



## PUBLIC WORKS DEPARTMENT

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### CITY COUNCIL STAFF REPORT

Meeting: September 20, 2022

#### Subject

Consider accepting State grant funding for the Via On-Demand Shuttle Pilot Program and extending the contract with Nomad Transit, LLP to operate Via Shuttle Pilot Program.

#### Recommended Action

1. Accept grant funding for the Via Shuttle Pilot Program from the California State Transportation Agency's (CalSTA) Transit & Intercity Rail Capital Program (TIRCP) grant in the amount of \$8,465,000.
2. Authorize the City Manager to execute an amendment to the Professional/ Consulting Services Agreement with Nomad Transit, LLC for the Via On-Demand Shuttle Pilot Program (Attachment A), increasing the previous not to exceed amount by \$200,000 and extending the term to June 30, 2023.
3. Adopt Resolution No. 22-XXX (Attachment B) to approve a budget modification (number 2223-231) increasing appropriations in the General Fund, Traffic Engineering Program (100-88-844) by \$200,000, for a revised not-to-exceed amount of \$1,950,000 for the Via Shuttle Pilot Program.
4. Find that the use of formal competitive bidding procedures is not practicable for the Cupertino-Santa Clara TIRCP shuttle program and direct the City Manager to dispense with City bidding requirements pursuant to the Cupertino Municipal Code § 3.22.060.

#### Background

The Via-Cupertino Community Shuttle program launched as a pilot program on October 29, 2019, with the goal of attracting motorists to a sustainable and affordable transportation option. This program has been and continues to be a City Work Program item. Since the launch of the program, 25,836 total trips have been made over 22 months of operation, with an average ride approval rating of 4.9 stars (out of five,) and an average wait time of ten minutes. Despite a 13-month long pause due to COVID-19 and resulting delays in local employer return-to-work plans, ridership has grown steadily

since the October 2021 re-launch. In August, the service reached the highest ridership level since resuming service with 2,012 rides.

Detailed ridership data and charts are included as Attachment C.

#### Via-Cupertino Chronological Timeline:

- June 2019 - \$1.75M approved by Council to fund Via-Cupertino program
- August 2019 - Agreement with Nomad Transit (Via) approved by Council
- October 2019 - Via-Cupertino service began at the end of the month
- February 2020 – Record ridership registered, nearly 4,000 monthly trips
- March 2020 - COVID shelter-in-place orders issued by Santa Clara County
- August 2020 - Suspension Order approved temporarily pausing Via service
- July 2021 - Contract Amendment approved extending contract
- October 2021 - Via-Cupertino re-launched with enhanced health measures

The Via-Cupertino Pilot Program was initially envisioned as an 18-month pilot program. However, the service launched and operated for only four months before the COVID-19 pandemic led the program to an abrupt drop in ridership. Once it was clear the pandemic was going to continue, the service was paused for a period of 13 months resuming in October 2021. By the contract expiration in October 2022, the service will have operated for 24 total months, with two launch periods as a result of the pandemic.

Since the relaunch on October 19, 2021, ridership has grown steadily and is currently at its highest point since the pandemic began, with 2,012 rides in August. Sunnyvale Caltrain and local schools remain the most popular destinations, with ridership to local businesses and health clinics increasing. Since relaunch, ridership has grown steadily every month with the exception of July 2022, which experienced a small dip in ridership. This dip was anticipated and is experienced in all of Via cities because of school and summer vacation schedules. In Cupertino, the dip was less pronounced due to a summer sale, which temporarily lowered the fare to \$2 for all riders. As employers continue to bring more employees into the workplace this fall, Via anticipates ridership to grow steadily in the fall and winter.

#### Cost To Operate Via-Cupertino

A month-by-month summary of the cost to operate Via has been included as Attachment D. During the pilot program the most efficient month to operate Via was in February 2020, when ridership was at its peak pre-COVID-19. In that month, \$7,765.48 was collected in fare revenues and the program counted 3,951 rides, resulting in an average per trip subsidy of \$16.04. For comparison purposes, the Los Angeles Metro Mobility on Demand program (operated by Via) had an average subsidy per ride of \$18.81. During February 2020 the utilization rate, which measures the average number of rides per driver hour, reached an average of 2.5, with some days reaching as high as 3.4. The cost to operate Via has decreased continually since the relaunch because as ridership builds, the efficiency and overall cost decreases as operating costs are shared across multiple passengers.

### Budget Update

The Via-Cupertino On-Demand Community Shuttle program is currently on budget, with allocated funding anticipated to last beyond the end of the contract on October 31. It is estimated that an additional \$200,000 will be necessary to continue Via operations from October to April 2023. The proposed contract extension to June 2023 includes additional months as a precautionary measure. It is anticipated that a new agreement with Nomad Transit, LLC (Via) for the five-year TIRCP program will be executed before April 2023.

### Survey Data

Several surveys were conducted at various points during the pilot program and consistently showed strong community support for Via-Cupertino, as well as appeal across a wide range of users.

A 2021 survey of 150 individuals highlighted various reasons for using the service:

- |                           |     |
|---------------------------|-----|
| - Work commuting          | 28% |
| - Daily errands           | 28% |
| - Healthcare appointments | 20% |
| - Travel to/from school   | 20% |

The survey also showed 68% of respondents were 'somewhat disappointed' or 'very disappointed' when Via Cupertino suspended services due to COVID-19 and 53% reported the use of a personal car for transportation when Via service was paused.

The service has succeeded in connecting Cupertino residents to transit options, in particular the Sunnyvale Caltrain station, where 13% of all rides have either originated or ended. Of the 70 individuals responding to the 2022 rider survey, 33% identified "connecting to other forms of public transit" as their most frequent use of Via Cupertino. Together, these data points indicate that the pilot program has been successful in reducing Vehicle Miles Traveled (VMT) and greenhouse gas (GHG) emissions, while increasing the use of other public transit options.

### Discussion

In March 2022, the City successfully applied for a CalSTA grant in partnership with the City of Santa Clara for a significant expansion of the Via-Cupertino service. CalSTA awarded Cupertino \$8,465,000 to continue Via services for a period of five years beginning in April 2023, along with the following improvements:

- Phased electrification of the fleet
- Phased expansion of service into the City of Santa Clara (Attachment E)
- Addition of El Camino Hospital and Mountain View Caltrain as new destinations

Execution of a Master Agreement with Caltrans is a requirement of the TIRCP program because it enables CalSTA to transfer funds to the City for any grant-funded projects.

This agreement will be in effect for a period of 10 years and will be a part of a future Council action.

#### Via Contract Amendment

The contract amendment with Via proposes to extend the expiration date between the City of Cupertino and Nomad Transit, LLC (Via) from its current expiration of October 31 to June 2, 2023. This extension will ensure there is no service disruption before the TIRCP-supported service begins by April 2023. It also provides two extra months in the contract to cover any unforeseen delays related to grant administration or adoption of a replacement contract with Via.

Leading up to the expanded program launch in April 2023, Cupertino staff and City of Santa Clara staff will bring the following to each City Council for consideration:

- Funding agreement between the City of Santa Clara and Cupertino for grant administration.
- A new agreement with Nomad Transit, LLC (Via) to replace the current agreement for the 5-year TIRCP service (Cupertino only.)
- A funding request to budget for the 5-year program, of which 50% is estimated to be offset by TIRCP funds (Cupertino and City of Santa Clara.)

#### Sole-Source with Nomad Transit, LLC (Via)

Although staff had initially considered a competitive selection process as a next step at the end of the pilot program, several factors have led to a change in this approach. First, the City's TIRCP application was written with Via as a named partner and was approved by CalSTA as an expansion of the existing Via program. Via's technical assistance in modelling the service was an important element of the grant application and greatly contributed to the strength of the application. Second, an area where Cupertino's application scored highly was in project readiness. The State and Caltrans, who are administering the grant, were eager to quickly dispense funds to projects to address the climate crisis. Should the City select a different vendor through a procurement process, the project would become a new project and the City's TIRCP application would need to be amended. This would delay the implementation of the extended program and could result in the grant funding being rescinded. Finally, selecting a different vendor would require significant additional planning and outreach costs, as the City has already invested heavily to bring public awareness to its Via branded service.

Importantly, Via has met or exceeded expectations during the entirety of the pilot program. When operational issues have arisen during the pilot Via has responded quickly and professionally. Additionally, surveys conducted throughout the pilot have shown a high level of community satisfaction in the drivers and the program overall.

Staff has met informally with other micro transit vendors over the course of the pilot program. Few alternative vendors exist that provide driver training, vehicles, technology, and vehicle maintenance in one seamless program. For these reasons staff recommends that Council authorize the City Manager to dispense with City bidding

requirements pursuant to the Cupertino Municipal Code § 3.22.060 for the TIRCP expansion of Via-Cupertino.

#### Potential Future Expansion with the Cities of San José and Sunnyvale

The City of San José City Council recently adopted a Transportation Plan that includes a micro transit strategy and gives San José Transportation staff direction to pursue a program. The TIRCP program will re-open in fall 2022, and CalSTA has expressed strong interest in seeing surrounding communities join Cupertino as part of this program. If awarded, a portion of west San José would be added to the service zone and phased in. The TIRCP will re-open in fall 2022 and announcements will be made later in the year.

The City of Sunnyvale will be launching a small micro transit program in Peery Park in collaboration with the Santa Clara Valley Transportation Authority (VTA.) While currently not participating in the Via-Cupertino expansion, Sunnyvale staff indicated that this may be an option in the future.

#### Sustainability Impact

The electrification and expansion of the Via-Cupertino on-demand ride sharing program will significantly reduce the amount of VMT generated by the program. It will amplify the GHG reductions already achieved by the program and will continue to reduce local roadway congestion as the service scales up and reaches more destinations. The expanded service will add two new Caltrain stations, one of which offers convenient Baby Bullet service to San Francisco and has been frequently requested by riders in surveys. The new fleet vehicles have yet to be identified, but they will be electric vehicles and the transition will begin by April 2023.

#### Fiscal Impact

Via-Cupertino was approved as part of the Fiscal Year (FY) 2019-20 Budget at a cost of \$1.75 million for the entirety of the pilot program (Traffic Engineering budget unit, special project account 100-88-844 750-061. Due to COVID-19 and a 13-month pause in service, including ridership impacts experienced because of COVID-19, the project funding has outlasted the initial allocation. It is anticipated that extending the service agreement from the current expiration of October to June 2023 will require \$200,000 in additional funds, increasing the not-to-exceed amount of the agreement to \$1,950,000. As noted above, a Resolution for the budget allocation has been included as Attachment B.

Staff will return to Council at a future date to make a funding request for the TIRCP program. The TIRCP grant is paid in monthly reimbursements, and as a result, the funding request will be made for the full project total, of which 50% will be reimbursed by CalSTA during the five-year project period. The \$16,931,283 application included the cost to operate in the City of Santa Clara, which will be paid for by the City of Santa Clara. The cost to operate in Cupertino is \$8,465,642 over five years, or approximately \$1,693,128 per year, of which 50% will be covered by the TIRCP grant. City staff will continue to look for additional grant funds to offset the City's costs. It is anticipated that

VTA Measure B Innovative Transit fund will open late 2023 or early 2024 and is a potential source of additional revenue. If no additional sources of revenue are identified, the continuing cost of the program would be funded from the General Fund.

Next Steps

Staff will return at a future meeting to discuss the TIRCP grant supported service in greater detail, along with a request for the budget allocation for the program along with a proposed funding agreement between the City of Cupertino and the City of Santa Clara.

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Reviewed by: Matt Morley, Director of Public Works

Approved for Submission by: Pamela Wu, City Manager

Attachments:

- A – Contract Amendment with Via
- B – Draft Resolution
- C – Pilot Program Ridership Statistics
- D – Via Pilot Invoice Summary
- E – TIRCP Expansion Map