

**MEETING DATE:** June 7, 2023

**ITEM # 6**

**SUBJECT:**



**CONSIDERATION OF APPROVAL OF A 1-YEAR CONTRACT RENEWAL WITH NOMAD TRANSIT LLC EXTENDING THE WEST SACRAMENTO ON-DEMAND RIDESHARE PROGRAM THROUGH FISCAL YEAR 2023-24 AND RESOLUTION 23-42 ALLOCATING UP TO \$3,102,730 TO SUPPORT OPERATIONS THROUGH FISCAL YEAR 2023-24**

**INITIATED OR REQUESTED BY:**

- Council     Staff
- Other

**REPORT COORDINATED OR PREPARED BY:**

Stephanie Chhan, Senior Transportation Planner  
**Community Development Department**

**ATTACHMENT**     Yes     No             Information     Direction             Action

**OBJECTIVE**

The purpose of this report is to request City Council approval of Amendment No. 5 to the amended and restated contract with NoMad Transit LLC to extend the On-Demand Rideshare service through June 30, 2024 and to establish the schedule of fees for fiscal year 2023-24 operations. Staff is requesting approval of Resolution 23-42 allocating up to \$3,102,730 in Transportation Development Act funding and authorizing use of \$150,000 in collected Fiscal Year 2022-23 rideshare revenues to support continued rideshare operations through FY 2023-24.

**RECOMMENDED ACTION**

Staff respectfully recommends that the City Council:

- 1) Find approval of Amendment No. 5 to the Amended & Restated Contract with NoMad Transit LLC exempt from the California Environmental Quality Act (CEQA) under the General Rule exception provided for by Section §15061(b)(3);
- 2) Approve and authorize the City Manager, or designee, to execute Amendment No. 5 to the Amended & Restated Contract with NoMad Transit LLC, extending operations of the West Sacramento On-Demand Rideshare program through June 30, 2024 and establishing the schedule of fees for fiscal year 2023-24; and
- 3) Approve Resolution 23-42 allocating up to \$3,102,730 from the Transportation Development Act and authorizing the use of FY 2022-23 rideshare revenues estimated at \$150,000 towards the funding of the FY 2023-24 Via Rideshare program operations.

**BACKGROUND**

The West Sacramento On-Demand Rideshare Program was launched as a 1-Year Pilot on May 14, 2018 following robust Transportation, Mobility, and Infrastructure (TMI) Commission and City Council engagement dating back to June 2016. The program was initially developed in response to Council direction to explore a more flexible, innovative public transit model that better served resident needs, as fixed route bus service continued to experience increased costs alongside declining ridership. Following the success of the Pilot program, on May 1, 2019, the City Council unanimously approved an Amended and Restated Contract continuing the rideshare program.

The purpose of this report is to provide updates on the program, findings from the Sacramento Area Council of Government’s Transportation Development Act triennial performance audit, and the proposed fee schedule for the fifth and final extension under the current contract with NoMad Transit LLC for City Council consideration.

**ANALYSIS**

*Ridership in Review*

On June 15, 2022, the City Council approved a contract of \$2,741,254 – comprised of \$2,395,191 of Transportation Development Act funds, \$69,014 Fiscal Year (FY) 2021-22 year fare revenues, and \$277,049 of anticipated FY 2022-23 fare revenue reinvestment – with NoMad Transit LLC to support the On-Demand Rideshare Program operations and allocated \$115,000 to fund staff time and materials for fiscal year 2022-23.

Since launch through April 2023, Via has provided a total of over 649,000 rides throughout West Sacramento for over 13,600 unique accounts. Of the 13,600+ accounts, more than 560, or approximately 5 percent, are senior or disabled account holders. On average, pick-up estimated time of arrival is approximately 12.8 minutes, deviation between estimated time of arrival and actual pick-up time is 0.9 minutes, and 86 percent of vehicles are within 5 minutes of estimated pick up time. Riders walk an average of 318.5 feet to be picked up and trips

are an average of 3.3 miles and 10.2 minutes per ride. Since the launch, top pick-up and drop-off destinations include River City High School, Riverpoint Marketplace, Southport Town Center, Raley's, the West Sacramento Recreation Center, and Savannah at Southpoint apartments.

Between July 2022 – April 2023, the service has completed over 157,000 rides - averaging of 3,622 weekly rides, 593 weekday daily rides, and 328 weekend daily rides. Currently, over 600 unique riders are using the service weekly. Senior/Disabled ridership comprises an average of approximately 379 weekly rides. Recent high ridership has led to 28.1 percent of requests in March 2023 and 25 percent of requests in April 2023 with 21+ minute estimated time of arrivals. Average pick-up time for FY 2022-23 is 14 minutes, deviation between estimated time of arrival and actual time of arrival is approximately 1.3 minutes, and 87 percent of vehicles are within 5 minutes of estimated pick up time. NoMad Transit LLC indicated the longest distance a customer would walk to meet a vehicle is 1/10 mile, or approximately 500 feet, although most walking distances will be shorter than the maximum and some may even be door-to-door if it is optimal for the network. For Fiscal Year 2022-23, the average pick up walking distance was 320.7 feet. For FY 2022-23, top pick-up and drop-off locations include: River City High School, Riverpoint Marketplace, Southport Town Center, Raley's, the West Sacramento Recreation Center, Savannah at Southpoint apartments, Tower Bridge Gateway, and Lighthouse Bar and Grill.

ViaPass is a discounted weekly frequent rider program that offers riders up to four rides a day, seven days a week for \$15. Seniors 62+ and individuals with eligible disabilities receive a 50 percent discount off the ViaPass price. This frequent rider program effectively provides a 50 percent discount on regular fares and 70 percent discount on top of already discounted fares. ViaPass users take 2.5 times more rides than non-pass riders. Approximately 26 percent of weekly active users hold a ViaPass and 48 percent of all weekly rides are taken using ViaPass.

#### *Transportation Development Act Triennial Performance Audit*

The Transportation Development Act (TDA) is administered by the California Department of Transportation (Caltrans) and provides two sources of public transportation funding for local governments; Local Transportation Funds (LTF) and State Transit Assistance (STA) funds. The funds are intended for the development and support of public transportation needs that exist in California and are allocated to counties based on population, taxable sales, and transit performance. TDA funds are primarily intended to support public transit services but can support a wide variety of transportation programs including planning activities, pedestrian and bicycle facilities, road rehabilitation or other community transit, bus and rail projects. However, STA funds have more restrictive criteria and regulations that must be met in order to fund eligible expenses. The Sacramento Area Council of Governments (SACOG) is the administrator of TDA funds for the City of West Sacramento, and the City must annually submit a claim for review and approval by the SACOG Board of Directors to claim its allocations of TDA funds.

Because the City of West Sacramento funds the On-Demand Rideshare Program with TDA funds, the City is subject to compliance with TDA requirements. The California Department of Transportation (Caltrans) Performance Audit Guidebook contains a checklist of 11 measures taken from the Public Utilities Code and California Code of Regulations. SACOG recently completed a TDA triennial performance audit on the City's On-Demand Rideshare Program. The goal of the audit is to provide a means of evaluating performance and to enhance performance by making recommendations for improvement. The audit measures performance against TDA's established criteria and focuses on management's planning and control system. It also evaluates an agency's degree of compliance with established policies and procedures as outlined in the TDA statutes.

The "Triennial Performance Audit of City of West Sacramento – Via Rideshare" is provided in Attachment 1. Four compliance requirements did not apply to West Sacramento (i.e., annual CHP terminal inspections, rural/urban farebox recovery ratios, and use of federal funding). Of the compliance requirements pertaining to West Sacramento, the City fully complied with five requirements. The City was found not in compliance with the submittal of the annual Transit Operators' Financial Transactions Reports to the State Controller and was partially compliant regarding reporting of performance measures (vehicle service hours and miles/full-time employee equivalents). As such, the City is making the required showing of progress in implementing the recommendations.

Staff has been in coordination with the State Controller's Office and will submit an annual report beginning in Fiscal Year (FY) 2022-23, which is due in January 2024. Additionally, staff has coordinated with Nomad Transit LLC to incorporate the TDA performance metrics as a requirement to be regularly reported to the City through the contract amendment with proposed FY 2023-24 fee schedule. The performance metric reports do not affect the contract value with Nomad Transit LLC.

**Preliminary FY 2023-24 Budget and Operational Approach**

The primary purpose of adopting Amendment No. 5 renewing the fee schedule for the upcoming operational year, is to ensure that the projected costs, levels of service (quantity of projected “Driver Hours”) and fare revenue are incorporated into the current and binding contract with NoMad Transit LLC, which is utilized for monthly billing purposes.

NoMad provided two fee schedule scenarios for staff consideration (Attachment 2). The operational model proposed for FY 2023-24 assumes few changes from FY 2022-23, but the scenarios provided options for two service demand scenarios. Scenario 1 assumes the same level of demand as FY 2022-23 with some natural growth, whereas Scenario 2 increases vehicle and driver hours to support a 10 percent increase in demand from FY 2022-23. Recent ridership has increased beyond pre-COVID highs, reaching 18,570 completed rides in March 2023 and 16,322 completed rides in April 2023 as compared to 15,975 completed rides in February 2020. Utilization (completed rides/net driver hours) is currently 3.9 for July 2022 through April 2023, as compared to a utilization of 2.0 for July 2019 through April 2020. With sustained growth on the On-Demand Rideshare Program, staff is proposing a fee schedule based on Scenario 2 with additional driver hours to maintain service standards.

The proposed FY 2023-24 fees are similar to previous years but have increased to accommodate a new regulatory fee and inflation. NoMad is passing onto the City the Public Utilities Commission Transportation Reimbursement Account (PUCTRA) regulatory fees enacted as of January 1, 2023. The fee schedule also proposes higher projected driver hours and an estimated 2.98 percent increase for vehicle hour rates and 3.01 percent increase in service hour rates to account for inflation.

Recent advancements in Via’s software and application platform allow for the integration of public transit data, providing riders with the option to select Via or another mode of transportation, such as Yolobus. Staff plans to pursue this advancement and integrate mobility-as-a-service features into the City’s Via application platform. This will provide benefits to riders, allowing easy route planning and the possibility to plan trips using multiple transport methods. This may allow the City to better handle demand for the rideshare program within the contract budget, while continuing to encourage people to use alternative transportation.

The following table summarizes the features of the On-Demand Rideshare Program and a comparison of the current program versus the proposed 2023-24 program:

	<b>FY 2022-23 On-Demand Rideshare Program</b>	<b>Proposed: FY 2023-24 On-Demand Rideshare Program</b>
<b>Fleet Supply</b>	No Proposed Changes	
<b>Hours of Operation</b>	No Proposed Changes	
<b>Driver Hours</b>	Term: 12 months Projected: 46,800 hrs Estimate: 46,800 hrs <sup>1</sup>	Term: 12 months Projected: 57,200 hrs
<b>Customer Support Hours</b>	Projected: 5,980 hrs Estimate: 5,980 hrs <sup>1</sup>	Projected: 5,980 hrs
<b>Contract Rate</b>	Operations: \$50.72 Customer Support (1.25 FTE): \$36.88	Operations: \$52.23 Customer Support (1.25 FTE): \$37.99
<b>COVID Cleaning</b>	\$63,816	\$0
<b>Regulatory Fees</b>	Access for All - \$0.10 cents per ride	Access for All - \$0.10 cents per ride  PUCTRA Regulatory Fee – 0.3 percent of gross intrastate revenue plus quarterly/annual fees
<b>Ridership</b>	Projected: 192,000 Estimate: 190,000 <sup>1</sup>	Projected: 220,000
<b>Cost per Ride<sup>2</sup></b>	Projected: \$14.87 Estimate: \$15.03 <sup>1</sup>	Projected: \$15.52

<b>Contract Budget</b>	<p style="text-align: center;">Projected:                  \$2,741,254 (\$2,395,191 of TDA funds, \$69,014 of FY 21-22 fare revenue, \$277,049.00 of FY 22-23 fare revenue)</p> <p style="text-align: center;">Estimate Spent: \$2,741,254<sup>1</sup></p>	<p style="text-align: center;">Projected:                  \$3,301,372 (\$150,000 of FY 22-23 fare revenue, \$313,642 of FY 23-24 fare revenue, and \$2,837,730 of TDA funds)</p>
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<sup>1</sup> Inclusive of estimates for May – June 2023.

<sup>2</sup> Inclusive of City staff time estimated costs.

Attachment 3 provides draft proposed contract Amendment No. 5 which includes administrative amendments to the contract and the proposed fee schedule for FY 2023-24. Via assumes a fare revenue reinvestment that supports the service. Should actual fare revenues collected exceed the estimated amount in the projected budget, the additional fare revenues will be reinvested toward the next fiscal year’s program operations. Fare revenue assumptions consider standard-price fares, discounts, and ViaPass. The projected fare revenue for FY 2023-24 is \$313,642 to support the program. Via’s projected average net fare per ride for FY 2023/24 is \$1.42, which is 1 percent less than the projected average net fare per ride of \$1.44 assumed in the FY 2022-23 budget. The program budget proposes \$2,987,730, inclusive of FY 2022-23 anticipated remaining fare revenues, from the City to support the FY 2023-24 program. This is an increase of \$560,118 as compared to the FY 2022-23 program budget of \$2,464,205.

In addition to fare revenue reinvestment, the On-Demand Rideshare program is supported by local TDA funds. The City must annually submit a claim for review and approval by the SACOG Board of Directors to claim its allocation of TDA funds. Upon SACOG approval of the TDA Claim, Yolo County disburses the allocation request to the City. Currently, the City has approximately a \$2.69 million unearned remaining balance of carryover TDA funds from previous fiscal years. For FY 2023-24, staff anticipates an apportionment of \$3,794,876 in Local Transportation Funds and \$630,458 in State Transit Assistance Funds per the Yolo County Estimated Findings of Apportionment released in March 2023 (Attachment 4). The Yolo County Transportation District (YoloTD) FY 2023-24 proposed budget, scheduled to be approved by the YoloTD Board of Directors in June 2023, includes the City’s share of expenditures for YoloTD administrative fee, fixed route operations, and paratransit service for the City, totaling \$3,030,803. At the end of the FY 2022-23 contract term, staff will determine the precise amount of remaining FY 2022-23 Via funds and fare revenue to apply toward the FY 2023-24 expenses. Staff will seek City Council authorization for staff to submit a claim for the Via program budget, less the total amount of FY 2022-23 fare revenue and contract rollover in the On-Demand Rideshare Program from FY 2022-23, and \$115,000 for City staff time and materials to support the program in the FY 2023-24 annual TDA claim. A resolution to allocate funding for FY 2023-24 is provided as Attachment 5.

Environmental Considerations

This project is exempt from CEQA as it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment (State CEQA Guidelines Section 15061 (b)(3)). The fundamental definition of a "significant effect" under CEQA is "a substantial adverse change in physical conditions". Per this definition, it is clear that the operation of up to eleven (11) 6-passenger shared-ride vehicles utilizing existing infrastructure with the intent of encouraging pooling and reducing traffic impacts by shifting community members out of higher VMT (Vehicle Miles Travelled) generating modes (i.e. single occupancy driving or ride-hailing) does not constitute a significant impact.

Moreover, the project is within the scope of the EIR prepared for the General Plan 2035, and no new or substantially more adverse impacts would occur through the implementation of the proposed project. The project directly implements multiple Mobility Element Policies aimed at providing a multi-modal transportation system that supports various modes and benefits community and environmental health. As a result, no new environmental document is required, consistent with State CEQA Guidelines Section 15162 and 15168(c)(2).

Commission Recommendation

This report was presented to the Transportation, Mobility and Infrastructure Commission on June 5, 2023. Recommendations and feedback have been incorporated into the presentation for City Council’s consideration.

Strategic Plan Integration

This project advances the 2022 Strategic Plan goals of “Mobility & Connectivity” as part of the City’s “Mobility Action Plan Implementation” management agenda.

Alternatives

The Council's primary alternatives to staff's recommendations are:

1. Council may elect to approve Amendment No. 5 but redirect staff to utilize alternative funding sources toward the FY 2023-24 operations by amending Resolution 23-42. This alternative is not recommended as staff has developed this recommendation consistent with prior year procedures and requires timely authorization to prepare the FY 2023-24 TDA Claim. Delayed submittal of the FY 2023-24 TDA Claim, which funds the rideshare program and YoloBus operations, has the potential to cause cash-flow issues for the City.
2. Council may elect not to approve Amendment No. 5 and Resolution 23-42 at this time. This alternative is not recommended, as the current contract with NoMad Transit LLC expires on June 30, 2023 and requires accurate accounting, service planning and financial support to support operations to ensure no abrupt disruptions to service for community members reliant on the service for their transportation needs.

Coordination and Review

This report was prepared by the Transportation & Mobility Division of the Community Development Department and received review from the Finance Department, City Attorney's Office, and City Manager's Office.

Budget/Cost Impact

Approval of Amendment No. 5 to the Amended & Restated Contract with NoMad Transit LLC establishes the Fee Schedule for FY 2023-24 with an annual City obligation in an amount not to exceed \$2,987,730 toward operating costs, as shown. A total of \$115,000 in City staff costs is also included, consistent with the staff allocation included in the program budgets previous fiscal years.

Staff estimates an allocation request of up to \$3,102,730 in TDA funds [Budget Unit 202-9220-5259], offset by an estimated \$150,000 in projected FY 2022-23 fare revenues to support the 1-year renewal request. Approval of Resolution 23-42 would authorize the allocation of up to \$3,102,730 from the TDA and authorize the use of \$150,000 from rideshare revenues towards FY 2023-24 Via Rideshare program operations.

**Expenses**

Contract for Services with NoMad Transit LLC:	\$2,987,730
City Staff Time & Materials:	\$115,000

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<b>Total FY 2023-24 Program Expenses</b>	<b>\$3,102,730</b>
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**Funding Sources**

FY 2022-23 Fare Revenues	\$150,000
FY 2023-24 TDA Allocation	\$2,952,730

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<b>Total</b>	<b>\$3,102,730</b>
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Exclusive of the estimated FY 2023-24 TDA apportionment (Attachment 4), the City's current unrestricted TDA reserve balance is approximately \$2.70 million. Estimated FY 2023-24 allocation brings the TDA balance approximately to \$7.12 million. Staff is awaiting more concrete FY 2022-23 Via fare revenue & cost savings, as well as YoloTD's budget update for the City's share of fixed-route and paratransit costs to finalize the FY 2023-24 TDA Claim. Based on the LTF Findings of Apportionment, planning fees to be paid to SACOG by the City of West Sacramento is \$113,846. Based on YoloTD's preliminary budget, the City's contribution to YoloTD for fixed route, paratransit, and administrative costs is \$3,030,803. Staff anticipates that additional funding sources other than TDA may be needed to support the On-Demand Transportation Program should the program continue beyond FY 2023-24.

**ATTACHMENTS**

1. Fiscal Year 2019-2021 Triennial Performance Audit of City of West Sacramento – Via Rideshare
2. Via Proposed Fee Schedule Scenarios
3. Amendment No. 5 to the Amended and Restated Contract with NoMad Transit LLC
4. Fiscal Year 2023-24 Transportation Development Act Preliminary Findings of Apportionment
5. Resolution 23-42