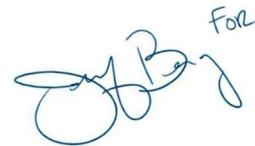




February 12, 2026

To: Transit Committee

A handwritten signature in blue ink, appearing to read "D. E. Johnson", with the word "For" written above it in a smaller, handwritten font.

From: Darrell E. Johnson, Chief Executive Officer

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

Overview

Measure M2, the voter-approved half-cent sales tax for multimodal transportation improvements in Orange County, includes a program that funds community-based transit circulators known as Project V. The goal of this program is to provide local transit services that complement regional bus and rail service. 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 Project V-funded services. This report covers the period from April 2025 to September 2025.

Recommendations

- A. Receive and file the Project V Ridership Report.
- B. Due to sustained improvements in ridership and financial viability, approve an exception to the Project V program guidelines for the City of Dana Point to waive the requirement for city council action for falling below the performance standard in a prior semi-annual review reporting period.

Background

The Measure M2 (M2) Community-Based Transit Circulators Program, known as Project V, is a competitive grant program that provides funding to local jurisdictions 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 related to ridership and financial viability and are evaluated on a quarterly basis. This ridership report provides information on boardings per revenue vehicle hour, cost per boarding, and achievement of local jurisdictions' customer satisfaction and on-time performance standards for the fourth quarter for fiscal year (FY) 2024-25 and the first quarter for FY 2025-26. During this reporting period, these services combined carried 573,888 total passengers, provided 36,313 hours of service, and traveled 430,112 miles.

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. This standard is a combined measure of ridership and financial viability for services. 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 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 with metrics that are context sensitive, yet financially sustainable, and locally driven. For FY 2024-25 and FY 2025-26, the maximum cost per boarding was established at \$21.63 (M2 Project V subsidy per boarding is \$10.81).

Discussion

Active Project V services during this reporting period, April 2025 through September 2025, included a combination of seasonal, special-event, commuter, fixed-route local circulator, and demand-responsive services, which serve a variety of community needs.

During this reporting period, five services funded with 2024 grants were initiated:

- County of Orange – Expanded Ranch Ride Transit Service Program,
- Laguna Beach – Laguna Canyon Road/El Toro Road Laguna Local Service,
- Laguna Niguel – Summer Trolley Program,
- Newport Beach – Balboa Peninsula Trolley Service Continuation, and
- San Clemente – On-Demand Transit Programs.

While the following grants from the 2016 and 2018 calls have been completed and their funds fully expended, the services originally supported by these grants are continuing, and in some cases expanding, with funding awarded in 2024:

- County of Orange Ranch Ride Service (2016 grant),
- Laguna Beach Summer Breeze (2018 grant),
- Newport Beach Balboa Peninsula Trolley (2016 grant),
- Newport Beach Balboa Peninsula Trolley Expansion (2018 grant),
- San Clemente Summer Weekend and Seasonal Trolley (2016 grant),
- San Clemente Summer Weekday Trolley and Seasonal Service Expansion (2018 grant), and
- San Clemente Rideshare Programs (2016 grant).

During this reporting period, all currently funded Project V services were in operation and are listed below. Performance information is provided in Attachment A.

- Anaheim Canyon Metrolink Connector Service (2020 grant),
- County of Orange Ranch Ride Service (2016 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),
- Laguna Beach Summer Breeze (2018 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),
- Laguna Niguel Summer Trolley – Southern Section (2018 grant),
- Laguna Niguel Summer Trolley (2024 grant),
- Mission Viejo Community Circulator (2024 grant),
- Newport Beach Balboa Peninsula Trolley Service Continuation (2024 grant),
- San Clemente Summer Weekend and Seasonal Trolley (2016 grant),
- San Clemente Summer Weekday Trolley and Seasonal Expansion (2018 grant),
- San Clemente Summer Weekday Trolley and Seasonal Service Expansion (2020 grant),
- San Clemente Trolley Continuation and Expansion Program (2024 grant),
- San Clemente Rideshare Programs (2016 grant),
- San Clemente On-Demand Transit Program (2024 grant), and
- 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 (City). The City's Laguna Canyon Road/El Toro Road Laguna Local Service, which provides 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 \$48.04 which is approximately 122 percent higher than the OCTA Board of Directors (Board)-established maximum of \$21.63. As a result, OCTA issued a notification letter to the City, advising the City that the service is exceeding the maximum cost per boarding. Consistent with the program guidelines and the cooperative agreement for service, OCTA requested that the Laguna Beach City Council be notified of the cost per boarding and make a determination on whether to continue, restructure, suspend, or cancel the service. Staff anticipates receiving a response from the City in early 2026. The City's response will be reported back to the Board through a future Project V ridership update. Regardless of the actual cost per boarding, OCTA's subsidy is capped at \$10.81 per boarding.

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 on-time performance standard and most achieved their customer satisfaction standard except for two services in the cities of Laguna Niguel and Mission Viejo. If on-time performance or customer satisfaction are found to be below local operating objectives, local jurisdictions are required to develop a service improvement plan to address the underperformance, as well as reassess the set thresholds, as appropriate. Explanations for the two services not meeting their customer satisfaction thresholds are provided in Attachment A.

Dana Point Trolley Continuity Program – Revised Cost Per Boarding for Prior Ridership Report, FY 2024-25 Quarter 2 and Quarter 3

In the prior semi-annual review ridership report covering the period of October 2024 through March 2025, staff reported that while all active services met ridership and performance standards, Dana Point's Trolley Continuity Program exceeded the maximum cost per boarding, initially calculated at \$31.38. Upon submission of additional documentation, which determined that certain capital costs had been included in the calculation, the cost per boarding was determined to actually be \$22.78, which is still greater than the maximum cost per boarding of \$21.63. Historically, this service typically has an average cost per boarding of approximately \$12.03. The City of Dana Point has explained that construction being carried out at the harbor was the primary cause for the reduced ridership during the previous reporting period which was a temporary condition. Because the cost per boarding was temporary and the service met the cost per boarding requirement for the current reporting term at \$12.11 per

boarding, consistent with the City's request, staff recommends waiving the city council action required under Cooperative Agreement C-3-2753. This recommendation is supported by the service's high level of ridership, immediate improvement in the subsequent quarter, and sustained improvement through the first quarter of FY 2025-26, suggesting the cost per boarding overage was a one-off occurrence and thereby reducing the need for additional corrective actions.

Summary

A ridership and status report on Project V services covering the period of April 2025 through September 2025 is provided. The services combined carried 573,888 passengers, provided 36,313 hours of service, and traveled 430,112 miles during the reporting period. Most of the active services met the ridership and service performance standards, with the exception of the City of Laguna Beach, which has been notified and has indicated they will follow the required remedy.

Staff is also recommending that the Board of Directors waive the requirement for city council action for the Dana Point Trolley Continuity Service's cost per boarding in the prior ridership report based on the explanation that temporary construction impacted ridership which was further verified by the performance of the service from October 2024 to March 2025.

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 of Directors on a semi-annual basis with the next update scheduled for July 2026.

Attachment

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

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