



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Ryan Russo  
Director, Department Of  
Transportation

**SUBJECT:** Transportation Demand Management  
Prepaid Card Agreement

**DATE:** May 24, 2021

City Administrator Approval

Date: Jun 23, 2021

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or Designee To Finalize And Execute A Prepaid Debit Card Marketing And Processing Agreement And Contract Purchasing Agreement With Usio, Inc. (Usio) In Support Of The Oakland Mobility Transportation Demand Management (OakMob TDM) Project's Financial Incentive In The Form Of 500 Restricted Prepaid Debit Cards For A Period Of One Year At A Total Contract Cost Of \$151,425.00; Providing The Necessary Spending Authority For The Contract's One-Year Duration; And Waiving The Advertising, Bidding And The Request For Qualifications/Proposal Competitive Selection Requirements.**

## **EXECUTIVE SUMMARY**

The goal of the Oakland Mobility Transportation Demand Management (OakMob TDM) project is to increase the use of transit, walking, biking, and shared mobility while reducing the number of single-occupancy vehicle trips along the AC Transit's Bus Rapid Transit (BRT) line. The OakMob TDM project will use a personalized marketing approach to engage residents along the AC Transit BRT corridor to accomplish the project's goal. Households and businesses in the corridor will be contacted with personalized information, support, and financial incentives to change their travel behaviors.

Approval of the proposed resolution will provide for the disbursement of the (OakMob TDM) project's financial incentives in the form of 500 restricted prepaid debit cards. Qualifying project participants may receive one prepaid debit card with up to \$300, disbursed over three months, to be used only for purchasing trips or passes on transit and shared mobility services. Approval of the resolution will enable City staff to execute a new one-year Prepaid Card Marketing and Processing Agreement with Usio, Inc. (Usio) at a total one-year contract amount of \$151,425.00, including \$1,150.00 for the printing and fulfillment of cards, \$275.00 for the postage required to mail cards to participants, and \$150,000.00 of project subsidies to be loaded directly on to the prepaid debit cards.

Usio is one of only two eligible providers found that could provide 500 restricted prepaid debit cards for this project. Both eligible providers use Mastercard prepaid debit cards. However, Usio

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provides a unique service that is targeted to government agencies and non-profits, offering the ability to restrict card usage by the type of purchase or “merchant category code” and allowing the City to recoup up to 80 percent of the amount of expired funds after the one-year expiration of the program. The ability to recoup funds is essential because it ensures the responsible use of public funds to achieve the project goal, helping staff to maximize the benefits of this project to participants by spending the majority of project funds on direct travel subsidies and minimizing inequitable fees to users. Oakland Public Works staff have similarly identified Usio as the most qualified vendor for an upcoming program, providing the City with a key efficiency if an agreement with Usio is in place. For these reasons, staff is requesting that City Council waive any competitive requirements that would normally apply.

### **BACKGROUND/LEGISLATIVE HISTORY**

In 1996, City Council adopted a resolution supporting public transit and alternative modes, known as Oakland’s Transit First Policy (Resolution No. 73036 CMS). This policy favors transit and alternative modes over private vehicles to reduce congestion and improve air quality, improve safety for people walking and bicycling, decrease parking demand, reduce individual transportation costs, and provide a balanced transportation system that supports many modes, making communities more livable.

In 2017, City Council passed Resolution No. 86894 C.M.S. to accept and appropriate grant funds from the Alameda County Transportation Commission (ACTC) for 11 projects, including the Oakland Mobility Transportation Demand Management project (OakMob TDM). These projects, including OakMob TDM, were funded by a total of \$29.971 million in Measure B, BB, vehicle registration fee, and Transportation Fund for Clean Air (TFCA) funds and a local match of \$2.121 million. Of this total, OakMob TDM received \$215,000 from ACTC and \$28,000 in 2211 Matching Funds.

In 2017, ACTC and the City of Oakland entered into a Funding Agreement to implement the OakMob TDM project by December 31, 2019. In 2019, ACTC and the City of Oakland amended the original Funding Agreement to extend the OakMob TDM project’s timeline to December 31, 2021.

### **ANALYSIS AND POLICY ALTERNATIVES**

The goal of the OakMOB TDM project is to increase the use of transit, walking, biking, and shared mobility while reducing the number of single-occupancy vehicle trips along the AC Transit’s BRT line. The OakMob TDM project will use a personalized marketing approach to engage residents along the AC Transit BRT corridor to accomplish the project’s goal. Households and businesses in the corridor will be contacted with personalized information, support, and financial incentives to change their travel behaviors.

The OakMOB TDM project is intended to complement and support AC Transit’s new BRT service. In August 2020, AC Transit launched the BRT service, branded as Tempo and operated as Line 1T. Tempo was originally fare-free with limited capacity due to the COVID-19

pandemic and began to collect fare payment in November 2020. This launch in BRT service also allowed for the launch in the OakMob TDM project.

The OakMob TDM project approach was developed in coordination with staff from other organizations engaged in marketing transit and shared mobility services to residents and employees in the project area, including AC Transit, the City's BRT Project Manager, and the East Oakland Collective, a community-based organization managing a ride-hail incentive program called "Mobility 4 All" in East Oakland. Staff also consulted with the program managers for Our Community Carshare, a similar program to OakMob TDM in Sacramento.

OakMob TDM will be marketed as a "Universal Basic Mobility" (UBM) pilot and feature a pre-paid debit card, also known as a "Mobility Wallet", as the primary incentive to ride transit and shared mobility, instead of driving a personal vehicle.

For this pilot, Mobility Wallets were selected because the pre-paid debit cards provide program participants with the greatest number of options for their travel and empower participants to use both familiar forms of transportation (such as BART) and new forms (such as car share), while helping to accomplish the goal of the project. The information learned from distributing Mobility Wallets, will inform how the City can develop a long-term equitable Universal Basic Mobility program.

The Mobility Wallet will be a prepaid debit card with automated restrictions and loaded with up to \$300 over a three-month period. Qualifying program participants may apply to receive a Mobility Wallet after completing a survey that will be available on the UBM pilot's webpage, hosted on the City's website. Individuals qualify if they live or work in the project study area (**see Figure 1**). The survey will be available in Chinese, English, Spanish, and Vietnamese. A total of 500 Mobility Wallets will be distributed. Cards will be restricted by merchant category codes and thus, only allow program participants to use their \$300 with transit and shared mobility providers.

Figure 1: OakMob TDM Project Study Area



In January 2021, the grantor, ACTC, approved the purchase of restricted prepaid cards as an eligible project expense. Staff contacted a range of local and national organizations, including banks, prepaid debit card vendors, and local non-profit organizations, to identify prospective prepaid card providers for the OakMob TDM project. Through this research and these discussions, staff learned that restricted prepaid cards are costly and that most prepaid card providers and banks do not restrict prepaid cards to such a small set of merchant codes, which would be required for this project. Only two prepaid debit card vendors within the Mastercard network were identified as offering this service. Of these two potential vendors, Usio was the only viable and competitive option for this project's prepaid cards. Usio is the only known vendor with products tailored to government agencies and has a demonstrated track record of working with government agencies to implement similar pre-paid debit card programs. This includes programs with the New York Mayor's Fund, the United States Coast Guard, and Project Safe Haven, a project of the City of Los Angeles's (LA) Mayor's Office and Mayor's Fund for LA.

#### **Waiver of RFP/Q Competitive Selection Requirements**

Section 2.04.051.A of the Oakland Municipal Code (OMC) authorizes the City Council to waive the competitive bidding requirements of the OMC section 2.04.050 after a finding and determination that it is in the best interest of the City to do so. Staff recommends that the City Council find and determine that it is in the best interest of the City to waive the competitive bidding requirements based on the following:

- **Unique Service:** Usio provides a unique service that is targeted to government agencies and non-profits, offering the ability to restrict card usage by the type of

purchase (merchant category code) and allowing the City to recoup up to 80 percent of the amount of expired funds after the one year expiration of the program. The ability to recoup funds is essential because it ensures the responsible use of public funds to achieve the project goal, helping staff to maximize the benefits of this project to participants by spending the majority of project funds on direct travel subsidies and minimizing inequitable fees to users.

- **Efficiencies:** Oakland Public Works staff have similarly identified Usio as the most qualified vendor for an upcoming program, providing the City with a key efficiency if an agreement with Usio is in place. For these reasons, staff is requesting that City Council waive any competitive requirements that would normally apply.

Not waiving competitive selection requirements would compromise the City's ability to deliver the scope that was promised in the grant; undermine our ability to win additional grant funding from ACTC and bring additional investment to Oakland; and delay or jeopardize the plan delivery timeline. The alternative, which staff does not recommend, would be to issue a formal request for proposals (RFP) or request for qualifications (RFQ) for the purchase of these prepaid cards. Given the strict program requirements and very limited market for this product, staff do not anticipate that this process would attract any prepaid card vendors besides Usio and that their product would remain the most competitive. This alternative would also require pursuing an additional extension of the grant timeline to December 2022, which ACTC (the grantor) has indicated may not be approved.

Staff recommends that, based on the reasons and circumstances set forth above, the Council pursuant to OMC Section 2.04.50 I.5 and Section 2.04.051 B, respectively, finds and determines that it is in the best interests of the City to waive the formal advertising, competitive bidding, and the RFP/Q requirements and authorize the City Administrator to finalize and enter into a prepaid card marketing and process agreement (**see Attachment A**) and contract purchasing agreement (**see Attachment B**) with Usio. The prepaid card marketing and process agreement is for the processing and marketing of prepaid cards and will expire after twelve (12) months, provided that staff give notice to Usio ninety (90) days prior to this date. The contract purchasing agreement was issued by the City's Finance Department on March 16, 2021 with a one-year term and will expire on March 16, 2022.

### **FISCAL IMPACT**

The fiscal impact of this item is expenditures of \$151,425.00 of grant funds by December 31, 2021. This expense will be paid using available reimbursable grant funds in ACTC Reimbursable Fund (2214), Oakland Mobility TDM Project (1003982), Mobility Management Organization (35247), Account (53719).

As discussed in the Background/Legislative History section of this report, this project's grant funds were accepted and appropriated in 2017 by City Council through Resolution No. 86894 C.M.S.

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## **PUBLIC OUTREACH / INTEREST**

As noted above, the OakMob TDM project approach was developed in coordination AC Transit, the City's BRT Project Manager, the East Oakland Collective, a community-based organization managing a ride-hail incentive program called "Mobility 4 All" in East Oakland, and Our Community Carshare, a similar program to OakMob TDM in Sacramento.

The OakMob TDM project and its use of restricted prepaid cards is intended to serve the public interest by reducing or eliminating financial barriers to transportation. By reducing private vehicle trips, this project may also contribute to clean air and sustainability efforts, such as the reduction of greenhouse gas emissions, in East Oakland and near the BRT corridor.

Staff will make the availability of Mobility Wallets known through a number of outreach methods, including a mailed flyer to all residences and businesses within a quarter-mile of the BRT corridor, tabling at transit centers, attendance at local meetings and events, and marketing the project through local email newsletters.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

These actions are statutorily exempt under the California Environmental Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(13) and CEQA Guidelines Section 15276 (Transportation Improvement And Congestion Management Programs). CEQA does not apply to preparation and adoption of a congestion management program by a county congestion management agency pursuant to Government Code Section 65089, et seq.

## **COORDINATION**

The Office of the City Attorney and Budget Bureau has reviewed this report and resolutions.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** The OakMOB TDM project's use of prepaid debit cards and their loaded funds are expected to reduce 500 individuals' annual travel expenses by \$300. This will particularly benefit individuals in low-income households, as research shows that these households spend a higher proportion of their income on transportation costs.

**Environmental:** The OakMOB TDM project provides financial incentives for Oaklanders to use low-emission, active transportation modes, such as transit and bicycling. These financial incentives are likely to shift some trips away from private cars, towards sustainable modes, thereby reducing greenhouse gas emissions and air pollution.

**Race and Equity:** Financial incentives, provided through prepaid debit cards will be distributed equitably to qualifying and interested program participants in East Oakland, rather than on a first-come first-serve basis.

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**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or Designee To Finalize And Execute A Prepaid Debit Card Marketing And Processing Agreement And Contract Purchasing Agreement With Usio, Inc. (Usio) In Support Of The Oakland Mobility Transportation Demand Management (OakMob TDM) Project's Financial Incentive In The Form Of 500 Restricted Prepaid Debit Cards For A Period Of One Year At A Total Contract Cost Of \$151,425.00; Providing The Necessary Spending Authority For The Contract's One-Year Duration; And Waiving The Advertising, Bidding And The Request For Qualifications/Proposal Competitive Selection Requirements.

For questions regarding this report, please contact Quinn Wallace, Transportation Planner at 510-238-7170.

Respectfully submitted,

  
Ryan Russo (Jun 21, 2021 19:01 PDT)

Jun 21, 2021

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RYAN RUSSO  
Director, Department of Transportation

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Attachments:

- A. Prepaid Card Marketing And Processing Agreement
- B. Contract Purchase Agreement

