



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 7, 2024**

FROM: PUBLIC WORKS DEPARTMENT **WARD: ALL**

SUBJECT: RIVERSIDE CLEAN AIR CARSHARE – ACCEPTANCE OF ADDITIONAL \$500,000 IN FUNDS, TERMINATION OF SERVICES AGREEMENT WITH STRATOSSHARE, INC., AND ESTABLISHMENT OF NEW SERVICES AGREEMENT WITH MOBILITY DEVELOPMENT OPERATIONS, INC. FROM CHICAGO, ILLINOIS

ISSUES:

Accept an additional \$500,000 in Clean Mobility Options Voucher Program funding for Riverside Clean Air Carshare, terminate the agreement with the existing operator, StratosShare, and establish a new services agreement with a new operator, Mobility Development Operations.

RECOMMENDATIONS:

That the City Council:

1. Approve the acceptance additional grant funds in the amount of \$500,000 under the Clean Mobility Options Voucher Program to support the launch and operations of Riverside Clean Air Carshare Program;
2. Authorize the City Manager, or designee, to execute the Termination Agreement with StratosShare Inc., including making any minor and non-substantive changes; and
3. Authorize the City Manager, or designee, to execute the Professional Services Agreement with Mobility Development Operations, including making any minor and non-substantive changes.

BACKGROUND:

The Clean Mobility Options Voucher Pilot Program is funded through the California Climate Investments (CCI) program. The CCI program uses Cap-and-Trade dollars on initiatives intended to reduce greenhouse gas emissions, improve public health, and strengthen the economy in underserved communities. The Clean Mobility Options program has \$20 million in available funds to establish zero-emission mobility programs; local government agencies are eligible applicants for these funds.

On October 6, 2020 Council authorized the submittal of a \$1,000,000 grant application through the CALSTART “Clean Mobility Voucher Pilot Program” to establish a network of hydrogen fuel cell vehicles with free usage for qualifying low-income residents, in partnership with StratosShare and the University of California Riverside’s Center for Environmental Research and Technology (UCR CE-CERT). The grant award was formally accepted by City Council on July 6, 2021, and has since been labeled as the Riverside Clean Air Carshare (RCAC) project.

The City established a service agreement with StratosShare Inc. in December 2021 to plan and operate RCAC as an extension of their existing hydrogen fuel carshare service. The project was in the planning stages and set to launch in the fall of 2023. However, in July 2023, StratosShare informed the City that they could no longer perform the services and tasks from the original scope of work of the program in their current capacity and proposed to participate in a more limited role. The City has since been working with StratosShare, UCR CE-CERT, CALSTART and prospective replacement operators to identify a path forward.

DISCUSSION:

Riverside Clean Air Carshare was initially intended to be an extension of StratosShare’s existing carshare network, with a fleet of up to nineteen (19) zero-emission vehicles available for rent at seven station locations within the City of Riverside. The proposed program is unique, operating exclusively with hydrogen fuel cell vehicles (FCVs), which do not emit harmful air pollutants like traditional gasoline and diesel vehicles and can be driven within a 100-mile radius of the rental station.

In addition to increasing accessibility of zero-emissions vehicles to all residents, the program plans to offer qualifying low-income residents with free drive time and discounted rental rates. The qualification and administration of the program will be managed by the Operator. The City will not own or maintain the vehicles used as part of the program. In turn, the City intends to provide on-street and off-street parking locations within the qualifying Assembly Bill 1550 Low-income Communities and Senate Bill (SB) 535 disadvantaged communities locations for vehicle rental stations.

Additional Funding

The \$1 million grant-funded budget, drafted in 2020, included a one-year planning phase and four years of program operation. Through the planning process, many program awardees have been heavily impacted by several unanticipated costs such as above-standard insurance procurement and compliance, planning and operational costs, as well as significant increases in vehicle procurement costs.

With the need to cover these budgetary shortfalls, the City and its grant partners requested a formal Budget Modification to re-allocate funds within the budget in May 2022. This resulted in a decrease in the number of vehicles to be purchased along with cuts to planning and marketing efforts.

The City was not the only awardee facing these budgetary challenges. Many of the Clean Mobility Options Grant recipients were also forced to reallocate funds within their budget to address the same shortfalls and voiced their concerns during the California Air Resources Board (CARB) Public Work Group on December 8, 2022. In response, CARB set aside funds in the 2022/2023 budget for awardees to request additional funding.

On March 29, 2023 a formal announcement was issued inviting original awardees to request

additional funding in an amount not to exceed \$500,000 to be used for a range of eligible activities in support of the initial scope of work outlined in the Clean Mobility Options Voucher Agreement.

To capitalize on the additional available funds staff submitted an Additional Funding Request to CALSTART in the amount of \$500,000, which requires no local matching funds, on April 15, 2024. CalStart has verbally informed staff of approval of the request and anticipates granting additional funds to the project on contingent upon execution of the subject contract agreements.

Termination of the Agreement with StratosShare Inc.

Upon their July 2023 request to reduce their role in the project, the City worked with StratosShare to identify specific tasks and services they would be able to continue to provide and those that would need to be reallocated. The City's other project partner, UCR CE-CERT was able to take over some of the tasks, however, there were significant roles in maintenance and operators of the program that could not be filled by an existing program partner.

The City determined the only viable option to continue the program would involve termination of the agreement with StratosShare and a subsequent establishment of an agreement with a new project partner that could assume all of StratosShare's original tasks. After amicable negotiations, StratosShare and the City agreed to terms in the proposed termination agreement.

Establishment of Services Agreement with Mobility Development Operations (MDO)

The unique nature of RCAC operating exclusively with Hydrogen Fuel vehicles sets the program apart from other carshare programs, however, it posed a challenge when seeking an alternative operator. City staff connected with several carshare operators. However, all were currently operating with battery-electric vehicles. Unlike electric vehicle carshare, which typically have charging facilities at each designated parking stall, hydrogen fuel cell vehicles have to be re-fueled at one of the few hydrogen fueling locations in the area. This variation in operations requires a different approach in how a carshare fleet is managed and calls for an operator with the knowledge and skill to adapt.

Mobility Development Operations (MDO) has proposed to launch Riverside's hydrogen FCV carshare project as an experienced operator focused on long-term sustainability. Their team has an industry-leading track record in equitable carsharing, having launched or supported over a dozen programs in the last two decades. As a trusted operator for multiple public agencies and programs such as Blue LA, MDO has recently worked with CARB and CALSTART to transition two others similar CMO programs in Southern California.

Following the proposed termination of the agreement with StratosShare, Public Works staff is proposing establishment of an agreement in the amount of \$1,033,188.93 (including the additional \$500,000 plus up funding) with MDO to assume responsibility for the planning, implementation, and operational management of Riverside Clean Air Carshare. Ownership of the existing program vehicles that were purchased by StratosShare will also be transferred to MDO upon execution of the professional services agreement. Reimbursement for services associated with this agreement will be disbursed by granting agency directly to the vendor.

STRATEGIC PLAN ALIGNMENT:

The proposals presented in this report align with Strategic Priorities **3 – Economic Opportunity**, **4 – Environmental Stewardship**, and **6 – Infrastructure, Mobility, and Connectivity**, and the following goals:

Goal 3.1 - Facilitate partnerships and programs to develop, attract and retain innovative business sectors.

Goal 4.3 - Implement local and support regional proactive policies and inclusive decision-making processes to deliver environmental justice and ensure that all residents breathe healthy and clean air with the goal of having zero days of unhealthy air quality per the South Coast Air Quality District's Air Quality Index (AQI).

Goal 6.1 - Provide, expand, and ensure equitable access to sustainable modes of transportation that connect people to opportunities such as employment, education, healthcare, and community amenities.

This item aligns with each of the five Cross-Cutting Threads:

1. **Community Trust** – The purpose of the proposed changes is to support the establishment and sustainability of the Riverside Clean Air Carshare Program and to provide the community with an environmentally friendly carshare transportation option.
2. **Equity** – The purpose of the carshare program is to increase accessibility of zero emissions vehicles to residents, especially those in disadvantaged communities.
3. **Fiscal Responsibility** – Riverside is a prudent steward of public funds and ensures responsible management of the City's financial resources by advocating and applying for additional grant funding from the California Climate Investment's Clean Mobility Options Voucher Program. There is no local match component for this grant program.
4. **Innovation** – This would be the City's first carshare program available within disadvantaged communities and will be the only hydrogen fuel carshare network in the region.
5. **Sustainability & Resiliency** – The hydrogen fuel cell vehicles do not emit harmful air pollutants like traditional gasoline and diesel vehicles and present a sustainable option for transportation.

FISCAL IMPACT:

There is no direct fiscal impact to the City should this grant be awarded. Additionally, there is no fiscal impact to the City for the Professional Services Agreement with Mobility Development Operations per the payment methodology described in Exhibit B of the Agreement. The grantor, CALSTART, will remit payment directly to the approved vendors through the Clean Mobility Program. No revenue or expenditures will pass through the City on behalf of this program.

Prepared by: Philip Nitollama, City Traffic Engineer
Approved by: Gilbert Hernandez, Public Works Director

Certified as to

availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer

Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Additional Funding Award Notification
2. StratosShare Termination Agreement
3. MDO Services Agreement
4. Presentation