 of \$20.10, and will continue escalating at conservative 1.85 percent inflation rate¹ each FY thereafter.

¹ The 1.85 percent escalation rate is based upon input and assumptions from the Comprehensive Business Plan, The Chapman University forecast, input from the OCTA Finance Department, and Project V cash flow needs.

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- Proposed Action for not Meeting the New Minimum Performance Standard:
 - Require that the city council (or the Board of Supervisors {BOS}), since they will be responsible for bearing the cost of the service beyond OCTA's maximum per boarding subsidy, either:
 - Reaffirm support for the service through a city council/BOS action,
 - Discontinue the service, or
 - Implement potential service changes or cost saving measures.

Recommended Escalation for Project V Per Boarding Subsidy:

Project V Guidelines allow for the escalation of the Project V subsidy per boarding. However, the only escalation that has been provided to date occurred during the 2016 call for projects. At the time, the per boarding subsidy was increased from \$8 per boarding to \$9 per boarding. Staff is proposing to increase the maximum per boarding subsidy to help local agencies meet increased service costs.

- Existing Project V Maximum Subsidy per Boarding:
 - \$9.00 per boarding.
- Proposed Project V Maximum Subsidy per Boarding:
 - Escalate the current \$9.00 subsidy per boarding starting from FY 2016-17 (the year it was established) through FY 2019-20 based upon published Consumer Price Index data for the Los Angeles-Anaheim-Long Beach area, and in FY 2020-21 escalate based upon a conservative 1.85 percent inflation rate¹. This will result in the FY 2020-21 Project V subsidy per boarding being escalated to \$10.05 and increasing at a 1.85 percent rate each FY thereafter.

Recommended Escalation for Project V Annual Funding Cap:

In order to support cost increases over time, an annual escalation to the Project V funding cap is proposed, starting in FY 2021-22.

- Existing Project V Annual Funding Cap:
 - Local agencies may be awarded, from all eligible project categories, and are provided an annual cap based on the amounts listed in the original application, which is no more than \$550,000 annually.

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- Proposed Project V Annual Funding Cap:

Escalate the program's \$550,000 annual funding cap and each project's annual funding cap by 1.85 percent¹ annually starting in FY 2021-22, when applicable. This change will not adjust the total programmed amount previously approved by the Board of Directors.

Recommended Change for Project V Customer Satisfaction Survey Requirement:

A recent audit of the Measure M2 (M2) Competitive Transportation Funding Programs (CTFP) noted inconsistencies between the Project V Guidelines and related project agreements. In particular, the audit noted that customer satisfaction requirements for the Project V Program are not included in agency cooperative agreements. The reason for this is that the type of projects that were ultimately funded did not necessarily lend themselves to this type of measurement. Staff is proposing changes to make this an optional measurement rather than a requirement in the CTFP Guidelines by changing the language from "must" to "should" as noted below:

As part of the Project V service, local agencies ~~must~~ **should** develop strategies **surveys** to measure ridership satisfaction and on-time performance and ~~must~~ achieve an 85 percent on-time performance on an ongoing basis, and rider satisfaction ~~must be 90 percent satisfied based on customer surveys~~ **based upon local service objectives. 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 the local agencies' service objectives.**

Recommended Change for Project V On-Time Performance Requirement:

The audit also noted lack of a requirement for reporting of on-time performance. This is because the majority of the community circulator services do not maintain a published schedule. Instead, the services publish the span of service and the bus arrival intervals. In response, staff is proposing changes to the CTFP Guidelines to make this a recommendation and not a requirement by changing the language from "must" to "should when applicable", as noted below:

As part of the Project V service, local agencies, ~~must~~ **should, if applicable**, develop strategies **methods** to measure ridership satisfaction and on-time performance and ~~must~~ achieve an 85 percent on-time performance on an ongoing basis, and rider satisfaction ~~must be 90 percent satisfied based on customer surveys~~ **based upon local service objectives. These methods should be implemented at least once a year; reported on to OCTA through regular billing processes; and should include a plan to improve service if on-time performance is found to be below the local agencies' service objectives.**

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Recommended Change for the CTFP Guidelines - Annual Audit Requirement:

The internal auditor also provided a verbal recommendation that staff clarify an M2 transit program requirement (applicable to Project S – Transit Extensions to Metrolink and Project V), that local agencies submit audited operations and maintenance (O&M) cost data each year.

Local agencies provide O&M cost information each year; however, there was a lack of clarity on what was meant by “audited” O&M costs. It is impractical to request local agencies to audit this information and submit it by September 30 each year. It is also unnecessary as they submit a significant amount of back up material when they submit requests for reimbursement, which are verified by staff, consistent with standard project management practices, prior to issuing reimbursement.

Further, the audit requirement language attached to O&M funding (provided through M2 Project S and Project V) did not identify the type or intent of the audit that is required. Therefore, staff is recommending that this requirement (identified below) be eliminated from the Project S and Project V transit programs as a specific requirement, given that it is redundant with other statements in the CTFP Guidelines, which state that all projects funded through the CTFP are subject to audit by OCTA’s Internal Auditor and staff’s current project management practices with respect to issuing reimbursements.

~~Awarded agencies must submit audited operations and maintenance costs and ridership and fare performance data to OCTA by September 30 of each year for the prior fiscal year.~~