



***April 6, 2020***

**To:** Executive Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Coronavirus (COVID-19) Update

### ***Overview***

The Orange County Transportation Authority has been preparing for and is responding to the public health emergency caused by the coronavirus pandemic and closely monitoring the related transportation implications. Following directions issued by Governor Gavin Newsom and County public health officials, the Orange County Transportation Authority has implemented its Emergency Operations Plan and taken steps to ensure the health and safety of the public and Orange County Transportation Authority employees. An overview and update on these efforts are presented.

### ***Recommendations***

Receive and file as an information item.

### ***Background***

On February 27, 2020, the Orange County Transportation Authority (OCTA) activated its Emergency Operations Center (EOC) and implemented its Emergency Operations Plan (EOP) in response to potential impacts from the coronavirus (COVID-19), which subsequently was declared a pandemic by the World Health Organization. The pandemic has had an unprecedented global effect. Since the last update to the Board of Directors (Board) on March 23, 2020, OCTA staff has continued to proactively address the immediate needs of the public and agency employees, while developing strategies to address long-term impacts.

Long-standing Board-approved policies, procedures, and agency practices related to finance, administration, operations, planning, and public communications will enable the agency to navigate this crisis based on what is in the best interest of the health and safety of the residents of Orange County and OCTA employees.

OCTA is proactively working with state, federal, regional, and local government agencies, as well as the public, to reduce and manage the impacts of the pandemic on Orange County as further described below.

***Discussion***

On March 4, 2020, Governor Newsom declared a State of Emergency to help the state prepare for a broader spread of COVID-19. On March 19, 2020, the Governor issued a stay-at-home order to protect the health and well-being of all Californians and slow the spread of COVID-19. Public transportation and infrastructure projects are designated by the state and federal governments as critical infrastructure projects. OCTA has taken steps to continue operations serving the public with essential transit service, capital project implementation, and is playing a vital role with the County of Orange EOC.

OCTA is continuing operations while following best practices and health guidance from local, state, and federal officials to help ensure the health of the public and employees. These practices include remote working for most administrative employees, enhanced cleaning of buses, worksites, and transit facilities, cancelling or suspending employee travel, and hosting Board and committee meetings via teleconference with those who are required to be in attendance practicing social distancing.

As operations continue, OCTA is closely monitoring the financial implications of the pandemic, providing input to state and federal officials as stimulus packages are rolled out at the federal level and being considered at the state level. OCTA's Executive Team is meeting on a daily basis to address immediate impacts and lead planning efforts for mid-range and long-term recovery, and how the pandemic may affect a number of areas including the OCTA budget now in development, Measure M projects and program guidelines, and restoration of bus service. In addition, a cross-divisional COVID-19 Action Task Force is meeting every other day to put response strategies into action and coordinate directly with the County of Orange EOC.

The following are more detailed updates on actions and responses from OCTA's functional business units:

**Government Relations**

OCTA staff has been working closely with its federal and state delegation members and advocacy organizations, such as the California Transit Association and American Public Transportation Association, to communicate impacts to transportation from the pandemic and inform legislation designed to mitigate the impacts. Congress has passed three pieces of legislation in response to the pandemic. The most important bill for OCTA was the more than \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Signed by the President on March 27, 2020, the CARES Act included \$25 billion in emergency transportation funding. Based on initial estimates and staff analysis, Orange County will receive approximately \$230 million in transit funding from the CARES Act, with more than \$154 million for OCTA bus operations and about \$67 million for Metrolink.

The CARES Act requires the funding to be apportioned no later than seven days after its enactment. Funding is to be used for operating expenses to prevent, prepare for, and respond to the pandemic. Specifically, the bill allows for the reimbursement of operating costs due to lost revenue from the pandemic, the purchase of personal protective equipment, and to pay administrative leave to operations personnel due to service reductions. In addition, Amtrak is provided with more than \$1 billion to respond to declining ridership as a result of the outbreak. Congress may consider additional legislation to further mitigate the impacts of the pandemic in the coming weeks, including the potential for surface transportation reauthorization legislation to be included as part of these efforts.

At the state level, Governor Newsom has signed 13 executive orders in response to the pandemic, including a statewide stay-at-home order, providing flexibility to Bagley-Keene and the Brown Act to allow for teleconference public meetings, and extending appointment and reappointment deadlines by 60 days. The State Legislature is currently on recess until at least April 13, 2020. Prior to adjourning, the Legislature passed SB 89, which appropriates up to \$1 billion to any purpose related to Governor Newsom's State of Emergency Proclamation on March 4, 2020, including increasing medical resources. Discussions continue about the potential for additional state legislative responses and economic stimulus measures. Staff will provide a more detailed update at the Legislative and Communications Committee Meeting on April 16, 2020.

## **Operations**

Beginning March 23, 2020, OCTA temporarily reduced bus service by approximately 60 percent to the Sunday service levels until further notice. This proactive measure was in response to significantly lower ridership, and an effort to help minimize health risks to coach operators and passengers while still providing a critical public service for essential employees and for passengers who have no other means of transportation to grocery stores, medical facilities, and appointments.

Boardings have fallen by more than 70 percent since that time and have leveled out at approximately 33,000 daily boardings. This decline mirrors national trends reported by "big data" firms, such as transitapp.com. The company reported a 68 percent decline in national transit app usage through March 30, 2020, compared to 2019.

Beginning the first week of April, OCTA – like other transit agencies across the nation – temporarily implemented rear-door boarding for passengers in an additional effort to reinforce social distancing and help ensure the health of coach operators and the public. OCTA expects to recover costs associated with the loss in fare revenue because of this measure through disaster-related relief. OCTA continues enhanced nightly bus cleaning with anti-viral disinfectant and enhanced focus on cleaning surfaces that are touched most frequently.

OCTA has made no changes to OC ACCESS paratransit service; however, boardings have declined by nearly 90 percent on the reservation-based service.

### **Security and Emergency Preparedness**

Security and Emergency Preparedness (SEP) continues to coordinate the EOC under OCTA's EOP. OCTA, through SEP, also continues to coordinate daily with local, regional, and state responders, including staffing the Policy Group at the County EOC and assisting in decisions pertaining to transportation. SEP has also been in regular communication with regional transportation agencies to share best practices and discuss resource sharing if the need arises.

SEP is also continuing to support the execution of mission-essential functions as outlined in OCTA's Continuity of Operations Plan and is continuing to refine organizational priorities. In addition, SEP is tracking the agency's financial impacts as they relate to responding to this pandemic and has begun developing an after-action matrix that will help steer updates and improvements to OCTA's emergency plans with lessons learned from this experience.

### **Finance and Administration**

Currently, there is a great deal of uncertainty regarding how severe the fiscal impact will be on OCTA because of the pandemic. In addition to the obvious reduction in fare revenue as a result of fewer boardings, the most profound impact will be seen in lower sales tax collections. Sales tax represents about 50 percent of all revenues received by OCTA each year through two sales tax measures, the locally approved half-cent Measure M sales tax and the statewide quarter-cent Transportation Development Act sales tax, the primary revenue source that funds bus operations in Orange County.

There is no parallel to the current situation as it relates to sales tax projections. To put it in context, during the Great Recession, OCTA experienced a 20 percent decline in sales tax over a three-year period. There are some projections that predict the impact will be like the Great Recession but with the impacts being felt immediately. As a result, OCTA is approaching the fiscal year (FY) 2020-21 budget in an extremely conservative manner.

It should be noted that through Board leadership and prior direction, all of OCTA's programs have strong reserve levels and, as a result, the agency can make decisions based on service levels and project delivery that is best for public health and service demand, and not based on financial necessity.

Prior to the COVID-19 situation, OCTA was planning a budget that maintained its 1.6 million bus revenue vehicle hours, had moderate expansion of the OC Flex program, and continued to accelerate Measure M2 (M2) projects consistent with the Board-approved Next 10 Plan. However, given the sudden, negative economic impacts, OCTA has been forced to rethink its approach to the budget.

For the bus program, OCTA has temporarily reduced revenue hours to Sunday service levels every day. However, while OCTA is assuming a sharp decline in both sales tax collections and fare revenue in next year's budget, OCTA is assuming the same level of bus service as was approved in the current FY. By asking for this level of service, OCTA will be able to quickly respond if the situation changes and there becomes a sudden increase in bus service demand.

Running 1.6 million revenue vehicle hours while experiencing declines in the revenues that traditionally support the bus system is made financially possible by strategically using the funds available to OCTA under the CARES Act. The CARES Act dedicates more than \$154 million to OCTA for bus operations, which represents about half of the annual budget, and is designed to provide bridge funding to transit operators so that service levels can be sustained despite lower revenues, per Federal Transit Administration (FTA) guidance.

Even though OCTA has this financial assistance available, OCTA will take a strategic approach to adding back service and will take ridership demand and public health into consideration before making decisions. As a further financial backstop, the OCTA Board recently raised the reserve levels for the bus program from 45 days to 60 days of working capital. OCTA currently has 127 days of reserves on hand for the bus program not including CARES Act funding. The current reserve levels also reflect operating 1.6 million revenue vehicle hours, which has been reduced because of the pandemic, providing additional financial flexibility to make prudent decisions until the current uncertainty dissipates. Staff is reviewing additional budget items as well as eligibility for CARES Act funding and will seek Board direction through the budget process.

For the Measure M program, OCTA had built in an extremely healthy economic uncertainty reserve in the M2 Next 10 Plan cash flow. As a result, all M2 projects that are currently underway are slated to continue as planned in the FY 2020-21 budget. In the long term, OCTA is currently assessing the timing of future projects and will have a better idea on that once the sales tax picture becomes clearer.

COVID-19 has introduced a significant amount of uncertainty into the investment and debt markets. Given this market uncertainty, OCTA has increased its liquidity position and is in frequent contact with its investment managers assessing risk. OCTA's investment portfolio is conservative and well-positioned to withstand the current uncertainty in the market. Additionally, OCTA's strong cash position and coverage ratios are well-positioned to cover future debt-service requirements.

### **Planning and Programming**

Staff is working to identify areas related to the Measure M sales tax ordinance and associated guidelines that may need to be addressed in some way to assist local jurisdictions and ensure the promises to voters are delivered despite this unprecedented situation. In particular, it is expected that local agencies may have challenges with meeting the Measure M Maintenance of Effort (MOE) requirement as a result of the economic impacts of COVID-19. Meeting the MOE requirement is a prerequisite to receiving Measure M funds. Staff is assessing the situation and intends to present options the Board. In the interim, staff intends to move forward with competitive grant opportunities for cities and is working closely with cities and the County of Orange to adjust project schedules as necessary.

Items of note include:

- Staff expects to bring forward funding recommendations such as the Community-Based Transit Circulators Program (Project V) awards with the understanding that delivery may need to be delayed.
- Of the current Project V services, five have been suspended, three projects continue but are providing reduced service levels, and seven summer seasonal services are evaluating their options for this year.
- Staff is surveying local agencies to determine if an extension of the May 7, 2020, application deadline for the Environmental Clean Up Program (Project X) call for projects is warranted.

From a state perspective, the funding programs that are anticipated to be the most impacted by the current loss of revenues are the State Highway Operations and Preservation Program, Local Streets and Roads funding through the Road Maintenance and Rehabilitation Account, and State Transportation Improvement Program (STIP). OCTA currently has \$200 million in STIP programmed to seven projects over the next five years, including \$80 million for the State Route 55 Improvement Project from Interstate 405 (I-405) to Interstate 5 (I-5).

OCTA is actively participating in statewide discussions with the California State Transportation Agency, the California Transportation Commission, and the California Department of Transportation (Caltrans) on potential COVID-19 impacts to project funding and delivery.

Regarding federal funding, in preparation for the CARES Act funding, FTA held a conference call with stakeholders on March 26, 2020. Both U.S. Secretary of Transportation Elaine Chao and FTA Acting Administrator K. Jane Williams committed to offering flexibility with the way transit agencies can use FTA funds and are committed to getting funds to transit operators as quickly as possible.

The Federal Highway Administration has yet to provide guidance either directly or through Caltrans on potential actions related to COVID-19.

### **Capital Projects**

Construction continues on projects sponsored by OCTA and is in partnership with Caltrans, including the I-405 Improvement Project, OC Streetcar, and I-5 South and I-5 Central projects, because public works transportation projects are deemed essential activities according to both the federal and state government.

The Capital Projects team has worked with OCTA contractors and Caltrans to accelerate construction where possible due to significantly less traffic on freeways and streets. Since the Governor's stay-at-home order, traffic volume on Orange County freeways has dropped as much as 60 percent. This has led to Caltrans allowing daytime freeway lane closures and extended hours of nighttime closures. This effort is helping speed up construction and is expected to have minimal impacts on drivers. Working in daylight hours is safer for construction crews, inspection staff, and drivers. All contractors are required to have safety plans in place, and contractors are expected to follow health orders for social distancing. Only essential workers are on the job, and those who are able are working remotely.

On the I-405 Improvement Project, the team worked with Caltrans to implement daytime lane closures between 6 a.m. and 3 p.m., particularly to speed up work on the Talbert Avenue and Bushard Street bridges. Allowable daytime closures along I-405 now include up to two lanes in each direction. On the I-5 South Project, daytime closures of one or two outside lanes are being allowed between State Route 73 (SR-73) and Oso Parkway. The contractor will take advantage of this to get started on traffic staging, including restriping lanes and setting K-rail barriers during the day.

On the OC Streetcar, work continues to install storm drains and water lines during daytime street closures along Fourth Street in Downtown Santa Ana and many of the businesses are closed under the Governor's executive order. Work also continues along other segments of the 4.1-mile route, including along the former Pacific Electric right-of-way (ROW).

Other potential construction-related COVID-19 risks include material supply chain and subcontractor labor availability impacts. Many material and product suppliers and subcontractors have been impacted, and some have submitted advance notice of “potential” material and supply delays. Contractor and subcontractor labor supply may become impacted as the pandemic advances.

Project delivery-related COVID-19 risks include schedule-critical ROW acquisition processes and consultant staff availability. A clear path to gaining possession of needed ROW is required to move a project into the construction phase. COVID-19 has raised several ROW process risks including court closures, filing, and service delays, potential for temporary construction easement timeline expirations, other litigation challenges, relocation issues, land and business valuation challenges, and appraisal and site inspection issues.

Staff anticipates there will be a short-term increase in the number of construction bidders, as many private and other public works projects are being delayed going to bid. Recent oil price drops will reduce the cost of asphalt and other oil-based construction materials. General material and labor costs will likely be erratic until some stability returns and any demand driven by potential infrastructure stimulus funding is determined. Capital Projects staff continues to monitor the situation to ensure the health and safety of workers while tracking any impacts to project costs and schedules.

### **Public and Employee Communications**

A comprehensive communications effort in English, Spanish, and Vietnamese has been implemented to provide riders and the public with updates on OCTA’s response to COVID-19, changes to transit service, and impacts to capital projects. These efforts include e-blasts, riders’ alerts, website updates, press releases, and social media posts, as well as signage and recorded announcements on all buses. Examples of these efforts are included in Attachment A.

Additionally, responses have been provided to public comments through OCTA’s Customer Information Center (CIC) and social media, as well as to traditional media. As of March 31, 2020, OCTA has received 954 customer comments and inquiries related to COVID-19, including 137 comments made to the CIC, 191 comments on social media, and 626 calls to the CIC seeking information related to COVID-19 or to the service changes. Overall, call volumes decreased by approximately 25 percent to the CIC from the first week of March through the end of the month.



Daily updates from the Chief Executive Officer (CEO) are being sent to employees to provide information related to the agency's actions, along with guidance from county and state healthcare officials. Regular updates are posted to the employee intranet and sent through email and OCTA's mass notification system. More than 300 employees participated in a virtual townhall on March 26 to ask questions and receive updates from the CEO and the Orange County Health Care Agency (HCA).

### **Human Resources and Organizational Development**

Updates to the temporary COVID-19 policy have been made to reflect the Families First Coronavirus Response Act. These updates cover expanded family medical leave and emergency paid sick leave, as well as modifications to other internal OCTA policies affected by the pandemic, including remote work extension, Commuter Club and Vanpool Program, and electronic approval process for specific internal, finance, and administration documents. Remote working has been extended until the end of April.

In the event an OCTA employee reports testing positive for COVID-19, a process has been developed and communicated internally for OCTA to follow, working closely with the HCA.

The COVID-19 Action Task Force has continued to meet every other day to track cross-divisional efforts. Government Relations has been engaged to provide new information supporting the commercial driver's license renewal process for operations and maintenance employees.

### **Information Systems**

The Information Systems (IS) team is providing equipment and ongoing technical support that is enabling approximately 600 employees to continue performing essential duties while practicing social distancing by working remotely from home. IS also played an instrumental role in helping set up and register employees through the OCTA's mass-communications system, which allows OCTA to provide emergency notifications to employees through multiple platforms.

As part of the social distancing effort, IS staff worked to set up the first virtual Board meeting, allowing Board Members and OCTA staff to participate remotely in order to help keep important programs and projects moving forward. The IS team is continuing to work to ensure successful remote committee and Board teleconferences.

**91 Express Lanes**

Compared to the same time period last year, the 91 Express Lanes facility has been experiencing traffic declines of approximately 70 percent, which is similar to other managed lanes across the nation. Recent average daily traffic volumes in Orange County dropped to approximately 15,000 compared to 50,000 in March 2019. As a result of the lower traffic volumes, calls into the Customer Service Center have decreased by 40 percent since mid-March. Operational activities in the Anaheim and Corona locations continue to function with a combination of remote workers and core staff located at the facilities. In addition, several operational changes have been temporarily made, including pausing outbound collection calls, not sending collection notices, and closing the Customer Walk-In Center in the City of Corona. A detailed discussion on the financial aspects and the next debt service payment for the 91 Express Lanes will be presented at the April 8, 2020, Finance and Administration Committee Meeting.

**Metrolink**

On March 20, Metrolink rail ridership was down by more than 80 percent compared to the same day last year, with 7,139 riders using the system compared to 37,004 on March 20, 2019. Effective March 26, 2020, Metrolink temporarily reduced service by 30 percent in response to the pandemic, while still providing vital transportation services for essential workers. The service reduction will be in place until further notice.

Metrolink's April 6, 2020, service change has been put on hold until full service is reinstated. This includes an evening round trip on the Orange County Line and a reverse peak round trip on the 91/Perris Valley Line. Metrolink staff is in the process of evaluating cost-saving measures for the immediate and longer-term future, including the FY 2020-21 budget. Impacts to fare revenue are being evaluated as well. Updates on ridership, service reductions, and financial assessments will be provided as they are received. Metrolink leadership has indicated that the agency intends to explore other budget cuts to ensure there is no increase in member agency subsidies for the current FY. OCTA will continue to work closely with Metrolink and monitor agency actions and provide regular updates to the Board.

***Summary***

The Orange County Transportation Authority is implementing proactive and strategic measures across all operational and administrative areas in an effort to continue essential transportation services and projects while helping to ensure the health of the public and Orange County Transportation Authority employees, supporting the County of Orange in the ongoing emergency response to the coronavirus pandemic, and ensuring that short- and long-term agency programs can be successfully delivered.

***Attachment***

- A. Coronavirus (COVID-19) Customer Communications

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