



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Ryan Russo, Director,
Oakland Department of
Transportation

SUBJECT: West Oakland Universal Basic
Mobility Pilot

DATE: June 6, 2022

City Administrator Approval

Date: Jun 20, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Finalize And Execute A Prepaid Debit Card Marketing And Processing Agreement And A Contract Purchasing Agreement With Usio, Inc. (Usio) and A Contract Purchasing Agreement with Clipper In Support Of The West Oakland Universal Basic Mobility Pilot's (Project) Financial Incentive In The Form Of 1,000 Restricted Prepaid Debit Cards For A Period Of One Year At A Total Contract Cost Of \$350,000; 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 West Oakland Universal Basic Mobility Pilot ("Project") is a program to make transit and mobility services free via pre-paid debit cards and transit passes to West Oakland residents. The project scope includes hiring a program administrator and identifying key audiences in the West Oakland community who could take advantage of the program. This Project expands on work providing mobility passes in East Oakland. The Oakland Department of Transportation (OakDOT) staff has already identified a program administrator, Usio, Inc, through its experience with the Oakland Mobility Transportation Demand Management effort (OakMob TDM) conducted in East Oakland. The Project is one component of the City's West Oakland Transit Improvements (WOTI) project, which includes providing transit and shared mobility passes to West Oaklanders and upgrading West Oakland bus stops with bus bulbs, signage, and sidewalk repair. Funded by a grant from the Alameda County Transportation Commission's (ACTC) Comprehensive Improvement Program (CIP), the Project will use marketing, support, and financial incentives to encourage West Oakland residents to participate in the program.

Approval of the proposed resolution will provide for the disbursement of the project's financial incentives in the form of 1,000 restricted cards, whether they be prepaid debit cards or Clipper

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cards. These restricted cards can only be used to purchase trips or passes on public transportation, bikeshare, and e-scooters. Qualifying project participants may receive one prepaid debit card or Clipper Card with up to \$320 to be used only for purchasing trips or passes on transit and shared mobility services. Approval of the resolution will subsidize up to \$320,000 of transit or shared mobility trips for West Oaklanders. Approval of the resolution will enable City staff to pay up to \$30,000 in administrative fees to Usio, Inc. (Usio) for prepaid cards or the Metropolitan Transportation Commission (MTC) for Clipper cards. Administrative costs include the printing and fulfillment of physical prepaid cards (including replacement of cards), shipping and handling of physical prepaid cards, and loading the cards with the transportation subsidy. Approval of this resolution will permit staff to make payments through the signed Prepaid Card Marketing and Processing Agreement already in place with Usio (**see Attachment A**) and enter into an agreement with MTC.

Usio is one of only two eligible providers found that could provide 1,000 restricted prepaid debit cards for this project. Both eligible providers use Mastercard prepaid debit cards. However, 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 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. The existing signed agreement in place with Usio permits any OakDOT project to utilize the cards, providing the City with a key efficiency. 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 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. 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 on International Boulevard. The OakMob TDM project was implemented in East Oakland during Fall and Winter of 2021.

In October 2019, the Bay Area Air Quality Management District adopted the West Oakland Community Action Plan. This Project assists with the implementation of Strategy 45, "The City of Oakland collaborates with AC Transit, BART, Emery-Go-Round, and the local community to implement the broad array of transit improvements identified in the West Oakland Specific Plan." These strategies include expanding service to more West Oakland residents, particularly seniors.

In 2020, the City of Oakland and AC Transit staff published the Transit Action Strategy. The Transit Action Strategy can be understood as a "to-do list" for the City of Oakland and AC Transit. The strategy outlines different types of actions that will quickly help improve transit in Oakland. One of the twenty-five actions identified in the plan is to create a low-income transit pass program, similar to the OakMob TDM project.

Building on the OakMob TDM project, Transit Action Strategy and West Oakland Community Action Plan, in February 2021, the City of Oakland applied for funding from ACTC for the WOTI project, which includes expanding low-income transit and mobility passes in West Oakland and upgrading 14 bus stops in West Oakland. The City was awarded \$1.9 million in funding for WOTI. The City passed Resolution 88882 to receive these funds on November 2, 2021.

ANALYSIS / POLICY ALTERNATIVES

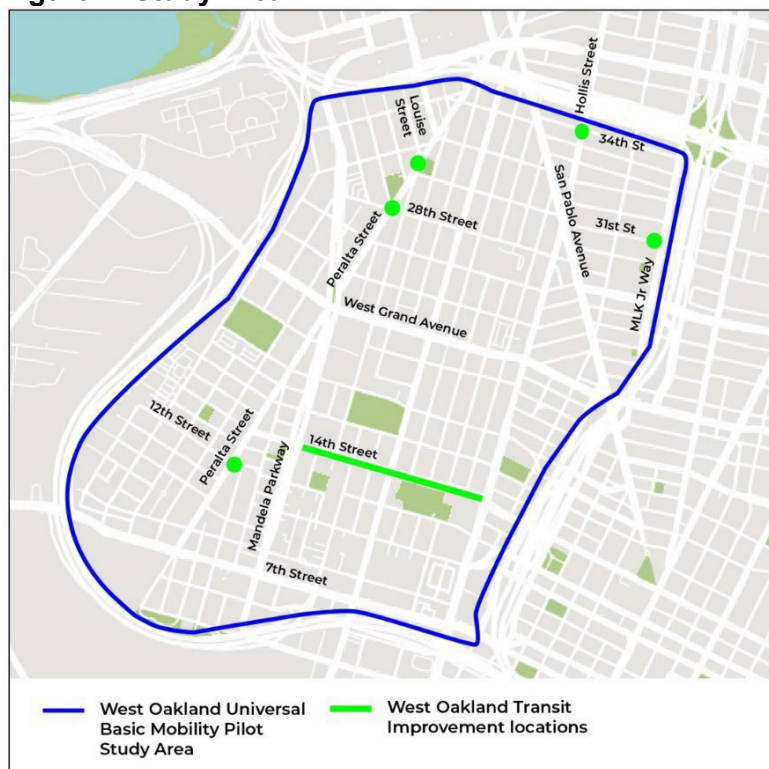
The Project is intended to complement bus stop infrastructure improvements in West Oakland, which together, form the City's West Oakland Transit Improvements (WOTI) project. One component of WOTI will be marketed as a Universal Basic Mobility (UBM) pilot and feature the option to choose between pre-paid debit cards and a Clipper Card, as the primary incentive for West Oakland residents to ride transit and shared mobility instead of driving a personal vehicle.

This project plans to use a variety of card options to provide program participants with the greatest number of options for their travel, and the project seeks to empower participants to use both familiar forms of transportation such as BART and AC Transit, and new forms such as bikeshare and e-scooters. This flexibility through pre-paid cards was successful during the East Oakland UBM (OakMob TDM) program. About 23% of program participants drove less after receiving the mobility passes, and 40% of program participants reported that their travel changed as a result of this pilot program. Conducting another UBM pilot project will provide OakDOT staff with best practices for developing a long-term, equitable Universal Basic Mobility program at the city-wide scale.

- OakDOT has funding to distribute 1,000 Mobility Wallets. Each type of card will have automated restrictions and will be loaded with \$320. Prepaid cards will be restricted by merchant category codes and thus, only allow program participants to use their cards with transit and shared mobility providers. Individuals who choose prepaid cards are given half of the \$320 at first and are given the remainder after completing a travel behavior survey half-way through the three-month period (Clipper does not have the ability to disburse funds at later dates).

Regarding eligibility, to participate, residents must apply to the program by completing a survey that will be available on the Project 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.

Figure 1: Study Area



City of Oakland staff recommend modeling the Project after the OakMob TDM program in East Oakland. To implement the OakMob TDM program in East Oakland, 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 program. 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 Advertising, Bidding And the Request For Proposals/Qualifications Competitive Selection Requirements

Oakland Municipal Code (OMC) section 2.04.050 requires formal advertising and, competitive bidding when the City purchases services, supplies or combination thereof required by the City

which exceeds \$50,000.00. OMC section 2.04.050 I.5 permits the Council to waive these requirements upon a finding and determination that it is in the best interests of the City to do so. OMC section 2.04.051.A requires staff to conduct a competitive RFP/Q selection process for the procurement of professional services. OMC section 2.04.051.B authorizes the City Council to waive the RFP/Q requirement upon a finding that it is in the best interests 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:

Usio:

- **Unique Service:** Usio provides unique services that are targeted to government agencies and non-profits. In particular, Usio offers 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:** The OakDOT Director signed the prepaid card agreement (**see Attachment A**) in November 2021, allowing department-wide use of the prepaid debit cards for upcoming and ongoing projects. Staff distributed restricted cards for the East Oakland Universal Basic Mobility Pilot (OakMob TDM), while other staff plan to use the cards as part of equitable engagement practices, such as to modestly compensate community members for their time spent in OakDOT project workshops, focus groups, and more. This existing signed agreement is already in place, does not need to be extended, and can be used for any OakDOT project, which provides the City with a key administrative efficiency.

Clipper:

- **Unique Service:** Clipper is the only provider of prepaid cards for public transit services in Oakland that are usable across all public transit providers in Oakland, including AC Transit and BART.
- **Efficiencies:** Clipper is willing to provide Clipper cards free of charge to support the Project. Staff consulted other public sector providers such as AC Transit's EasyPass program and found that Clipper offers better cost savings and fewer administrative requirements for the provision of transit passes.

For these reasons, staff is requesting that City Council waive any advertising, bidding and competitive selection requirements that would normally apply.

Not waiving these advertising, bidding and 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 the 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 grant implementation requirements and very limited market for such vendors, 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 likely require pursuing an additional extension of the grant timeline beyond December 31, 2024, 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: 1) waive the formal advertising, competitive bidding, and the RFP/Q requirements and authorize the City Administrator to utilize the signed prepaid card marketing and process agreement (**see Attachment A**) with Usio and 2) to pay Usio and Clipper up to \$350,000 inclusive of direct subsidies to implement the Project. 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. Staff would work through the signed agreement and pay Usio the cost of procuring cards, shipping and handling costs, and direct subsidies for program participants through wire transfer.

FISCAL IMPACT

The fiscal impact of this item is expenditures of \$350,000 of grant and local funds by 12/31/2024 for Clipper cards and prepaid debit cards. This expense will be paid using \$200,000 available reimbursable grant funds in ACTC Reimbursable Fund (2214), West Oakland Community Action Plan Implementation (1006302), Mobility Management Organization (35247), Account (56611). The remaining expense will be paid using \$150,000 available local matching funds in Measure KK: Infrastructure Series (5335), West Oakland Community Action Plan Implementation (1006302), Mobility Management Organization (35247), Account (56611).

As discussed in the Background/Legislative History section of this report, this project's grant funds were accepted and appropriated in 2021 by City Council through Resolution No. 88882 C.M.S.

PUBLIC OUTREACH / INTEREST

Staff will make the availability of prepaid cards known through a number of outreach methods, including mailed postcards, in-person tabling at the West Oakland BART station and other bus stops, attendance at local events, by announcement at public outreach events in West Oakland, and marketing through online channels.

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 Project's use of prepaid debit and transit pass cards and their loaded funds are expected to reduce 1,000 individuals' annual travel expenses by \$320. This will particularly benefit individuals in low-income households, as research by the Pew Charitable Trusts¹ shows that these households spend a higher proportion of their income on transportation costs.

Environmental: The 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 such as public transit and shared mobility devices (e-scooters and bikes), thereby reducing greenhouse gas emissions and air pollution.

Race and Equity: Financial incentives, provided through prepaid debit cards and Clipper Cards will be distributed equitably to qualifying and interested program participants in West Oakland, rather than on a first-come, first-serve basis. Any individuals who work or live in West Oakland qualify to participate in this program and receive funds for sustainable transportation. As well, the Project would provide more transit subsidies to people of color (BIPOC) as 78% of West Oakland residents are non-white, compared to 71.5% of residents city-wide². OakDOT plans to coordinate with local community organizations to share the news about this Project with as many West Oakland residents as possible.

¹ Household Expenditures and Income. 2016.

<https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2016/03/household-expenditures-and-income>

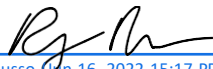
² 2020 American Community Survey, Table B3002

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact Colin Piethe, Transportation Planner, cpiethe@oaklandca.gov.

Respectfully submitted,


[Ryan Russo on 16, 2022 15:17 PDT](#)

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Attachments (1):
Attachment A: Contract Agreement with Usio

