



July 9, 2026

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Community-Based Transit Circulators Program
Project V Ridership Report

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

Overview

Measure M2 is a multimodal transportation improvement program and includes a community-based transit circulator funding program known as Project V. The goal of this program is to provide local transit services that complement regional bus and rail service in areas not adequately served by regional transit. Funding is awarded to local jurisdictions through a competitive call for projects. Local jurisdictions then implement the awarded services and are required to report on the performance of the services to ensure the required performance standards are being met. This report covers the period from October 2025 to March 2026.

Recommendation

Receive and file as an information item.

Background

The Measure M2 (M2) Community-Based Transit Circulators Program, known as Project V, is a competitive grant program that provides funding to develop and implement local transit services. Funded services include seasonal, special-event, commuter, fixed-route, and demand-responsive services intended to complement and not compete with regional transit, while meeting specific local needs.

Project V services are required to adhere to established minimum performance standards and are evaluated on a quarterly basis. This ridership report covers the second and third quarters of fiscal year (FY) 2025-26, and provides information on boardings per revenue vehicle hour, cost per boarding, and achievement of local jurisdictions' customer satisfaction and on-time performance standards.

Consistent with the established program guidelines, Project V-funded services are expected to operate within a maximum cost per boarding standard, which is set at twice the M2 Project V per boarding subsidy. Local jurisdictions are responsible for costs beyond the Orange County Transportation Authority (OCTA) subsidy. Services not meeting this standard are required to disclose the cost per boarding information one time per year to their governing board and seek direction on whether to continue, restructure, or cancel the service. This approach provides local jurisdictions with the flexibility to deliver Project V services under metrics that are context sensitive, yet financially sustainable, and locally driven. For FY 2025-26, the maximum cost per boarding was established at \$21.63 and OCTA's maximum subsidy is \$10.81 per passenger.

Discussion

Active Project V services during this reporting period, from October 2025 through March 2026, include a combination of seasonal, special event, commuter, fixed-route local circulator, and demand-responsive services, which serve a variety of community needs. The prior ridership report reflected 21 services in operation. Since then, the status of four individual services changed, including one service initiation, one service conclusion, and two service cancellations.

During this reporting period, the City of Los Alamitos (Los Alamitos) initiated the Los Alamitos On-Demand Transit Service which is funded with a 2024 grant. Some ridership and cost information was available, but OCTA has requested that Los Alamitos clarify start-up costs and differentiate those costs from operations and maintenance costs as that impacts the cost per boarding calculation. This type of service and the Project V grant is new to Los Alamitos; they are working with the service provider to better categorize costs. As a result, the program performance information will be provided as part of the next Project V report.

During this reporting period, the City of Huntington Beach concluded the Huntington Beach Southeast Rideshare Pilot Program which was supported with a 2020 grant. The service is not planned to continue.

During this reporting period, two grants supporting a circulator service in the City of Anaheim (Anaheim) were cancelled by Anaheim due to a local decision to cease operations. The individual grants were:

- Anaheim Canyon Metrolink Connector Service (2020 grant)
- Anaheim Canyon Circulator Continuation Service (2024 grant)

During this reporting period, 14 of the 17 current Project V services were in operation. Performance information is provided in Attachment A. The community-based transit services that were in service during this period include the following:

- Anaheim Canyon Metrolink Connector Service (2020 grant)
- County of Orange Expanded Ranch Ride Transit Service Program (2024 grant)
- Dana Point Trolley Continuity (2020 grant)
- Huntington Beach Southeast Rideshare Pilot Program (2020 grant)
- Irvine Special Event and Circulator (2024 grant)
- La Habra Community Special Event Service (2024 grant)
- Laguna Beach Off-Season Weekend Trolley Service (2020 grant)
- Laguna Beach Off-Season Weekend and Seasonal Services (2024 grant)
- Laguna Beach Laguna Canyon Road/El Toro Road Local Service (2024 grant)
- Los Alamitos On-Demand Transit Programs (2024 grant)
- Mission Viejo Community Circulator (2024 grant)
- San Clemente Trolley Continuation and Expansion Program (2024 grant)
- San Clemente On-Demand Transit Program (2024 grant)
- San Juan Capistrano Special Event and Weekend Summer Trolley (2024 grant).

Nearly all services successfully met the cost per boarding standard, with one exception from the City of Laguna Beach (Laguna Beach). The Laguna Canyon Road/El Toro Road Laguna Local Service, which provides free on-demand microtransit service from downtown Laguna Beach to neighborhoods around Laguna Canyon Road and El Toro Road, performed with a cost per boarding of \$32.11 which is higher than the OCTA Board of Directors (Board)-established maximum of \$21.63. However, this represents a 33 percent improvement from the prior semi-annual ridership report, when the cost per boarding was \$48.04. Laguna Beach reports the recent improvement being attributed to increased ridership levels, primarily through growing public awareness and expanded marketing efforts, such as informational videos, social media posts, weekly and monthly newsletters, printed quarterly brochures mailed to all residents, and published advertisements. Despite the improvement to the actual cost per boarding, OCTA's subsidy is capped at \$10.81 per boarding.

On April 14, 2026, and consistent with the Project V requirement of notification and action by city council when the cost per boarding is greater than \$21.63 per passenger, the Laguna Beach City Council (City Council) acknowledged that the

operating costs exceeding the \$10.81 per boarding OCTA subsidy would be the responsibility of Laguna Beach. The City Council also expressed support for continuing the service and directed city staff to develop operational recommendations to improve the service's fiscal viability. On May 12, 2026, Laguna Beach staff presented the City Council with potential options, including reducing off-season service hours and implementation of a year-round passenger fare. The City Council directed staff to conduct additional public outreach on these options before a final recommendation to approve any service modification is considered. Laguna Beach's response will be reported back to the Board through a future Project V ridership update.

While some local jurisdictions are still developing strategies and tools to meet the on-time performance and customer satisfaction standards, all Project V services successfully met their customer satisfaction and on-time performance standard. For the City of La Habra's (La Habra) Community Special Event Service, refinements to the customer satisfaction target threshold were delayed due to city staffing changes, which affected its ability to implement and manage a consistent customer satisfaction data collection process. La Habra is anticipated to deploy customer satisfaction surveys during the next upcoming community transit cycle to capture ridership feedback and satisfaction metrics more reliably. Staff will continue to monitor progress and include updated ridership satisfaction metric targets and survey results in future reporting as they become available.

During this reporting period, these services altogether carried 275,830 total passengers, provided 20,399 hours of service, and traveled 225,393 miles.

Summary

A ridership and status report on Project V services covering the period of October 2025 through March 2026 is provided. Most of the active services met the ridership and service performance standards, with the exception of Laguna Beach, which has notified its City Council, consistent with Project V requirements. Also, OCTA was unable to provide the ridership and service performance information for Los Alamitos as the jurisdiction is working with their service provider to better categorize costs.

Staff will continue to work with local jurisdictions and monitor these services. A status report on Project V services will continue to be provided to the Board on a semi-annual basis with the next update scheduled for January 2027.

Attachment

- A. Project V Services – Semi-Annual Review Ridership Report

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