



AGENDA

Finance and Administration Committee Meeting

Committee Members

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Katrina Foley
Brian Goodell
Patrick Harper
Gene Hernandez
Joe Muller

Orange County Transportation Authority
Headquarters
Conference Room 07
550 South Main Street
Orange, California

Wednesday, April 14, 2021 at 10:30 a.m.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the Orange County Transportation Authority (OCTA) Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Guidance for Public Access to the Board of Directors/Committee Meeting

On March 12, 2020 and March 18, 2020, Governor Gavin Newsom enacted Executive Orders N-25-20 and N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19).

In accordance with Executive Order N-29-20, and in order to ensure the safety of the OCTA Board of Directors (Board) and staff and for the purposes of limiting the risk of COVID-19, in-person public participation at public meetings of the OCTA will not be allowed during the time period covered by the above-referenced Executive Orders.

Instead, members of the public can listen to AUDIO live streaming of the Board and Committee meetings by clicking the below link:

<http://www.octa.net/About-OCTA/Who-We-Are/Board-of-Directors/Live-and-Archived-Audio/>



**Guidance for Public Access to the Board of Directors/Committee Meeting
(Continued)**

Public comments may be submitted for the upcoming Board and Committee meetings by emailing them to ClerkOffice@octa.net.

If you wish to comment on a specific agenda Item, please identify the Item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

In order to ensure that staff has the ability to provide comments to the Board Members in a timely manner, please submit your public comments **30 minutes prior to the start time of the Board and Committee meeting date.**

Call to Order

Roll Call

Pledge of Allegiance

Director Goodell

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 and 3)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

2. **Approval of Minutes**

Approval of the minutes of the Finance and Administration Committee meeting of March 24, 2021.



3. Fiscal Year 2020-21 Second Quarter Budget Status Report
Anthony Baruch/Andrew Oftelie

Overview

The Orange County Transportation Authority's staff has implemented the fiscal year 2020-21 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the second quarter of fiscal year 2020-21.

Recommendation

Receive and file as an information item.

Regular Calendar

4. Fiscal Year 2020-21 Proposed Comprehensive Business Plan
Victor Velasquez/Andrew Oftelie

Overview

The Orange County Transportation Authority's Comprehensive Business Plan is a strategic business tool utilized to ensure the financial viability of Orange County Transportation Authority programs and services. The plan assists the Orange County Transportation Authority in implementing its strategic goals and objectives within the framework of sound business practices and demonstrates the financial feasibility of all programs and services over a 20-year horizon.

Recommendations

Approve the Fiscal Year 2020-21 Proposed Comprehensive Business Plan.

Discussion Items

- 5. Chief Executive Officer's Report**
- 6. Committee Members' Reports**
- 7. Closed Session**

There are no Closed Session items scheduled.



AGENDA

Finance and Administration Committee Meeting

8. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, April 28, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



MINUTES

Finance and Administration Committee Meeting

Committee Members Present Via Teleconference:

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Brian Goodell
Patrick Harper
Gene Hernandez
Joe Muller

Committee Members Absent

None

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Gina Ramirez, Deputy Clerk of the Board
Sahara Meisenheimer, Deputy Clerk of the Board

Via Teleconference:

Darrell E. Johnson, Chief Executive Officer
Andrew Oftelie, Chief Financial Officer
James Donich, General Counsel

Call to Order

The March 24, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:31 a.m.

Roll Call

The Deputy Clerk of the Board conducted an attendance Roll Call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Muller led in the Pledge of Allegiance.

1. Public Comments

There were no Public Comments.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 7)

2. Approval of Minutes

A motion was made by Director Hernandez, seconded by Director Jones and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of March 10, 2021.



3. Orange County Local Transportation Authority Measure M2 Maintenance of Effort, Agreed-Upon Procedures Report, City of Santa Ana, Year Ended June 30, 2020

Committee Chairman Hennessey pulled this item to inquire about the cities not using their funds for the maintenance of effort (MOE).

Janet Sutter, Executive Director of Internal Audit, provided background on the audit of local fair share funding in fiscal year (FY) 2017-18. The auditors identified some unallowable MOE expenditures in the City of Santa Ana (City) that resulted in the City meeting its benchmarks for that year. Subsequently, the Board of Directors (Board) found the City ineligible to receive local fair share funds until they could demonstrate that they had met the benchmark for FY 2018-19 and made up the shortfall from the prior year. At that time, the Board also requested that the City's MOE expenditures be audited for FY 2018-19 and 2019-20 to ensure ongoing compliance. The fiscal year 2018-19 found the City had met their benchmark and their shortfall resulting in re-establishing eligibility to receive funds. The item today represents the results of the second-year audit for FY 2019-20.

Committee Chairman Hennessey inquired about funds not being in the appropriate category and the difficulty in training new people from the City.

Ms. Sutter responded that some cities are confused about classifying the allowable expenditures for overhead-type activities correctly. Every year the cities get more educated on how to organize those expenditures accurately.

A motion was made by Committee Chairman Hennessey, seconded by Director Harper and following a roll call vote, declared passed 6-0, to direct staff to monitor implementation of corrective action by the City of Santa Ana.

4. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2020

Committee Chairman Hennessey pulled this item to inquire about the MOE being a dollar requirement for a city. Committee Chairman Hennessey asked if it is a percentage of the city's budget, or is it based on the two funds allocated to them.

4. (Continued)

A discussion ensued regarding the following:

- General ideas of what falls in that category and why a city would not spend money on these programs.
- Maintenance of effort expenditures is defined through the state controller's office gas tax guidelines and local street and road expenditures.
- Some direct expenditures that the cities have labor that performs street maintenance.
- Eligible expenditures where the cities sometimes confuse how and when the City allocates indirect costs for overhead-type activities tied to streets and roads but are eligible.
- MOE dollar requirement for a city and a percent of their budget is based on the Measure M2 (M2) funds allocated to them.
- MOE benchmark amounts were set when the Orange County Transportation Authority (OCTA) passed Measure M. The amounts are raised every five years based on the percentage of general funds that the City had spent on streets and roads before Measure M.

Darrell E. Johnson, Chief Executive Officer (CEO), stated the local sales tax Measure M baseline concept in 1991, and M2 again in 2006, are new funds generated for streets and roads, particularly on the maintenance side, cities should not replace existing city commitments and investment into public works. Each year, the cities have to prove to OCTA that they have continued to meet that investment level known as the MOE to remain eligible to receive the M2 funds.

A motion was made by Committee Chairman Hennessey, seconded by Director Harper and following a roll call vote, declared passed 6-0, to direct staff to monitor implementation of corrective actions proposed by the cities.

5. Amendment to Agreement for Financial Advisory Services

A motion was made by Director Hernandez, seconded by Director Jones and following a roll call vote, declared passed 6-0, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-7-2137 between the Orange County Transportation Authority and Sperry Capital, Inc., to exercise the option term of the agreement, to extend the term through April 30, 2023 and increase the amount by \$400,000, for a total contract value of \$1,065,000, to provide continued financial advisory services.



6. Orange County Transportation Authority Investment and Debt Programs Report - February 2021

A motion was made by Director Hernandez, seconded by Director Jones and following a roll call vote, declared passed 6-0, to receive and file as an information item.

7. Approval to Sell Surplus Land

Director Muller pulled this item to inquire about why OCTA is selling the property.

Mr. Johnson, CEO, responded that part of the property owner's structure is encroaching upon OCTA's actual property. This encroachment goes back several years on the property that OCTA had purchased. Instead of asking the property owner to remove and/or tear down the structure while making sure the biological value wasn't impacted, OCTA went through a process of selling the property and realigning property lines with the infrastructure.

Director Muller expressed his concerns about the owner's building on OCTA property and then selling it back to the current owner.

Mr. Johnson, CEO, responded this is a new property owner, and what he purchased already had an encroachment upon it when he bought the property in 2018.

James Donich, General Counsel, stated the encroachment was existing when OCTA acquired the property. OCTA does not allow any property owner to build on OCTA property. The property itself has zero biological value to OCTA and does not in any way impact the mitigation credits.

Director Muller inquired why this was not caught before OCTA purchased the property.

Director Goodell inquired if OCTA did an American Land Title Association (ALTA) survey before the property was purchased.

Kia Mortazavi, Executive Director of Planning, stated OCTA performed due diligence when the property was purchased. This issue only surfaced recently.

Dan Phu, Program Manager of Project Development, stated that an ALTA survey was performed in 2011 as part of the acquisition process. This issue did not surface as part of the survey. In 2018, the current property owner decided to do a property survey and discovered that a portion of his corral was encroaching on OCTA's property; he approached OCTA to discuss the resolution process.



7. (Continued)

Mr. Phu discussed that according to the Orange County Fire Authority, a portion of the property where there is rural development must be cleared of any brush within 100-feet from the habitable structure. Also, there is no biological value because it is within the 100-foot buffer of the current owners' habitable structure. In this particular case, if OCTA successfully sold this property, the current property owner would be responsible for maintaining and clearing off the brushes for the entire area, essentially a 100-foot site, and OCTA would not be liable for maintaining and clearing the brushes in that area.

Mr. Johnson, CEO, noted that if there are more questions that the Committee needs answers, the staff is happy to return in two weeks.

Committee Chairman Hennessey requested that staff provide additional information on the history of the Trabuco Rose Preserve purchase and the survey completed by the American Land Title Association.

A motion was made by Committee Chairman Hennessey, seconded by Director Hernandez and following a roll call vote, declared passed 5-1, to:

- A. Declare the 0.36-acre parcel located within the Trabuco Rose Preserve as surplus land, pursuant to Government Code Section 54221(b), that is no longer necessary for the Orange County Transportation Authority's use.
- B. Direct staff to sell the surplus land parcel located within the Trabuco Rose Preserve.
- C. Authorize the Chief Executive Officer to execute the necessary documents to complete the sale of the surplus land for the offer price of \$13,400.

Director Muller voted in opposition on this item.

Regular Calendar

8. Annual Insurance Program Review

Al Gorski, Manager of Risk Management, and Craig Morris of Marsh Risk and Insurance Services co-presented a PowerPoint presentation.

8. (Continued)

A discussion ensued regarding:

- Lack of capacity;
- Supply and demand;
- Soft markets; and
- Property insurance for buses depending on the type of the bus.

Following the discussion, no action was taken on this receive and file as an information item.

Discussion Items

9. Fiscal Year 2021-22 Budget Assumptions

Victor Velasquez, Department Manager of Financial Planning and Analysis, presented a PowerPoint presentation.

A discussion ensued regarding:

- Placentia Metrolink Station and continual conflicts with owners;
- Various sources for both federal, state, and local to cover the expenses associated with freeway projects;
- Paratransit being doubled in the number of trips; and
- Clarification on Slide 8 of the PowerPoint presentation on Capital Improvement Grants.

10. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- On March 25th at 4:00 p.m., OCTA staff will host a meeting via Zoom with residents of the College Park West community to update the Interstate 405 Improvement Project and the long-term closure of Old Ranch Parkway.
- Mr. Johnson, CEO, continues to meet with elected officials to update OCTA's projects and programs. The following upcoming meetings are scheduled:
 - Thursday, March 25th – Meetings with Congresswoman Katie Porter, representing the 45th Congressional District, and Congressman Lou Correa, representing the 46th Congressional District.
 - Friday, March 26th – Meetings with United States Senators Alex Padilla and Dianne Feinstein's offices.



11. Committee Members' Reports

There were no Committee Members' Reports.

12. Closed Session

There were no Closed Session items scheduled.

13. Adjournment

The meeting adjourned at 11:34 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, April 14, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Gina Ramirez
Deputy Clerk of the Board



April 14, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 Second Quarter Budget Status Report

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2020-21 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the second quarter of fiscal year 2020-21.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2020-21 Budget on June 8, 2020. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects.

The balanced budget as originally approved by the Board in June was \$1.428 billion. Sources of funds were comprised of \$1.004 billion in current FY revenues and \$423.4 million in use of prior year designations. Uses of funds were comprised of \$1.369 billion of current FY expenditures and \$58.8 million of designations.

The Board approved three series of amendments through the second quarter, increasing the expense budget by \$104 million. This increased the budget to \$1.53 billion as summarized in Table 1 on the following page.

Table 1 - Working Budget

Date	Description	Amount*
7/1/2020	Adopted Budget	\$ 1,427,620
9/14/2020	Anaheim Transit Network - CARES Act ¹	2,355
9/14/2020	Bus Service	(34,120)
9/14/2020	Healthcare	(931)
9/14/2020	LOSSAN Staffing - New Positions ²	533
9/14/2020	Metrolink Service - Operating Subsidy	12,999
9/14/2020	OC Flex Service	(388)
9/14/2020	Designations	(8,438)
11/23/2020	Amendment to Contract for OC ACCESS Service	5,051
12/14/2020	Interstate 405 Improvement Project Construction	127,000
	<i>Subtotal Amendments</i>	<i>104,061</i>
	Total Working Budget	\$ 1,531,681

¹CARES - Coronavirus Aid, Relief, and Economic Security

*in thousands

²LOSSAN - Los Angeles - San Diego - San Luis Obispo Rail Corridor

Discussion

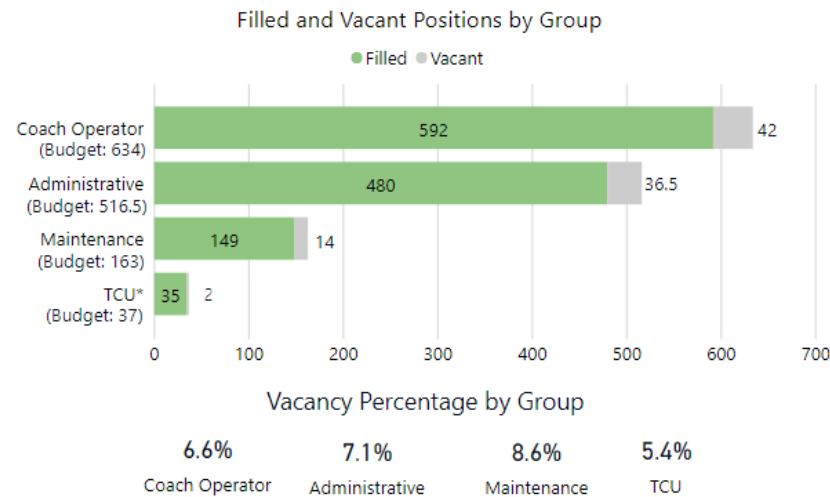
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget-to-actual variances within each pertinent OCTA program. The OCTA programs included are Bus, Commuter Rail, 91 Express Lanes, Motorist and Taxi Services, and Measure M2 (M2). A visual dashboard summary of this report is provided in Attachment A.

Unless indicated on an individual chart, the general color pattern used is outlined below:

- Gray – Budget
- Green – Within budget
- Yellow – Within five percent variance of budget
- Red – Over five percent variance of budget

Staffing

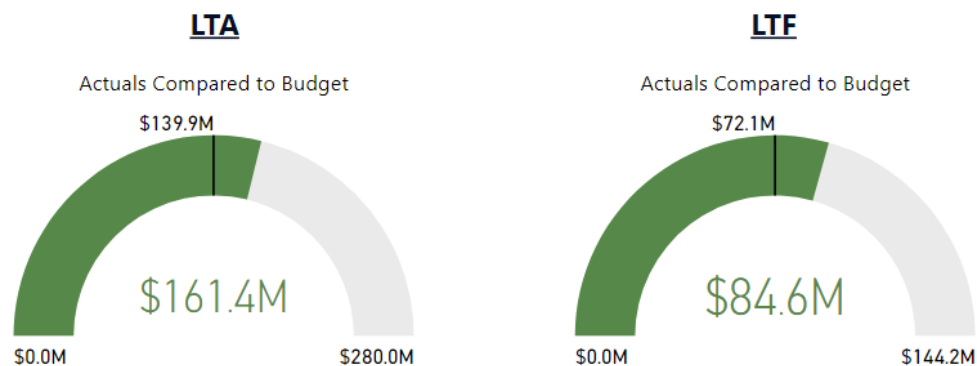
Total salaries and benefits underran the budget by \$3.9 million. This is primarily due to vacancies agency-wide, with the largest vacancy percentages in the maintenance (nine percent), and coach operator and administrative (seven percent) groups at the end of the quarter.



*TCU - Transportation Communications Union

Sales Tax Receipts

The charts below provide a FY snapshot for both the Local Transportation Authority (LTA) M2 Program and Local Transportation Fund (LTF) Bus Program sales tax revenues against the budget. LTA sales tax receipts of \$161.4 million were \$21.5 million higher than the budget and LTF sales tax receipts of \$84.6 million were \$12.5 million higher than the budget. Sales tax figures are outperforming the budget primarily because receipts finished stronger than anticipated in the final quarter of FY 2019-20, which ended in June.

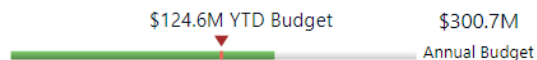


Major Programs

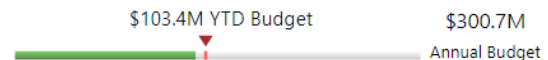
Bus Program



Operating Revenue

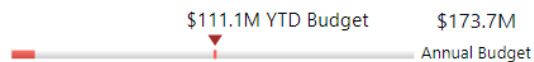


Operating Expense

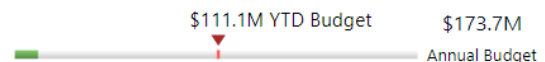


Bus Program operating revenue of \$159.1 million exceeded the budget by \$34.5 million, primarily due to the timing of CARES Act funds received to support operations in the amount of \$21.5 million. Additionally, higher than anticipated LTF sales tax revenue contributed \$12.5 million to the variance. Bus Program operating expenses of \$97.9 million underran the budget by \$5.5 million, primarily due to vacancies for coach operators, maintenance workers, and bus operations administrative employees totaling \$3.2 million. The remainder of the underrun (\$2.3 million) is the result of as-needed items, such as shop supplies, maintenance parts, marketing efforts, and on-call consultant services, which vary based on the needs at any time during the FY.

Capital Revenue



Capital Expense



Capital revenue is often sought on a reimbursement basis after capital expenditures have occurred therefore underruns in capital revenue are often due to timing of capital expenditures. Bus Program capital revenue of \$12.6 million underran the budget by \$98.5 million due to less than anticipated revenue reimbursements based on lower capital expenses through the second quarter. Capital expenses of \$12.6 million underran the budget by \$98.5 due to the timing of contract execution for the purchase of 40-foot compressed natural gas buses. The purchase agreement was anticipated to be executed in the first half of the FY but was not executed until January 2021, after the end of the second quarter.

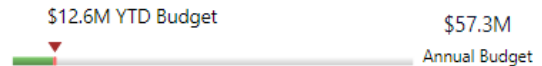
Rail Program



Operating Revenue



Operating Expense



Rail Program operating revenue of \$16.8 million exceeded the budget by \$4.2 million, primarily due to higher than anticipated earnings on investments (\$1.2 million) and a credit of \$1.2 million for prior FY operating surplus from the Southern California Regional Rail Authority (SCRRA). The surplus represents excess contribution by OCTA to SCRRA for operating Metrolink rail service. Operating expenses of \$12.1 million underran by \$0.6 million due to lower as-needed expenses for legal support, on-call engineering services, and right-of-way (ROW) maintenance.

Capital Revenue



Capital Expense



Rail Program capital revenue of \$2.7 million exceeded the budget by \$0.5 million due to prior FY grant revenue received in the current FY for construction of the Laguna Niguel to San Juan Capistrano Passing Siding project. Capital expenses of \$2.4 million overran by \$0.2 million due to the timing of a construction contract for the rehabilitation of six Orange County Metrolink stations, which occurred earlier in the FY than anticipated. The variance will be resolved as the FY continues.

91 Express Lanes Program



Operating Revenue



Operating Expense



The 91 Express Lanes Program operating revenue of \$25.6 million exceeded the budget by \$7.8 million, primarily due to higher than anticipated traffic volumes (\$6.3 million). After budgeting conservatively due to the coronavirus

pandemic, volumes have rebounded faster than anticipated. The remainder is due to larger than anticipated earnings on investments which has benefitted from higher than anticipated performance. Operating expenses of \$6.5 million underran by \$4.8 million, primarily due to as-needed expenses associated with toll road account servicing and legal services (\$3.6 million). Additionally, equipment maintenance underran due to the timing of expenses for the Toll Gantry Infrastructure project (\$1.2 million). The project, led by the California Department of Transportation, was anticipated to be expensed throughout the FY. However, it is now anticipated to begin in the fourth quarter of the FY.

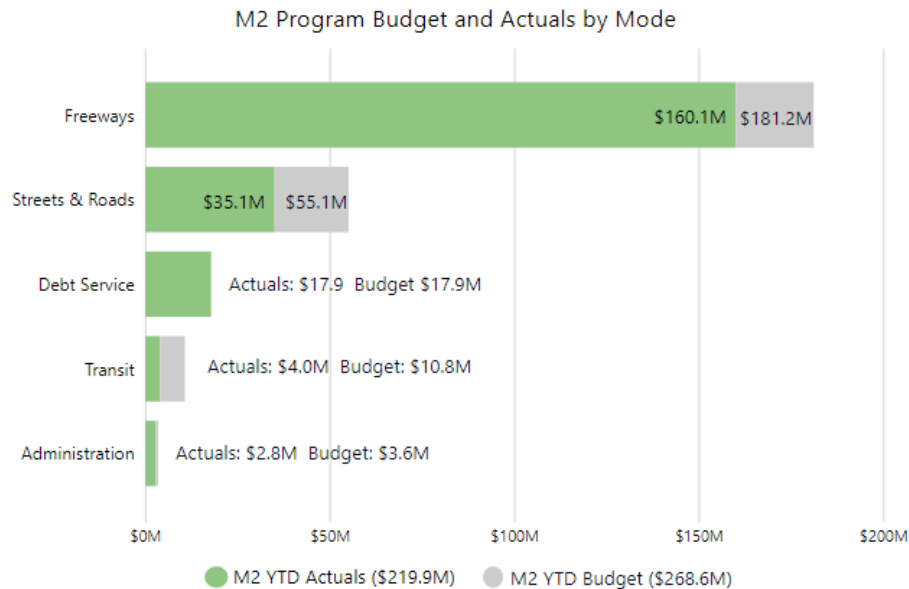
Capital Revenue**Capital Expense**

Capital revenue for the 91 Express Lanes of \$0.2 million underran by \$0.1 million, due to less than anticipated capital expenses. Capital expenses slightly underran the budget due to the lack of need for transponders. During the first half of the FY, the 91 Express Lanes Program had enough transponders on hand.

Motorist Services Program**Operating Revenue****Operating Expense**

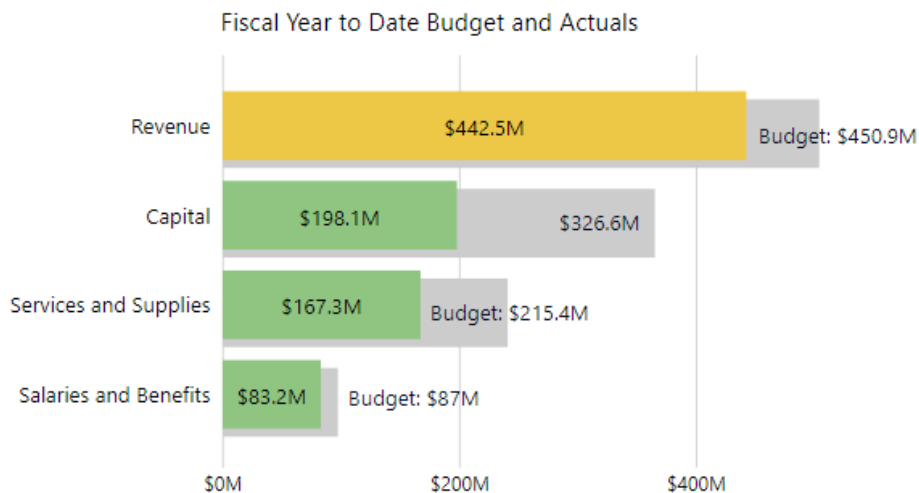
Motorist Services Program revenue of \$5.2 million exceeded the budget by \$1.6 million, which is the result of prior year operating revenue received in the current FY from the State for the Freeway Service Patrol (FSP) Program. Expenses for the program of \$2.5 million underran the budget by \$1.1 million primarily due to lower fuel cost for contracted tow service for the FSP Program. Fuel cost for this program is variable, and due to lower fuel costs, invoices received were lower than anticipated.

Measure M2 Program



Total expenses for the M2 Program of \$219.9 million underran the budget by \$48.7 million, primarily due to lower than anticipated project payment requests from local jurisdictions for the Regional Capacity Program (\$18.1 million), Community Based Transit/Circulator Program (\$4.9 million), and Regional Traffic Signal Synchronization Program (\$3.3 million). Additionally, there were less construction and ROW expenditures compared to the budget through the quarter for the I-405 Improvement Project (\$18.3 million).

Summary



Overall, revenue of \$442.5 million underran the budget by \$8.4 million, primarily due to less than anticipated expenses for the Bus Program and 91 Express Lanes Program (\$98.6 million). Offsetting these underruns, some revenues exceeded the budget due to sales tax receipts (\$34 million), the timing of grant revenue including CARES Act funds received (\$26 million), and interest on investments (\$14.4 million).

Capital expenses of \$198.1 million underran the budget by \$128.5 million, primarily due to the timing of an encumbered contract for the purchase of 40-foot compressed natural gas buses which did not occur until after the second quarter closed, and less construction and ROW expenses compared to the budget for the I-405 Improvement Project.

Services and supplies expenses of \$167.3 million underran the budget by \$48.1 million, primarily due to an underrun in contributions to local agencies based on less project payment requests for competitive M2 programs.

Salaries and benefits of \$83.2 million underran the budget by \$3.8 million, due to vacancies, primarily in the coach operator and administrative groups.

Attachment

A. FY 2020-21 Second Quarter Budget Status Summary

Prepared by:



Anthony Baruch
Section Manager,
Financial Planning and Analysis
(714) 560-5332

Approved by:



Andrew Oftelie
Chief Financial Officer,
Finance and Administration
(714) 560-5649

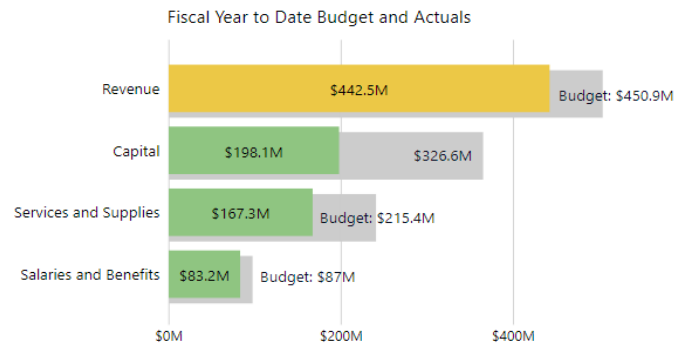


FY 2020-21 Second Quarter Budget Status Summary

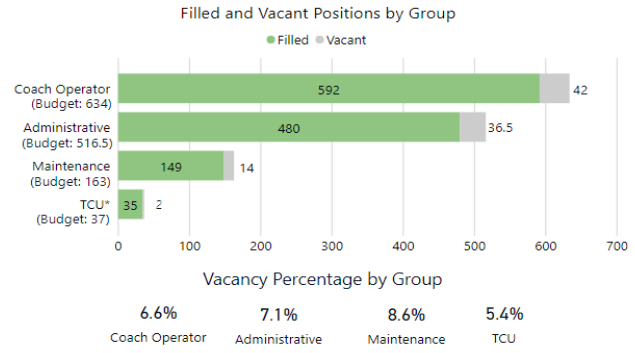
ATTACHMENT A

● Budget ● Within Budget ● Within 5% Variance ● Over 5% Variance

Total Authority



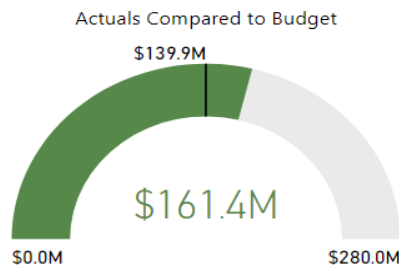
Staffing



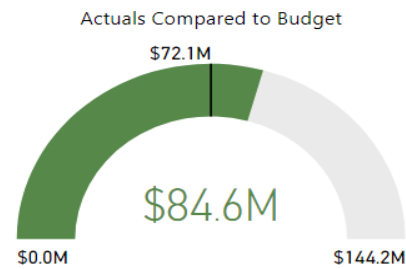
*TCU - Transportation Communications Union

Sales Tax Receipts

LTA

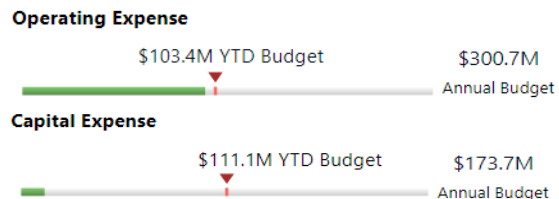
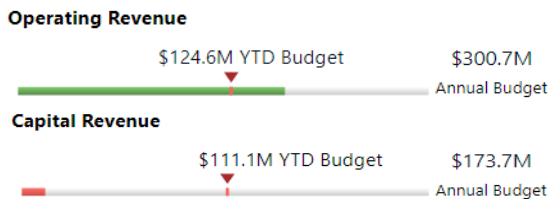


LTF

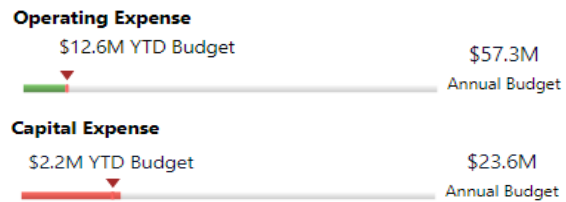
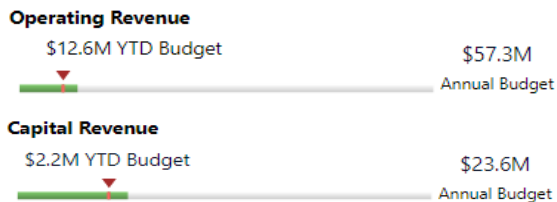


Major Operating Programs

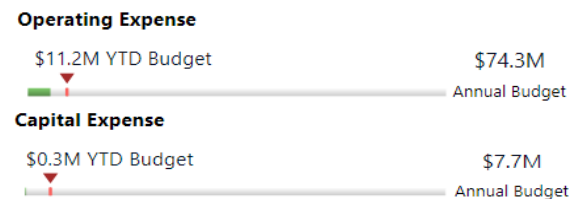
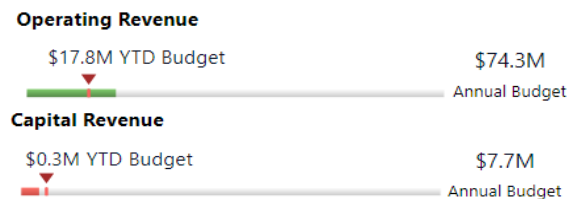
Bus Program



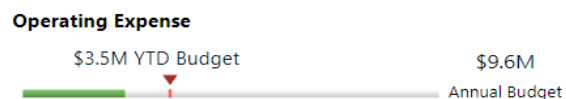
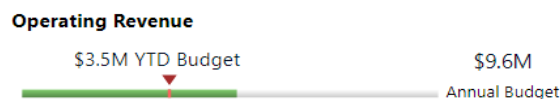
Rail Program



91 Express Lanes Program



Motorist Services Program





April 14, 2021

To: Finance and Administration Committee

For

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 Proposed Comprehensive Business Plan

Overview

The Orange County Transportation Authority's Comprehensive Business Plan is a strategic business tool utilized to ensure the financial viability of Orange County Transportation Authority programs and services. The plan assists the Orange County Transportation Authority in implementing its strategic goals and objectives within the framework of sound business practices and demonstrates the financial feasibility of all programs and services over a 20-year horizon.

Recommendation

Approve the Fiscal Year 2020-21 Proposed Comprehensive Business Plan.

Background

The Comprehensive Business Plan (CBP) is updated annually as part of Orange County Transportation Authority's (OCTA) annual financial calendar to ensure the financial feasibility of OCTA's programs and services. The foundation of the CBP rests upon Board of Directors' (Board) direction and the input provided from each division within OCTA. Prior Board action coupled with divisional input are the basis for operating, capital, and revenue assumptions. Input from the divisions is also utilized to formulate program direction and revenue and expenditure assumptions for each project and/or program. These assumptions are then analyzed over the long term based on a variety of economic assumptions.

Though the CBP lays the foundation for future financial planning and demonstrates the financial feasibility of programs and services over a 20-year horizon, it does not authorize staff to enter into any contracts nor does it appropriate any funds. Decisions stemming from discussions related to specific programs and projects or associated funding appropriations are subject to future

Board approval through the annual budget process or through specific Board action.

Although the CBP is updated internally every year to establish internal budget targets and ensure the financial feasibility of OCTA's programs and services, it is typically presented to the Board every other year for adoption.

Discussion

Since Board approval of the fiscal year (FY) 2018-19 CBP, OCTA has faced unprecedented circumstances with the onset of the coronavirus (COVID-19) pandemic. COVID-19 has unexpectedly altered the trajectory of the economy and has led to significant impacts to funding sources that support OCTA's programs and services. Sales tax and fare revenue are among the most substantially impacted revenue sources, both in the immediate FY and beyond. Tight budget controls, conservative long-range planning measures, as well as federal supplemental funding, 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.

The CBP is divided into six programs as follows: Bus Program, Rail Program, Measure M2 (M2), 91 Express Lanes, Motorist Services, and Non-Program Specific Projects. Key revenue and expense assumptions, as well as risk factors for each program are outlined below:

Bus Program

Based on current revenue and expenditure assumptions, the Bus Program remains sustainable over the next 20 years. The Bus Program has been significantly impacted by COVID-19 including large decreases in its primary revenue source, which is the Transportation Development Act (TDA) sales tax. TDA sales tax funds approximately half of the cost of bus operations. COVID-19 has also significantly impacted ridership and fare revenue, which have currently reached only 50 percent of pre-COVID-19 levels. To help offset the significant decrease in revenue, OCTA has adjusted service levels to align with the current reduced demand and is utilizing the federal supplemental funding, which has been provided to offset the impacts of COVID-19. This funding has provided relief for the Bus Program and will enable OCTA to increase service in the future based on demand and public health considerations.

Key assumptions and ongoing risks for the Bus Program include:

Key Assumptions

- Increase service hours from the current level of 1.2 million hours up to 1.45 million hours based on demand and public health considerations
- Average long-term growth rate for TDA sales tax of 2.8 percent based on the Board-approved sales tax forecasting methodology
- Continued receipt of federal and state funding to support both operating and capital expenditures
- Boarding's to stabilize in FY 2022 and grow slowly over time
- Fare increases every ten years with the next scheduled in FY 2027, which would be 14 years from the prior fare increase in FY 2013
- Cost of paratransit service is managed with annual trip growth of 1.1 percent
- Useful life of large bus fleet of 18 years

Ongoing Primary Risks

- Softening of TDA sales tax growth could impact future service levels
- Uncertainty of ongoing ridership demand could 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

Rail Program

Despite challenges from COVID-19, the Rail Program remains sustainable over the next 20 years. Revenue losses due to COVID-19 have been offset with federal supplemental funding and sustained lower service levels. Ongoing weekday service levels are anticipated to 41 weekday trains, which is a reduction from pre-pandemic levels of 51 weekday trains. Weekend trains are anticipated to remain at 16 over the 20-year horizon.

Key assumptions and ongoing risks for the Rail Program include:

Key Assumptions

- Sustain lower weekday service levels of 41 weekday trains, which is a reduction from pre-pandemic service levels of 51 weekday trains
- Maintain 16 weekend trains
- M2 sales tax remains the long-term funding source for operations
- Continued federal funding, which is primarily used for capital improvements
- Moderate annual growth in the Metrolink operating subsidy

Ongoing Primary 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

M2 Program

COVID-19 has impacted M2 sales tax revenues with an updated sales tax forecast of \$11.6 billion over the life of the program. This represents a reduction of \$1.8 billion in sales tax revenue over pre-COVID-19 estimates. Despite the reduction in sales tax, there remains sufficient financial capacity within the program to continue to improve freeways, streets, and roads, as well as fund multiple transit programs throughout Orange County and meet the commitments made to the voters. Assumptions within the CBP for the M2 Program are consistent with the 2020 Next 10 Delivery Plan and Board action regarding project funding.

Key assumptions and ongoing risks for the M2 Program include:

Key Assumptions

- M2 Program sales tax of \$11.6 billion
- \$3.6 billion in external revenues to support projects
- One additional bond issuance of \$575 million in 2023
- Utilization of 91 Express Lanes excess revenue to fund two State Route 91 (SR-91) freeway projects
- Minimum cash balance of \$183 million through 2040
- Cash balance of \$82 million at the end of the program

- Economic uncertainty built into the freeway mode to help mitigate against future impacts to the program

Ongoing Primary Risks

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

91 Express Lanes

The 91 Express Lanes continues to meet the stated objectives of maximizing throughput in the corridor while meeting all financial commitments over the 20-year period. Though COVID-19 has impacted revenues, the 91 Express Lanes continue to meet its obligations and to generate excess toll revenue to support transit and freeway improvements along the 91 corridor. Future SR-91 corridor capital improvements are consistent with the Board-approved SR-91 Implementation Plan. Due to a decrease in toll revenue as a result of COVID-19, it is anticipated that the 91 Express Lanes will require a bond issuance of \$120 million to support the cost of two M2 freeway projects in the SR-91 corridor.

Key assumptions and ongoing risks for the 91 Express Lanes Program include:

Key Assumptions

- Average annual growth in toll revenue of 4.2 percent
- Debt used to acquire the express lanes to be repaid in FY 2031
- Utilization of 91 Express Lanes excess revenue and bond revenue to support two M2 freeway projects along the SR-91 corridor
- Future capital improvements along the corridor consistent with the SR-91 Implementation Plan

Ongoing Primary Risks

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

Motorist Services

The Motorist Services Program consists of the Service Authority for Freeway Emergencies (SAFE) Program. SAFE includes the Freeway Service Patrol (FSP), Freeway Call Box Program, and Southern California 511. These programs are funded from a variety of revenue sources including funds from the State Highway Account, vehicle registration fees, SB 1 (Chapter 5, Statutes of 2017), and the M2 Program. Based on current revenue and expenditure assumptions, it is anticipated that the Motorist Services Program will be sustainable over the 20-year horizon of the CBP. Potential risks primarily consist of any impacts to funding from the State Highway Account or SB 1. The impacts to the FSP Program could be mitigated by the contributions of the M2 Program, however using M2 Program funds to backfill funding would limit the ability to expand the FSP Program in the future.

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 Programs. These projects are generally funded through local, state, and federal sources and include the Vanpool and Rideshare Programs, Active Transportation Program, Bicycle and Pedestrian Facilities, and Bicycle Safety Program. The sustainability of these programs is subject to continued state and federal funding opportunities. OCTA will continue efforts to maximize the amount of state and federal funds received to support these programs into the future.

Summary

The CBP strives to provide the OCTA Board with an effective business planning tool for ensuring the financial feasibility of OCTA's programs and services. The FY 2020-21 Proposed CBP documents the financial feasibility of OCTA to deliver its programs and services as promised to the public over a 20-year horizon.

Attachment

A. Proposed Comprehensive Business Plan Fiscal Year 2020-21

Prepared by:



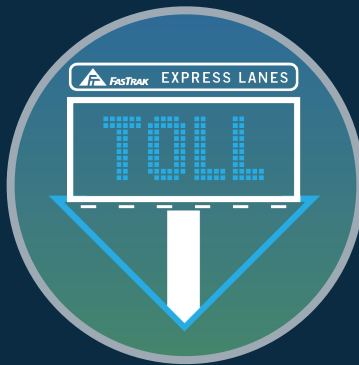
Victor Velasquez
Department Manager,
Financial Planning & Analysis
714-560-5592

Approved by:



Andrew Oftelie
Chief Financial Officer,
Finance and Administration
714-560-5649

Proposed Comprehensive Business Plan Fiscal Year 2020-21



Orange County Transportation Authority
octa.net



AFFILIATED AGENCIES

Orange County
Transit District

Local Transportation
Authority

Service Authority for
Freeway Emergencies

Consolidated Transportation
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)

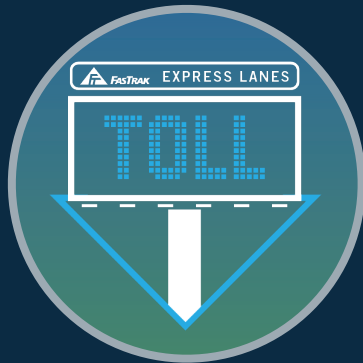
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Introduction



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

Andrew Do
Chairman
Supervisor, 1st District



Mark A. Murphy
Vice Chairman
City Member, 3rd District



Lisa A. Bartlett
Director
Supervisor, 5th District



Doug Chaffee
Director
Supervisor, 4th District



Barbara Delgleize
Director
City Member, 2nd District



Katrina Foley
Director
Supervisor, 2nd District



Brian Goodell
Director
City Member, 5th District



Patrick Harper
Director
City Member, 2nd District



Michael Hennessey
Director
Public Member



Gene Hernandez
Director
City Member, 3rd District



Steve Jones
Director
City Member, 1st District



Joe Muller
Director
City Member, 5th District



Vicente Sarmiento
Director
City Member, 1st District



Tim Shaw
Director
City Member, 4th District



Harry S. Sidhu
Director
City Member, 4th District



Donald P. Wagner
Director
Supervisor, 3rd District



Vacant
Public Member

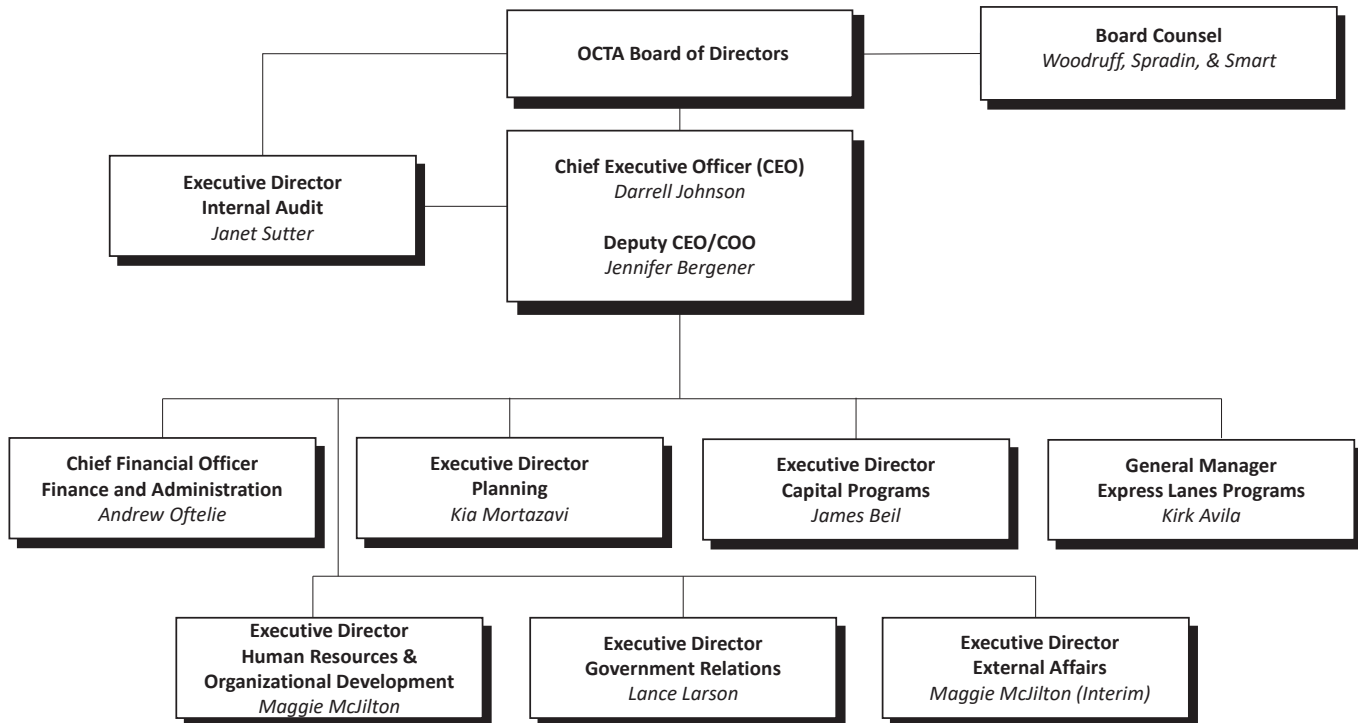


Ryan Chamberlain
Governor's Ex-Officio Member
Caltrans District 12
District Director



Introduction

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

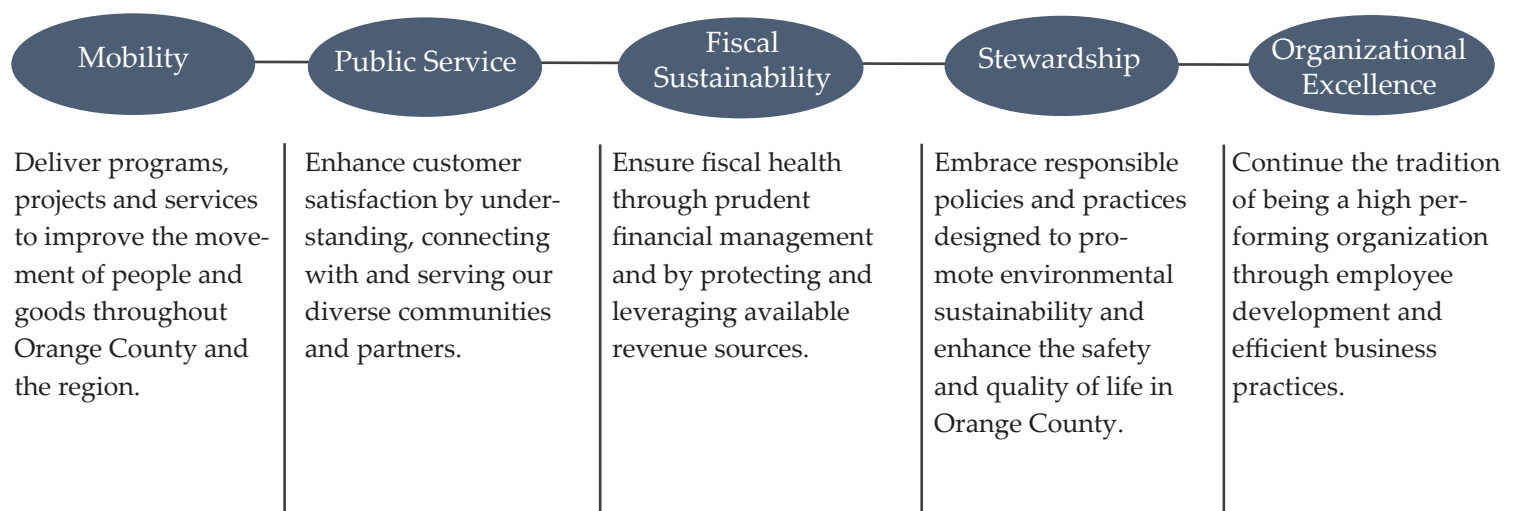
Develop and deliver transportation solutions to enhance the quality of life and keep Orange County moving.

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.





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 arteri-

als 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



Introduction



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.



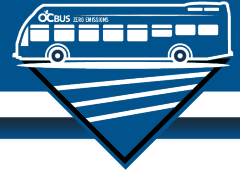
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Bus Program



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.

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



OCTA Bus keeps Orange County Moving.

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.



Bus Program



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

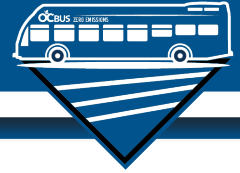
Fixed-Route Service

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



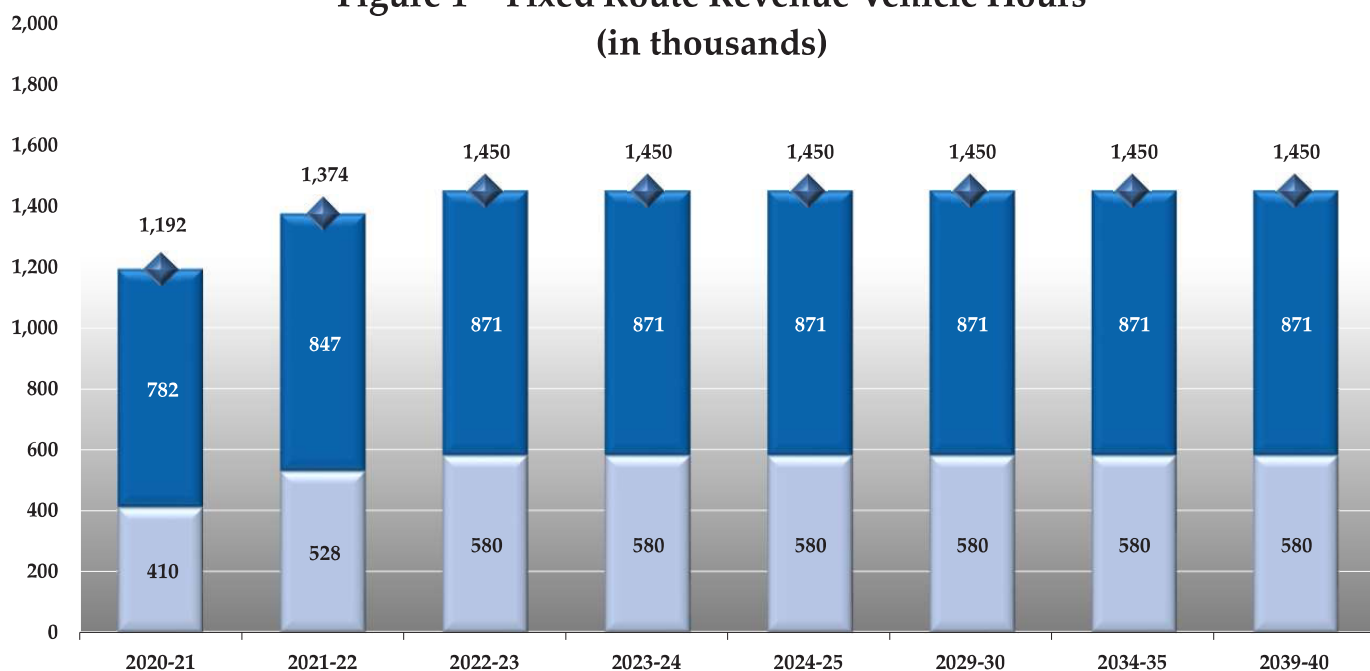
remained relatively stable since the June service change so only minor schedule changes were made for the October 2020 service change and service levels remain at 1.18 million.

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)**





Bus Program

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

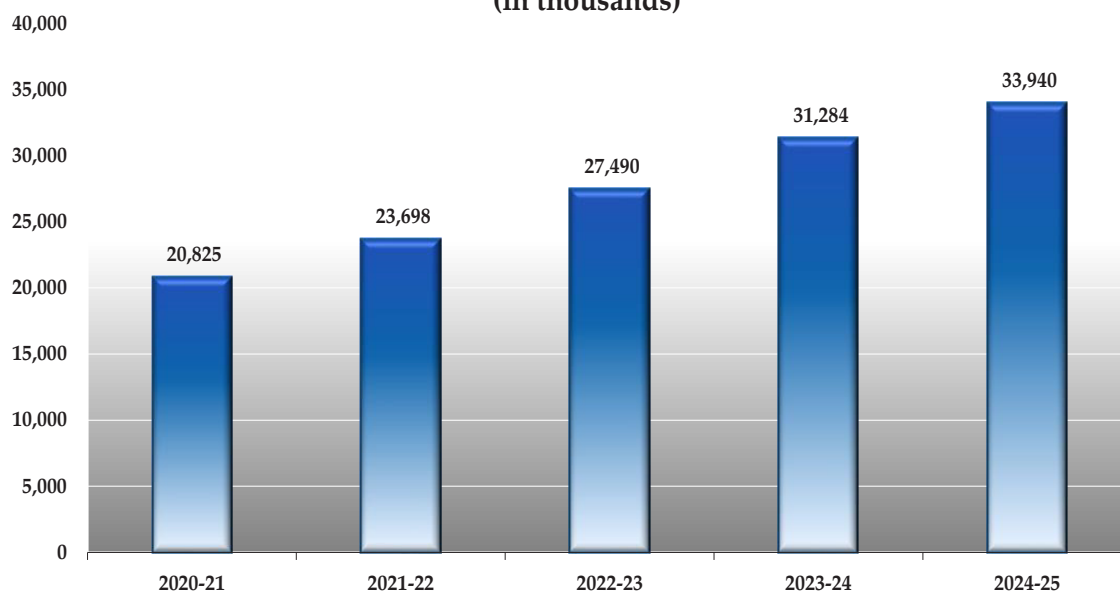
Rail feeder services were introduced to transport commuter rail passengers between Metrolink train stations and their employment destinations in Orange County. Stationlink buses travel over a defined route with intermittent stops located at major employment centers. A total of five Stationlink routes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

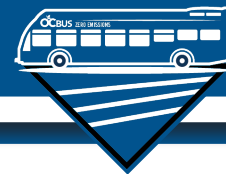
Special Bus Service

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 temporarily 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



BRAVO! helping Orange County move during peak hours.

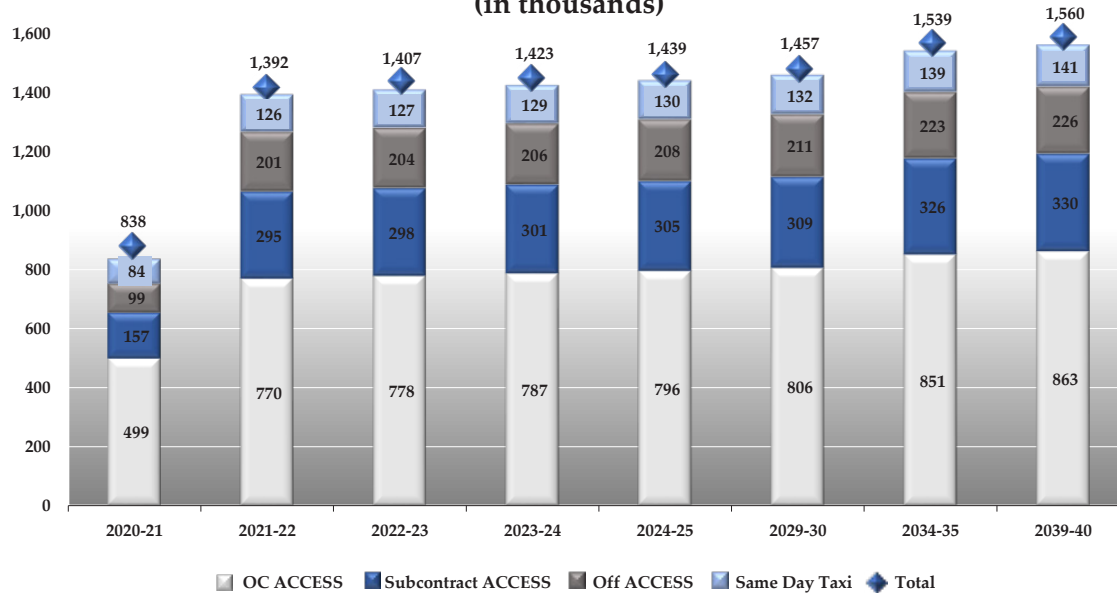
transportation programs to help reduce the demand and cost of OC ACCESS service.

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.



Bus Program

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.

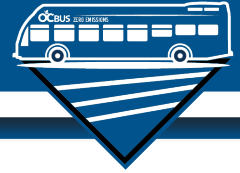
Premium Paratransit Taxi and Special Agency Services

A critical component of managing the cost of para-

transit 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.

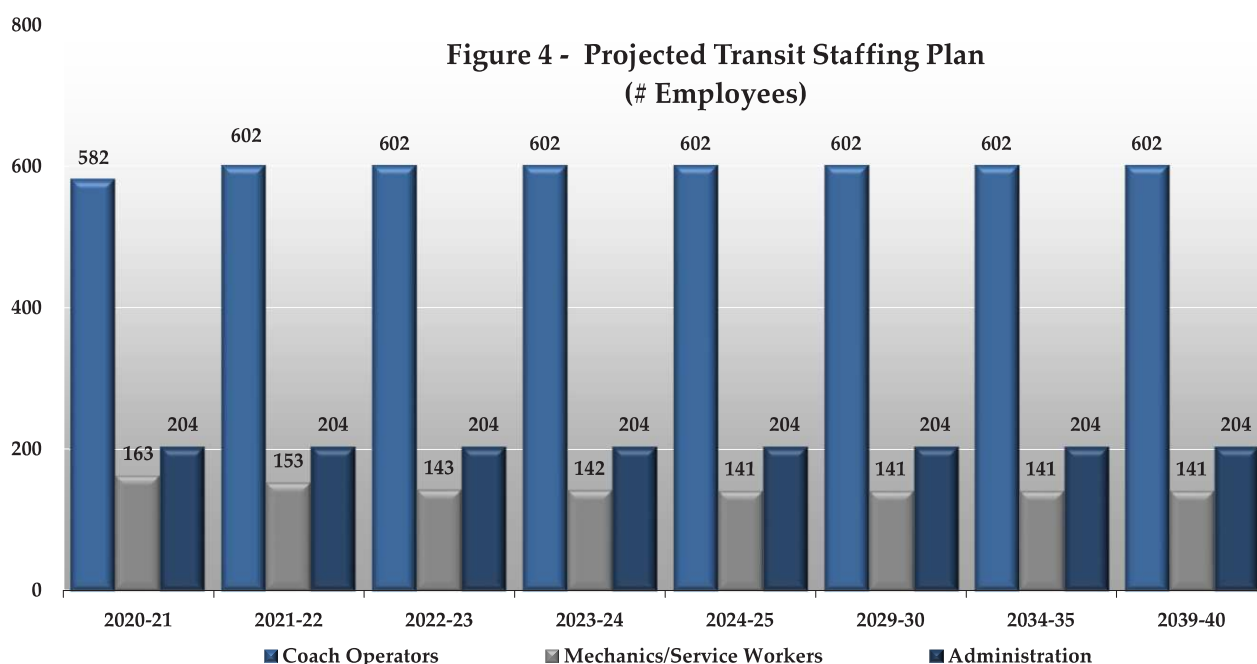
Capital Expenditures

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.

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.

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-





Bus Program

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

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

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.

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)

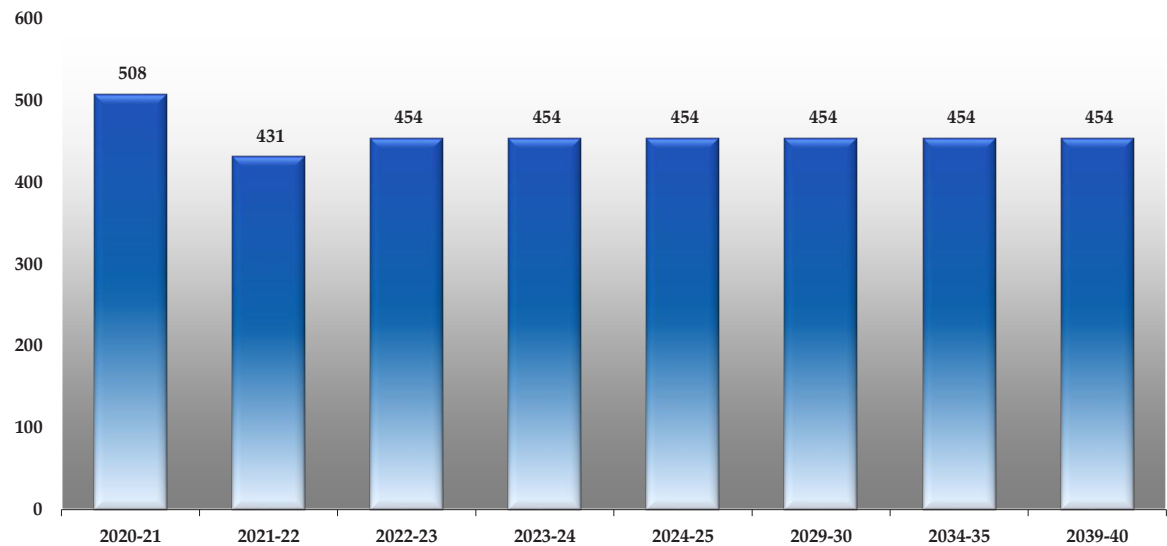


Figure 8 - Paratransit Fleet Size
(# buses)





Bus Program

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.

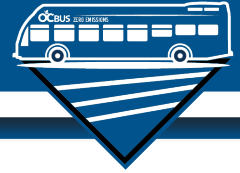
On December 4, 2015, Congress passed, and the President signed into law the Fixing America's Surface Transportation (FAST) Act, H.R. 22. The FAST Act authorizes

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



Bus Program

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



Rail Program

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 rider-

ship 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.



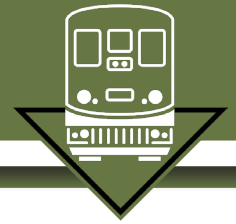


Figure 2 - Combined Annual Ridership and Fare Revenue for Orange County Lines (in millions)

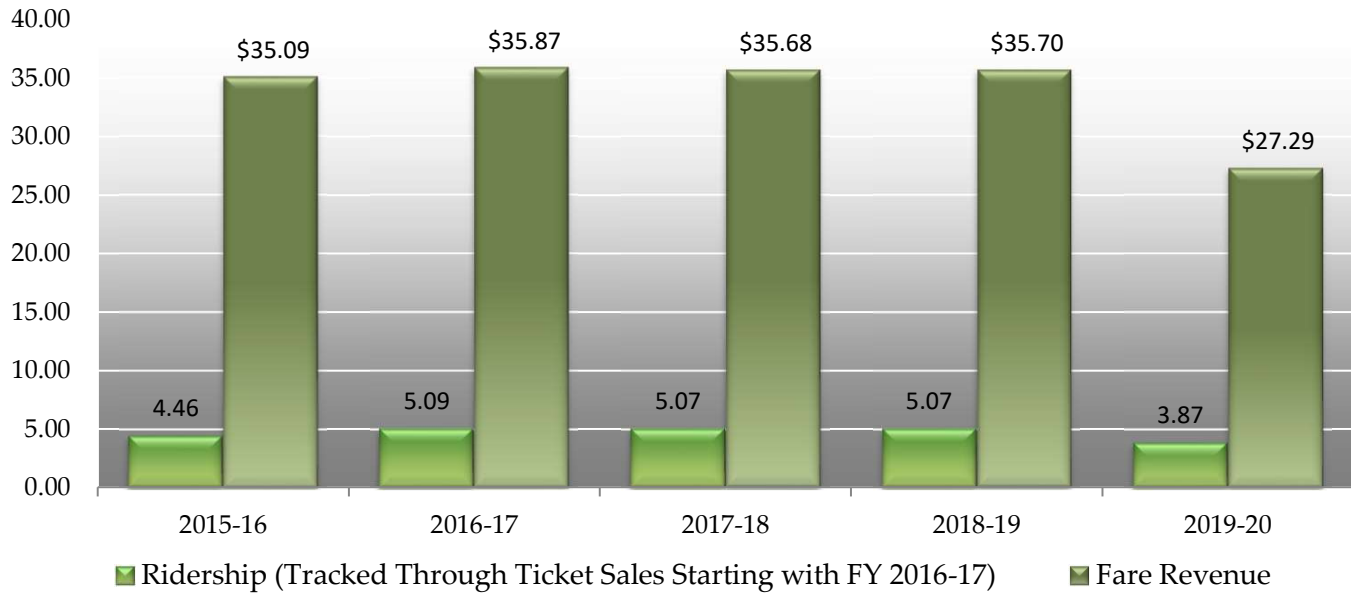
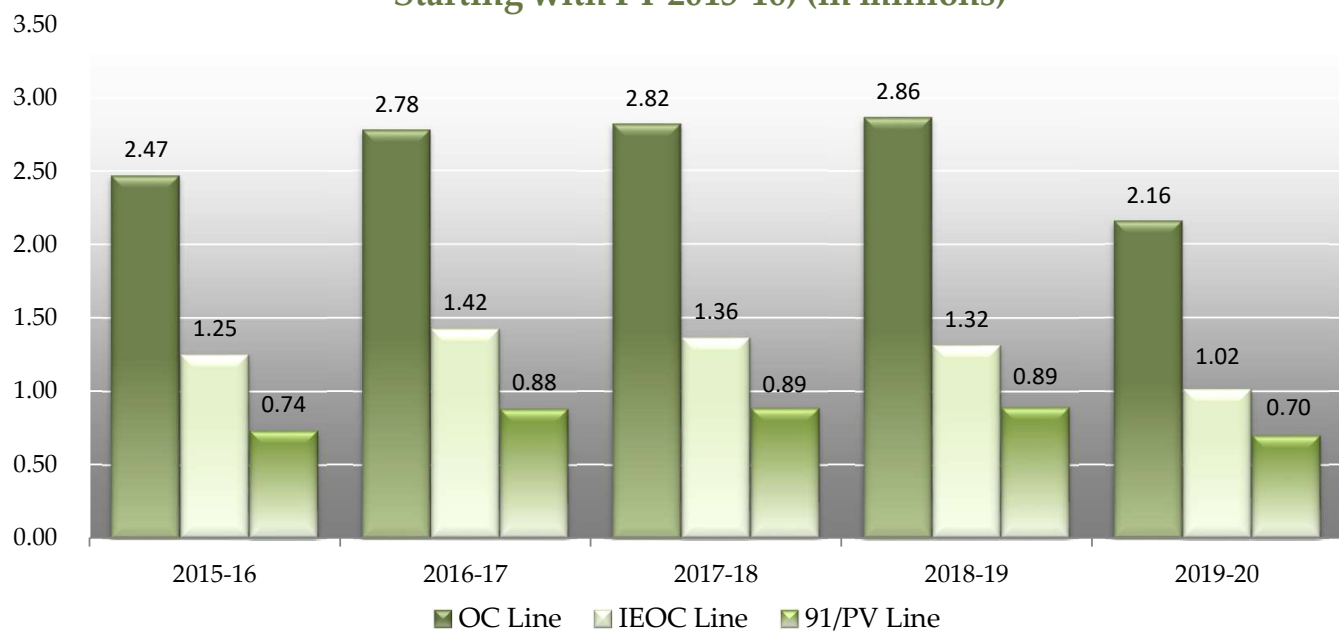
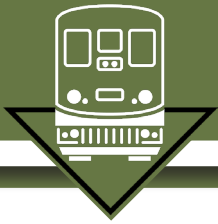


Figure 3 - Annual Ridership by Line (Tracked Through Ticket Sales Starting with FY 2015-16) (in millions)





Rail Program

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.

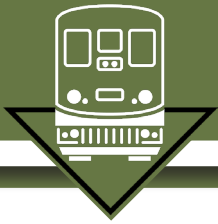
Based upon delays in the Full Funding Grant Agreement (FFGA) execution, extension of the construction project schedule, and market conditions, a revised project funding plan was approved by the Board in July 2018. In September 2018, the Board awarded the project construction contract to Walsh Construction 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

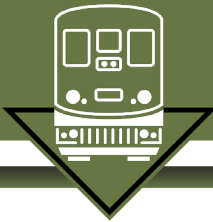
In December 2011, the Board approved the Project S bus and station van extension guidelines. In February 2012, OCTA issued a M2 Project S call for bus and Metrolink station van extension projects making \$10 million available. Two local agencies, Anaheim and Lake Forest, submitted proposals which met 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.



Rail Program

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



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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 county-wide, 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
DELIVERY PLAN



Measure M2 Program

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

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%

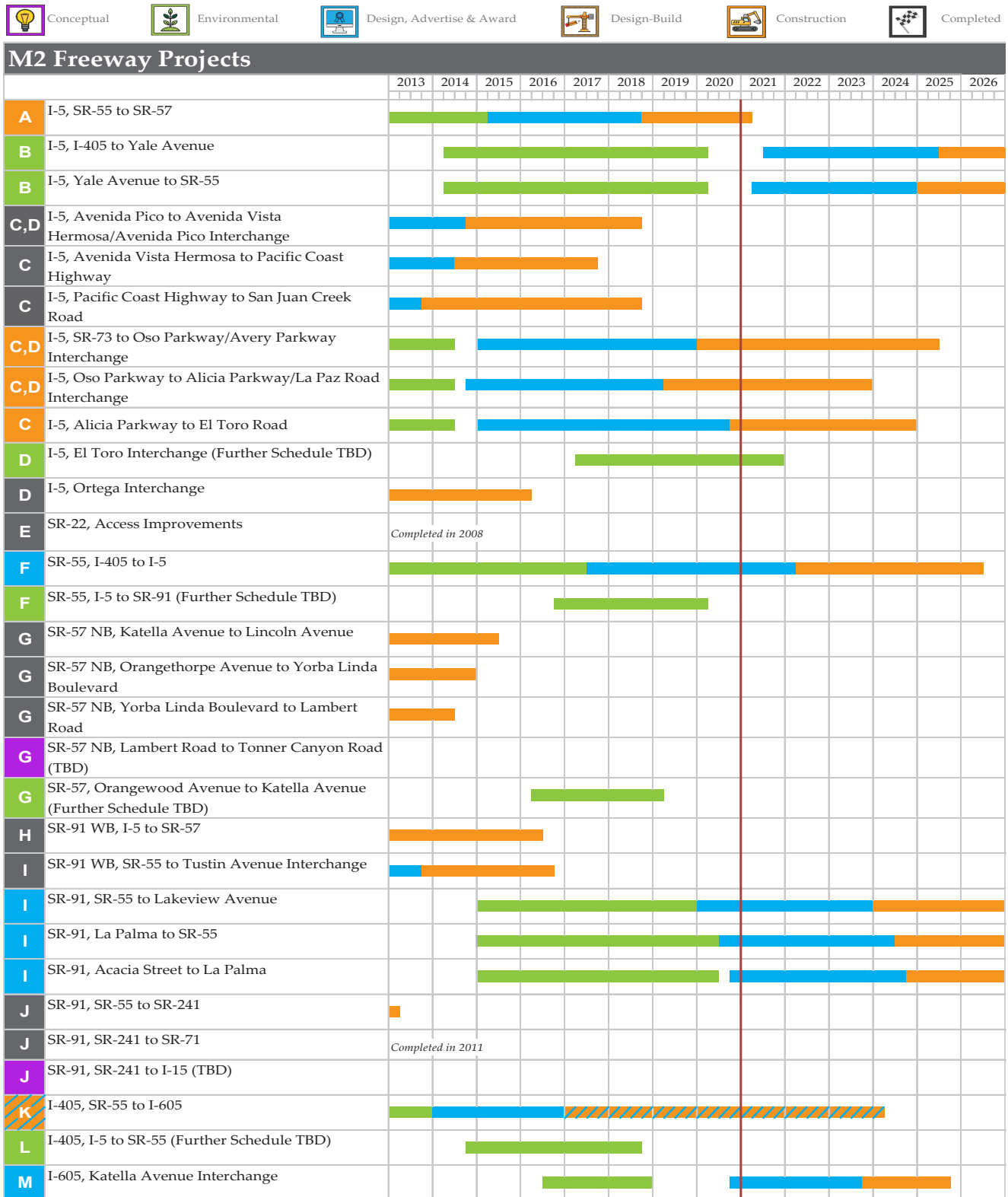
approximately \$275 million (as compared to the 2019 Next 10 Plan), bringing the total amount to \$575 million (the larger issuance is one of five factors presented under the 2020 Next 10 Plan update to overcome financial hurdles and continue project delivery progress).

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.



Measure M2 Program

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 Conser-

vation 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.

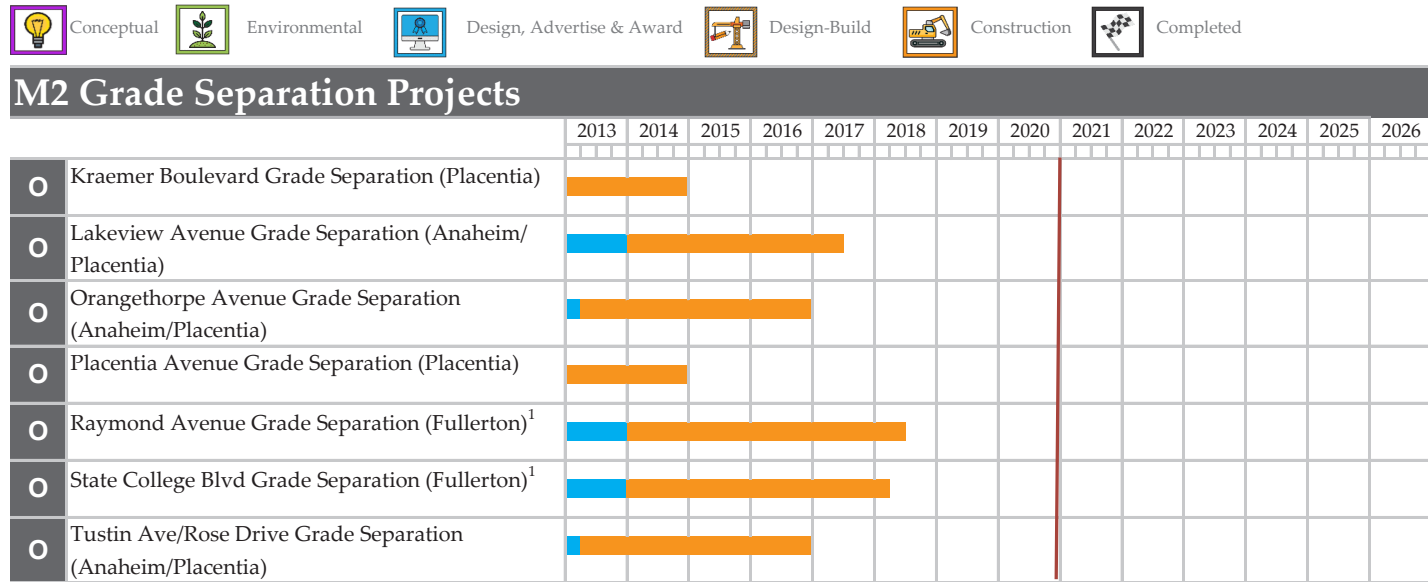
In addition to RCP, Project O also includes the OC Bridges program, which comprises of seven railroad grade separation projects in the cities of Anaheim, Fullerton, and Placentia. In July 2020, the Board approved a revised funding plan of \$667.7 million for the OC Bridges program. Along with M2 funds, 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-



Measure M2 Program

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 repair-

ing 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**.

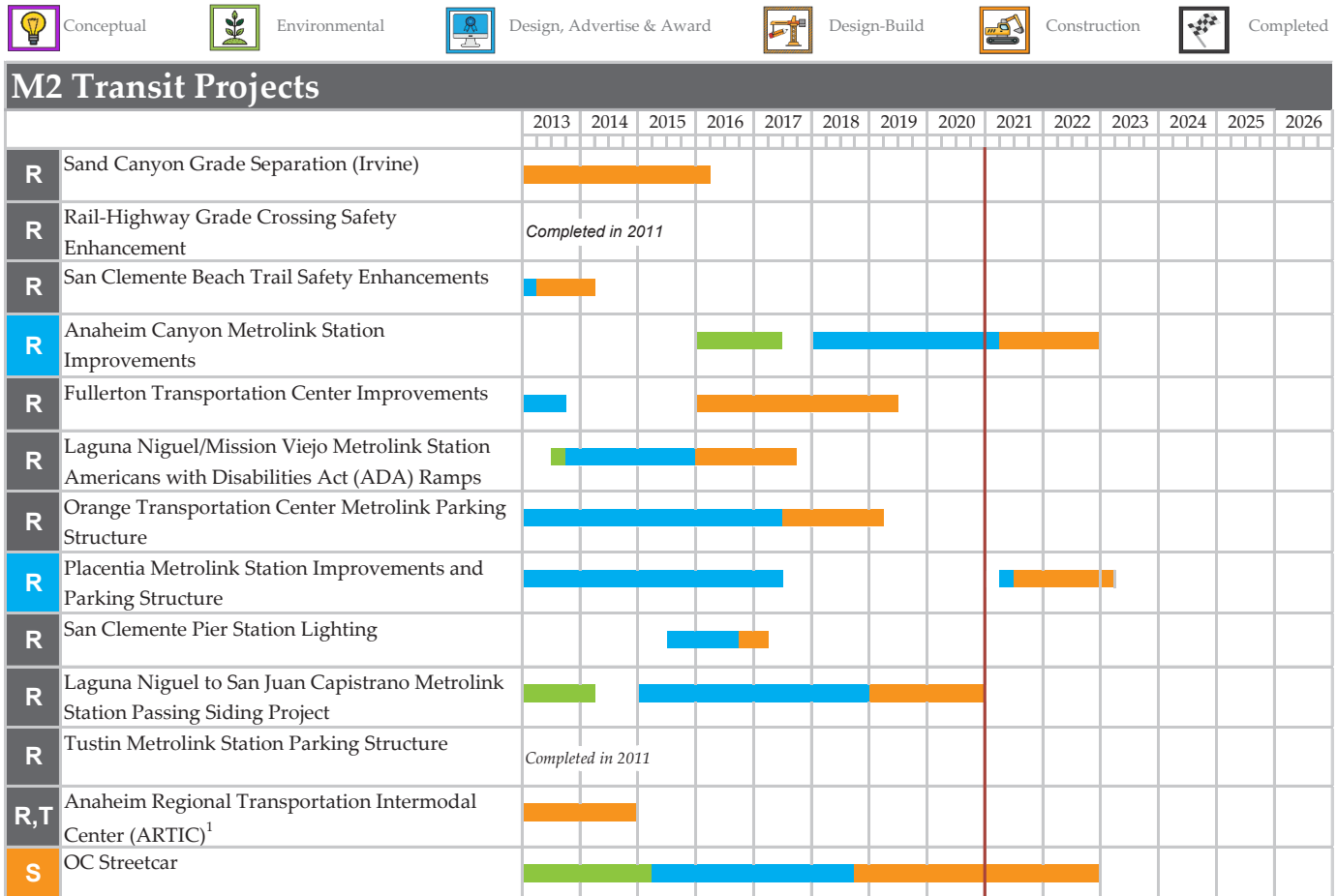
Transit Projects

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 Program

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

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.

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**.

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



Measure M2 Program

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.



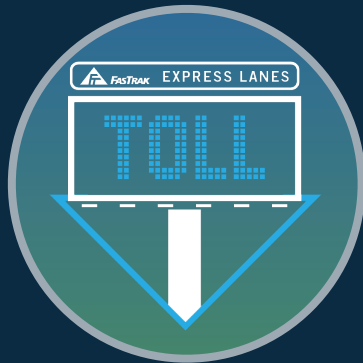


Cash Flow Statement - Measure M2

(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

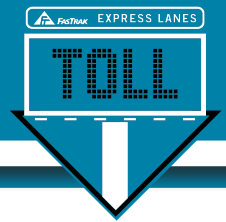
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Express Lanes



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.

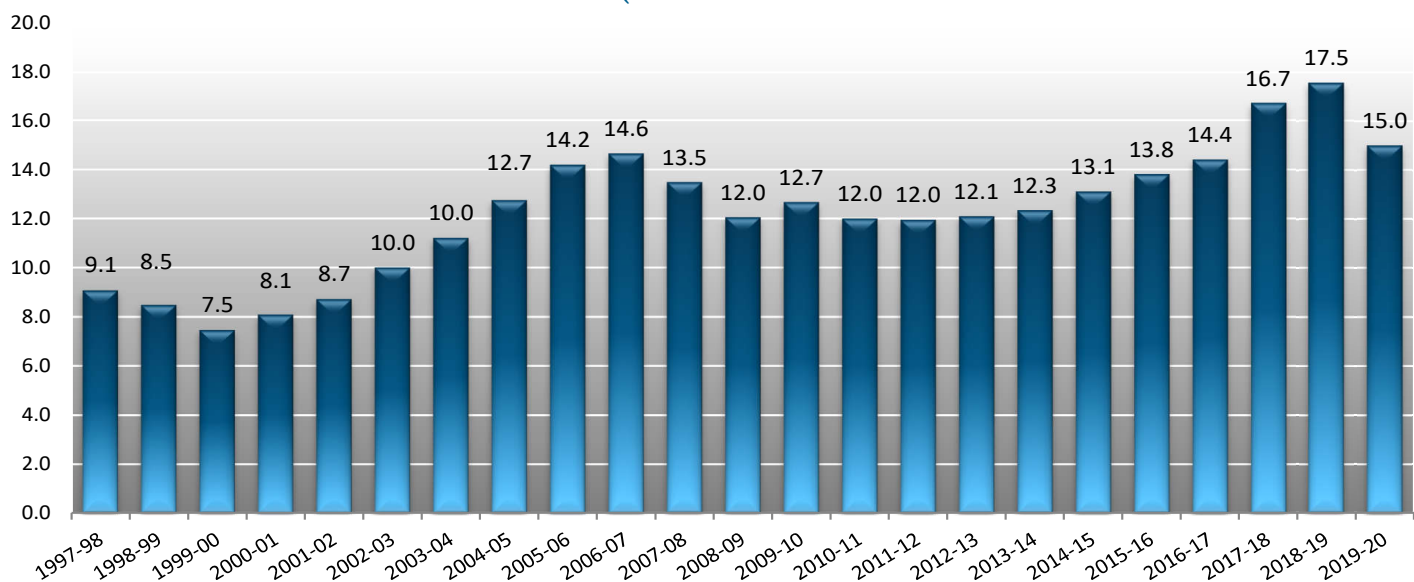
The California Private Transportation Company (CPTC) was the original owner of the 91 Express Lanes. An agreement with the State of California Department of Transportation (Caltrans) included a non-compete provision that created a 1.5-mile protection zone along each side of the State Route 91 (SR-91). 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.

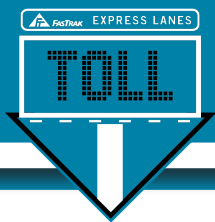
To mitigate growing concerns over congestion, the Orange County Transportation Authority (OCTA)

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)





Express Lanes



91 Express Lanes.

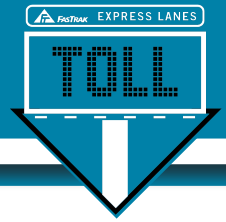
In December 2011, the OCTA Board (Board) approved a cooperative agreement that detailed the joint operation and defined each agency's roles and responsibilities for the 91 Express Lanes extension during the design, construction, operations, and maintenance phases of the project. A joint operation of 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.

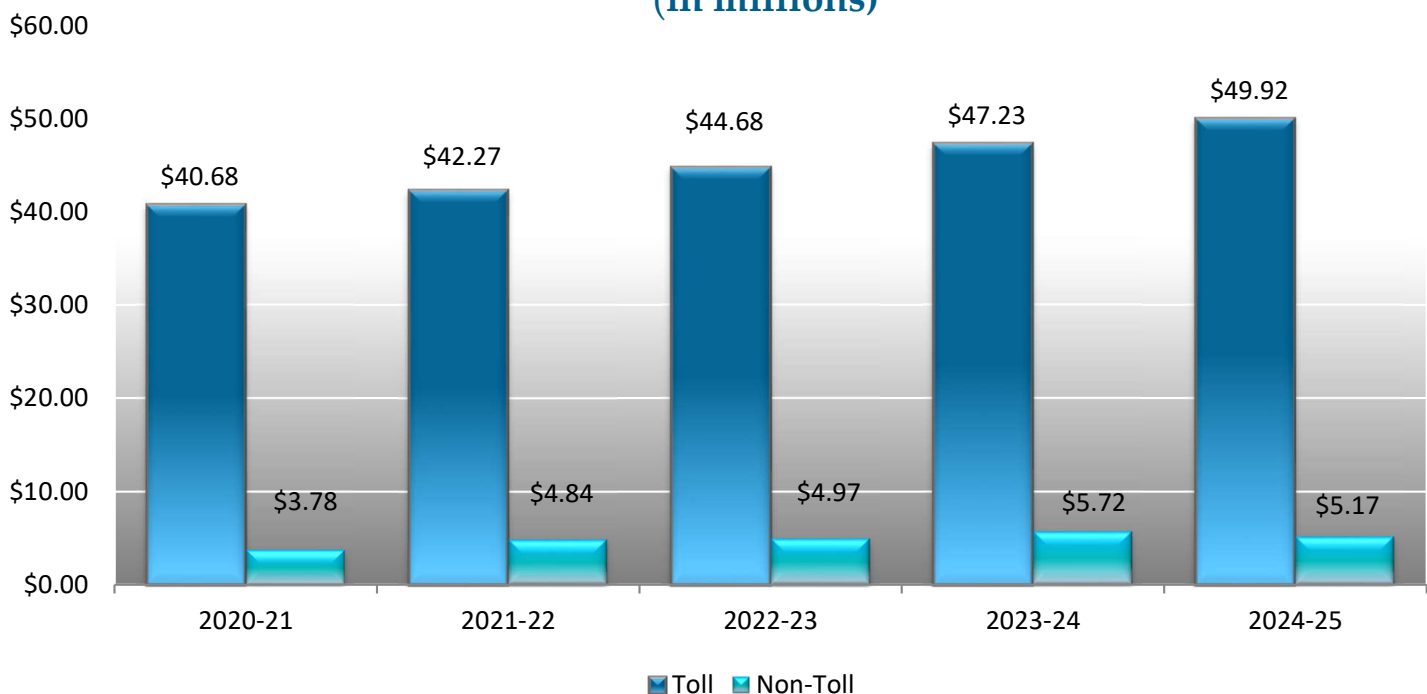
Toll Road Revenue

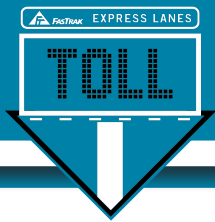
Operations

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)**





Express Lanes

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

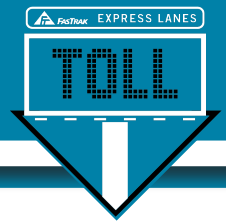
Expenses include operating costs, capital purchases, reserve set-asides, and debt payments (e.g. senior debt service and subordinated debt repayment). There are two types of reserve set asides, those that are required by the senior bond indenture and the internal capital reserve fund established by the 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

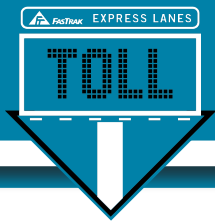
The Electronic Toll and Traffic Management (ETTM) system identifies and captures vehicle information for customer account billing or violation processing. In 2018, a contract was executed with Kapsch TrafficCom USA, Inc; for the full architectural replacement of the ETTM System at a cost of \$7.5 million 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,



Express Lanes

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 about 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 Improvements	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.



Express Lanes

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.

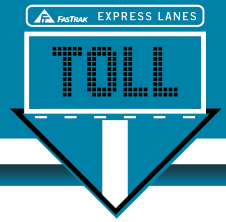
Project Implementation

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

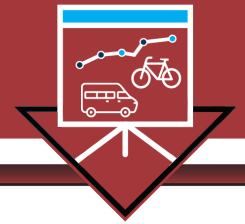
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Non-Program Specific Projects



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 Ber-

nardino, 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.





Non-Program Specific Projects



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

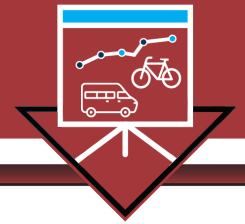
Since 2012, Orange County agencies have secured \$139.8 million in state, federal, and local grants for bicycle and pedestrian projects from the Bicycle Corridor Improvement Program (BCIP), Active Transportation Program (ATP), and Solutions for Congested Corridors Program (SCCP) funding.

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-

Non-Program Specific Projects



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 County 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



FSP keeps the freeways moving & reduces congestion.

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.

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.





Motorist Services

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

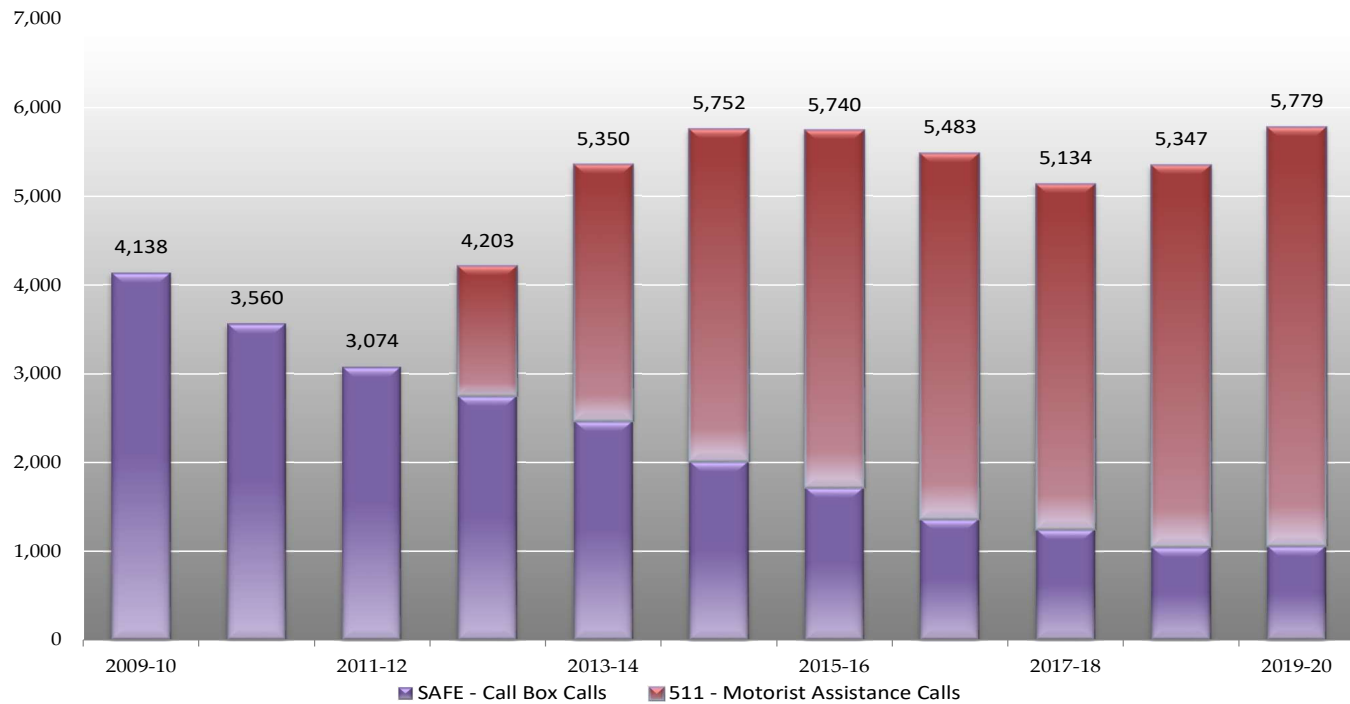
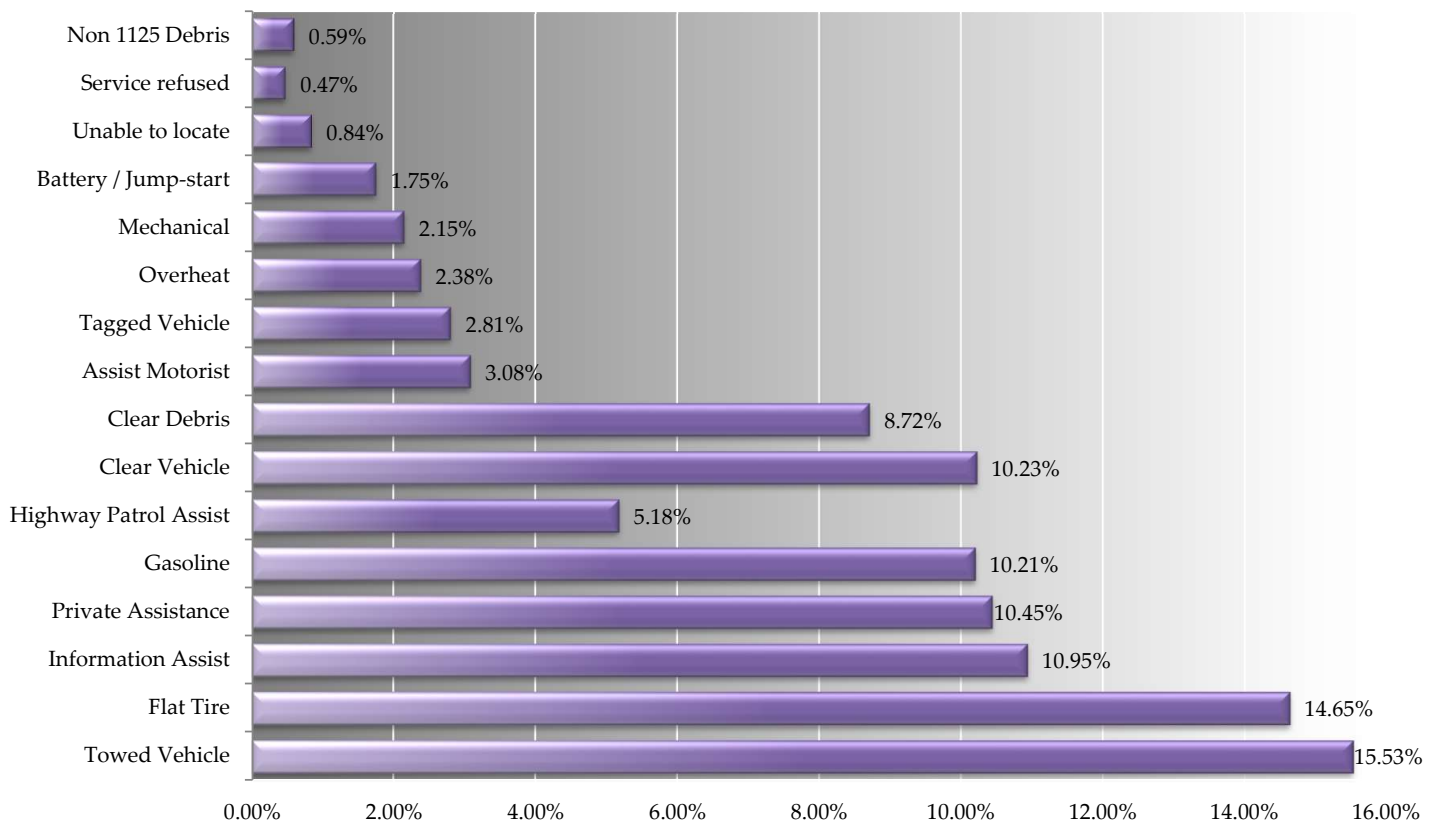


Figure 2 - FSP Assists By Type





Motorist Services

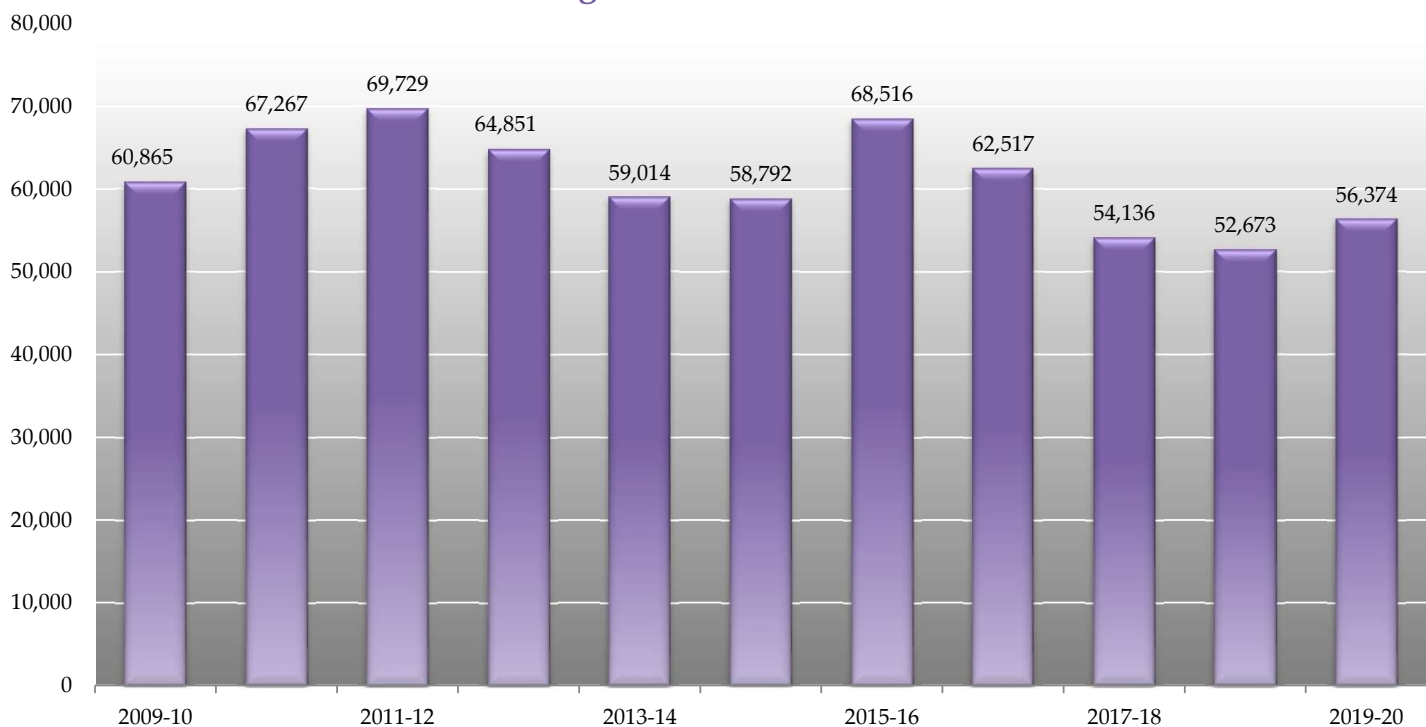
OCTA's FSP tow trucks provided 56,374 assists in FY 2019-20 shown in **Figure 3**.

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, center-line 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



Motorist Services

Freeway Service Patrol Beats



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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



Bus Program



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

Bus Program



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

Bus Program



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

Bus Program



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

Rail 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

Measure M2 Program



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

Measure M2 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

91 Express Lanes



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 Program



- 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