



COUNCIL REPORT

DATE: May 14, 2024
CATEGORY: Consent
DEPT.: Public Works
TITLE: **Mountain View Transportation Management Association—Community Shuttle Agreement**

RECOMMENDATION

1. Authorize the City Manager or designee to execute an agreement with Mountain View Transportation Management Association to operate the Mountain View Community Shuttle, a California nonprofit corporation (Entity No. 3613068), for the period of July 1, 2024 through June 30, 2027, in an amount not to exceed \$3.5 million for operations, from July 1, 2024 to June 30, 2025.
2. Authorize the City Manager or designee to amend the agreement with Mountain View Transportation Management Association for Fiscal Years 2025-26 and 2026-27 to increase the total amount of the agreement to match any future budget or amended budget adopted by the City Council.
3. Authorize the Public Works Director or designee to approve minor modifications to Mountain View Community Shuttle operations and nonfinancial amendments to the agreement with Mountain View Transportation Management Association.

BACKGROUND

In 2015, the City partnered with Google LLC (Google) to launch the Mountain View Community Shuttle (Community Shuttle) as a pilot program to provide daytime transit options for Mountain View residents. The Community Shuttle is a fare-free service that provides connections between residential neighborhoods and key destinations in Mountain View as well as connections to the regional transportation network (see Figure 1). During the pilot program, the Community Shuttle was fully funded and operated by Google.

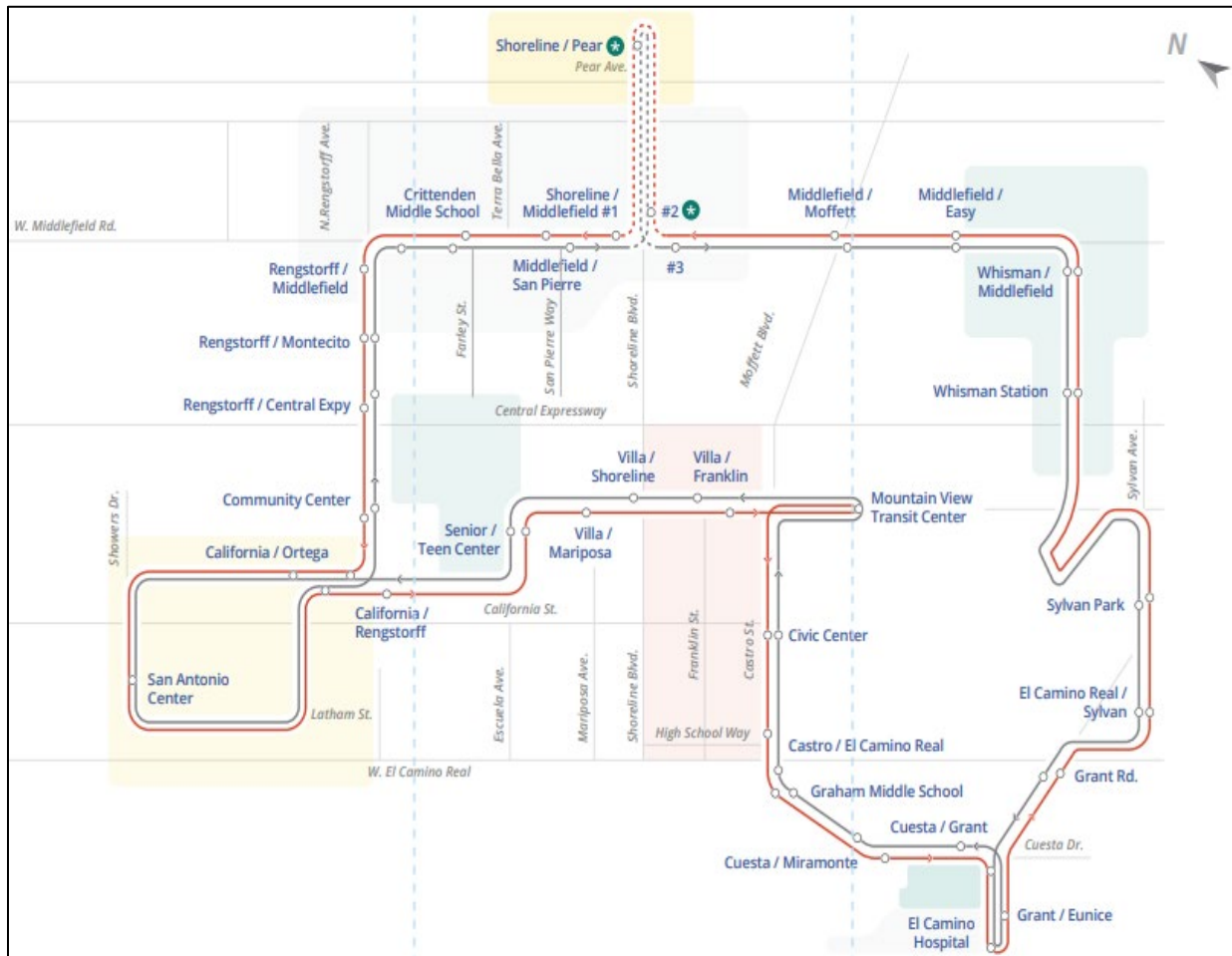


Figure 1: Mountain View Community Shuttle Route

On [August 25, 2020](#), Council authorized staff to enter into an agreement with Google to transition the management and operations of the Community Shuttle to the City and for Google to provide funding to continue operating the Community Shuttle at current service levels for the period from October 1, 2020 through June 30, 2024.

Council also authorized staff to enter into an agreement with Mountain View Transportation Management Association (MTMA) to manage and operate the Community Shuttle. Under the terms of the agreement, the City pays for all costs of the shuttle operations with no markup or profit to MTMA. The initial term for the agreement with MTMA was from October 1, 2020 to December 31, 2022.

On [December 14, 2021](#), Council authorized extending the term of the agreement with MTMA to June 30, 2024 to align the term with the Google funding agreement and authorized additional funding to facilitate the replacement of the shuttle fleet with four new leased electric vehicles.

Community Shuttle Ridership

Prior to the COVID-19 pandemic, Community Shuttle daily ridership exceeded 760 daily riders during the week and 300 daily riders on weekends. After the County of Santa Clara Health Officer issued a Shelter-in-Place Order, weekday and weekend ridership dropped to around 15% and 18% of prepandemic levels, respectively. This drop in ridership was comparable to other transit agencies, including the Santa Clara Valley Transportation Authority (VTA). As the Shelter-in-Place Order was lifted and pandemic-related restrictions eased, ridership steadily increased and is now at 125% of prepandemic levels.

In March 2021, the City was awarded a Measure B Innovative Transit grant of \$704,000 to fund expansion of Community Shuttle service hours from the previous 10:00 a.m. to 6:00 p.m. weekday schedule to a new weekday schedule of 7:00 a.m. to 7:00 p.m. for two years. The 10:00 a.m. to 6:00 p.m. weekend schedule remained the same. The expanded weekday schedule started in January 2022 and has been well received by the community, including students that attend Graham and Crittenden Middle Schools. Approximately 25% of ridership growth is attributable to the implementation of expanded hours since January 2022. The Measure B grant was fully expended at the end of 2023. To continue the expanded service hours, funds from the City's Transportation Reserve Fund, which includes 2018 Measure P moneys, were used.

Community Shuttle Fleet Replacement

The current operation of the Community Shuttle requires four vehicles to be in service continuously for the 12-hour weekday schedule. Google operated the Community Shuttle with a fleet of six all-electric shuttle buses and two gasoline buses. The gas vehicles were used when more than three electric vehicles needed recharging during the day or were out of service for repairs.

When the electric shuttle vehicles were first leased by Google in January 2015, the City projected that the vehicles would have a lifespan of up to seven years. The shuttles were acquired at a time when battery electric bus technology was in its infancy, presenting some uncertainty about their long-term reliability and overall lifespan. As the vehicles aged, their maintenance needs increased more rapidly while their reliability substantially decreased. As the batteries for the vehicles began failing, refurbished batteries had to be purchased because the original batteries were no longer being manufactured, and over time, the availability of refurbished batteries diminished. For these reasons, the vehicles were retired when their lease term ended on December 31, 2022.

Anticipating the need to replace the shuttles at the end of 2022, MTMA began researching replacement options following Council approval for funding on December 14, 2021. MTMA identified Vicinity Motor Corp (VMC) as a vendor and their Lightning buses as a suitable candidate. VMC indicated they could fulfill the Community Shuttle's relatively unique needs with

a bus shorter than 35' and a range greater than 185 miles per charge. An order for four VMC Lightning buses was placed in April 2022, and the projected lead time to build and receive the new buses was 12 months. To continue shuttle operations in the meantime, MTMA entered into a short-term lease for gas-powered buses. Unfortunately, in August 2023, MTMA learned that VMC was not able to fulfill the order and, with City staff's concurrence, MTMA canceled the order due to the unviability of VMC's business model and protracted supply chain issues. The deposit for the electric buses was refunded.

After several months of research, MTMA identified another electric bus manufacturer, Hometown, that can supply a bus that fits the Community Shuttle's operational needs. MTMA is currently working out the lease terms and anticipates receiving the new buses in January 2025. Gas-powered buses will continue to be used until the electric buses arrive.

In collaboration with VTA, the City also secured \$4 million in funds in Q3 2022 from the Federal Transit Administration's Low or No Emission Grant Program for the purchase of up to six battery electric buses and four chargers. The new buses will enable the full conversion of the Community Shuttle operation to heavy-duty battery electric vehicles, ensuring sufficient range and capacity for the long-term operation of the service. Staff is working with VTA on the federal funding allocation process and to order the vehicles. It is anticipated that these buses may arrive in four to five years based on current market availability for electric transit vehicles.

ANALYSIS

The existing agreement with MTMA to operate and manage the Community Shuttle will expire on June 30, 2024. MTMA has successfully managed and operated the Community Shuttle since the service was transitioned to the City from Google in October 2020 and have been very responsive to community needs and staff feedback. Given the reliable performance of MTMA as a shuttle operator, staff recommends authorizing a new agreement with MTMA for a three-year period ending on June 30, 2027. Continuing to use MTMA provides consistency in the management and operation of the shuttle service and facilitates the acquisition of new electric buses.

City and MTMA staff will continue to work together to develop the best long-term strategy for operations, including consideration of a potential merger of the Community Shuttle with the MVgo shuttle services. MTMA took a step in that direction in February 2023 by selecting a single company to operate both the Mountain View Community Shuttle and MVgo services.

The key terms of the agreement include:

- MTMA will be responsible for the provision, management, and coordination of the operation of the Community Shuttle service and may use third-party contractor(s) to operate the service.

- The City will fund all costs and expenses up to the not-to-exceed amount approved by Council for providing the Community Shuttle service.
- MTMA will prepare monthly ridership and performance reports, provide customer relations and complaint handling, conduct an annual survey, prepare and distribute route maps, and maintain the Community Shuttle website and online ridership app.
- MTMA will maintain the current Mountain View Community Shuttle branding, providing attribution to the City in all printed and online public information materials and media releases.
- The City will be responsible for coordinating and assisting MTMA with community outreach, service promotion, and the annual rider survey.
- Either the City or MTMA may propose changes to the service. The City's Public Works Director and MTMA may mutually agree on minor modifications, such as bus stop locations and schedule adjustments that do not require additional budget allocation or change the service area. Major modifications to the service, such as extended hours and route modifications changing service areas, will require an amendment to the agreement with approval by the City Council.
- The City may terminate the agreement without cause by giving 30 days' prior notice. The City may also suspend the agreement immediately if, in the reasonable opinion of the City, the safety of its passengers or the general public has been or may be threatened. MTMA may terminate the agreement without cause by giving 180 days' prior notice.

These terms are consistent with the previous agreement.

Community Shuttle Productivity

The productivity/effectiveness of transit service is typically measured in passengers per hour (PPH). Community Shuttle ridership has rebounded and now exceeds prepandemic levels, identifying high demand. As shown in Table 1, the productivity of the Community Shuttle from October 2023 to January 2024 exceeds that of VTA's buses serving Mountain View, except for one service route (Route 22) where the Community Shuttle nearly matches VTA.

Table 1: Community Shuttle Productivity Comparison

Service and Route Number	Route Description	Weekday Productivity (PPH) (Oct 2023-Jan 2024)
Mountain View Community Shuttle	Internal circulator within the City of Mountain View	19.9
Frequent Bus: Route 22	Palo Alto Transit Center to Eastridge Transit Center via El Camino Real	21.2
Local Bus: Route 40	Foothill College to Shoreline Boulevard and La Avenida	12.3
Rapid Bus: Route 522	Palo Alto Transit Center to Eastridge Transit Center	16.6
Local Bus: Route 21	Stanford Shopping Center to Santa Clara Transit Center	11.4
Local Bus: Route 51	Moffett Boulevard/Ames to West Valley College	10.9
Local Bus: Route 52	Foothill College to Mountain View Transit Center	9.9

FISCAL IMPACT

The Community Shuttle has been funded by Google, a VTA Measure B Innovative Transit Service Model grant, and the City’s Transportation Reserve. The Measure B grant funding for the expanded service hours was fully expended on December 31, 2023, and Google funding for Community Shuttle operation will end on June 30, 2024. Beginning July 1, 2024, the City will be providing full funding for the Community Shuttle. City and MTMA staff will work to identify potential grant opportunities; however, grants for transit operations are rare and are usually for a limited term to pilot new or expanded services.

Anticipating the need to fund the Community Shuttle beyond the Google funding agreement, the City Council adopted a resolution in 2018 identifying 80% of the increase in business license tax (2018 Measure P) revenue be placed into the Transportation Reserve for transportation-related programs, including the Community Shuttle. Based on original estimates for the transportation revenue to be generated annually, it was anticipated that there would be enough funding to operate the shuttle and to fund active transportation improvements in the Capital Improvement Program. Because the business tax is based on number of employees, the annual revenue from this source has declined in the last year, due to the staffing reductions taking place with employers in Mountain View, and is just sufficient enough to fully fund the Community Shuttle operations.

MTMA provided an estimated cost of \$3.5 million to operate the Community Shuttle for Fiscal Year 2024-25. Staff estimates \$3.9 million in 2018 Measure P revenues will be added to the Transportation Reserve for Fiscal Year 2024-25. On February 27, 2024, Council appropriated \$1 million in the General Operating Fund to the Transportation Reserve as part of the Fiscal Year 2023-24 midyear budget actions. Therefore, there will be a sufficient balance in the Transportation Reserve for Council to appropriate \$3.5 million for the Community Shuttle operations as part of the Fiscal Year 2023-24 Budget to be approved by Council on June 25, 2024. For subsequent fiscal years, MTMA will submit a cost estimate by February 1 of each year to be approved by the City Council as part of the subsequent fiscal year budget.

CONCLUSION

The Community Shuttle is a fare-free service that provides daytime transit options for residents to connections between residential neighborhoods and key destinations in the City as well as connections to the regional transportation network. Daily ridership has surpassed prepandemic levels. The existing agreement with MTMA to operate and manage the Community Shuttle will expire on June 30, 2024. MTMA has successfully managed and operated the Community Shuttle since the service was transitioned to the City from Google in October 2020. Staff recommends authorizing a new agreement with MTMA for a three-year period of July 1, 2024 through June 30, 2027 and funding operations for July 1, 2024 to June 30, 2025 in an amount of \$3.5 million.

ALTERNATIVES

1. Do not authorize the City Manager or designee to execute an agreement with MTMA and direct staff to modify the terms of the agreement.
2. Authorize the City Manager or designee to execute an agreement for only Fiscal Year 2024-25 and direct staff to investigate other alternatives for shuttle operations, such as soliciting for a new manager and operator of the Community Shuttle.
3. Do not authorize the Public Works Director to approve minor modifications to Community Shuttle operations and nonfinancial amendments to the agreement and direct staff to return to Council for all agreement amendments.
4. Provide other direction.

PUBLIC NOTICING

In addition to the City’s standard agenda posting requirements, notices were distributed to persons who have signed up for updates and information about the Mountain View Community Shuttle. Copies of the Council report were provided to MTMA.

Prepared by:

Ben Pacho
Transportation Planner

Reviewed by:

Ria Hutabarat Lo
Transportation Manager

Approved by:

Edward Arango
Acting Public Works Director

Audrey Seymour Ramberg
Assistant City Manager

BP/LL/6/CAM
902-05-14-24CR
203756

cc: PWD(A), TM, TP—Pacho, SMA—Goedicke, SMA—Doan