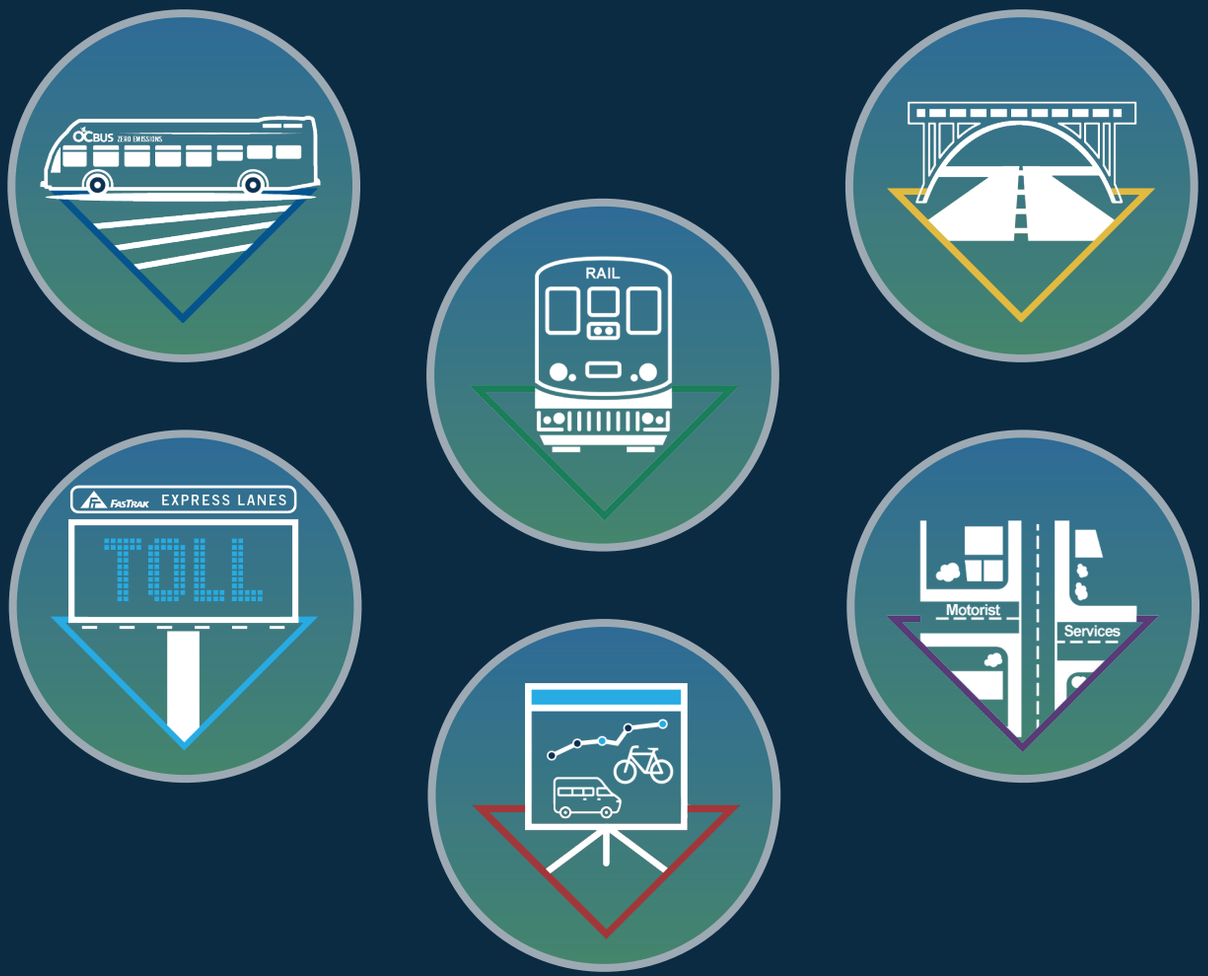
ATTACHMENT A

Proposed Comprehensive Business Plan
Fiscal Year 2020-21



OCTA

Orange County Transportation Authority

octa.net

AFFILIATED AGENCIES

Orange County Transit District

Local Transportation Authority

Service Authority for Freeway Emergencies

Consolidated Transporation Service Agency

Congestion Management Agency

April 26, 2021

To Chairman Andrew Do & Members of the OCTA Board of Directors:

I present to you the Fiscal Year (FY) 2020-21 Comprehensive Business Plan (CBP) for the Orange County Transportation Authority (OCTA). This business plan provides the OCTA Board of Directors and the residents of Orange County with a comprehensive summary of OCTA's transportation plans consistent with OCTA's mission to "develop and deliver transportation solutions to enhance quality of life and keep Orange County moving."

The CBP is a financially constrained business planning tool providing a 20-year cash flow for each of OCTA's transportation programs and serves as the baseline for developing the FY 2021-22 budget. The plan details a comprehensive, multimodal approach ensuring the financial viability of each of OCTA's programs. This plan is in alignment with the goals of the OCTA's Strategic Plan, Measure M2 Transportation Investment Plan, Next 10 Delivery Plan, and the Long-Range Transportation Plan, while mindful of the changing economic landscape.

Like other transit agencies across the country, OCTA has faced unprecedented challenges with the onset of the coronavirus pandemic. The pandemic has unexpectedly altered the trajectory of the economy. Sales tax and fare revenue are among the most substantially impacted revenue sources both in the immediate fiscal year and beyond. OCTA has joined with those locally, nationally, and globally in dealing with the impacts. OCTA will continue to monitor the impacts of the pandemic to both the economy as well as overall changes to the transportation landscape, including changes in usage patterns from bus riders, commuter rail passengers and auto usage of streets, roads, and freeways.

Tight budget controls, conservative long-range planning measures, as well as emergency relief funding granted from the federal government, have ensured the FY 2020-21 CBP is fiscally responsible and that OCTA's core goals and objectives can be met over a 20-year horizon. This allows OCTA to keep the promises made to the voters and continue delivering a balanced and sustainable multi-modal transportation network, which provides essential services to the community and keeps the residents of Orange County safe.

Sincerely,

Darrell E. Johnson
Chief Executive Officer

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

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Introduction

Fiscal Year 2020-21

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The Orange County Transportation Authority (OCTA) is governed by an 18-member Board of Directors (Board) consisting of the five members of the Orange County Board of Supervisors, 10 city council members selected by the cities in the supervisorial district which they represent, two public members selected by the other 15 board members, and a representative appointed by the Governor of California serving in a non-voting capacity. OCTA is managed by a Chief Executive Officer (CEO), who acts in accordance with the direction, goals, and policies articulated by the Board.

2021 BOARD OF DIRECTORS

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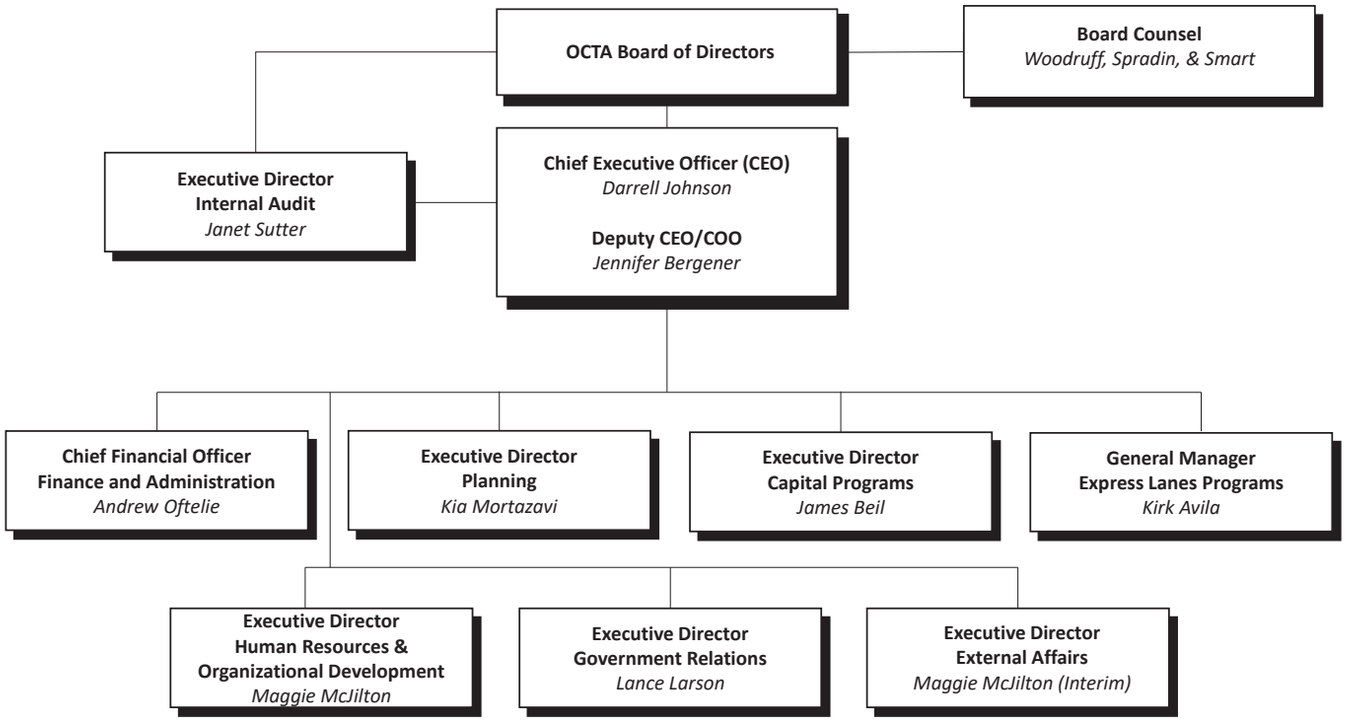
Vacant
Public Member

Ryan Chamberlain
Governor's Ex-Officio Member
Caltrans District 12
District Director

Orange County Transportation Authority Organizational Chart



OCTA Vision

An integrated and balanced transportation system that supports the diverse travel needs and reflects the character of Orange County.

OCTA Mission

Develop and deliver transportation solutions to enhance the quality of life and keep Orange County moving.

OCTA Values

- **Integrity**: We deliver as promised and do so ethically, fairly, and with transparency.
- **Customer Focus**: We treat our customers with care, consideration, and respect, providing friendly and reliable professional service responsive to their needs.
- **Can-do Spirit**: We tackle challenges with innovation, vision, and strategic thinking.
- **Communication**: We provide consistent, timely, and reliable information in an open, honest, and straightforward manner.
- **Teamwork**: We work well together from a sense of shared purpose and mutual respect.

OCTA Goals

The Board of Directors has developed five goals to guide OCTA in achieving this vision and mission. These goals represent each aspect of the organization and encompass every division and employee of the OCTA.

Mobility	Public Service	Fiscal Sustainability	Stewardship	Organizational Excellence
Deliver programs, projects and services to improve the movement of people and goods throughout Orange County and the region.	Enhance customer satisfaction by understanding, connecting with and serving our diverse communities and partners.	Ensure fiscal health through prudent financial management and by protecting and leveraging available revenue sources.	Embrace responsible policies and practices designed to promote environmental sustainability and enhance the safety and quality of life in Orange County.	Continue the tradition of being a high performing organization through employee development and efficient business practices.

Purpose of the Comprehensive Business Plan

The Comprehensive Business Plan (CBP) is a business planning tool designed to assist OCTA in implementing its strategic goals and objectives. The CBP encapsulates OCTA's programs and outlines their goals and objectives, as established by the Board of Directors (Board). This is accomplished within the framework of sound business practices to provide an effective and efficient multi-modal transportation network to the residents of Orange County. Through the use of financial modeling and divisional input and review, a comprehensive study of economic influences, programmatic needs, and objectives are incorporated into a business planning document to ensure the financial viability of each of OCTA's programs over a 20-year horizon.

The CBP is an evolving document that is updated regularly in response to the ever-changing social, political, and economic environment. It is updated internally every year to establish internal budget targets and ensure the financial feasibility of OCTA's programs and services and it is typically presented to the Board every other year for adoption.

The CBP lays the foundation for the annual budget process and is consistent with the goals of the Strategic Plan, Measure M2 Transportation Investment Plan, Next 10 Delivery Plan, Designing Tomorrow, and OCTA's Long-Range Transportation Plan.

The CBP also provides the framework to ensure that items brought to the Board in the future are consistent with long-range initiatives and are financially feasible. The CBP does not authorize staff to enter into contracts nor does it appropriate any funds. Decisions on specific programs, projects, and associated funding appropriations are subject to future Board approval through the annual budget process or through specific Board action.

Overview of Programs

As an organization, OCTA is comprised of six distinct programs with unique characteristics and objectives; however, these programs work together to accomplish OCTA's mission, "Develop and deliver transportation solutions that enhance quality of life and keep Orange County moving." The programs include: Bus Program, Rail Program, Measure M2 Program, Express Lanes, Non-Program Specific Projects, and Motorist Services.

OC Bus Rider traveling safely.

Metrolink transportation can be used for work or pleasure.

Bus Program

The Bus Operations Program is a core business unit of OCTA, which delivers fixed-route, express, limited-stop, Stationlink rail feeder, and complementary paratransit bus services for Orange County residents.

Prior to the COVID-19 pandemic, the fixed-route network delivered 1.6 million hours of bus service on 36 local lines, nine community lines, five inter/intracounty express lines, five Stationlink rail feeder lines, and three Bravo! (limited stop) lines. Since mid-March 2020, OCTA has been closely monitoring ridership and adjusting the fixed-route schedules based on ridership demand trends, which were heavily impacted by the COVID-19 pandemic. OCTA continues to follow health guidance from federal, state, and local agencies to keep the safety of riders and employees as the top priority, while helping stop the spread of COVID-19. With the October 2020 service change, OCTA currently provides 1.18 million hours of fixed-route bus service on 36 local lines, eight community lines, five Stationlink rail feeder lines, and one Bravo! line.

The local fixed route lines operate along major arterials comprising a "grid" network and have high passenger volumes that require the use of higher capacity 40-foot and 60-foot buses. Community lines offer local circulation to serve neighborhoods and provide connections to the local lines. The limited-stop lines, called Bravo!, provide commuters and visitors with an efficient travel option to key destinations within major corridors. Express service provides a freeway-based service to major employment areas in Orange County and surrounding areas. Stationlink rail feeder service provides connector services for the Metrolink commuter rail system allowing Metrolink commuters to reach employment centers. OCTA paratransit services provide demand responsive service to persons with developmental and physical disabilities as required by the federal Americans with Disabilities Act, as well as bus service to transport elderly persons to destinations such as adult activity programs and health care providers.

Rail Program

The Metrolink Program is a regional rail system operated as a Joint Powers Authority (JPA) by the Southern California Region Rail Authority. Five member

Measure M2 funded traffic signal synchronization keeps Orange County Traffic flowing.

agencies participate in the JPA serving the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. OCTA is responsible for participating and providing the funding necessary to operate the three lines that serve Orange County. These lines include: The Orange County Line, Inland Empire-Orange County Line, and 91/Perris Valley Line.

Measure M2 (M2) Program

In November 1990, Orange County voters approved Measure M (M1), a 20-year program for local transportation improvements funded by a one-half cent sales tax. OCTA delivered on the promises made to the voters completing more than $4 billion of improvements while leveraging over $1.2 billion in federal, state, and local funding. OCTA was able to deliver 192 lane miles of additional freeway capacity, modernize and improve 170 intersections and 38 freeway interchanges, provide $1.3 billion dollars to improve streets and roads, and implement Metrolink service. On March 30, 2011, the collection of sales tax revenue under M1 concluded.

In November 2006, Orange County voters approved the renewal of the Measure M one-half cent sales tax, which continues investment of local sales tax dollars in Orange County's transportation infrastructure over a 30-year period from April 2011 through March 2041. The M2 Transportation Investment Plan is a $11.6 billion program that includes continued investment to:

- Expand and improve Orange County's freeway system
- Maintain and improve the network of streets and roads in every community
- Funds clean up runoff from highways and roads
- Provide additional transit service for seniors and persons with disabilities
- Expand Metrolink rail service through the core of Orange County with future connections among nearby communities and regional rail systems

Express Lanes

The Orange County segment of the 91 Express Lanes is a four-lane, 10-mile toll facility extending from the State Route 55 on the west to the Orange/Riverside County line on the east. Authorized as one of four public-private toll road projects by the State of California, the lanes were built at a cost of $135 million and opened in 1995 by the California Private Transportation Company (CPTC). In January 2003, OCTA acquired the 91 Express Lanes from the CPTC to clear the way for future improvements along the 91 Corridor. The 91 Express Lanes continue to be an important element in ensuring that traffic flows smoothly between Orange and

Riverside counties. Commuters can save an average of 30 minutes on their drive time by using the 91 Express Lanes.

OCTA, in cooperation with the California Department of Transportation and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, is implementing the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605). The project will improve 16 miles of I-405 between the SR-73 freeway in Costa Mesa and I-605 near the L.A. County line. The project will add one general purpose lane in each direction from Euclid Street to I-605 and make improvements to freeway entrances, exits, and bridges. Additionally, the project will add an additional lane in each direction that will combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, known as the 405 Express Lanes. Construction on the project began in 2018 and will be completed in 2023.

The general purpose lane portion of the project is delivered through Measure M2 Project K and is funded by a combination of local, state, and federal funds, with construction of the express lanes funded by a Transportation Infrastructure Finance and Innovation Act loan which will be repaid by those who choose to pay a toll and use the 405 Express Lanes.

Non-Program Specific Projects

The majority of significant freeway, street and roads, and transit projects are funded primarily through the M2 Program. OCTA has also committed to a handful of projects not funded through the M2 Program. These projects are funded using other local, state, and federal sources and include the Vanpool, Rideshare, and Active Transportation Programs.

Motorist Services

The Service Authority for Freeway Emergencies (SAFE) program provides the Freeway Callbox System and Freeway Service Patrol services, both of which are designed to assist motorists in emergency situations and reduce traffic congestion. SAFE also provides funding toward the Southern California 511 Program. This system allows access to information on highway conditions, traffic speeds, transit, and commuter services via the internet and a toll-free number with an interactive voice response system.

91 Express Lanes Freeway view.

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Bus Program

Fiscal Year 2020-21

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Background

Orange County began transit operations in the fall of 1972 through the establishment of the Orange County Transit District (OCTD) by state legislation with eight local fixed-routes. The Orange County Transportation Authority (OCTA) was later established by state law and began serving the public on June 20, 1991. OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service. As of February 2020, service consisted of 58 bus routes and annual boardings in excess of 37 million. In March 2020, the coronavirus (COVID-19) pandemic created significant challenges as California and local governments issued orders for residents to self-quarantine and refrain from non-essential travel in an effort to slow the spread of the virus. OCTA has reacted to the pandemic by balancing service levels with the drop in bus service demand and current active bus routes were reduced from 58 to 50.

OCTA Bus keeps Orange County Moving.

Bus services are tailored to meet various market demands and needs. These services include local fixed-route, community fixed-route, express, limited-stop, Stationlink rail feeder, and complementary paratransit service. Prior to the pandemic, the fixed-route network provided bus service on 36 local lines, nine community lines, five inter/intracounty express lines, three limited-stop lines, and five Stationlink rail feeder lines. As a result of the pandemic, OCTA is currently operating 36 local lines, eight community lines, one limited-stop line, and five Stationlink rail feeder lines. Local lines operate along major arterials comprising a "grid" network and have high passenger volumes that require the use of higher capacity 40-foot and 60-foot buses. Community lines use smaller buses to accommodate lower passenger demand or roadway constraints and provide connections to the local lines. Express service provides a freeway-based service to major employment areas within Orange County and surrounding areas. Limited-stop lines are provided on select local route corridors and are designed to provide a rapid transit option for Orange County commuters and visitors by decreasing travel time and improving travel speed within high use corridors, while offering connections to key destinations, major attractions, and Metrolink train services. Stationlink rail feeder service is provided to the Metrolink commuter rail stations in Orange County that are considered destination stations, ensuring a connection between rail stations and employment centers for Metrolink commuters. OCTA also operates seasonal service on five weekends in July and August from nine locations to the Orange County Fair. However, the seasonal service was temporarily discontinued due to the pandemic.

OCTA also provides special needs transportation services under four program elements, Americans with Disabilities Act (ADA) OC ACCESS paratransit service (OC ACCESS), premium paratransit same day taxi, special agency services, and community transportation programs. OC ACCESS provides demand responsive bus service to persons with developmental and physical disabilities as required by the ADA. OCTA offers premium paratransit same day taxi service to OC ACCESS-eligible customers and subsidizes trips to adult daycare programs on alternative transportation services. In addition, OCTA funds and administers community transportation services offered through the Senior Mobility Program (SMP) and federal grant programs.

OC ACCESS provides a transportation option for Orange County's seniors and residents with disabilities.

Fixed-Route Service

OCTA regularly reviews and evaluates service levels to ensure a cost efficient and effective bus transit service is delivered. In order to provide a sustainable level of bus service throughout the county, OCTA implemented the OC Bus 360° plan which reallocates resources used on lower-performing routes to areas with higher demand to improve bus frequencies and customer travel times. This approach is consistent with the recommendations from an American Public Transportation Association Peer Review and OCTA's Transit System Study. Efforts have also been under-way to increase bus system ridership by improving bus travel times and frequencies, expanding access to routes and real-time arrival information, introducing mobile ticketing, evaluating new pricing options through a fare study, and increasing awareness of the bus system.

OCTA also mitigates operating costs by contracting service levels up to 40 percent of the total fixed-route service. By contracting out service, OCTA is able to provide more service to the public.

OCTA generally implements schedule and route revisions to selected OC Bus routes three times a year, in February, June, and October. On March 23, 2020, OCTA implemented an emergency service change as a proactive response to the COVID-19 stay-at-home order, significantly lower ridership, and in an effort to help protect the health of OCTA employees and riders. Service was modified to operate on a Sunday-only schedule, including a few Stationlink routes, seven days a week to provide a baseline level of service for customers needing to make essential trips. Service was subsequently expanded in June 2020 to an enhanced Saturday service schedule on weekdays and a regular schedule on Saturdays and Sundays to meet an increase in demand as well as to help ensure social distancing on board. This amount of service equates to about a 25 percent reduction compared to Pre-COVID-19 service levels.

Ridership was also substantially impacted with the onset of COVID-19. Boardings declined by more than half from March 2020 to June 2020. Ridership has

remained relatively stable since the June service change so only minor schedules changes were made for the October 2020 service change and service levels remain at 1.18 million.

OCTA anticipates an increase in demand for service will continue between now and when schools look to open in fall 2021, based in part on the availability of vaccines. As more businesses reopen and some school, college, and university students return to campus, it is anticipated that the public will start using the bus system more often. In the long-term, OCTA anticipates a continued increase in demand due to general growth in both population and the economy. This may be slightly mitigated by scheduled fare increases every ten years. The next anticipated fare increase is scheduled to occur in FY 2026-27. Fare increases are essential to ensuring a sustainable level of service because the primary source of funding for operations, Transportation Development Act (TDA) funds, legally requires OCTA to maintain a minimum 20 percent farebox recovery ratio to maintain funding. Fare increases are subject to future Board approval and would require extensive public outreach and a public hearing. OCTA would also have to conduct a federally required Title VI analysis to ensure that the fare adjustment does not disproportionately impact low-income or minority customers.

Figure 1 illustrates the annual RVH projected through FY 2039-40. It is anticipated that service levels will increase by 258 thousand revenue vehicle hours, or 21 percent, over the next few years to accommodate the anticipated growth expected as the county emerges from the pandemic. It is assumed that OCTA will continue to directly operate 60 percent of the service and 40 percent of the service will be contracted. As will be discussed later in this section, the planned increase in service is only possible due to a substantial infusion of federal supplemental funding that OCTA will receive over the next few years.

Figure 1 - Fixed Route Revenue Vehicle Hours (in thousands)

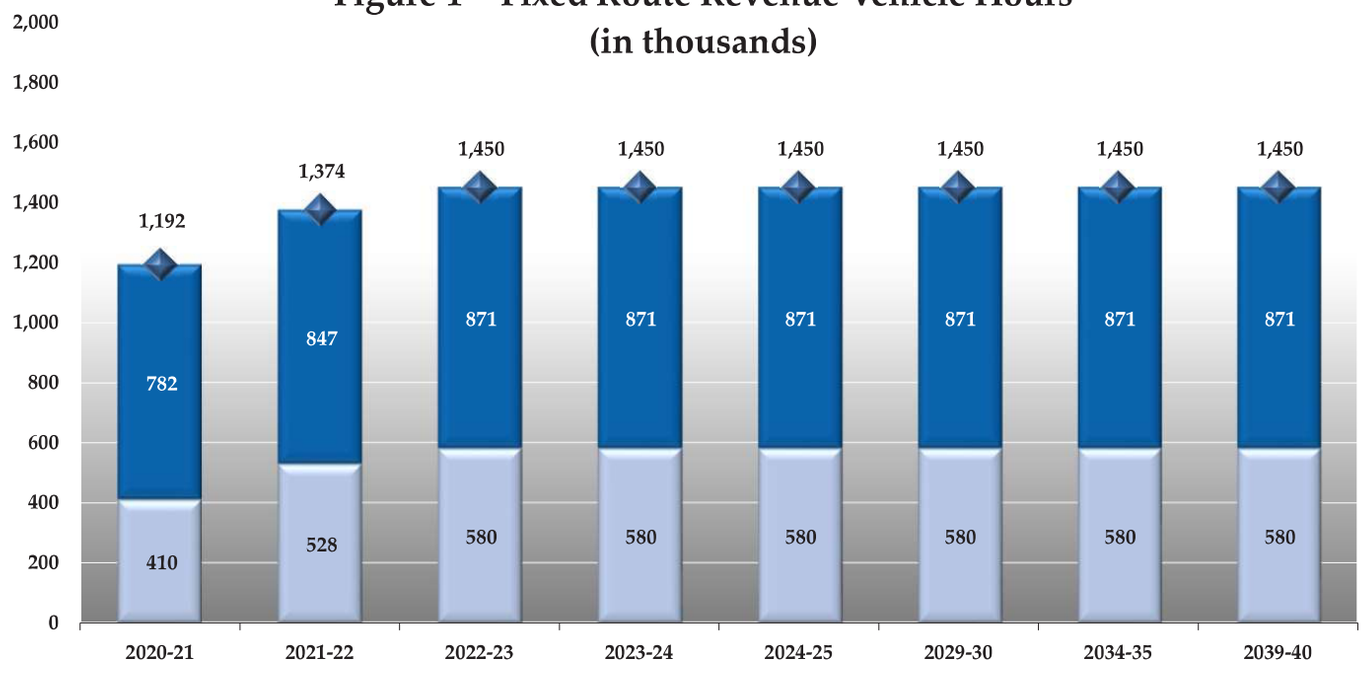


Figure 2 illustrates the estimated annual boardings through FY 2024-25.

Local Bus Service

Local Bus Service represents the majority of transit options offered throughout Orange County. Pre-COVID-19, 45 local bus routes operated along the major arterials grid network. Of these 45 routes, nine were community routes; operated by the contracted fixed-route provider. As a result of the pandemic, local bus routes decreased from 45 to 44. Of the 44 routes, eight are community routes which continue to be operated by the contracted fixed-route provider.

Inter/Intracounty Express Service

Express routes operate Monday through Friday during peak hours targeting longer distance home-to-work commuters. Service operates primarily on freeways, utilizing the high-occupancy vehicle network where possible, to offer customers travel times comparable to travel by automobile. Express routes are temporarily suspended as a result of the service adjustment from COVID-19.

Rail Feeder Service

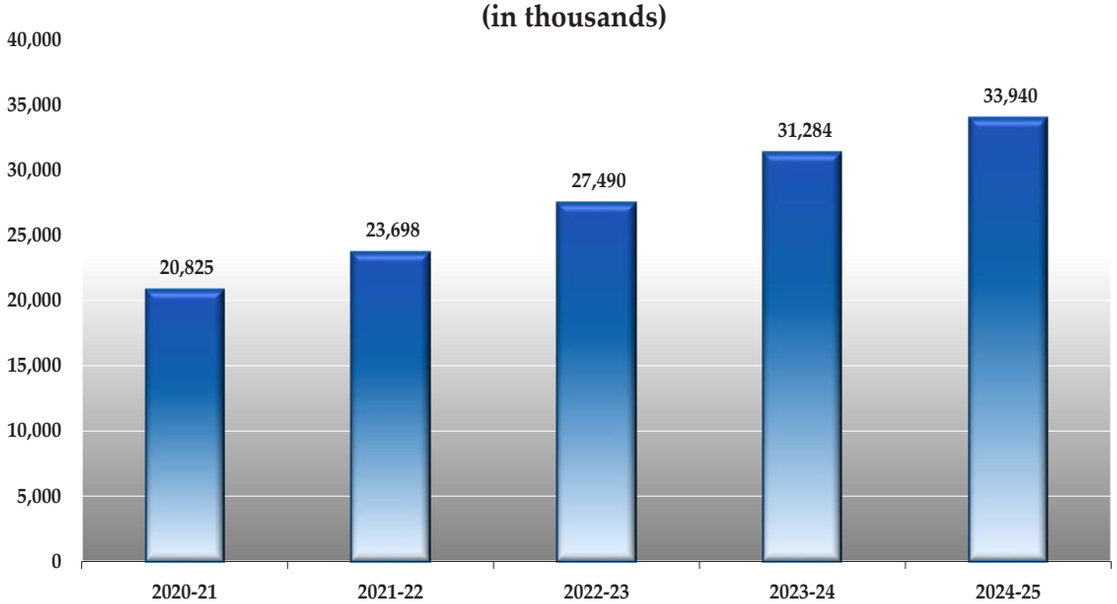
Rail feeder services were introduced to transport commuter rail passengers between Metrolink train stations and their employment destinations in Orange County. Stationlink buses travel over a defined route with intermittent stops located at major employment centers. A total of five Stationlink routes operate weekdays during the morning and evening commute periods. Metrolink passengers may board Stationlink routes free of charge.

Special Bus Service

Limited-Stop Service

Limited-stop service is designed to offer more frequent service and reduce travel times along the corridor. Known as Bravo! Routes, OCTA operates routes during peak hours, with service on the Harbor Boulevard corridor seven days a week and service on the 17th Street/Westminster Avenue and Beach Boulevard corridors Monday through Friday. Two out of three Bravo! routes are temporary suspended due to the pandemic. In FY 2021- 22, OCTA anticipates resuming service on the 17th Street/Westminster Avenue route.

Figure 2 - Fixed Route Boardings
(in thousands)



Xpress Service

Xpress service is a new, faster commute option on the Main Street, Bristol Street, and Bolsa Avenue/First Street routes. This service skips many of the low volume stops to help patrons get to their destination faster. Service runs weekdays from 6 a.m. to 6 p.m. However, currently this service is temporary suspended as a result of the pandemic.

OC Flex Pilot Service

OC Flex Pilot Service is a shared-ride micro-transit service. This service provides riders the ability to book and pay for a ride in real-time through the use of a mobile application. The pilot service began in October 2018 as a one-year pilot and was extended by the Board of Directors to December 2021 for further service evaluations. In March 2020, OC Flex service demand was impacted by the COVID-19 pandemic. The orange zone, which serves portions of the cities of Aliso Viejo, Laguna Niguel, and Mission Viejo remains in operation. Staff is currently in the process of conducting a comprehensive study to examine OC Bus service in a post-COVID-19 pandemic environment, which includes consideration of the microtransit service.

Seasonal Service

Since 2011, OCTA has operated service to the Orange County Fair. Funded by the Mobile Source Air Pollution Reduction Review Committee, this service offers a convenient and attractive alternative to automobile travel by providing reliable, non-stop express bus service directly to the Orange County Fair from nine locations within Orange County. The OC Fair Express Services were temporarily suspended as a result of the pandemic.

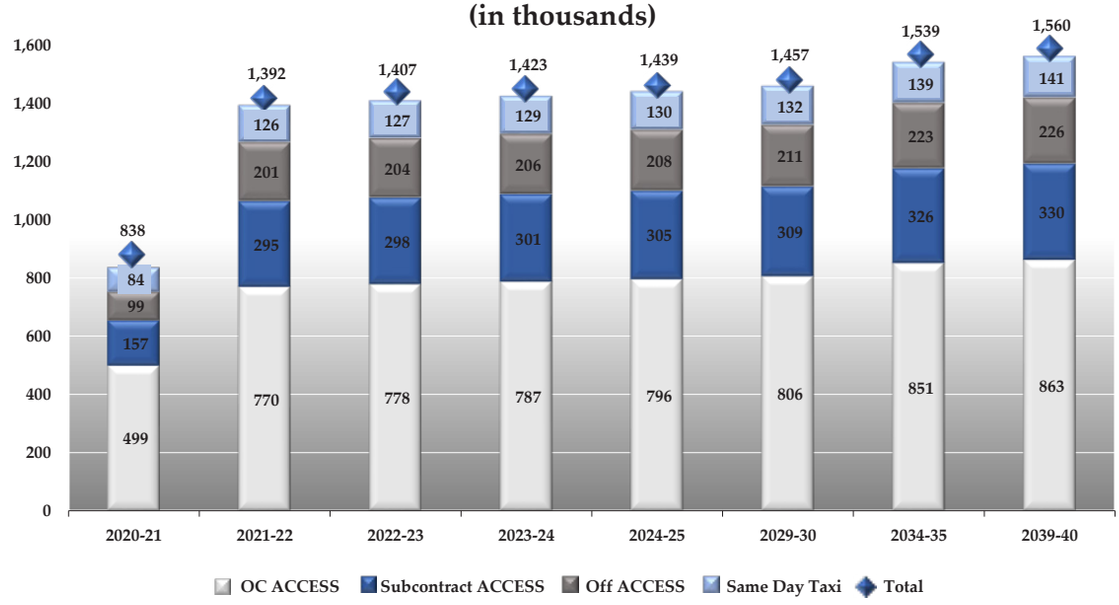
Paratransit

As a provider of public fixed-route transit services, OCTA is required by the ADA to provide complementary paratransit services, known as OC ACCESS, for individuals whose disabilities prevent them from using regular, fixed-route transit service. In addition, OCTA funds and administers other special needs transportation programs to help reduce the demand and cost of OC ACCESS service.

BRAVO! helping Orange County move during peak hours.

As with the fixed-route service, ridership and productivity for OC ACCESS service experienced impacts due to the pandemic. With the recommendations that persons aged 65+ years or older or those with underlying health issues stay home, many individuals, who typically utilized OC ACCESS service, limited use to essential trips or forwent trips altogether substituting in-person appointments in favor of remote consultation services or in-home treatment. Social distancing requirements on OC ACCESS vehicles limited shared rides which also influenced ridership and productivity. These impacts resulted in a dramatic immediate reduction in average daily trips by 90 percent. Ridership continues to be down on average around 80 percent since the pandemic. The uncertainties that have arisen from the pandemic create difficulties for paratransit service projections and recovery is anticipated to be slow to moderate, and dependent on the reopening of in-person services throughout the county. OCTA will continue to balance the level of service provided to the community while keeping the health and safety of its passengers and employees the top priority.

Figure 3 - Paratransit Trips (in thousands)



OCTA forecasts growth to reach 80 percent of pre-pandemic levels with long-term growth at 1.1 percent **Figure 3** illustrates the projected total paratransit trip growth through FY 2039-40.

OC ACCESS Service

OCTA's complementary ADA paratransit service is currently managed, operated, and maintained by MV Transportation (MV). This service is operated from OCTA's Irvine Construction Circle facility. Trips provided by MV account for approximately 55 percent of all paratransit trips. MV sub-contracts with a taxi company to provide OC ACCESS trips during peak periods which helps OCTA keep the size of the OC ACCESS fleet from increasing significantly. In addition, these supplemental taxi services are currently being utilized to increase efficiency during non-peak periods, in an effort to decrease total OC ACCESS costs and increase total system efficiency. The use of supplemental taxi services is one of a variety of cost mitigation measures being employed.

Premium Paratransit Taxi and Special Agency Services

A critical component of managing the cost of paratransit service is development of less costly services. Unlike standard OC ACCESS service, these services are not specifically meant to provide complementary paratransit service, but to expand the transportation choices available to persons who might have otherwise used OC ACCESS. OCTA has developed partnerships with special agencies that provide day programs for special needs individuals or seniors with chronic medical conditions. Under these partnerships, OCTA provides a partial operating subsidy to the program and the agency now has the responsibility for providing the trip to and from the program. Trips are only reimbursed if the individual has OC ACCESS eligibility and if the trip is within the OC ACCESS service area. In addition, OCTA offers a premium-ADA same-day taxi service which allows OC ACCESS eligible customers to schedule a partially subsidized taxi trip, significantly reducing OCTA's cost per trip. The Same-day Taxi Program has expanded to provide services over a greater coverage area.

Community Transportation Programs

OCTA also supports the development of community-based transportation services for seniors, persons

with disabilities, and persons of low income. Under the Senior Mobility Program, OCTA currently provides M2 funding to 32 cities and transit funding to three non-profit organizations to support local senior transportation services. In addition, OCTA administers grant funds under the Federal Transit Administration's (FTA) Section 5316 Job Access and Reverse Commute (JARC) and Section 5317 New Freedom programs where approximately $16 million in funding over the past nine years has supported a variety of projects including mobility management programs, travel training, volunteer driver programs, and new transportation services which benefit the JARC and New Freedom populations. OCTA continues to operate the JARC funded program entitled Vocational Visions, utilizing the funding for trips on this program for OC ACCESS service.

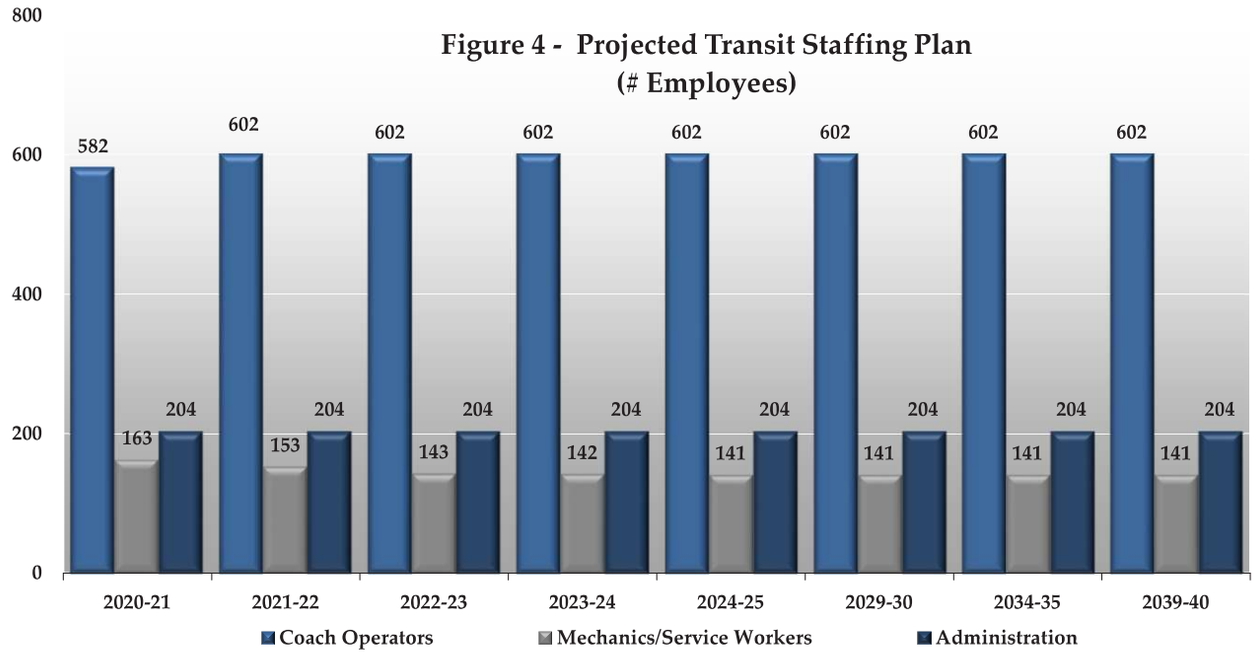
Transit Staffing

Figure 4 presents the projected staffing levels for FY 2020-21 through FY 2039-2040 for the Bus Operations Division. Coach operators, supervisory personnel, mechanics, bus service workers, and administrative staff are represented in the table.

Capital Expenditures

Capital expenditures in the OCTD fund include a variety of expenses such as: revenue vehicle replacement, support vehicles, fueling infrastructure, radio systems, vehicle and facility rehabilitation, and miscellaneous equipment. The funding for these costs is comprised of both grant and local sources. Grant funding includes sources from federal, state, and local agencies that typically cover up to 80 percent of the asset cost. The local portion, or 20 percent match, is paid from the capital replacement fund. Since the beginning of the recession, OCTA has used 5307 funds for traditional operating purposes to a greater extent than in prior years. This has expedited the receipt of 5307 funds and allowed OCTA to deposit the funds earlier and collect additional interest earnings. The interest earnings are then used to fund operating and capital expenditures.

Bus purchases and replacement of critical infrastructure components are costly. A single 40-foot bus powered by compressed natural gas costs approximately $670,000, while a 60-foot bus costs approximately $930,000. An essential component of running a fiscally responsible operation is ensuring capital requirements are satisfied. Timely replacement of capital ensures sta-



ble operations and decreased expenses associated with maintenance of equipment that has operated beyond its useful life. OCTA maintains a useful life of 18 years for 40-foot and 60-foot buses, seven years for mid-size buses, and seven years for the paratransit fleet. Adherence to a capital replacement cycle enables OCTA to maintain high equipment standards and plan for the subsequent costs on an annual basis. The State of California is currently implementing a mandate on transit agencies to transition all transit fleets to zero emission bus (ZEB) technology by 2040. This could potentially be extremely costly to transit agencies like OCTA if the ZEB market does not mature and bring the cost of ZEB down over time. Projected FY 2021-2021 through FY 2024-2025 expenditures are summarized in **Figure 5**.

Fixed-Route

Details of the type and average age of OCTA's large bus fixed-route active fleet is shown in **Figure 6**. Currently, OCTA's active bus fleet consists of 508 vehicles with 298 vehicles designated for directly operated fixed-route use and 210 designated for contracted fixed-route service, as shown in **Figure 7**.

Over the next five years OCTA plans to purchase approximately 245 new revenue vehicles. The current fleet plan anticipates the purchase of 235 40-foot buses and 10 grant funded electric buses over a five-year window. As service conditions change, the composition of the fleet will be revisited regularly to ensure the proper mix of buses within the fleet.

OC ACCESS

The current paratransit active fleet consists of 248 vehicles, as seen in **Figure 8**, which represents 33 percent of OCTA's active fleet. RVH are used to project the required number of vehicles necessary to operate this service. The plan assumes replacement of up to 248 vehicles within the next five years. A variety of strategies are being considered to manage the projected demand for service. Strategies include modifying the contract to pay for services on a per passenger basis instead of a per hour basis, changing the vehicle type to reduce operating costs, using other supplemental services, providing mobility training to current OC ACCESS riders to use fixed-route, and working with programs to explore their role in the provision of trips for program participants. These strategies and others could help reduce costs and mitigate the growth rate of the fleet.

Figure 5 - Fixed Asset Replacement (in millions)

Asset Category	2020-21	2021-22	2022-23	2023-24	2024-25
Large Bus Replacement	$0.0	$8.4	$37.9	$2.9	$124.1
Support Equipment	3.4	34.5	0.6	9.8	0.6
Vehicle Modifications	0.1	0.3	4.4	2.3	26.9
ADA Modifications	0.8	0.0	0.0	0.0	0.0
Small Bus Replacement	15.1	0.0	17.7	0.0	0.0
Facility Modifications	5.4	7.9	8.4	5.2	6.5
Total Capital Purchases	$24.8	$51.0	$69.0	$20.2	$158.1

Figure 6 - Fixed-Route Fleet Age by Bus Type

Fuel Type	Average Age (Years)
Forty Foot	9.3
Sixty Foot Articulated	5.1
Average Age	9.0

Reserves

A capital replacement fund is utilized to plan and account for capital replacement purchases. Ensuring the organization has the funds required to replace capital assets allows OCTA to eliminate financing costs associated with purchases and accrue interest earnings on the cash balance. The Capital Replacement Fund is sufficient for OCTA to maintain the proposed capital replacement schedule for all assets needed to maintain county-wide bus service through the end of the plan. OCTA also maintains a separate 60-day operating reserve in order to minimize impacts to cash flow due to fluctuations in operating revenues and expenditures.

Bus Operations Revenue

Bus Operations is dependent upon external revenue sources to supplement farebox revenue and help offset operating expenditures for fixed-route and paratransit services. The primary revenue sources are comprised of the Local Transportation Fund (LTF), federal operating grants, property tax contributions, State Transit Assistance Fund (STAF), and SB1. Also, Federal Supplemental funding has been essential in filling in for revenue shortfalls and assisting in dealing with the impacts of COVID-19.

Figure 7 - Fixed Route Fleet Size
(# buses)

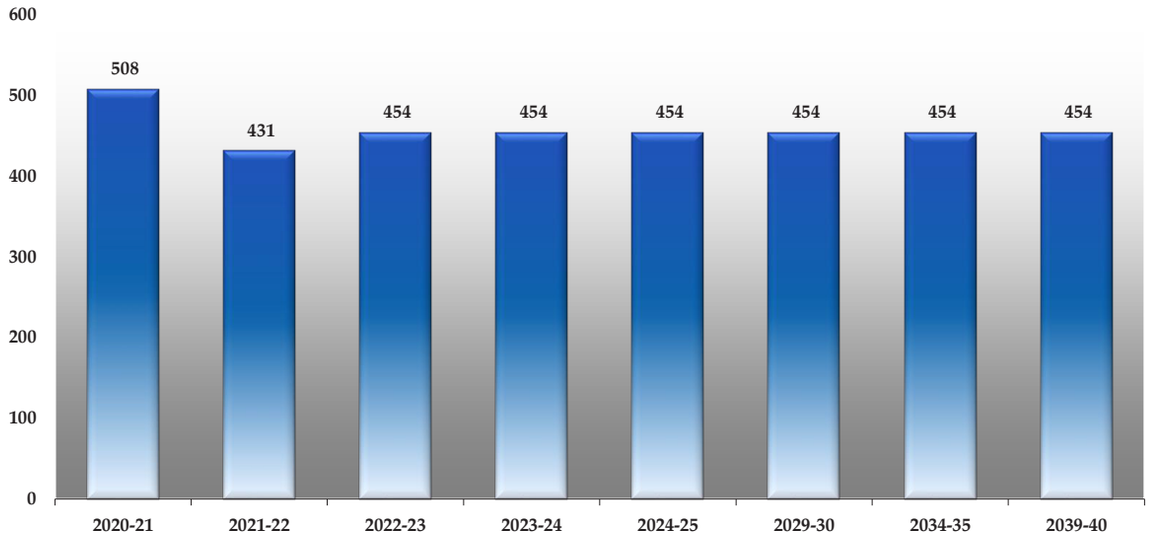
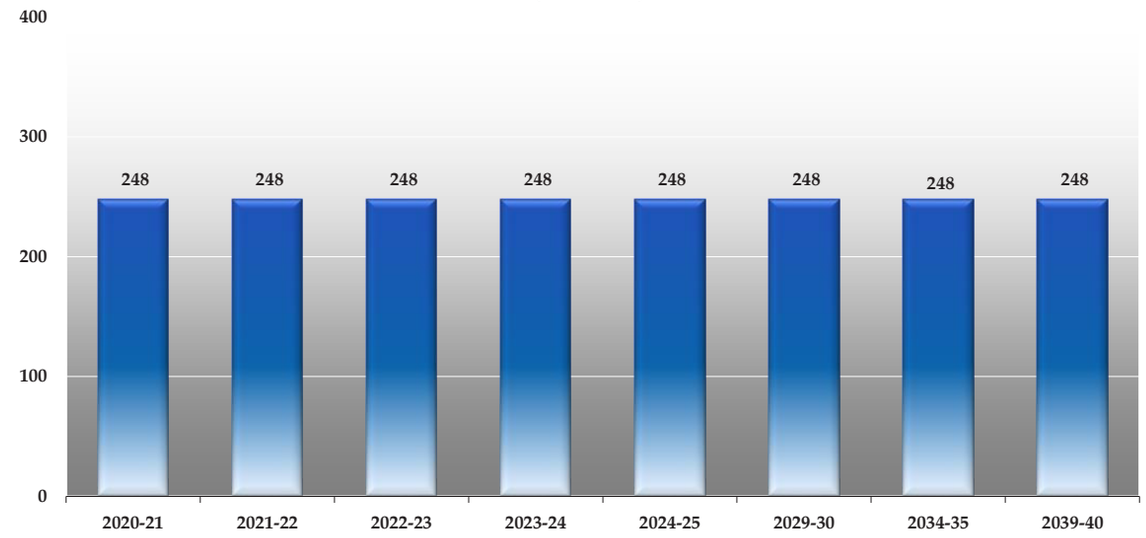


Figure 8 - Paratransit Fleet Size
(# buses)



The major funding source that allows OCTA to provide transportation services to Orange County residents is the LTF, a one-quarter cent state sales tax signed into law as part of the TDA in 1971. Funding from the LTF covers approximately half the operating costs for services. The growth rate of sales tax revenue is dependent upon the state of the economy and any fluctuations can have a significant impact over the life of the plan. Therefore, this business plan will be revisited periodically to ensure that service levels are appropriately planned to meet revenue projections.

Figure 9 illustrates the revenue sources projected through FY 2024-25.

Figure 9 - Bus Operations Revenue (in millions)

Sources	2020-21	2021-22	2022-23	2023-24	2024-25
Sales Tax Revenue	$149.1	$154.8	$159.3	$164.2	$168.2
Federal Formula Grant 5307	51.3	55.0	53.8	54.0	55.7
Passenger Fares	21.0	30.0	33.9	37.8	40.5
State Transit Assistance Fund	12.6	13.7	16.9	18.7	19.4
Property Tax Revenue	18.7	19.5	20.5	21.4	22.4
California Senate Bill 1	10.0	11.0	13.7	15.3	15.9
Federal Supplemental Funding	73.2	95.7	71.3	51.7	-
Alternative Fuel Tax Credit	1.4	-	-	-	-
Miscellaneous Revenues	5.3	5.3	5.3	5.3	5.4
Advertising Revenue	3.5	4.0	4.1	4.2	4.3
Measure M	1.6	2.4	2.8	3.2	3.4
Rail Feeder	2.3	2.3	2.9	2.8	2.8
CMAQ/LCTOP	2.5	1.9	1.0	-	-
Interest	0.4	2.0	3.5	4.6	6.1
Total	$352.8	$397.6	$388.8	$383.2	$344.1

Since post-recession lows, LTF sales tax has grown each year. OCTA uses a Board approved methodology to forecast sales tax revenue. In the first five years, an LTF-specific forecast devised by Muni Services is utilized. A blended rate forecast from the three universities (Chapman, California State University, Fullerton, and University of California, Los Angeles) is used for the remaining years. COVID-19 has also significantly impacted the LTF revenue projection over the next 20 years. As a result, the CBP utilizes the FY 2020-21 budgeted forecast of -4.90 percent for the base year and modest growth for the life of the plan.

On December 4, 2015, Congress passed, and the President signed into law the Fixing America's Surface Transportation (FAST) Act, H.R. 22. The FAST Act authorizes funding for a five-year period through the end of federal fiscal year (FFY) 2020. The total authorized funding levels in the FAST Act are $305.5 billion over the five-year period. All transit program funding grows under the FAST act. FTA 5307 funding is expected to grow from $53.2 million in FY 2020-21 to $80 million in FY 2039-40. FTA 5337 and 5339 are expected to grow from $10.3 million in FY 2020-21 to $15.5 million in FY 2039-40. This amounts to an expected FTA revenue of $1.52 billion over the 20-year period.

STAF is derived from statewide sales tax on diesel fuel and allocated based on a formula of population and fare revenues. As a result of COVID-19, the CBP anticipates STAF revenues of approximately $12.6 million in FY 2020-21. Revenues are anticipated to increase over the next four subsequent years reaching Pre-COVID-19 levels of $19.4 million in FY 2024-25. Then throughout the life of the plan, revenues are anticipated to remain flat.

In April 2017, Governor Jerry Brown signed SB1 in the State of California. This revenue will be collected by raising gasoline and diesel excise taxes, new fees on all vehicle registration renewals, and a new annual fee on zero-emission vehicles. Pre-COVID-19, this bill was expected to generate $52.5 billion over the next ten years, with approximately $7.5 billion going directly to transit operations and capital for transportation entities around California. OCTA expects to receive approximately $10 million of operating and $5.1 million of capital in FY 2020-21. Revenues are projected to increase over the next four years before stabilizing in FY 2024-25 at $15.86 million of operating annually. Capital is anticipated to reach $5.5 million by FY 2024-25, FY 2025-26 on is increased by CPI. This results in projected revenues of $429.2 million over the next 20-year period.

In response to the COVID-19 pandemic and address revenues shortfalls, OCTA advocated for and received three major measures of relief from the federal government: the Coronavirus Aid, Relief, and Economic Security Act of 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, and the American Rescue Plan Act of 2021. These federal funds collectively are referred to as Federal Supplemental funding. OCTA has been allocated an approximate total

OC Bus keeps Orange County moving.

of $419.7 million in relief funds to stabilize revenue and budgetary deficits and maintain an appropriate level of service to meet demand. This funding is also vital for the planned increase in service over the next few years.

As discussed earlier, OC Bus 360° is part of a comprehensive approach to addressing declining ridership on the fixed-route system. As part of the Global Warming Solutions Act of 2006 (AB 32), Cap and Trade Programs were implemented providing supplemental funding to transportation programs. The Low Carbon Transit Operations Program (LCTOP) was implemented under AB 32 and, among many other eligible uses, can be utilized to subsidize fare discount programs. As part of the comprehensive effort to increase bus ridership, LCTOP funds have been authorized to provide fare discounts to Orange County bus riders through various programs and promotions. LCTOP funds will backfill the revenue lost for promotional or free fare and discounted fare programs intended to increase ridership while maintaining fare revenues. In FY 2017-18, the first of several anticipated pilot programs began by providing the students of Santa Ana College with discounted fares. As the economy grows, promotional programs are implemented, and OC Bus 360 takes full effect, ridership and fare revenues are anticipated to stabilize and may continue to be augmented by fare increases every ten years beginning in FY 2026-27.

OCTA's fare revenue is directly tied to ridership. As the economy was shut down and people were told to shelter at home, boardings dramatically decreased. Boardings declined by 18 percent from FY 2018-19 to FY 2019-20. FY 2020-21 is projected to see an additional 33 percent decline from the prior year. The loss in boardings continues to have a significant impact on fare revenues. For every boarding lost or gained, revenue changes by approximately $1.01. Ridership challenges are anticipated to continue into the future as many uncertainties persist as effects from the pandemic and its aftermath continue to evolve and emerge. However, OCTA does anticipate boardings to increase over time as conditions improve such as, large scale vaccine availability, economic recovery, stabilized unemployment levels, and as people become more confident in resuming normal activity. OCTA will continue to monitor the long-range implications, both to the economy and transportation behaviors.

Figure 10- Bus Program Major Assumptions

Service and Costs:	
1	Fixed-route service in FY 2020-21 1.2 million RVH Increase up to 1.45 million FY2021-22
2	Paratransit trip growth is at 80% recovery of pre-COVID levels then 1.1% growth maintained on an annual basis
3	Large bus useful life - 18 years
4	Small bus useful life - seven years
Revenues:	
1	Sales tax annual average growth rate of 2.8 percent
2	Boardings annual average growth rate of 2.2 percent
3	25 percent fare increase every 10 years beginning FY2026-27
4	SB1 operating revenue of $10M in FY2020-21 grows to $15.8M by FY2024-25 and maintained on an annual basis
5	SB1 capital revenue of $5M grown annually by CPI
6	STAF revenue of $12.6M in FY2020-21 grows to $19.4M by FY2024-25 and maintained on an annual basis
7	Federal revenue grows an average of 2.1 percent over the plan's 20 years
8	Receive federal supplemental funding
9	Maintain capital replacement fund
Bus Program Risks:	
1	Softening of sales tax revenue growth
2	Bus ridership demand
3	Growth in cost to operate paratransit service
4	Unfunded mandates (i.e. zero-emission bus purchase)
5	Federal and State funding Levels

Cash Flow Statement - Bus Program

(millions)		2020-21	2021-22	2022-23	2023-24	2024-25	2029-30	2034-35	2039-40
Beginning balance - operating	$	**46.2**	**216.2**	**300.3**	**364.4**	**400.5**	**396.1**	**225.1**	**84.7**
Cash flows from operating activities:									
Sources of funds:									
Sales tax revenue		149.1	154.8	159.3	164.2	168.2	191.3	216.4	242.8
Federal formula grant 5307		51.3	55.0	53.8	54.0	55.7	64.5	71.5	83.0
Passenger fares		21.0	30.0	33.9	37.8	40.5	47.5	48.9	54.7
State transit assistance fund		12.6	13.7	16.9	18.7	19.4	19.4	19.4	19.4
Property tax revenue		18.7	19.5	20.5	21.4	22.4	28.2	35.5	44.6
California Senate Bill 1 oper.		10.0	11.0	13.7	15.3	15.9	15.9	15.9	15.9
Federal Supplemental Funding		73.2	95.7	71.3	51.7	0.0	0.0	0.0	0.0
Miscellaneous revenues		13.2	12.0	11.9	11.3	11.6	12.8	13.6	14.8
Advertising revenue		3.5	4.0	4.1	4.2	4.3	4.8	5.3	5.9
Interest on operating investments		0.4	2.0	3.5	4.6	6.1	7.2	4.1	1.5
Total sources of funds	$	**352.8**	**397.6**	**388.8**	**383.2**	**344.1**	**391.5**	**430.5**	**482.6**
Cash flows from operating activities:									
Uses of funds:									
Salaries and benefits		109.1	114.6	119.8	123.7	127.7	151.2	162.8	195.7
Purchased transportation services		70.9	89.8	94.1	92.6	95.3	107.3	122.8	137.8
Administrative service expense		42.3	44.9	47.4	49.9	52.6	67.4	80.2	101.3
Professional services		21.1	24.0	25.4	26.0	26.6	29.7	33.2	37.0
Maintenance, parts and fuel		15.0	18.1	19.5	20.3	21.1	25.3	35.5	42.6
General and administrative		3.7	4.1	4.3	4.4	4.5	5.0	5.5	6.2
Other operating expense		3.5	4.2	4.5	4.6	4.8	5.3	6.0	6.7
Designation to capital		(82.6)	13.9	9.7	25.4	(72.0)	28.3	39.1	(46.7)
Total uses of funds	$	**182.9**	**313.5**	**324.7**	**347.1**	**260.5**	**419.4**	**485.1**	**480.6**
Net cash provided by operations	$	**169.9**	**84.1**	**64.1**	**36.2**	**83.5**	**(27.9)**	**(54.5)**	**2.0**
Available cash - operating	$	**216.2**	**300.3**	**364.4**	**400.5**	**484.1**	**368.2**	**170.6**	**86.7**
Beginning balance - capital	$	**398.1**	**315.2**	**313.1**	**291.7**	**319.5**	**336.7**	**245.9**	**271.4**
Contribution to capital		(82.6)	13.9	9.7	25.4	(72.0)	28.3	39.1	(46.7)
Federal Formula Grants 5337/5339		10.3	10.5	10.7	11.0	11.2	12.5	13.9	15.4
Senate Bill 1 SGR		5.1	5.2	5.3	5.4	5.5	6.2	6.8	7.6
Federal Supplemental Funding		5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital grants/other capital revenues		0.5	11.7	18.4	2.5	101.9	0.0	0.0	0.0
Capital expenditures		(24.8)	(51.0)	(69.0)	(20.2)	(158.1)	(31.4)	(34.1)	(46.5)
Interest on capital investments		3.6	2.8	3.5	3.7	4.8	6.1	4.4	4.7
Net cash used by capital and related financing activities	$	**(83.0)**	**(2.1)**	**(21.4)**	**27.7**	**(106.7)**	**21.6**	**30.1**	**(65.4)**
Available cash - capital	$	**315.2**	**313.1**	**291.7**	**319.5**	**212.8**	**358.4**	**276.0**	**206.0**

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Rail Program

Fiscal Year 2020-21

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Passengers travel by Metrolink for their daily commute.

Background

The five member agency that comprise the Metrolink JPA include the Orange County Transportation Authority (OCTA), Los Angeles County Metropolitan Transportation Authority, Riverside County Transportation Commission, San Bernardino County Transportation Authority, and Ventura County Transportation Commission.

Service Levels

There are three lines that provide service to Orange County. The Orange County (OC) Line began in 1994, followed by the Inland Empire – Orange County (IEOC) Line in 1995, and the 91 Line in 2002. In 2006, the OC Line and IEOC Line began offering service on weekends, year-round. In July 2014, weekend service began on the 91 Line, which, in June 2016, was renamed the 91/Perris Valley (91/PV) Line. The coronavirus (COVID-19) pandemic has impacted Metrolink service levels across the board, resulting in significant reductions in weekday service levels. The three lines serving Orange County currently provide a total of 41 trains each weekday and 16 trains each weekend serving 11 Orange County stations. This reflects a reduction of 13 total weekly trains from the previous year, or an 18.5 percent reduction in service. Ridership prior to the pandemic across these lines averaged 418 thousand total monthly trips for the first three quarters of fiscal year (FY) 2019-20. However, ridership averaged just 38 thousand total monthly trips for the last quarter of FY 2019-20 due to the COVID-19 pandemic, a reduction of 91 percent.

The impacts of COVID-19 have been substantial and far reaching. To help deal with these impacts OCTA advocated for and received Federal Supplemental funding for the Rail Program and has been allocated an estimated total $81.8 million in relief funds. These funds will help stabilize revenue and budgetary deficits and maintain an appropriate level of rail service to meet demand.

Following completion of the Metrolink Service Expansion Program improvements in 2011, OCTA deployed a total of ten Metrolink intra-county trains operating between Fullerton and Laguna Niguel/ Mission Viejo, primarily during mid-day and evening hours. However, as a result of COVID-19, the intra-county train service was temporarily reduced to zero trips.

The Rail 2 Rail Program, which began in 2003, allows Metrolink monthly pass holders the option of riding Amtrak Pacific Surfliner trains at no additional charge, provided the pass holder travels within the designated stations identified on the monthly pass. In Orange

Figure 1 - Metrolink Service Levels

Service/Line	# Trips/Day
Weekday Service	
91/PV Line	10
IEOC Line	14
OC Line (Intracounty)	0
OC Line (service to LA)	17
Sub-total	**41**
Weekend Service	
91/PV Line	4
IEOC Line	4
OC Line (service to LA)	8
Sub-total	**16**

County, a valid Metrolink ticket or pass also permits free transfers to local OCTA bus routes that directly serve a Metrolink station, including all Stationlink routes, which provide connecting bus service to major employment centers. There are currently five Stationlink routes serving four Orange County Metrolink stations.

Overall service levels in Metrolink's fiscal year 2020-21 budget are lower than the previous fiscal year. Metrolink's budget continues the provisions of safe, reliable, and high-quality commuter rail service. **Figure 1** highlights current service levels.

Operating Revenue Measure M2

On November 7, 2006, Orange County voters approved the renewal of Measure M, which continues the investment of local tax dollars in Metrolink for 30 years from April 1, 2011 through March 31, 2041. Funding from Measure M2 (M2) for the Metrolink Program is projected to be approximately $1.1 billion dollars, this is lower than the previously published comprehensive business plan as a result of COVID-19. The first priority for the use of M2 Project R funds is to ensure adequate funding for Metrolink operations through FY 2040-41. It is anticipated that the majority of M2 revenue will be required to support operations.

Fare Revenue

Starting in FY 2016-17, Metrolink began tracking ridership through tickets sales instead of conductor counts. **Figure 2** shows combined revenue and ridership figures. Passenger fare revenue provides roughly half of Metrolink operating expenses with the remainder covered by member agency subsidies. Total fare revenue for the three lines serving Orange County (including Rail 2 Rail) decreased from $35.7 million in FY 2017-18 to $27.3 million in FY 2019-20, due to impacts related to COVID-19.

Combined annual ridership for the three lines serving Orange County (including Rail 2 Rail) decreased from 5.1 million in FY 2017-18 to 3.9 million in FY 2019-20. **Figure 3** shows ridership by line. The OC Line continues to carry the most passengers of the three lines serving Orange County.

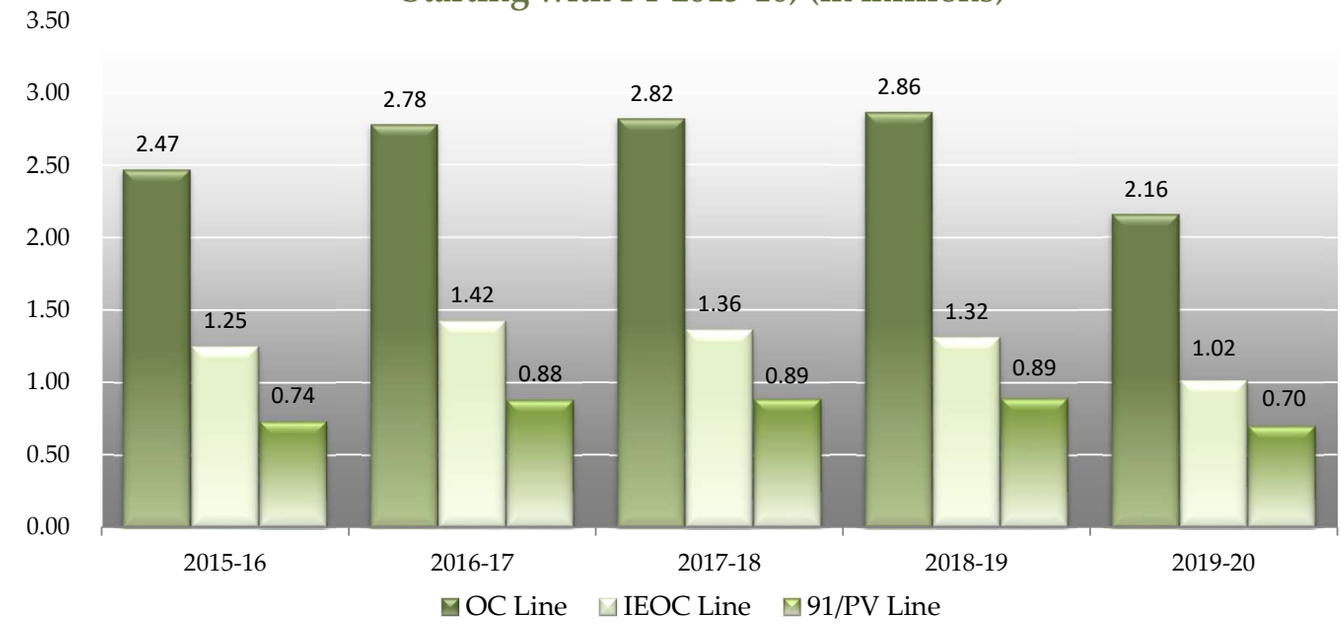
Capital

Federal funding is the primary source of funding for rail capital expenditures. Federal funds in combination with available M2 and external funding sources will be necessary to fund track and station rehabilitation, replacement of rail cars and locomotives, design and construction of new rail station improvements, as well as projects to improve track and siding. It is antic-

Metrolink began serving Orange County in 1994.

Figure 2 - Combined Annual Ridership and Fare Revenue for Orange County Lines (in millions)

Figure 3 - Annual Ridership by Line (Tracked Through Ticket Sales Starting with FY 2015-16) (in millions)



ipated that after completion of currently planned capital expenditures there will be limited funding available for future capital expenditures. As a result, OCTA will likely have to rely on external funding sources to fund capital expenditures outside of the planned capital programs.

Transit Extensions to Metrolink

M2 establishes a competitive program to enable local jurisdictions to enhance regional transit capabilities by creation of new connections to Orange County Metrolink stations referred to as Project S. Current revenue forecasts suggest that approximately $979 million of M2 funds will be available over the life of the program to fund improved connections to Orange County Metrolink stations.

Fixed-Guideways

OCTA, in cooperation with the cities of Santa Ana and Garden Grove, is implementing a modern streetcar running between the Santa Ana Regional Transportation Center in the City of Santa Ana and the intersection of Harbor Boulevard and Westminster Avenue in the City of Garden Grove. The 4.15-mile route OC Streetcar project will improve transit connectivity and accessibility, increase transit options, relieve congestion, and provide benefits to the community, and traveling public. The OC Streetcar project is being implemented as part of Measure M2 Project S.

In May 2014, the Board directed staff to develop a financial plan to fund capital, operations, and maintenance of the OC Streetcar Project that maximizes the use of state and federal funding sources by leveraging M2 revenues. Financial and implementation plans were approved by the Board in August 2014. In cooperation with the cities in early 2015, OCTA officially became the lead agency for project development, engineering, construction, operations, and maintenance. OCTA entered into a contract for OC Streetcar design services in February 2016. In January 2017, the Federal Transit Administration (FTA) approved the OC Streetcar Project into the engineering phase of the New Starts process. In March 2018, the Board selected Siemens Industries Inc. as the firm to manufacture and deliver the streetcar vehicles needed to support the service.

OC Streetcar is underway to increase transit options for the community.

Beautiful coastline views are standard on Metrolink Rail Service.

Based upon delays in the Full Funding Grant Agreement (FFGA) execution, extension of the construction project schedule, and market conditions, a revised project funding plan was approved by the Board in July 2018. In September 2018, the Board awarded the project construction contract to Walsh Construction Company II, LLC. In November 2018, the FTA executed the FFGA, securing $149 million in federal New Starts discretionary funding. In February 2019, the FFGA was awarded through the FTA Transit Award Management System, which was the final step necessary to begin the drawdown of federal funding. In May 2020, the OCTA Board approved the award of the operations and maintenance contract to Herzog Transit Services.

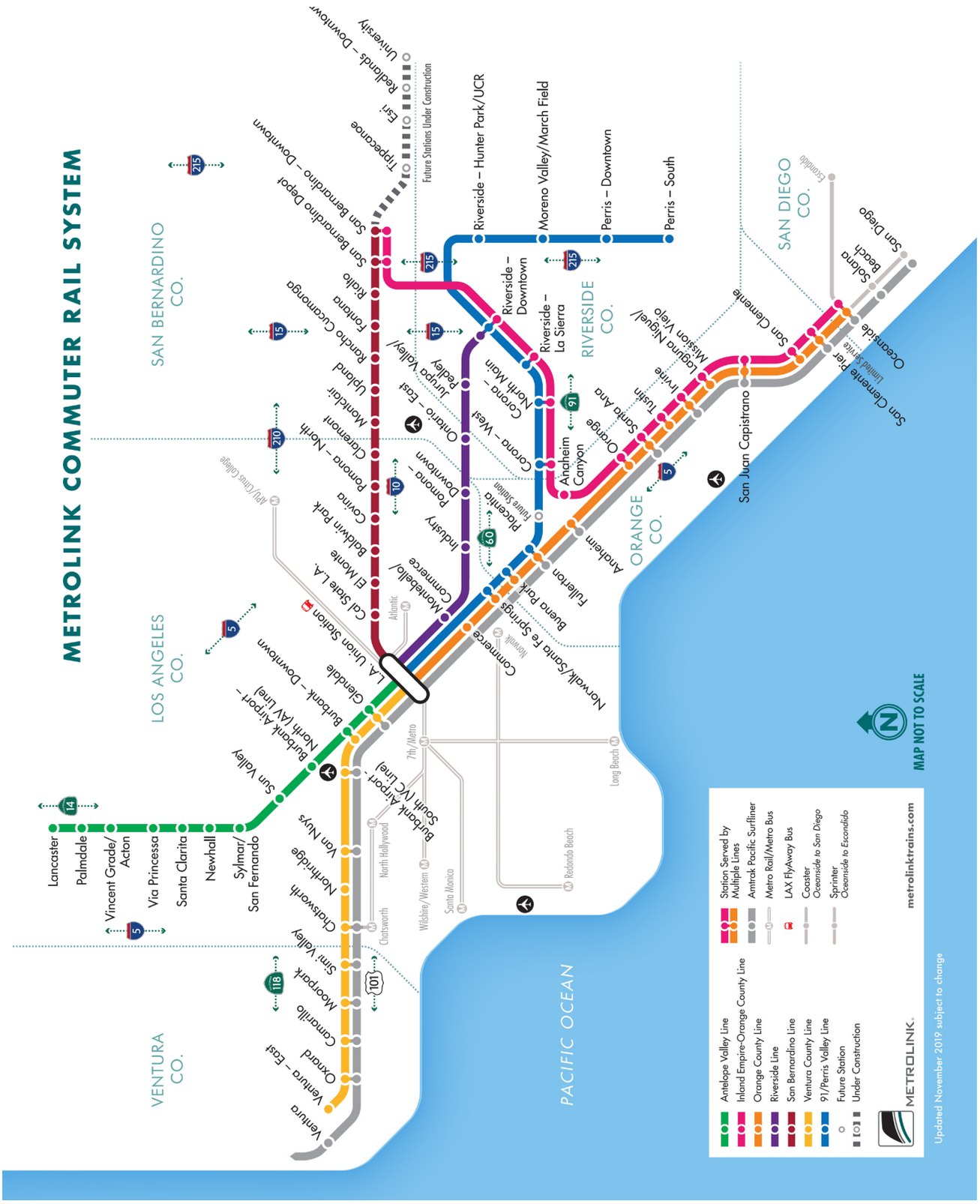
Through December 2020, $53 million has been drawn down on the FFGA. Other federal funds including Congestion Management and Air Quality Improvement Program (CMAQ), and FTA Section 5307 urbanized area formula program, will provide approximately $68 million. The State has approved approximately $25 million in Cap and Trade funds to support the project. M2 is providing just over $165 million. The project cost, as included in the FFGA, is at $423.44 million, including $53.64 million in contingency. As of January 2021, approximately $34.5 million in contingency has been expended or committed.

Bus and Station Vans

In December 2011, the Board approved the Project S bus and station van extension guidelines. In February 2012, OCTA issued a M2 Project S call for bus and Metrolink station van extension projects making $10 million available. Two local agencies, Anaheim and Lake Forest, submitted proposals which met Project S guidelines and were approved by the Board. A total of $733,000 was awarded with each local agency required to meet a ten percent local match requirement. All station van projects funded with Project S are now cancelled or completed.

Cash Flow Statement - Rail

(millions)		2020-21	2021-22	2022-23	2023-24	2024-25	2029-30	2034-35	2039-40
Beginning balance	$	198.0	199.8	214.4	221.5	206.9	158.0	100.7	42.7
Cash flows from operating activities:									
Sources of funds:									
Measure M2 sales tax (Project R)		29.0	29.8	30.9	31.9	32.7	38.5	45.8	53.6
Federal operating revenue		8.5	8.5	8.5	8.5	8.5	7.5	7.3	7.3
Miscellaneous revenue		15.9	5.0	3.0	2.9	3.0	1.2	1.3	1.4
Federal Supplemental Funding		17.5	39.3	22.4	0.0	0.0	0.0	0.0	0.0
Total sources of funds	$	71.0	82.6	64.9	43.4	44.1	47.2	54.4	62.4
Cash flows from operating activities:									
Uses of funds:									
Subsidy to SCRRA		46.3	39.3	33.8	35.0	28.3	31.1	34.0	37.2
Management fee expense		2.8	2.9	3.1	3.2	3.4	4.2	4.5	5.5
Professional services		7.3	6.9	6.7	6.8	6.9	7.6	8.3	9.1
Repayment of Proposition 116 Funds		3.1	3.2	3.3	3.4	3.5	4.1	4.7	5.5
Other operating expenses		2.3	2.3	2.9	2.8	2.8	3.2	3.8	4.3
Total uses of funds	$	61.7	54.6	49.9	51.3	45.0	50.1	55.3	61.7
Net cash provided by operations	$	9.3	28.0	15.0	(7.9)	(0.8)	(2.9)	(0.9)	0.7
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		47.4	22.8	15.9	3.3	3.1	2.7	21.4	110.1
Acquisition/construction of capital assets		(55.3)	(36.6)	(24.8)	(11.5)	(11.5)	(11.9)	(31.5)	(121.1)
Principal & interest paid on TECP/bonds		(1.0)	(1.0)	(1.0)	(1.0)	(1.4)	(2.0)	(2.0)	(2.0)
Net cash used by capital and related financing activities	$	(9.0)	(14.8)	(9.9)	(9.3)	(9.8)	(11.2)	(12.0)	(13.0)
Cash flows from investing activities:									
Interest on investments		1.4	1.4	2.1	2.5	2.7	2.7	1.6	0.6
Net cash provided by investing activities	$	1.4	1.4	2.1	2.5	2.7	2.7	1.6	0.6
Net increase/decrease in cash	$	1.7	14.6	7.2	(14.6)	(7.9)	(11.5)	(11.3)	(11.7)
Available cash	$	199.8	214.4	221.5	206.9	199.0	146.6	89.4	31.0


METROLINK COMMUTER RAIL SYSTEM
SAN BERNARDINO CO.
LOS ANGELES CO.
VENTURA CO.
RIVERSIDE CO.
ORANGE CO.
SAN DIEGO CO.
PACIFIC OCEAN
Lancaster
Palmdale
Vincent Grade/ Acton
Via Princessa
Santa Clarita
Newhall
Sylmar/ San Fernando
Sun Valley
Burbank Airport - North (AV Line)
Glendale - Downtown
L.A. Union Station
Cal State L.A.
El Monte
Baldwin Park
Covina
Pomona - North
Claremont
Montclair
Upland
Rancho Cucamonga
Fontana
Rialto
San Bernardino Depot
Tippecanoe
Esri
Redlands - Downtown - University
Future Stations Under Construction
Riverside - Hunter Park/UCR
Moreno Valley/March Field
Perris - Downtown
Perris - South
Riverside - Downtown
Riverside - La Sierra
Corona - North Main
Corona - West
Ontario - East
Jurupa Valley/ Pedley
Pomona - Downtown
Industry
Montebello/ Commerce
Commerce
Norwalk/Santa Fe Springs
Buena Park
Fullerton
Anaheim
Placentia
Future Station
Anaheim Canyon
Orange
Santa Ana
Tustin
Irvine
Laguna Niguel/ Mission Viejo
San Clemente
San Juan Capistrano
San Clemente Pier
Limited Service
Oceanside
Solana Beach
San Diego
Escondido
Van Nuys
Northridge
Chatsworth
Simi Valley
Moorpark
Camarillo
Oxnard
Ventura - East
Ventura
Burbank Airport - South (VC Line)
Glendale
Atlantic
Norwalk
7th/Metro
Long Beach
Redondo Beach
Santa Monica
Wilshire/Western
North Hollywood
Chatsworth
APU/Citrus College
MAP NOT TO SCALE
Station Served by Multiple Lines
Amtrak Pacific Surfliner
Metro Rail/Metro Bus
LAX FlyAway Bus
Coaster Oceanside to San Diego
Sprinter Oceanside to Escondido
Antelope Valley Line
Inland Empire-Orange County Line
Orange County Line
Riverside Line
San Bernardino Line
Ventura County Line
91/Perris Valley Line
Future Station
Under Construction
METROLINK
metrolinktrains.com
Updated November 2019 subject to change

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Measure M2

Fiscal Year 2020-21

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Background

On November 7, 2006, nearly 70 percent of Orange County voters renewed the Measure M (M2) one-half cent sales tax for transportation improvements. The half-cent sales tax is collected by the California Department of Tax and Fee Administration, and then distributed to the Orange County Transportation Authority (OCTA). Using three local University Economics Departments and one professional forecasting agency, OCTA annually updates the forecast for the life of M2. The forecast is currently estimated to provide $11.6 billion to improve transportation in Orange County over a 30-year period through March 2041. On September 25, 2017, the OCTA Board of Directors (Board) approved externally rebranding M2 to OC Go to promote awareness and to fit in the OCTA family of logos. The M2 Transportation Investment Plan is designed to improve freeways, maintain streets and roads, synchronize traffic signals countywide, improve travel connections with new and existing transit programs, protect the environment from debris and runoff that pollute Orange County beaches, and preserve natural habitats and native species through the purchase of open space land. The plan calls for the $11.6 billion to be allocated as summarized in **Figure 1**.

Figure 1 - M2 Net Investment Allocation by Mode

Early Delivery Plans

Since M2 approval, the Board has continued to advance implementation of M2 through the adoption of a series of early delivery plans. These early delivery plans are designed to ensure the delivery of all M2 projects and programs through fiscal year (FY) 2040-41 as promised to the voters, bring transportation improvements earlier to residents and commuters of Orange County, and as appropriate, address slower growth in sales tax revenue through strategic financing and successfully capturing and augmenting the program with available external and local revenue. Early delivery plans to date include:

- Early Action Plan (EAP) – the five-year plan was adopted in 2007 (completed in 2012) to jumpstart the M2 Program prior to M2 sales tax collection in April 2011. The EAP developed guiding principles that set the direction for staff on establishing priorities for project acceleration,

- M2020 Plan - adopted in 2012 and intended to go through 2020. In 2016, this was replaced by the Next 10 Delivery Plan. The plan was designed to address the impact of lower sales tax revenue projections resulting from the impact of the 2008 Great Recession by bringing in external state and federal revenues; and most recently,

- Next 10 Delivery Plan (Next 10 Plan) - adopted in 2016 spans from FY 2016-17 through FY 2025-26. The Next 10 Plan is reviewed annually and addresses a further reduction in the sales tax revenue forecast by bringing in additional local revenues through the allocation of net excess 91 Express Lanes revenue. With four years of the Next 10 Delivery Plan completed to date, in December 2020, the Board approved a shift in the timeframe to FY 2020-21 through FY 2029-30 to allow for more strategic, forward-thinking planning.

NEXT 10 OC GO DELIVERY PLAN

Next 10 Delivery Plan

The Next 10 Plan was approved by the Board in November 2016 and was reviewed and updated in April 2021. The 2020 updated Next 10 Plan, with the adjusted timeframe, provides a blueprint for continued advancement of M2 projects and programs for a ten-year period from FY 2020-21 through FY 2029-30. In addition, it incorporates current cash flows, schedule, and project information. To initially address lower forecasted sales tax revenues, the 2020 updated Next 10 Plan continues to include local revenues through the allocation of net excess 91 Express Lanes revenue, in an amount not to exceed the project costs for eligible projects. The two eligible projects are on State Route 91 (SR-91): Project I, between State Route 55 (SR-55) and State Route 57 (SR-57), and Project J, between SR-55 and the Riverside County line. In October 2020, the 2020 M2 sales tax revenue forecast of $11.6 billion was presented to the Board, representing the lowest projection since M2 inception. While a reduction in revenues affects the M2 Program as a whole, in most areas within the M2 Plan, programs can be scaled based on available revenue.

In February 2021, the cash flow for the 2020 Next 10 Plan was reviewed and the revised $11.6 billion sales tax revenue forecast was incorporated along with updated external state and federal programmed funds. The revenue assumptions include a confirmed $108.9 million contribution from the Transportation Infrastructure Finance and Innovation Act Program, the Board authorized allocation of a portion of net excess 91 Express Lanes revenue currently estimated at an amount up to $748.7 million, and a $575 million future bond debt issuance. The 2020 review confirmed, with updated revenue assumptions incorporated into the Next 10 Plan, the entire M2 Plan remains deliverable.

The par amount of bonds issued under the M2 Program totals approximately $729 million, with an outstanding balance of approximately $627 million (as of December 31, 2020). During the remainder of the M2 Program, through 2041, there is one additional bond issuance forecasted in FY 2022-23. To help mitigate the impact of the lower sales tax revenue forecast, the size of the additional bond issuance was increased by approximately $275 million (as compared to the 2019 Next 10 Plan), bringing the total amount to $575 million (the larger issuance is one of five factors presented under the 2020 Next 10 Plan update to overcome financial hurdles and continue project delivery progress).

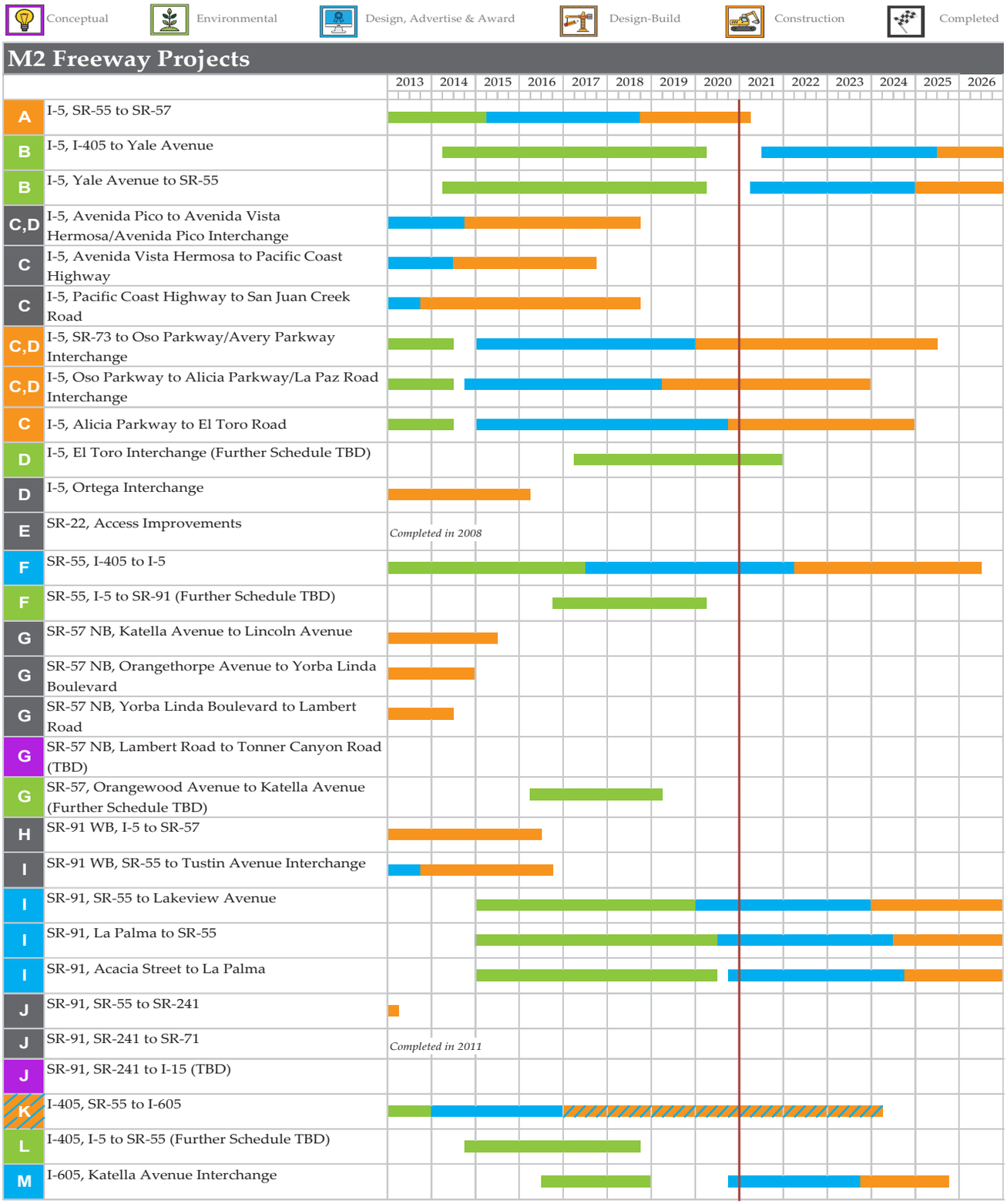
Figure 2: Allocation of M2 Freeway amounts

Program	$ millions	%
A - I-5, SR-55 to SR-57	437	9.2%
B - I-5, I-405 to SR-55	279	5.9%
C - I-5, Avenida Pico to San Juan Creek Road	583	12.2%
D - I-5 Santa Ana/San Diego Fwy Interchanges	240	5.0%
E - SR-22, Garden Grove Fwy Access Improvements	112	2.3%
F - SR-55, I-405 to SR-91	340	7.1%
G - SR-57 Orange Fwy Northbound	240	5.0%
H - SR-91, I-5 to SR-57	130	2.7%
I - SR-91, SR-55 to Tustin Avenue Interchange	387	8.1%
J - SR-91, SR-55 to SR-71	327	6.9%
K - I-405, SR-73 to I-605	997	20.9%
L - I-405, I-5 to SR-55	297	6.2%
M - I-605, Katella Interchange	19	0.4%
N - Freeway Service Patrol (FSP)	139	2.9%
FM - Freeway Mitigation	238	5.0%
Total	4,765	100%

Freeway Program

The M2 Transportation Investment Plan allocates 43 percent of M2 net revenue to freeway improvements, which represents approximately $4.8 billion over the life of M2 and broken down by freeway segment in **Figure 2**. Major traffic chokepoints on almost every Orange County freeway are planned to be improved. When originally passed, 13 freeway projects were highlighted in the M2 Transportation Investment Plan. Since then, these projects have been segmented into 30 projects. Because of early delivery plans, significant progress has already been made including the completion of 12 projects with new lanes, new interchanges, and new bridges on SR-91, Interstate 5 (I-5), SR-57, and State Route 22. Five projects are currently in construction: one on the I-405 (discussed below) and four on the I-5 (one in central and three in south Orange County). Additionally, five projects are in or starting final design. The remaining projects are currently moving forward in various stages of project development. The anticipated schedule for M2 freeway projects is shown in **Figure 3**.

Figure 3 - Freeway Program Project Schedule



Project schedules are based on phase start dates. Shown schedules are subject to change.
Project K is a Design-Build project, with some overlap in activities during phases. Phase work can be concurrent.

Figure 4 -Freeways

Next 10 Plan Updated Initiatives	
1	Deliver construction of 14 freeway project segments; six along Interstate 5 (I-5), one along Interstate 405 (I-405), two along State Route 55 (SR-55), one along State Route 57 (SR-57), three along State Route 91 (SR-91), and one along Interstate 605 (I-605) (Projects A, B, C, C/D, F, G, I, K, and M).
2	Prepare the remaining four project segments for delivery. This includes one on I-405, SR-91 and SR-57; and one interchange project at I-5/El Toro Road (Projects D, G, J and L).

One of the centerpieces of the 2020 Next 10 Delivery Plan is the improvement to the I-405 Freeway. Project improvements include adding a general purpose lane in each direction of the I-405 Freeway, from Euclid Avenue to the I-605 Interchange (Project K), and adding an additional lane in each direction that would combine with the existing HOV lane to provide dual tolled express lanes in each direction on the I-405, from SR-73 to I-605. On April 27, 2015, the OCTA Board voted to take the lead on implementing both the general-purpose lanes promised in M2 and the express lanes, which will be financed separately and paid from toll revenues.

To adhere to the promises of M2, the 2020 Next 10 Delivery Plan includes several delivery goals for the freeway program from FY 2020-21 through FY 2029-30 in **Figure 4**.

M2 allocates at least five percent of freeway program net revenues for an Environmental Mitigation Program (EMP) designed to address biological impacts from the M2 freeway projects. This is achieved through a comprehensive mitigation effort that ensures early and higher-value environmental benefits such as habitat protection, connectivity, and resource preservation. In 2017, OCTA received streamlined biological resource permits in exchange for the development of the Natural Community Conservation Plan/Habitat Conservation Plan and Environmental Impact Report/Environmental Impact Statement. Receipt of these permits represent the culmination of years of collaboration and support by the Board, environmental community, and regulatory agencies. As a result, the environmental process will be streamlined, allowing OCTA to move forward with the M2 freeway improvement projects with mitigation requirements already in place. This program was slated for early delivery by the Board and following voter approval of M2, in summer 2007, the Board authorized a total of approximately $55 million: $42 million for property acquisitions, $10.5 million for habitat restoration activities, and $2.5 million for conservation plan development and program support. To date, OCTA has acquired seven properties in Brea, Laguna Beach, Silverado Canyon, and Trabuco Canyon (Preserves) totaling approximately 1,300 acres and funded 12 habitat restoration projects to restore approximately 350 acres of open space lands throughout Orange County. The restoration project plans have been approved by the wildlife agencies and are currently at various stages of implementation.

OCTA currently holds the title and interim land management responsibility of the Preserves. Over time, the

Figure 5 - Environmental Mitigation

Next 10 Plan Updated Initiatives	
1	Oversee and manage the Preserves while the endowment is being established, and determine long-term land manager(s) and endowment holder(s).
2	Focus environmental mitigation program resources funding as a first priority toward the establishment of the endowment for the Preserves.
3	Review and update the resource management plans on the Preserves as appropriate (projects A-M). This includes the development of fire management plans for each of the Preserves.
4	Complete approximately 350 acres of restoration projects funded through M2 to fulfill the Conservation Plan commitments. This includes working with the restoration project sponsors to remediate damages caused by the 2020 Silverado and Bond fires.

long-term management of the Preserves will be transitioned to an entity whose core function is to manage conservation lands. As part of the Conservation Plan process, in 2014, the Board approved a non-wasting endowment target of $34.5 million for long-term management of the conservation properties. In September 2016, the Board approved the selection of California Community Foundation to serve as endowment fund manager for the M2 EMP. To date, five payments totaling $14.4 million have been deposited into the endowment. It is estimated that it may take seven more years to fully fund the endowment. The 2020 Next 10 Delivery Plan includes several deliverable goals for the EMP through FY 2029-30 in **Figure 5**.

Streets and Roads Projects

Orange County has more than 6,500 lane miles of aging streets and roads, many in need of repair and rehabilitation. M2 will allocate 32 percent of net revenues, estimated at $3.5 billion, to streets and roads. Approximately $1.1 billion is planned to be allocated to the Regional Capacity Program (RCP), $443 million is planned to be allocated to the Regional Traffic Signal Synchronization Program (RTSSP) and $2 billion is planned to be allocated to the Local Fair Share Program

M2 funds help repair and rehabilitate the streets of Orange County.

Figure 6 - Allocation of M2 Streets & Roads Funds

Program	$ millions	%
Regional Capacity Program	1,108	31.3%
Signal Synchronization Program	443	12.5%
Local Fair Share Program	1,995	56.3%
Total	3,546	100%

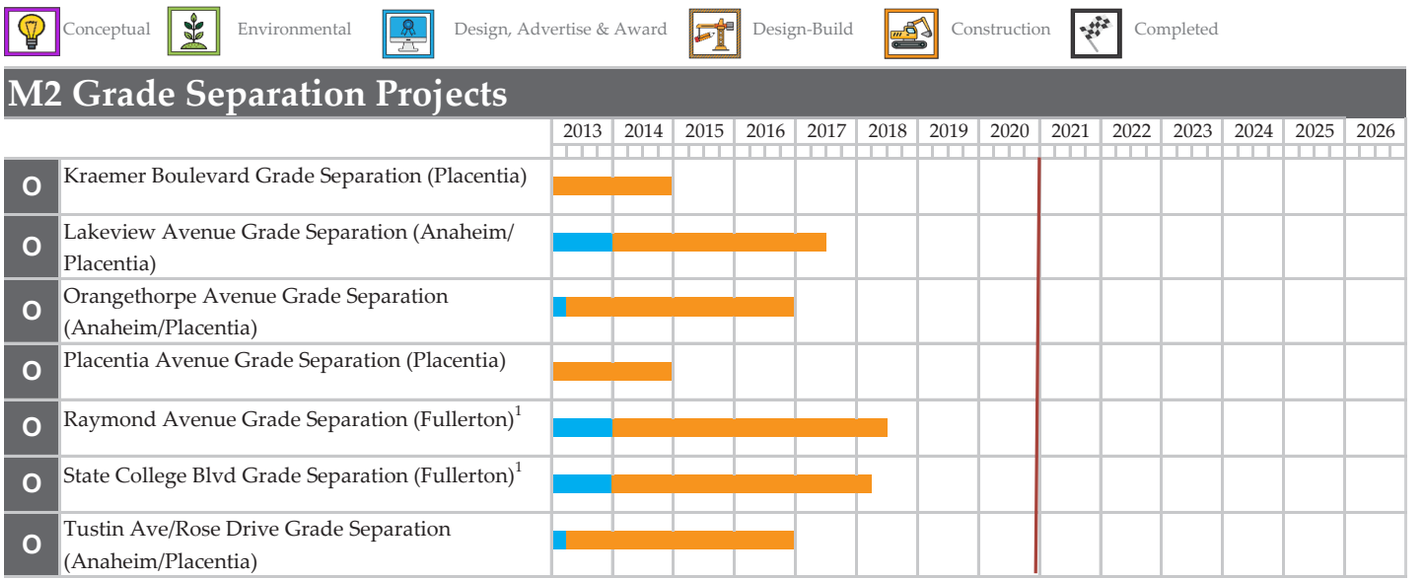
as shown in **Figure 6**. These funds will help fix potholes, improve intersections, synchronize traffic signals county-wide, and make the existing network of streets and roads safer and more efficient. To date, OCTA has awarded local agencies approximately $427 million in RCP and RTSSP funds and has paid out over $200 million of the awarded funding for local streets and roads improvements.

The RCP (Project O), in combination with local matching funds, provides a funding source to complete the Orange County Master Plan of Arterial Highways. The program also provides for intersection improvements and other projects to improve street operations and reduce congestion. The program allocates funds through a competitive process and targets projects that help traffic the most by considering factors such as degree of congestion relief, cost effectiveness, and project readiness. In May 2020, the Board approved programming recommendations for the tenth call for projects in the amount of $23.4 million, totaling approximately $319.6 million in aggregate for RCP projects.

In addition to RCP, Project O also includes the OC Bridges program, which comprises of seven railroad grade separation projects in the cities of Anaheim, Fullerton, and Placentia. In July 2020, the Board approved a revised funding plan of $667.7 million for the OC Bridges program. Along with M2 funds, the program successfully leveraged most of the funds ($518.3 million) from state, federal, and local sources. Construction on all seven of these projects is complete with closeout activities being finalized. The schedule for the M2 grade separation projects is shown in **Figure 7**.

The RTSSP (Project P) targets over 2,000 signalized intersections across Orange County for coordinated operation. The goal is to improve the flow of traffic by devel-

Figure 7 - OC Bridges Project Schedule



[1] Projects managed by local agencies.

Project schedules are based on phase start dates. Shown schedules are subject to change.

Figure 8 - Streets & Roads

Next 10 Plan Updated Initiatives

1 Provide annual calls for competitive funding to local jurisdictions to expand roadway capacity and synchronize signals (Project O and P).

2 Provide flexible funding to local jurisdictions to help maintain aging streets or for use on other transportation needs as appropriate (Project Q).

oping and implementing regional signal coordination programs that cross jurisdictional boundaries. In May 2020, the Board approved programming recommendations for the tenth call for projects in the amount of $12.1 million, totaling approximately $107.4 million in aggregate for RTSSP projects. As of December 2020, OCTA and local agencies have met and exceeded the target of 2,000 synchronized intersections along 746 miles of streets. From 2021-2030, the entire network of signals is anticipated to be retimed or optimized at least twice which equates to more than 4,000 intersections retimed over the ten-year period.

The Local Fair Share Program (Project Q) receives 18 percent of net revenues and assists cities and the County of Orange in keeping up with the rising cost of repairing the aging street system. Local agencies can use these funds for local transportation needs, including residential street projects, traffic and pedestrian safety near schools, and signal priority for emergency vehicles. Since the program is designed to augment, rather than replace existing transportation expenditures, cities are required to meet a set of guidelines on an annual basis to receive the funds. Once a local agency has met the guidelines, the funds are distributed on a formula basis which accounts for population, street mileage, and amount of sales tax collected in each jurisdiction. Since inception, approximately $475 million of Local Fair Share funds has been distributed to local agencies. It is estimated that approximately $53 million will be distributed in FY 2020-21. The 2020 Next 10 Delivery Plan for streets and roads recommends three major ini-

Figure 9 - Allocation of M2 Transit Funds

Program	$ millions	%
High Frequency Metrolink Service	1,105	39.9%
Transit Extensions to Metrolink	979	35.3%
Metrolink Gateways	57	2.0%
Fare Stabilization	163	5.9%
Senior Mobility Program	111	4.0%
Senior Non-Emergency Medical Transportation	111	4.0%
Community Based Transit/Circulators	222	8.0%
Safe Transit Stops	24	0.9%
Total	2,772	100%

tiatives through FY 2029-30 in **Figure 8**.

Transit Projects

Of the net revenues raised by M2, 25 percent, estimated at $2.8 billion, is allocated to expand and improve Orange County's rail and bus service. Approximately $2.1 billion of the transit funds are planned to be allocated to High Frequency Metrolink Service, Transit Extensions to Metrolink, and Metrolink Gateways. Additionally, over $628 million is planned to be used to expand choices for seniors & persons with disabilities, Community Based Transit/Circulators, and Safe Transit Stops as shown in **Figure 9**.

The High Frequency Metrolink Service Program (Project R) provides funding for increased rail service within Orange County, including additional service implemented in FY 2014-15. This program provides for track improvements, upgraded stations, additional parking, safety improvements, and other related items to accommodate expanded service. Metrolink service has been greatly impacted by the statewide stay-at-home orders that resulted from the COVID-19 pandemic. Depending on Metrolink ridership recovery projections and future service level assumptions, maintaining pre-COVID-19 service or expansion of service may no longer be feasible. Metrolink service relies on an operating subsidy, of which M2 funds are planned to be the primary source throughout the life of M2. OCTA will continue to actively engage with Metrolink and other member agencies to monitor ridership levels and its financial impacts to M2. Please see the Rail section for more details on this program. The anticipated schedule for M2 Transit projects is shown in **Figure 10**.

Figure 10 - Transit Program Project Schedule

[1] Projects managed by local agencies.

Project schedules are based on phase start dates. Shown schedules are subject to change.

Measure M2 funded street and road improvements keep Orange County roads and streets safer and more efficient.

The Transit Extensions to Metrolink Program (Project S) establishes a competitive program for local jurisdictions to broaden the reach of the rail system to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. These connections include a variety of transit technologies such as conventional bus, bus rapid transit, streetcar, or other high capacity rail transit systems if they can be fully integrated and provide seamless transition for the users. Please see the Rail section for more details on the transit extensions to Metrolink Program.

The Metrolink Gateways Program (Project T) provides funds for local improvements necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route. Through a call for projects in FY 2008-09, the City of Anaheim was awarded funding to convert/relocate the Anaheim Metrolink/Amtrak station to a new location that would allow for a multimodal facility to be built that accommodates the State's planned high-speed rail system. The Anaheim Regional Transportation Intermodal Center (ARTIC) opened on December 6, 2014. The construction of ARTIC satisfied the objective of Project T, and the Board authorized the remaining balance to be programmed to Projects R and U.

The Expand Mobility Choices for Seniors and Persons with Disabilities Program (Project U) provides funds to support mobility choices for seniors and persons with disabilities. This funding supports the senior and disabled Fare Stabilization Program, the Senior Mobility Program (SMP), and the County of Orange Senior Non-Emergency Medical Transportation Program (SNEMT). Combined to make up Project U, these programs provide services to meet the growing transportation needs of seniors and persons with disabilities.

The Fare Stabilization Program ensures that fares are discounted for seniors and persons with disabilities. With the revised allocation of net revenues for the Fare Stabilization Program due to the closeout of Project T,

the Fare Stabilization Program is expected to receive approximately $165 million in net sales tax revenue over the life of M2.

The SMP was established in 2001 and for the first ten years was supported with Transportation Development Act funds. Currently, 32 cities participate in the program offering a variety of local senior transportation resources for medical, nutrition, shopping, and social trips. Cities are required to contribute a 20 percent match for the cost of SMP service. It is anticipated that approximately $110 million of M2 funding will be available for this program over the life of M2.

The SNEMT Program was established by the County of Orange in 2002. The SNEMT fills a gap in senior transportation services for those seniors who do not qualify for ACCESS or whose advanced age or profound condition make it difficult to use ACCESS service. M2 funding for this program supplements existing County funding to expand the capacity of the program and increase the number of available SNEMT trips. It is anticipated that approximately $110 million of M2 funding will be available for this program over the life of M2.

The Community Based Transit/Circulators Program (Project V) is a competitive program for local jurisdictions to develop bus transit services such as community-based circulators, shuttles, and bus trolleys that complement regional bus and rail services, as well as meet needs in areas not adequately served by regional transit. Projects are required to meet performance criteria, be financially viable, be competitively bid, and cannot duplicate or compete with existing transit services (except for regional transit services). To date, the Board has approved four rounds of funding, totaling approximately $52 million for 35 projects and ten planning grants, located in cities throughout the county.

The Safe Transit Stops Program (Project W) provides for passenger amenities at 100 of the busiest transit stops across the county. The stops will be designed to ease transfers between bus lines and provide passenger amenities such as improved shelters and lighting. The Board approved the framework for the Safe Transit Stops Program in March 2014. OCTA staff worked with local agencies to develop a needs assessment and applications to request funding for Safe Transit Stops. The needs assessment considered factors such as ridership demand, current age and condition of the transit stops, and other factors identified by the local agencies. To date, the Board has approved over $3 million to support improvements at 114 locations. The 2020 Next 10 Plan for transit recommends seven major initiatives through FY 2029-30 as shown in **Figure 11**.

Figure 11 - Transit

Next 10 Plan Updated Initiatives	
1	Complete two rail station improvements (Project R).
2	Sustain Metrolink service as an attractive alternative to driving in Orange County.
3	Complete construction and begin operating the OC Streetcar.
4	Incorporate recommendations from planning studies to guide development of future transit connections.
5	Support expanded mobility choices for seniors and persons with disabilities.
6	Work with local jurisdictions to maintain successful community circulator projects and potentially provide grant opportunities for expanded or new local transit services.
7	Continue to improve the top 100 busiest transit stops in Orange County.

Environmental Cleanup Projects

The M2 Program allocates two percent of gross sales tax revenue, which represents approximately $225 million, to the Environmental Cleanup Program (ECP) designed to supplement, not supplant, existing transportation-related water quality programs. Development of ECP Program guidelines have been approved by the Board. The M2 Environmental Cleanup Allocation Committee makes recommendations to the Board on the allocation of funds for water quality improvements.

In May 2010, the Board approved a two-tiered approach to fund the ECP. The Tier 1 Grant Program is designed to mitigate the more visible forms of pollutants, such

as litter and debris, which collect on roadways and in catch basins prior to being deposited in waterways and the ocean. It consists of grant funding for Orange County local governments to purchase equipment and upgrades for existing catch basins and other related best management practices. Examples include screens, filters, and inserts for catch basins, as well as other devices designed to remove the above-mentioned pollutants. Since August 2011, the Board has approved funding of $27.3 million for 189 Tier 1 projects.

The Tier 2 Grant Program consists of funding for regional, potentially multi-jurisdictional, capital-intensive projects. Examples may include, but are not limited to, constructed wetlands, detention/infiltration basins, and bioswales. These types of water quality projects mitigate pollutants such as heavy metals, organic chemicals, sediment, nutrients, and pathogenic material related to roadway runoff. Since 2011, 22 Tier 2 projects have been awarded totaling approximately $28 million.

The 2020 Next 10 Delivery Plan for the Environmental Cleanup Plan recommends two major initiatives through FY 2029-30 as shown in **Figure 12**.

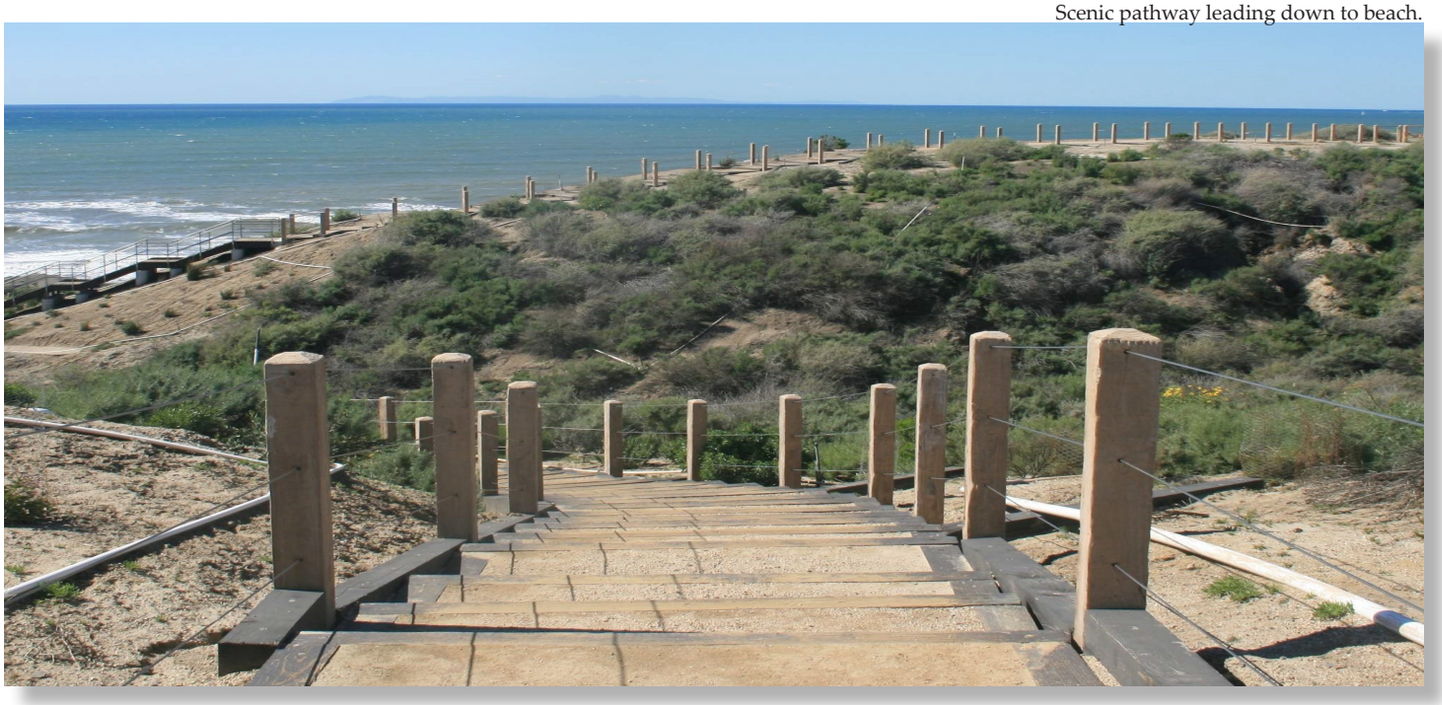
Taxpayer Safeguards and Audits

Through FY 2040-41, one percent of M2 gross revenue, approximately $115 million, is allocated for salaries and benefits related to program oversight. Additionally, $330 million is set aside for audits, safeguards, taxpayer protection, and non-project related expenditures. Lastly, as mandated by state law, approximately 1.2 percent, or $124 million, of the gross sales tax revenue generated by M2 must be paid to the California Department of Tax and Fee Administration for collecting and distributing the countywide one-half percent sales tax revenue that funds the M2 Program.

Figure 12 - Environmental Cleanup

Next 10 Plan Updated Initiatives	
1	Protect Orange County beaches from entering waterways and inlets that ultimately lead to the ocean.
2	Work with the Environmental Cleanup Allocation Committee to develop the next tiers of water quality funding programs to prevent the flow of trash, pollutants, and debris into waterways from transportation facilities. In addition, focus on improving water quality on a regional scale that encourages partnerships among the local agencies as part of the Environmental Cleanup Program (Project X).

Scenic pathway leading down to beach.



Cash Flow Statement - Measure M2

(millions)		2020-21	2021-22	2022-23	2023-24	2024-25	2029-30	2034-35	2039-40
Beginning balance	**$**	**1,110.7**	**780.6**	**522.7**	**642.6**	**439.4**	**227.5**	**304.9**	**216.3**
Sources of funds:									
Sales tax revenue		304.9	315.9	327.2	338.7	346.8	409.6	481.0	558.7
Bond proceeds		-	-	573.0	-	-	-	-	-
Interest		7.5	5.2	5.3	5.2	4.9	5.2	11.5	18.0
Other revenues (private, local, state, & fed. funding)		240.9	307.0	204.4	159.8	191.9	0.0	75.6	-
Total sources of funds	**$**	**553.3**	**628.0**	**1,110.0**	**503.8**	**543.6**	**414.8**	**568.1**	**576.8**
Debt service									
Gross debt service on TECP/bonds		42.6	42.6	85.3	85.3	88.2	92.1	92.0	91.9
Total debt service payments		**42.6**	**42.6**	**85.3**	**85.3**	**88.2**	**92.1**	**92.0**	**91.9**
Program expenditures									
Freeway projects		461.2	540.8	573.6	402.3	263.2	57.2	199.0	159.1
Streets & roads projects		126.1	125.8	127.7	129.6	134.9	116.5	134.6	168.8
Transit projects		230.8	149.2	180.6	68.9	97.4	91.6	111.4	126.2
Environmental cleanup		7.8	12.0	6.8	4.2	11.8	7.7	5.2	5.6
Taxpayer safeguards & audits		6.3	6.5	6.8	7.0	7.2	8.5	9.9	11.5
Non-project related expenditures		8.7	9.1	9.4	9.7	9.9	11.7	13.8	16.0
Total program expenditures		**840.9**	**843.3**	**904.8**	**621.7**	**524.4**	**293.2**	**473.9**	**487.3**
Net cash provided by operations	**$**	**(330.2)**	**(257.9)**	**119.9**	**(203.2)**	**(69.0)**	**29.5**	**2.2**	**(2.5)**
Available cash	**$**	**780.6**	**522.7**	**642.6**	**439.4**	**370.4**	**257.0**	**307.0**	**213.8**

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Express Lanes

Fiscal Year 2020-21

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Background

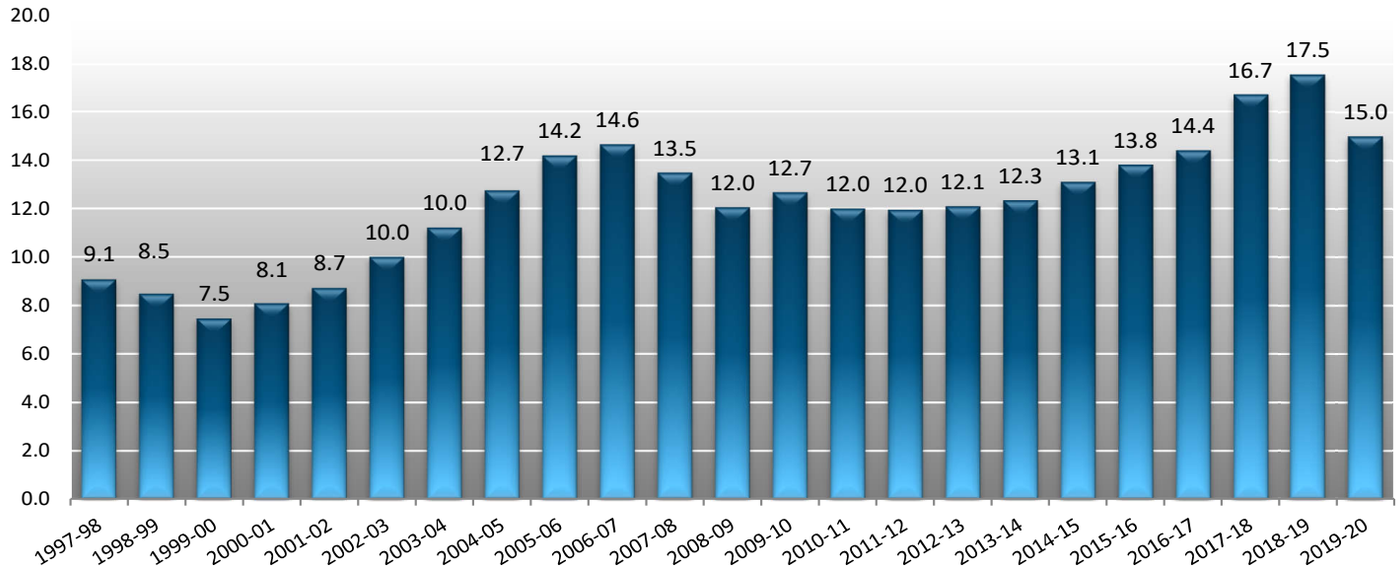
The Orange County segment of the 91 Express Lanes is a four-lane, ten mile toll road extending from the Orange/Riverside County Line west to the State Route 55 (SR-55). The 91 Express Lanes project was authorized as a toll road by the State of California legislature in 1989 and built at a cost of $135 million. The toll road opened on December 27, 1995.

The California Private Transportation Company (CPTC) was the original owner of the 91 Express Lanes. An agreement with the State of California Department of Transportation (Caltrans) included a non-compete provision that created a 1.5-mile protection zone along each side of the State Route 91 (SR-91). This zone prohibited improvements along the corridor for 30 years in order to satisfy bondholder requirements for a secure revenue stream. This created mobility problems as the region and corresponding transportation demands grew. Evidence of that growth was supported by the fact that total traffic volume on the 91 Express Lanes grew from 9.1 million in fiscal year (FY) 1997-98 to 15 million in FY 2019-20. **Figure 1** on the following page shows historical traffic volumes for the Express Lanes.

To mitigate growing concerns over congestion, the Orange County Transportation Authority (OCTA) acquired the 91 Express Lanes franchise rights from CPTC in January 2003. The purchase was enabled by Assembly Bill (AB) 1010 (Correa), which eliminated the non-compete provision, clearing the way for future enhancements that will increase capacity and improve traffic flow. The franchise rights would have been terminated on December 26, 2030.

On September 30, 2008, the governor approved Senate Bill (SB) 1316 (Correa) as an update to the provisions of AB 1010. SB 1316 authorized OCTA to assign its franchise rights, interests, and obligations in the Riverside County portion to the Riverside County Transportation Commission (RCTC), thereby allowing RCTC to add two toll lanes and a regular lane in each direction on the SR-91 from the Orange/Riverside County line to Interstate 15 (I-15). RCTC's project, which opened for traffic in March 2017, extended the 91 Express Lanes by an additional eight miles. In addition, the bill authorized the terms of the franchise to expire no later than December 31, 2065. SB 1316 also required OCTA and RCTC to enter into an agreement providing for the coordination of their respective tolling facilities if RCTC was to construct and operate the toll facilities on the Riverside County portion of the SR-91 franchise.

Figure 1 - Historical Traffic Volumes (in millions)



91 Express Lanes.

In December 2011, the OCTA Board (Board) approved a cooperative agreement that detailed the joint operation and defined each agency's roles and responsibilities for the 91 Express Lanes extension during the design, construction, operations, and maintenance phases of the project. A joint operation of the 91 Express Lanes would create economies of scale, cost benefits through joint contracting, and joint provision of certain services related to the operation and maintenance of the 91 Express Lanes for both OCTA and RCTC. The major provisions of the cooperative agreement with RCTC included the equal distribution of certain non-toll revenues in addition to the equal share of operator costs and other services related to the operation of the 91 Express Lanes.

Beginning in March 2020 residents of Orange County, California were placed under a "stay-at-home" order. State and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel in an effort to slow the spread of COVID-19. These efforts caused the economy to slow and have resulted in decreases in traffic volumes and toll revenues for the 91 Express Lanes. OCTA will continue to evaluate COVID-19 conditions and impacts to the economy as well as monitor traffic volumes, revenues, and operational activities.

Toll Policies

In May 2003, the Board underscored its commitment to mobility by endorsing a policy allowing the 91 Express Lanes users driving zero-emission vehicles, motorcycles, vehicles with disabled plates, disabled veterans' plates, and users with three or more persons per vehicle to ride free. One exception to this free ride policy is for the hours between 4 p.m. to 6 p.m., Monday through Friday, in the eastbound direction, where they pay 50 percent of the posted toll rate. In an effort to keep the 91 Express Lanes uniform between both Orange and Riverside counties, in August 2012, RCTC adopted the same discounted tolling policy.

The Board also approved a "congestion management" toll pricing policy in July 2003. The objective of the policy is to use pricing to optimize the number of vehicles that can safely travel on the toll road at free-flow speeds during all hours, including peak hours. The toll policy uses trigger points defined as a percentage of maximum and minimum optimal capacity, along with constant monitoring of hourly, daily, and directional traffic volumes, to adjust tolls up or down. The toll rates are increased when volumes have grown to the point where the traffic flow could become unpredictable and are decreased in order to stimulate demand and encourage use of the 91 Express Lanes.

Transponders and Accounts

Since the 91 Express Lanes is a fully electronic toll facility, motorists pay tolls through the convenient use of windshield mounted FasTrak® transponders that automatically deduct toll charges from a prepaid account. As of December 2020, there were 150,608 active customer accounts, with 407,031 transponders assigned to those accounts.

As of January 1, 2019, all California tolling agencies will be required to read a new transponder protocol, 6C. California also requires the phase out of the existing Title 21 protocol by January 1, 2024. The 6C protocol is an open, non-proprietary communication standard developed by the International Organization of Standards for passive radio frequency identification transponders and readers. Since it does not require a battery to operate, 6C transponders are available in a variety of forms, such as hard-case for 2-position and 3-position switchables and sticker types. This new protocol will lower the cost of transponders for the 91 Express Lanes. In addition to replacing the readers for the 6C transponder protocol, OCTA began issuing 6C transponders in January of 2020.

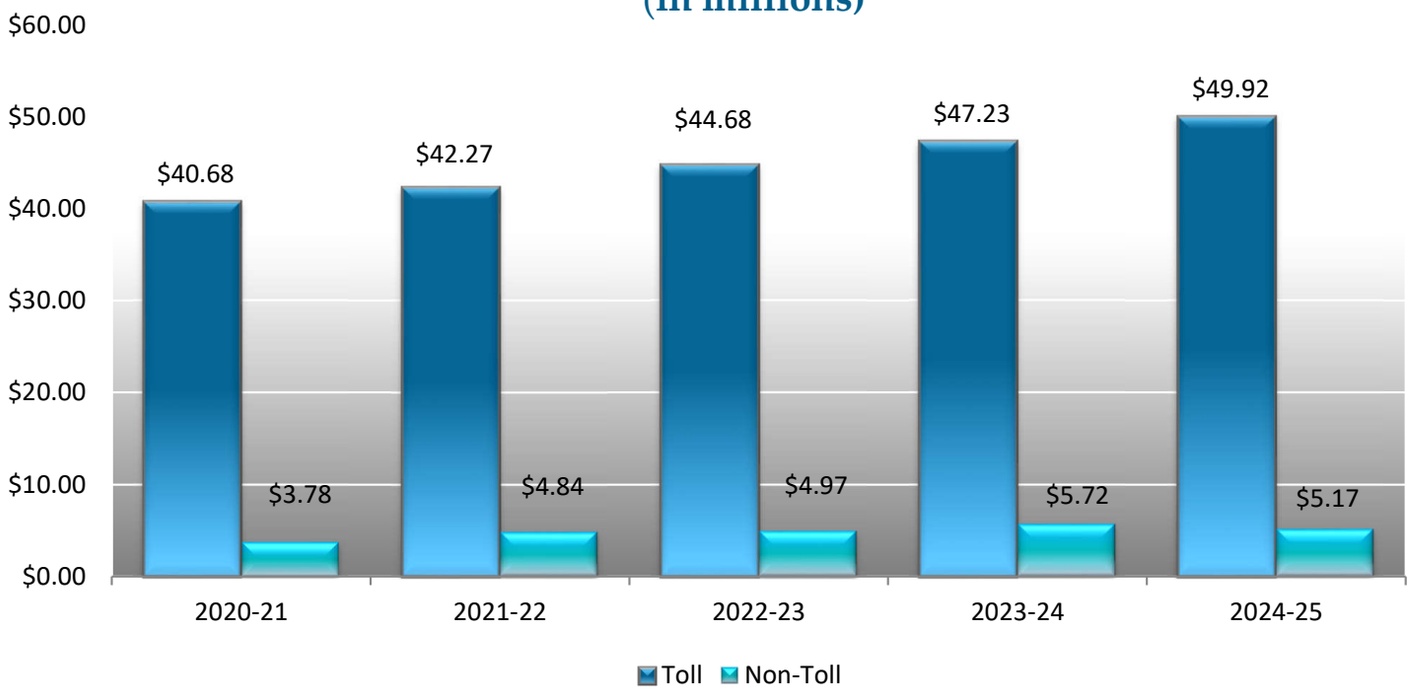
Toll Road Revenue

Operations

Revenues for the 91 Express Lanes can be divided into two categories: toll revenues and non-toll revenues. Projected toll road revenues are provided in **Figure 2**.

Toll revenues comprise the majority of the revenue generated by the 91 Express Lanes. Toll revenues include tolls collected from 91 Express Lanes patrons using the toll facility as well as tolls collected from customers of other toll agencies that utilize the 91 Express Lanes. Due to the effects of the COVID-19 pandemic and the California "stay-at-home" order, toll traffic volume experienced large declines as non-essential travel was limited. April 2020, the OCTA segment traffic volume and gross potential toll revenue decreased by 80 percent and 71 percent, respectively as compared to the same period last year. As of the end of January 2021, the FY 2020-21 to date traffic volume and gross potential toll revenue decreased by 23.6 percent and 18 percent, respectively. OCTA staff anticipates recovery in toll revenues to continue as restrictions are lifted and people become more confident in resuming normal

Figure 2 - Projected Toll Road Revenues (in millions)



activity based in part on the availability of vaccines. The average long-term rate of growth for toll road revenues is projected to be 4.2 percent.

The largest component of non-toll revenues is comprised of account maintenance fees. Income from violation processing fees represents another large component of non-toll revenues. Other non-toll revenues include plate read fees, lost and stolen transponder fees, and miscellaneous fees.

Capital

An internal capital reserve account was created as a fund for OCTA to deposit excess revenues into on an annual basis. This fund will be used for future capital expenditures on the 91 Express Lanes. After paying for operating expenditures, debt service, and reserves, state law allows remaining funds to be used for general improvements.

An additional capital reserve fund was approved by the Board in October 2017, specifically for eligible projects along the SR-91 corridor in areas adjacent to the 91 Express Lanes. This fund will contribute to the SR-91 widening, including two Measure M2 (M2) projects, SR-57 to SR-55 (Project I) and SR-241 to I-15 (Project J) in an amount not to exceed $748.7 million.

Toll Road Operating & Capital Expenditures

Expenses include operating costs, capital purchases, reserve set-asides, and debt payments (e.g. senior debt service and subordinated debt repayment). There are two types of reserve set asides, those that are required by the senior bond indenture and the internal capital reserve fund established by the Board. All reserves are fully funded. Projected capital and operating expenses are provided in **Figure 3**.

Operations

OCTA contracts with Cofiroute USA (Cofiroute) to provide management and operational services for the 91 Express Lanes. Cofiroute is responsible for the day to day operations of the toll facility, including management of the Customer Service Center in Corona, the Traffic Operations Center in Anaheim, and the Customer Assistance Patrol, which assists stranded motorists on the 91 Express Lanes. Additional operating expenses include credit card processing fees and toll road account servicing. In May 2013, the Board approved a three-party operating agreement, which expires on June 30, 2021, between OCTA, RCTC, and Cofiroute that identified Cofiroute as the service operator for the entire length of the 91 Express Lanes. In November 2019, the Board approved a subsequent three-party operating agreement between OCTA,

Figure 3 - Projected Toll Road Capital and Operating Expenses (in millions)

The Pavement Replacement Project on the 91 Express Lanes was completed in 2016.

RCTC, and Cofiroute to provide the back-office/account management system and customer service center operations services for the 91 Express Lanes in Orange and Riverside Counties.

Routine maintenance is scheduled on every third Sunday (weather permitting) and is performed by Caltrans. Routine maintenance consists of sweeping, replacement of channelizers, and other repairs which can only be performed while the lanes are closed for crew safety. Closures are kept to a minimum and scheduled for non-peak traffic times.

Capital

The Electronic Toll and Traffic Management (ETTM) system identifies and captures vehicle information for customer account billing or violation processing. In 2018, a contract was executed with Kapsch TrafficCom USA, Inc; for the full architectural replacement of the ETTM System at a cost of $7.5 million and future maintenance of the system at $6.2 million. Project management and upgrades to the ETTM are planned to take place every seven to ten years, at a cost of $3.5 million for a partial upgrade and a full system replacement for $8 million. The services and upgrades will further improve the reliability, accuracy, and documentation of toll transactions.

In June 2011, the Revenue and Account Management System (RAMS), the back-office/account management software developed by Cofiroute was deployed on the 91 Express Lanes' network. The RAMS retrieves data from the ETTM System, calculates the correct toll amounts, and automatically charges the customer accounts. In addition, the system interfaces with the California Department of Motor Vehicles in order to retrieve information, and if appropriate, generates violation notices to be mailed to motorists who cannot be identified as customers. The system also interfaces with the customer service center's telephone system, the 91 Express Lanes' website, and exchanges files with other toll agencies for the processing of interoperability transactions. Replacement of the system is planned to take place every ten years. It is anticipated to cost OCTA $8.0 million for full replacement of the system during each ten-year cycle.

The 91 Express Lanes pavement has been in place since the lanes were constructed in 1995. In FY 2006-07, OCTA completed the pavement maintenance project when the pavement in the buffer area was found to have exhibited some surface loss with hairline cracks developing at a few locations. As part of the project, pavement cracks were filled, and sections of the road were re-paved and re-sealed to reduce the rate of roadway deterioration. Since the pavement's design life was estimated to be 20 years, pavement analysis was conducted in order to assess whether an overlay or replacement was needed. It was determined that a full replacement would be best, and work began in September 2016 with partial weekend closures of the express lanes to complete the project. The pavement replacement work was completed in December 2016.

As part of the pavement replacement project, OCTA also replaced the variable message and price signs,

along with the attached structures. There is a total of six signs that were replaced for $687,000. The total cost of the pavement replacement project was $15.2 million, with upgrades planned abount every 10 years.

Other capital expenditures include facilities upgrades to the customer service center and administrative office, which houses the traffic operations center, as well as miscellaneous expenses such as computers, printers, and additional equipment.

SR-91 General Purpose Lanes Implementation Plan

OCTA, in collaboration with Caltrans and RCTC, issues an annual SR-91 Implementation Plan to establish a program of projects eligible for funding by potential excess 91 Express Lanes toll revenue and other funds. The FY 2019-20 SR-91 Implementation Plan describes projects and transportation benefits, anticipated implementation schedules by milestone year, and costs for major projects from now through FY 2034-35 and beyond. **Figure 4** shows the list of projects and cost estimates based on the FY 2019-20 SR-91 Implementation Plan approved by the Board in June 2020. Projects are organized by county, readiness, and logical sequencing; however, full funding for all projects has not been secured.

Excess Toll Revenue Policy

In January 2014, the Board adopted a policy on the use of excess 91 Express Lanes toll revenues. The adopted policy recommended that excess tolls be programmed relative to the capacities provided by freeway, rail, and bus travel modes. The corridor (including rail and bus but excluding the 91 Express Lanes) is capable of carrying approximately 13,000 persons in the peak hour and peak direction. About 80 percent of this capacity is provided by the general-purpose freeway lanes, and 20 percent by Metrolink and express bus service. The policy also includes an option for use of excess revenues for early debt retirement, as well as to pay for eligible M2 Program projects within the 91 corridor.

In June 2014, evaluation criteria and a set of potential candidate projects to maximize the allocation of excess toll revenues were approved by the Board.

The criteria included:

- Projects proposed to be funded by excess toll revenues must be included in the latest SR-91 Implementation Plan and Regional Transportation Plan
- Priority will be given to projects ready for implementation

Figure 4 - SR-91 Implementation Plan Projects

No.	Project Summary (By County)	Cost ($M)
	Orange County Projects	
1	SR-91 Improvements between SR-57 and SR-55	460
2	Anaheim Canyon Metrolink Station Improvments	29.8
3	Placentia Metrolink Rail Station	34.8
4	Fairmont Boulevard Improvements	76.8
	Subtotal	**601.4**
	Riverside County Projects	
5	15/91 Express Lanes Connector	270
6	SR-71/SR-91 Interchange Improvements	117
7	SR-91 Improvements East of I-15	TBD
	Subtotal	**387+**
	Bi-County Projects	
8	Express Bus Service Improvements Between Orange County and Riverside County	6
9	SR-91 Corridor Operations Project	44
10	6th General Purpose Lane Addition (SR-241 to SR-71)	TBD
11	SR-241/SR-91 Tolled Express Lanes Connector	250
	Subtotal	**300+**
	Concepts	
A-1	Elevated 4-Lane Facility (MIS Corridor A) from SR-241 to I-15 (Post-2035)	2,720
A-2	Anaheim to Ontario International Airport Maglev High Speed Rail (Post-2035)	2,770-3,200
A-3	Irvine-Corona Expressway (ICE) 4-Lane Facility from SR-241/SR-133 to I-15/Cajalco Road (Post-2035)	8,855
A-4	WB SR-91 to SB SR-55 Improvements (Post-2035)	75-150
A-5	EB SR-91 Fifth Lane Addition at SR-241	31
	Subtotal	**14,451 - 14,956**

OCTA approved $1.3 billion towards major improvements on the I-405 Corridor.

- Any new financing will not impact OCTA's adopted 91 Express Lanes toll policy, existing bond agreements, or OCTA's ability to meet any and all financial obligations related to the 91 Express Lanes

The candidate projects approved by the Board include:

- Metrolink service expansion in the SR-91 corridor
- Placentia Metrolink station
- Express bus service in the SR-91 corridor
- Final design for the SR-91 improvement project between SR-57 and SR-55
- Operational study on the westbound SR-91 between SR-241 and SR-55

In November 2016, OCTA's Board approved the Next 10 Delivery Plan which replaced the M2 M2020 Plan. The Next 10 Delivery Plan includes the utilization of 91 Express Lanes excess revenue in an amount not to exceed $748.7 million for two eligible M2 projects - SR-91 Widening from SR-57 to SR-55 (Project I) and SR-91 Widening from SR-241 to I-15 (Project J).

The 80 percent split for freeway and 20 percent split for transit (rail and bus) projects is to be calculated every two years through the Comprehensive Business Plan (CBP) process and achieved by 2030.

Debt Service

OCTA purchased the 91 Express Lanes from CPTC for $207.5 million, including $72.5 million in cash from internal reserves and the assumption of $135 million in taxable bonds. In November 2003, OCTA refinanced the 91 Express Lanes taxable bonds with tax-exempt bonds (Series 2003 Bonds). The issuance was in the amount of $195.3 million with a final maturity of December 2030.

In July 2013, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds, Series 2013, to refund the outstanding Series 2003 Bonds. The Series 2013 Bonds were issued as fixed-rate bonds, having a true interest cost of 3.83 percent, and a final maturity date of December 2030. The 2013 Bonds are rated "AA-" from Standard and Poor's, "A1" from Moody's, and "A+" from Fitch. With the Standard and Poor's ratings, the 91 Express Lanes is one of the only single asset managed lanes toll facilities rated in the "AA" category.

As a result of the COVID-19 pandemic, revenues are anticipated to decrease over the next 20-year period. In order to support M2 freeway project costs, the CBP assumes a bond issuance of $120M in FY 2023-24. OCTA staff will continue to monitor the need for bond issuance as revenue projections are updated.

Interstate 405 (I-405) Express Lanes

In 2013, the Board approved $1.3 billion towards improvements on a major corridor in Orange County, I-405 through the cities of Costa Mesa, Fountain Valley, Huntington Beach, and Seal Beach. On July 25, 2014, Caltrans informed OCTA that the tolled express lanes alternative, had been recommended as the project preferred alternative for improvements to the I-405 Improvement Project between SR-55 and I-605. Under Alternative 3, the tolled express lanes would be combined with existing high-occupancy vehicle (HOV) lanes to provide dual express lanes in both the north bound and south bound directions on the I-405. The estimated total project cost to $2.08 billion.

A major source of funding for development of the express lanes project will come from a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. In July 2017, OCTA representatives signed the approved TIFIA loan agreement for approximately $629 million, or one third of the total project cost. As of January 31, 2021, $287 million is outstanding on the loan not including accrued interest. As a result of historically low U.S. Treasury rates, OCTA has been working with the Build America Bureau (BAB) to lower the interest rate on its 2017 TIFIA loan. On March 22, 2021, the OCTA Board approved financing documents for the proposed interest rate reset and OCTA staff is working with BAB staff to move forward and close the loan. It is anticipated that the current interest rate will be reduced, resulting in significant debt service savings. The final interest rate will be determined based on the 30-year treasury rate plus one basis point at the time of close.

Project Implementation

On November 14, 2016, OCTA awarded a $1.2 billion design/build contract for the I-405 Improvement project to OC 405 Partners. Construction officially began with the groundbreaking ceremony in January 2018 and completion of the overall project is expected in October 2023.

On October 12, 2015, the Board approved toll policy assumptions and options for the I-405 Express Lanes. OCTA instructed Stantec, who analyzes data related to the 91 Express Lanes, to conduct a Traffic and Revenue Study using the Board-approved assumptions for the proposed I-405 Express Lanes. This study was presented to the Board in May 2016 and offered several alternative toll policies that OCTA reviewed for implementation, and the Board approved a preliminary toll policy and finance plan. In February 2018, OCTA awarded a contract to Kapsch TrafficCom USA, Inc., for toll integrator services for the design, installation, operations, and maintenance of the ETTM System for the 405 Express Lanes. Additionally, OCTA is currently in procurement of a customer service center and back-office system operations contractor whose contract is set to be executed in FY 2021-22.

91 Express Lanes Freeway Sign.

Cash Flow Statement - 91 Express Lanes

(millions)		2020-21	2021-22	2022-23	2023-24	2024-25	2029-30	2034-35	2039-40
Beginning balance	**$**	**198.9**	**189.4**	**182.0**	**186.2**	**291.9**	**34.8**	**166.2**	**203.6**
Cash flows from operating activities:									
Sources of funds:									
Toll revenue		40.7	42.3	44.7	47.2	49.9	65.9	79.0	89.0
Non-Toll Revenue		3.6	4.6	4.7	4.7	4.8	5.0	5.3	5.6
Total sources of funds	**$**	**44.3**	**46.9**	**49.3**	**51.9**	**54.7**	**70.9**	**84.3**	**94.6**
Cash flows from operating activities:									
Uses of funds:									
Management fee expense		3.1	3.4	3.5	3.7	3.9	5.0	6.0	7.5
Professional services		10.2	12.0	10.5	10.2	10.8	11.9	12.8	14.3
General and administrative		1.9	2.1	2.1	2.1	2.1	2.3	2.4	2.5
Other operating expenses		5.4	7.4	4.4	4.5	4.5	4.8	5.1	5.4
Total uses of funds	**$**	**20.6**	**24.8**	**20.6**	**20.5**	**21.4**	**24.0**	**26.3**	**29.7**
Net cash provided by operations	**$**	**23.7**	**22.1**	**28.8**	**31.4**	**33.3**	**46.9**	**58.1**	**64.8**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		(24.0)	(20.3)	(15.8)	(29.7)	(85.0)	(6.5)	(68.3)	(7.7)
Bond proceeds		0.0	0.0	0.0	119.6	0.0	0.0	0.0	0.0
Principal & interest paid on bonds		(10.8)	(10.8)	(10.8)	(19.2)	(19.2)	(19.2)	(8.4)	(8.4)
Net cash used by capital and related financing activities	**$**	**(34.7)**	**(31.1)**	**(26.6)**	**70.6**	**(104.2)**	**(25.8)**	**(76.7)**	**(16.1)**
Cash flows from investing activities:									
Interest on investments		0.2	0.2	0.3	1.0	0.4	0.7	0.7	0.8
Interest from capital replacement fund		1.4	1.3	1.8	2.6	3.3	0.4	2.5	3.8
Net cash provided by investing activities	**$**	**1.6**	**1.6**	**2.1**	**3.7**	**3.7**	**1.1**	**3.3**	**4.6**
Net increase/decrease in cash	**$**	**(9.5)**	**(7.4)**	**4.2**	**105.7**	**(67.2)**	**22.2**	**(15.4)**	**53.3**
Available cash	**$**	**189.4**	**182.0**	**186.2**	**291.9**	**224.7**	**57.0**	**150.9**	**256.9**

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Non-Program Specific Projects

Fiscal Year 2020-21

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Background

The majority of significant freeway, street and roads, and transit projects are funded primarily through the Measure M2 (M2) Program. The Orange County Transportation Authority (OCTA) has also committed to a handful of projects not funded through the M2 programs. These projects are funded using other local, state, and federal sources and include the vanpool program, rideshare program, and the Active Transportation Program.

Vanpool & Rideshare

OCTA administers vanpool and rideshare programs. The two programs are designed to encourage commuters to reduce their single occupancy vehicle commuter trips and use a carpool or vanpool for their daily commute. OCTA supports the Rideshare Program through annual activities like Dump the Pump Week, Bike Month, and Rideshare Week. Additionally, OCTA reaches out to current and potential rideshare participants and employers daily on social media, via email, and on OCTA.net. OCTA's Vanpool Program provides assistance to commuters working in Orange County who live in Los Angeles, Orange, Riverside, San Bernardino, or San Diego counties. OCTA works with employers, commuters, and private vanpool operators to organize and sustain vanpools throughout Orange County.

OCTA supports vanpool by administering programs that help commuters and employers find vanpool participants and maintain eligibility in the program. OCTA provides contracts to private companies that offer vehicles, insurance, maintenance, and service to customers on a month-to-month basis and provides a $400 a month subsidy for each qualified vanpool to offset the monthly costs. As of fiscal year (FY) 2019-20, there were as many as 490 vanpools serving 123 destinations in Orange County, providing an average of 76,226 passenger trips per month. Beginning in March 2020, vanpool operation levels were reduced due to California's stay-at-home orders. As of February 2021, there are 111 active vanpools serving 47 worksites in Orange County. While there have been employers who are looking at reinstating their vanpool programs, growth is expected to be slow over the next 12 to 24 months.

Vanpool van picking up passengers.

Bicycle and pedestrian facilities promote active transportation.

Active Transportation Program

OCTA supports the expansion and promotion of active transportation throughout Orange County. Over the past years, OCTA has advanced multi-layered efforts related to engineering, education, and enforcement efforts to improve active transportation countywide. Coordination and collaboration continue between the Southern California Association of Governments, Caltrans, OCTA Citizens Advisory Committee, and community members to identify improvements to the network of walking and bicycling facilities throughout Orange County.

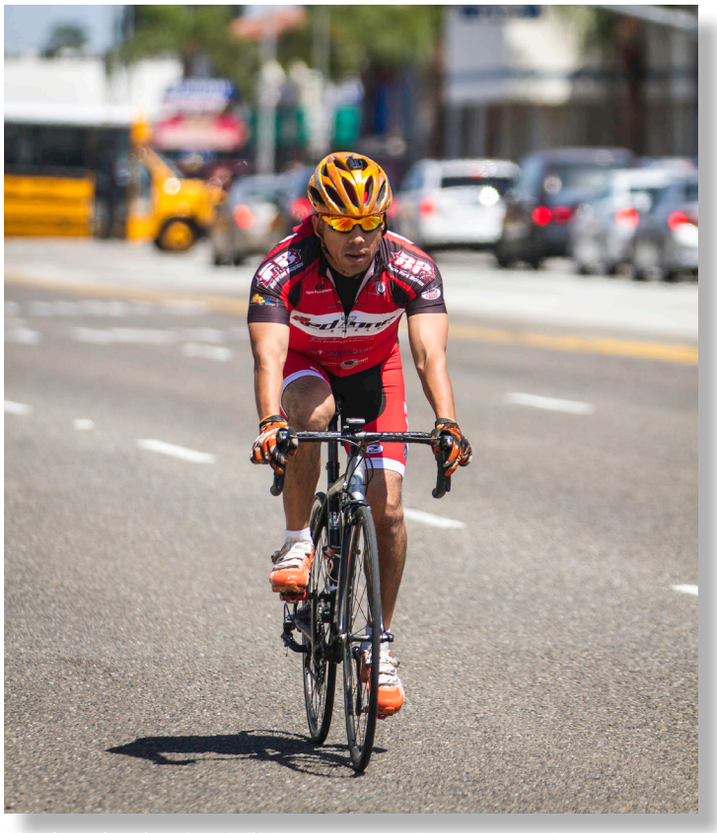
Bicycle and Pedestrian Facilities

Since 2012, Orange County agencies have secured $139.8 million in state, federal, and local grants for bicycle and pedestrian projects from the Bicycle Corridor Improvement Program (BCIP), Active Transportation Program (ATP), and Solutions for Congested Corridors Program (SCCP) funding.

In 2018, $3.2 million in SCCP funding was approved for active transportation improvements along the SR-55 corridor.

The Capital Programming Policies, last approved by the Board in February of 2019, set aside ten percent of OCTA's annual Congestion Mitigation and Air Quality Improvement Program apportionment for bicycle and pedestrian projects. Since 2012, OCTA has administered four BCIP calls for projects which will provide $50.97 million towards the $77.30 million required to fund 52 active transportation projects throughout Orange County.

Orange County agencies also secured $85.5 million through four cycles of Statewide and Regional ATP funding. These funds are utilized for implementation of bicycle and pedestrian projects, active transportation planning, safe routes to school projects, and bicy-



Bicycle and pedestrian facilities promote active transportation.

cle and pedestrian safety outreach and education. In March 2020, the California Transportation Commission (CTC) released the ATP Cycle 5 call for projects. The results for ATP Cycle 5 are scheduled to be fully approved by the CTC in June 2021.

Bicycle Safety Program

OCTA supports the initiative for a safer and more bicycle friendly community. The Bicycle Safety and Awareness Program provides a comprehensive safety platform for all ages and skill levels of bicycle riders. The program will include the annual bike festival, the OCTA Bike Rally, and other Bike Month events. Additionally, OCTA secured a grant from the Office of Traffic Safety to host bicycle skills training classes and distribute reflectorized materials to people riding the bus and bicycling in Orange County.

Active Transportation Planning Efforts

The OCTA Planning Department is collaborating with law enforcement representatives, schools, and the Orange County Health Care Agency (OCHCA) on planning efforts. With Caltrans funding, the county-wide Safe Routes to School (SRTS) Action Plan will jointly be led by OCTA and OCHCA, and will convene a partnership between cities, school districts, and local community organizations to support and encourage families to safely walk, bike, and roll to school. Therefore, with the Safe Travels Education Program (STEP) Campaign, OCTA and the OCHCA will deliver SRTS activities at selected elementary schools throughout Orange Cunty during the 2020-21 and 2021-22 school years. The goal of STEP is to encourage families to walk, roll or bike to school (and around their communities) as a safe and normal part of their everyday lives. OCTA intends to make all distance learning modules available to all Orange County elementary schools. These programs will help to create and foster a safer bicycle community for everyone on the road.

Bicycle Safety Program provides more bicycle friendly community.

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Motorist Services

Fiscal Year 2020-21

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Background

The Motorist Services Program was instituted when California statute authorized Service Authority for Freeway Emergencies (SAFE) in 1985 to enable counties to generate revenue for the purpose of purchasing, installing, operating, and maintaining a system of motorist aid call boxes. The revenue collected is from a $1 fee on all non-exempt registered vehicles along with an additional $2 fee on certain commercial vehicles registered in Orange County. The program has since grown and is currently comprised of the Freeway Call Box Program, Southern California 511 programs, and the Freeway Service Patrol (FSP) Program.

Freeway Call Box Program

The Call Box Program consists of a network of approximately 300 solar powered cellular-based telephones along 197 centerline miles of highway and toll roads throughout the County. The Orange County Transportation Authority (OCTA) is responsible for the acquisition, installation, and maintenance of the call boxes. The Transportation Corridor Agencies reimbursed OCTA for the cost of acquiring and installing call boxes on the toll roads. A private firm under contract with OCTA receives the calls and routes assistance requests to the California Highway Patrol (CHP) or FSP.

FSP keeps the freeways moving & reduces congestion.

With the proliferation of cellular phones, call box usage in Orange County has steadily declined from FY 2007-08 to FY 2019-20. The number of call boxes was reduced by about half during FY 2005-06 with additional call boxes being removed in conjunction with construction projects and due to safety concerns. This increased spacing between call boxes from approximately one-quarter mile to one and one-quarter miles on freeways and from approximately a half-mile to one mile on the toll roads.

Southern California 511

Southern California 511 is the motorist aid and traveler information system for Los Angeles, Orange, and Ventura counties. This system allows the traveling public to access information on highway conditions, traffic speeds, transit, and commuter services via a toll-free number with an interactive voice response system, the internet, and through a mobile application that includes enhanced functionality.

In 1999, the United States Department of Transportation petitioned the Federal Communications Commission (FCC) to designate a nationwide three-digit telephone number for traveler information. At the time, there were over 300 different telephone numbers providing some sort of highway or public transportation-related information to the public. On July 21, 2000, the FCC designated 511 as the national travel information number. The FCC ruling leaves nearly all the implementation issues to the states and local agencies. The ruling did not have a federal mandate regarding how to fund the national system. That would also be left to the states and local agencies. The Los Angeles County Metropolitan Transportation Authority in partnership with OCTA, the Ventura County Transportation Commission, Caltrans, and CHP, developed the 511 system which debuted on June 14, 2010.

SAFE Call Box and 511 Calls are shown in **Figure 1**.

FSP Program

In 1992, the California Legislature enacted a statute creating the FSP. The FSP Program is a traffic congestion management program designed for the rapid removal of motorists' disabled vehicles from traffic lanes and shoulders, as well as timely response to accidents and other incidents that require removal of debris on the freeways. The FSP is a partnership between Caltrans, CHP, and OCTA. Private tow truck companies operate the service under contract to OCTA. Each tow truck driver patrols their assigned freeway segment during program service hours, stopping to assist motorists. The driver offers assistance, such as changing a flat tire, offering a free gallon of gas, or taping a coolant hose. Assistance by type is shown in **Figure 2**.

Freeway Service Patrol helps commuter.

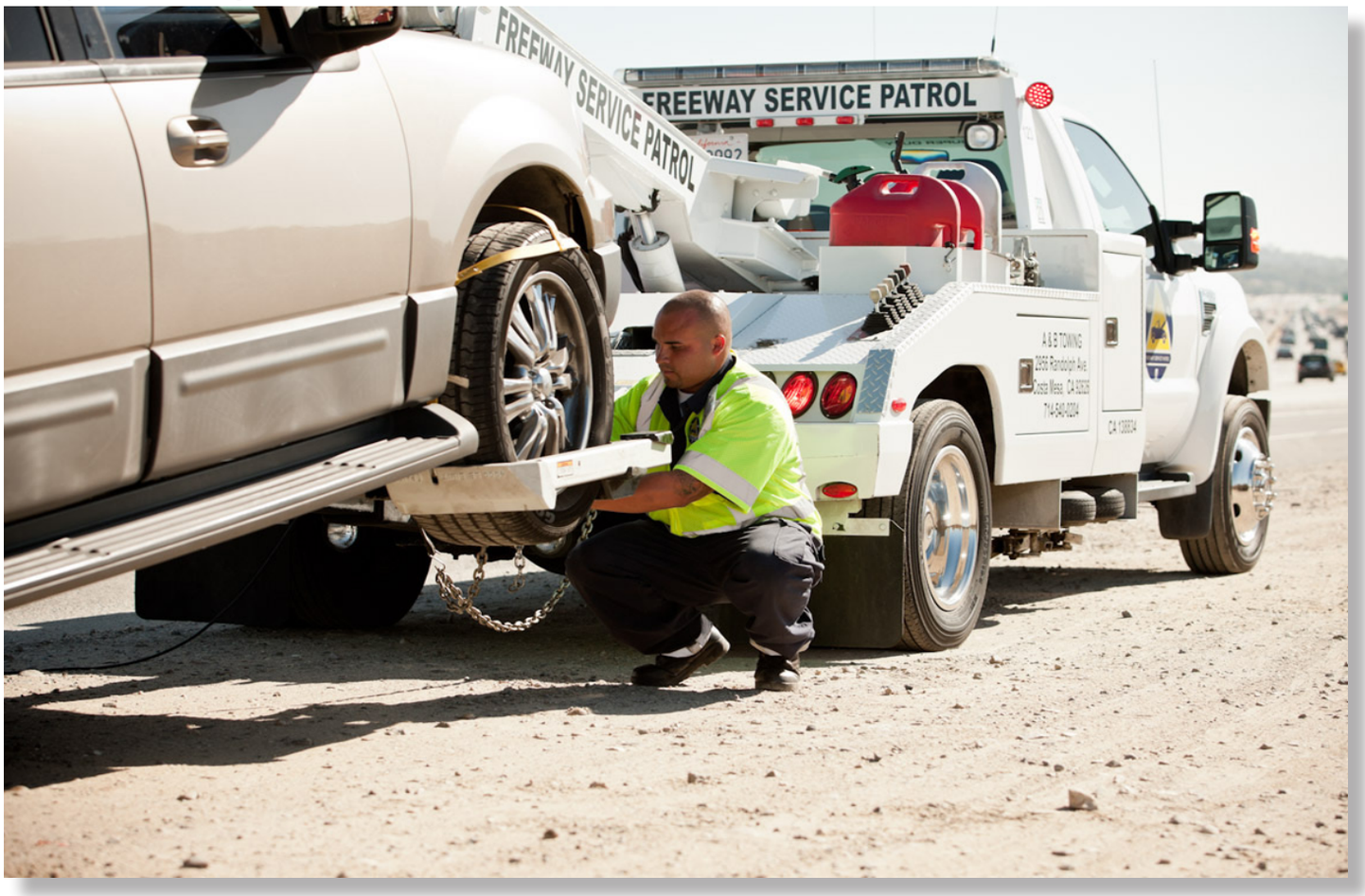


Figure 1 - SAFE Call Box and 511 Calls

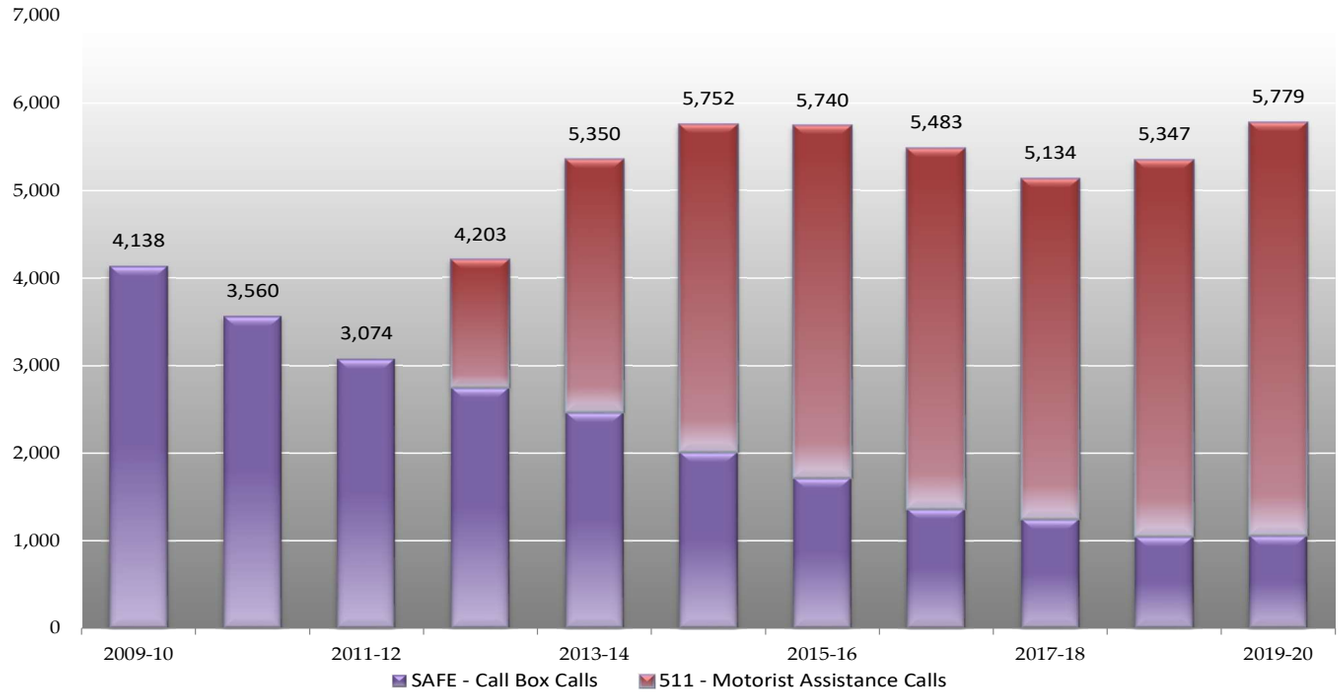
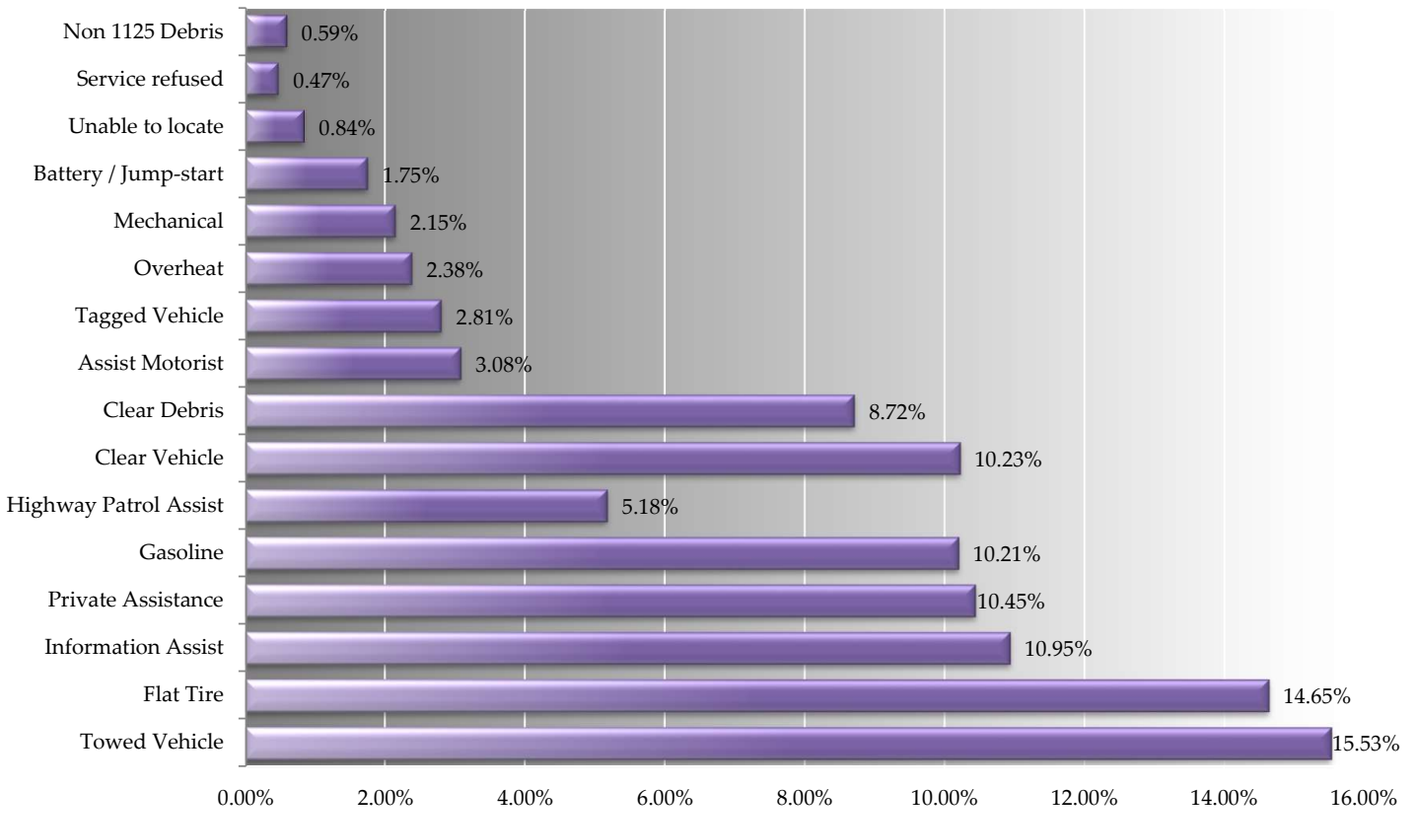


Figure 2 - FSP Assists By Type

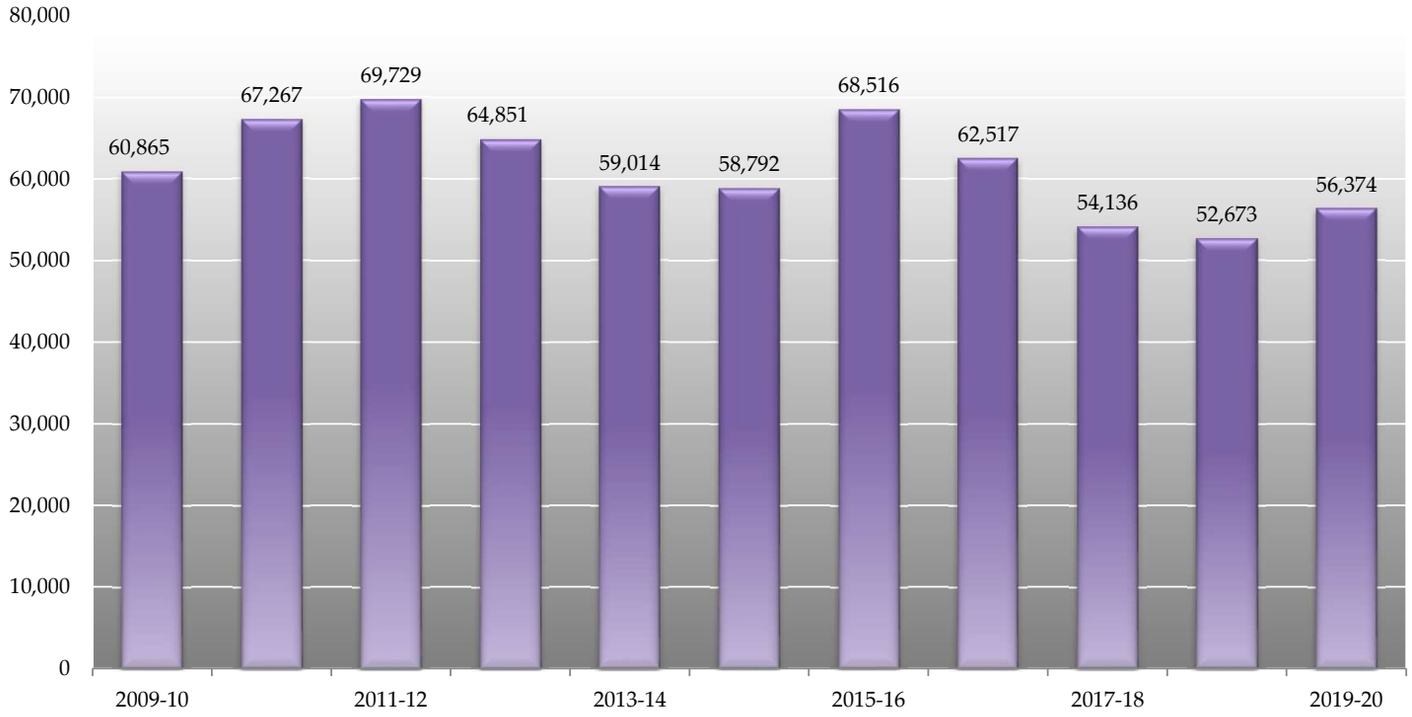


OCTA's FSP tow trucks provided 56,374 assists in FY 2019-20 shown in **Figure 3**.

Subject to annual appropriations, the FSP Program receives funding from the State Highway Account that requires a 25 percent local match. The Senate Bill 1 (SB1) transportation funding package was signed into law on April 28, 2017 and provides annual funding to the FSP Program. SB1 funding began being used to expand tow truck hours in fiscal year (FY) 2018-19. Excess revenue from the vehicle registration fee collected for the Call Box Program provides the 25 percent local match for the FSP Program and funds a share of the Southern California 511 Program.

State funding allocation to the 15 agencies participating in the FSP Program is based on population, centerline freeway miles, and traffic congestion within each jurisdiction. On November 7, 2006, voters approved Measure M2 (M2), which has a FSP component allocating approximately $138.9 million to the program. The M2 funding will ensure program solvency and growth for an additional 30 years. During FY 2011-12, the OCTA Board approved the M2 (Project N) FSP guidelines. In accordance with the guidelines, two additional midday and two additional weekend beats were added in June 2012, to address growing congestion in those time periods. As of December 2020, there are 34 trucks being operated during peak hours, seven trucks being operated midday, four trucks being operated on the weekend, and three trucks being operated during M2 construction which deliver approximately 90,738 hours of service along Orange County's freeways. The current cost to operate this level of service is about $7.8 million annually, exclusive of Motorist Services staff salaries.

Figure 3 - FSP Assists



Cash Flow Statement - SAFE

(millions)		2020-21	2021-22	2022-23	2023-24	2024-25	2029-30	2034-35	2039-40
Beginning balance	**$**	**2.8**	**1.4**	**1.3**	**1.5**	**1.5**	**1.5**	**1.7**	**1.9**
Cash flows from operating activities:									
Sources of funds:									
Freeway Service Patrol		4.2	5.9	6.0	5.5	5.3	6.4	7.3	8.6
Callbox		3.0	3.0	3.1	3.1	3.1	3.2	3.3	3.3
Total sources of funds	**$**	**7.2**	**9.0**	**9.1**	**8.6**	**8.4**	**9.6**	**10.6**	**11.9**
Cash flows from operating activities:									
Uses of funds:									
Salaries and benefits		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management fee expense		0.9	1.0	1.1	1.1	1.2	1.5	1.8	2.3
Professional services		7.1	7.9	7.8	7.4	7.2	7.9	8.7	9.5
General and administrative		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total uses of funds	**$**	**8.1**	**9.0**	**8.9**	**8.6**	**8.4**	**9.5**	**10.5**	**11.8**
Net cash provided by operations	**$**	**(0.9)**	**(0.0)**	**0.2**	**0.0**	**(0.0)**	**0.1**	**0.1**	**0.1**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net cash used by capital and related financing activities	**$**	**(0.5)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**
Cash flows from investing activities:									
Interest on investments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities	**$**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net increase/decrease in cash	**$**	**(1.4)**	**(0.1)**	**0.1**	**(0.0)**	**(0.0)**	**0.0**	**0.0**	**0.0**
Available cash	**$**	**1.4**	**1.3**	**1.5**	**1.5**	**1.4**	**1.5**	**1.7**	**1.9**

Freeway Service Patrol Beats

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