



# Fiscal Year 2020-21 Proposed Comprehensive Business Plan



# Comprehensive Business Plan Overview

## Purpose:

To demonstrate the financial feasibility of OCTA's programs and services over a 20-year period.

The plan is comprised of six distinct programs:

- Bus Operations
- Rail
- Measure M2 (M2)
- 91 Express Lanes
- Motorist Services
- Non - Program Specific Projects





## Service Assumptions

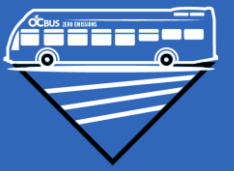
- Increase service levels to 1.45 million service hours based on federal supplemental funding and ridership demand
- Growth in cost to operate paratransit service is managed

## Boardings / Fare Revenue

- Assumes ridership stabilizes and grows slowly over time
- Assumes fare increases every ten years with the next planned in fiscal year (FY) 2027

## Other Assumptions

- Continued federal and state funding
- 18-year useful life of large bus fleet
- Zero-emission bus market matures



## Revenue

Program operating revenue is estimated to be \$1.4 billion less than the FY 2019 Comprehensive Business Plan (CBP)

### **Transportation Development Act (TDA) sales tax forecast**

- Represents 50 percent of revenue supporting bus program
- Long-term forecast based on Board of Directors (Board) approved methodology
- Average long-term growth rate of 2.8 percent

### **Continued Federal and State Funding**

- Represents 25 percent of revenue supporting bus program
- Supports operations and capital improvements

### **Fare Revenue**

- Represents 11 percent of revenue supporting the bus program
- Boardings to stabilize in FY 2022 with moderate long-term growth
- Fare increases planned in FY 2027 and FY 2037
- Last fare increase in FY 2013



## Service Assumptions

### Fixed Route Service

- Current service hours of 1.2 million
- Increase service hours to 1.45 million by the end of FY 2022
  - Implementation would be subject to ridership demand and public health considerations
  - Enabled by Federal supplemental funding
- Contracted fixed-route service mix of 40 percent

### Paratransit

- Paratransit trip growth returns to 80 percent of pre-COVID 19 levels
- Annual trip growth of 1.1 percent
- Use of taxicab services to reduce costs



## Program Risks

- Softening of sales tax growth could impact service levels
- Weak ridership demand would directly impact fare revenue and service productivity
- Larger-than-anticipated growth in the cost to operate paratransit service would reduce funds available for fixed-route service
- Zero-emissions bus market does not mature, and the cost remains significantly higher than the current cost of a compressed natural gas bus
- Federal and state funding levels for transportation are impacted resulting in a decline in funding which could impact service levels



## Major Assumptions

- Sustain lower service levels
- M2 sales tax is the long-term funding source for operations
- Capital program primarily funded with Federal funds
- Moderate annual growth in the Metrolink operating subsidy
- Continued Federal funding

## Risks

- Softening of M2 sales tax growth could impact future service levels
- Uncertainty of ongoing ridership demand could impact fare revenue, service productivity, and the ongoing operating subsidy
- Federal funding levels for transportation are impacted resulting in a decline in funding, which could impact the capital program



## Operations

Program operating revenue is estimated to be \$200 million less than the FY 2019 CBP

- Maintain existing service levels
  - Service levels of 41 weekday and 16 weekend trains
- Southern California Regional Rail Authority operating subsidy
  - Cost increases primarily based on the consumer price index
  - Assumes ridership levels stabilize in FY 2024
- Federal stimulus to support maintaining current levels of service
- Rail program is sustainable through FY 2041

## Capital

- Primarily funded through federal funds
- Primary projects: Rehabilitation and replacement of railcars and locomotives, station additions and improvements, track improvements and slope stabilization projects





## Major Assumptions

- M2 Program sales tax of \$11.6 billion
- Bond issuance of \$575 million in FY 2023
- Assumptions consistent with the 2020 Next 10 Delivery Plan
- Utilization of 91 Express Lanes excess revenue to fund two M2 freeway projects along State Route 91 (SR-91)
- Economic uncertainty remains built into the freeway mode to help mitigate against future impacts to the program

## Risks

- Softening of sales tax growth
- Cost increases for capital projects
- State and federal priorities continue to shift, which could affect future external funding opportunities for the M2 Freeway Program



## M2 Sales Tax Forecast

- M2 program revenue of \$11.6 billion
- Long-term forecast based on Board approved methodology

## Freeway and Streets & Roads

- Assumptions consistent with 2020 Next 10 Delivery Plan

## Transit

- High Frequency Metrolink Service – used primarily to fund Metrolink operations
- Transit Extensions to Metrolink - OC Streetcar Project operational in FY 2022, \$625 million available for future projects
- Convert Metrolink Stations to Regional Gateways That Connect to High-Speed Rail Systems– project completed with ongoing funds being used to support Metrolink Service and Fare Stabilization
- Expand Mobility Choices for Seniors and Persons with Disabilities – continued funding for the Senior Mobility Program, Fare Stabilization and Senior Non-Emergency Medical Transportation
- Community Based Circulators – \$177 million available for future calls for projects
- Safe Transit Stops - call-for-projects planned every 3 years



## Major Assumptions

- Reduced toll and non-toll revenue
- Moderate long-term cost growth in toll operations
- Excess toll revenue used to support two M2 SR-91 Widening Projects
- Bond issuance of \$120 million to support cost of M2 freeway projects
- Debt to acquire the express lanes fully repaid by FY 2031

## Risks

- Economic recession negatively impacting traffic volume
- Additional capacity added to the SR-91 corridor negatively impacting traffic volume



# 91 Express Lanes

## Revenue and Expense Assumptions

### Operations

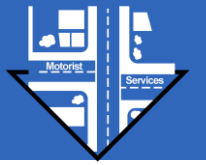
- Average annual growth rate in toll revenue of 4.2 percent
  - Annual toll revenue anticipated to increase from \$41 million to \$89 million over 20 years
- Operating expenses are estimated to increase an average of 2.2 percent per year
- Debt used to acquire the express lanes to be repaid by FY 2031
- Bond issuance of \$120 million to support cost of M2 freeway projects

### Net Toll Revenue

- Net toll revenue invested in 91 corridor improvement projects based upon Board direction
- Corridor improvements are consistent with the SR-91 Implementation Plan and the 2020 Next 10 Delivery Plan

### Capital

- Expenses include periodic replacement of electronic toll and traffic management system, back-office system, variable message signs, and maintenance/replacement of pavement



- Motorist Services has three programs including Freeway Service Patrol (FSP), Call Box Program and the Southern California 511 Program

## **FSP**

- Tow service to assist freeway motorists
- Primarily receives funding from State Highway Account and SB 1
- M2 program revenue estimated at \$139 million is available to support the program

## **Call Box Program**

- Call boxes located on freeways, toll roads and state highways
- Funded by vehicle registration fees in Orange County
- Maintain existing network of callboxes

## **Southern California 511**

- Regional service that provides up-to-the minute information on highway conditions, traffic speeds, transit, and commuter services via the web, mobile application or calling 511
- Funded by excess FSP and callbox revenue

# Next Step

- Incorporate assumptions into the FY 2021-22 Budget