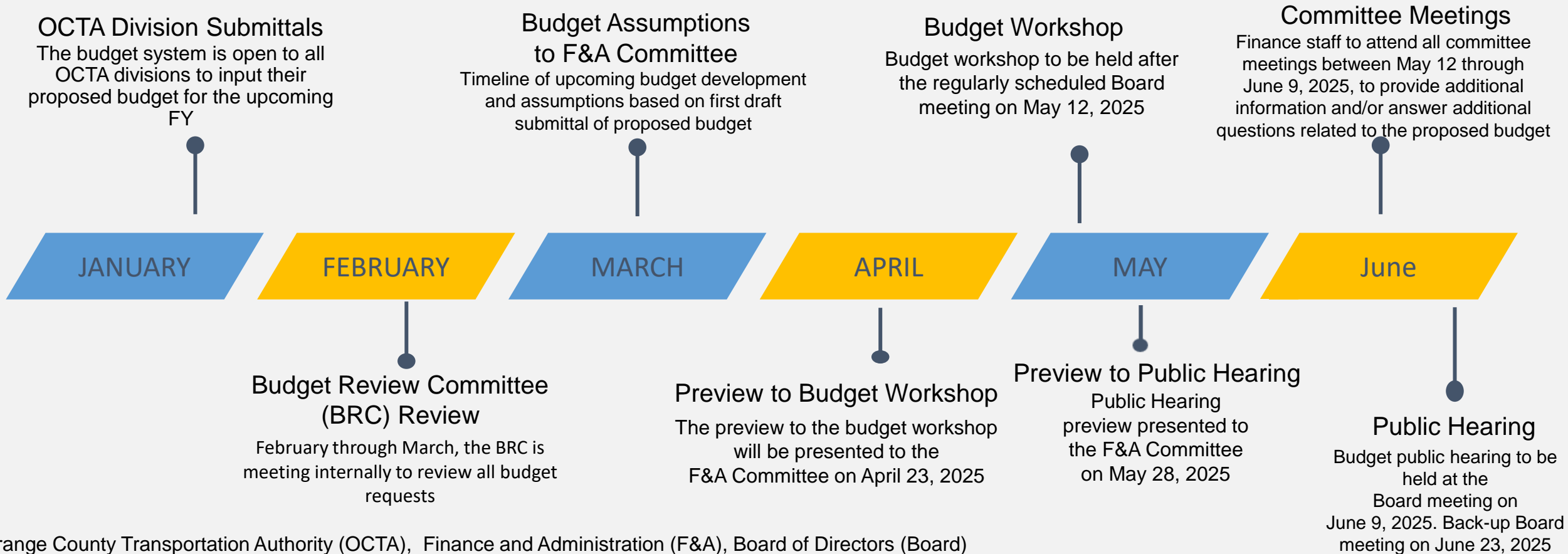




Fiscal Year 2025-26 Budget Assumptions



Fiscal Year (FY) 2025-26 Budget Timeline



Major Programs

Measure M2 (M2): *Freeways, Streets and Roads, and Transit*

Transit: *Bus, Regional Rail, and Local Rail*

Express Lanes: *91 Express Lanes and 405 Express Lanes*

M2 Program Assumptions

- Sales Tax Revenue
 - M2 sales tax is forecasted to remain flat in comparison to current year-end estimates at \$432.1 million
- Expenditures consistent with the Board-approved Next 10 Delivery Plan
 - Freeway mode expenditures primarily driven by right-of-way expenses for the State Route 91 (SR-91), State Route 55 (SR-55), and Interstate 5 (I-5) projects
 - Streets and roads mode expenditures driven by the Local Fair Share and Regional Capacity programs
 - Transit mode expenditures driven by Metrolink operations and the Community- Based Transit Circulators program

Bus Program Revenue Assumptions

- Sales Tax Revenue
 - Bus sales tax is forecasted to remain flat in comparison to current year-end estimates at \$220.2 million
- Fare revenue is projected to increase based on increased boardings
- Federal grants continue to be used primarily for preventative maintenance and capital cost of contracting expenditures
- State Transit Assistance and SB 1 revenue will continue to support rehabilitation and replacement of capital

Bus Operations Assumptions

- Fixed-Route Service
 - Revenue service hours are anticipated to increase 4 percent to 1.62 million
- Paratransit Service
 - Total trips are anticipated to reach 1.42 million
- Major Capital Projects
 - Fixed-route bus purchase
 - Intelligent Transportation Management System (ITMS) equipment
 - Hydrogen station at the Garden Grove Base

Regional Rail Assumptions

- Metrolink Operations
 - Current assumption is for Metrolink service to remain flat year-over-year
 - Operations will be funded with M2 High Frequency Metrolink Service funds and federal funding
- Metrolink Capital
 - Capital budget includes coastal rail improvements, Cyprus Shore slope stabilization, and Laguna Niguel/Mission Viejo slope stabilization
 - Primarily funded by federal and state grants

Local Rail Assumptions

- Capital Assumptions
 - OC Streetcar budget continues to include funding for construction, as well as expenses related to pre-revenue/start-up phase and revenue service
 - Continues to be funded by the federal full funding grant agreement, state funds, and M2
- Operating Assumptions
 - Operations anticipated to begin in spring 2026

91 Express Lanes Program Assumptions

- Revenue Assumptions
 - Toll revenue is anticipated to increase based on anticipated trip growth
- Operating budget driven by costs for professional services, operating contract, and debt service
- Capital budget includes a contribution to the SR-91 improvements between SR-57 and SR-55 (M2 Program - Project I) and the cost for the toll management and back-office system

405 Express Lanes Program Assumptions

- Revenue Assumptions
 - Toll revenue is anticipated to increase based on anticipated utilization growth
- Expenditure Assumptions
 - Operating budget driven by professional services and the operating contract
- Capital budget includes construction close-out costs as well as costs for the toll management and back-office system

Next Steps

Preview Budget Workshop Presentation – F&A Committee	April 23
Budget Workshop Presentation – Board	May 12
Committee meetings and one-on-one meetings with Board Members	May 12 - June 9
Public Hearing Preview – F&A Committee	May 28
Public Hearing – Board (public hearing and approval)	June 9
Back-up Public Hearing – Board (public hearing and approval)	June 23