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March 23, 2020

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The Honorable Toni Atkins
Senate President pro Tempore
State Capitol, Room 205
Sacramento, California 95814

The Honorable Anthony Rendon
Assembly Speaker
State Capitol, Room 219
Sacramento, California 95814

The Honorable Shannon Grove
Senate Republican Leader
State Capitol, Room 305
Sacramento, California 95814

The Honorable Marie Waldron
Assembly Republican Leader
State Capitol, Suite 3104
Sacramento, California 95814

Dear Governor Newsom, Senate pro Tem Atkins, Speaker Rendon, Senate Republican Leader Grove, and Assembly Republican Leader Waldron:

Like the rest of the nation, the Orange County Transportation Authority (OCTA) is responding to the coronavirus (COVID-19) pandemic. Our top priority is the safety and security of our employees, OC Bus riders, those engaged in constructing capital improvements on our multi-modal transportation system and customers and operators of Metrolink, Amtrak, and the 91 Express Lanes. We are closely monitoring public health and social distancing guidance from federal, state, and local officials while we fulfill our responsibility to facilitate those activities deemed essential to fighting the spread of the virus.

The Department of Homeland Security has designated 16 Critical Infrastructure Sectors, one of which is the Transportation Systems Sector. California Governor Gavin Newsom explicitly cited this language in Executive Order N-33-20, which identifies transportation as essential in preserving the health and safety of Californians. As a result, OCTA remains committed to protecting roadway, mass transit, and passenger rail infrastructure in Orange County. While our immediate focus is the continued utilization of these services to limit the impacts of the pandemic, we remain committed to future improvements that will preserve and enhance Orange County's multi-modal transportation system.

As is the case with the entire transportation sector, OCTA is incurring unforeseen costs, financial hardship and facing significant operational burdens in responding

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to this unprecedented national crisis. Our OC Bus ridership dropped by almost 60 percent last week, from an average of 120,000 weekday boardings to approximately 50,000. OCTA made the difficult decision to implement a Sunday service schedule, which is about 40 percent of normal service levels, for every day of the week. At this time, OCTA is not changing paratransit service, keeping in mind our responsibility as an essential service provider for those transit users most susceptible to the virus. In addition, we are closely monitoring on-going construction projects to maintain the long-term stability of our transportation infrastructure. OCTA is confident that these measures will facilitate outbreak response activities while also respecting ever-changing public health guidance.

The COVID-19 response has fundamentally changed the way people interact, and the resulting collapse of non-essential economic activity will have a dramatic impact on the availability of federal, state, and local funding. Short-term revenue decreases will cause extraordinary budgetary constraints. OCTA collects approximately \$48 million annually in transit fares, which partially fund bus operations that help our agency maintain ridership. Transit fares are expected to decrease significantly as a result of our current ridership decline. OCTA will also see a severe decline in revenues from Orange County's half-cent sales tax dedicated to transportation improvements, Measure M2. Social distancing measures will likely lead to an increase in online shopping, which will only further exacerbate the on-going disparities in the distribution of Bradley-Burns revenues. During the Great Recession, OCTA saw a 20 percent decrease in sales tax revenue, and ridership levels never fully recovered. If the impacts are similar from COVID-19, long-lasting impacts will be felt systemwide. Sharp declines are expected in both cap-and-trade revenues and the state's gas tax, which will undermine the transportation improvements funded by SB 1 (Chapter 5, Statutes of 2017). Given the likelihood of long-term revenue instability, OCTA is planning for an uncertain future while maintaining our long-standing commitment to fiscal responsibility.

While emergency funding to help support these essential services remains paramount; there are also several policy adjustments at the state level that can take place to ensure continuity of these services moving forward. Specific examples include, but are not limited to:

- **Increased formula funding.** Formula funding is the most efficient way to infuse money back into our systems so that transit agencies can maintain operations. The State Transit Assistance (STA) program represents the best mechanism to funnel any new funding in a predictable, efficient manner to transit agencies.

- **Authorize use of Low Carbon Transit Operations Program (LCTOP) and State of Good Repair (SGR) funding to backfill operating expense without traditional project eligibility, reporting and metric requirements.** Granting more flexibility under these funding sources will relieve near-term stresses on our current operation. Allocation directly to transit agencies, with expanded eligibility and streamlined approval processes, will allow agencies to immediately use funding for their systems.
- **Re-evaluate the distribution of Local Transportation Fund (LTF) revenues to transit agencies, accounting for sharp increase in online sales.** Current LTF distribution is based on the place of distribution, rather than where the sale occurs. As the population increasingly turns online to procure essentials, this will significantly decrease available transit funding from the LTF to Orange County due to the low number of distribution centers within the county. Currently LTF funds about 50 percent of OCTA's operations.
- **Delay implementation of the Innovative Clean Transportation (ICT) Regulation.** In responding to the COVID-19 crisis, our transit operations' focus has been on mitigating those impacts. Technology procurements mandates should be delayed so that transit agencies can focus their efforts on operational needs and response after the outbreak is contained. Costly mandates will simply take away from getting service back on the ground.
- **Waive financial penalties for non-compliance with farebox recovery requirements.** Similar to the flexibility provided to the education system, OCTA recommends removing financial penalties for non-compliance with farebox recovery requirements as our ridership continues to decrease.
- **Postpone timely use of funding deadlines for CTC-funded projects.** With priorities evolving, our current CTC-funded projects will likely not realize those dollars as agreements anticipated. We must ensure these projects still move forward, but with extended flexibility.
- **Postpone application deadlines for SB 1 programs and/or directly allocate revenues to regions on a formula basis to allow for immediate economic and mobility benefit.** Meeting the current application deadlines will be extremely difficult given OCTA's responsibilities in mitigating the impacts of the COVID-19 pandemic. One alternative would be to allocate

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dollars immediately on a formula basis, by population, to regions to allow for investment in necessary infrastructure. Expediting programming and allocation processes in conjunction with the above, will also assist.

- **Emergency California Environmental Quality Act (CEQA) exemptions.** CEQA exemptions will provide the most sweeping relief to expediting project delivery and services changes as we respond rapidly to the evolving nature of the COVID-19 pandemic.
- **Delay planning and outreach requirements.** CTC guidelines for the Solutions for Congested Corridor Program and the Active Transportation Program, specifically the public outreach requirements, pose unique challenges during the COVID-19 outbreak response.
- **Extensions for coach operator driver's license renewals.** As an essential service, OCTA must be able to provide mobility services in Orange County. With home isolation orders for seniors and those with chronic health conditions, we are experiencing a worker shortage when it comes to our coach operators. To manage these workforce challenges, OCTA requests a temporary extension for coach operator license renewals.

On an almost daily basis, OCTA staff discovers more ways in which existing law could be changed to make our COVID-19 response as efficient as possible. We welcome a continued dialogue about potential legislation and policy changes so OCTA can do its part to help the State as a whole, and our local community, adequately respond and successfully recover from the COVID-19 pandemic.

Thank you for your consideration, and if you have any questions or require further information, please do not hesitate to contact Lance Larson, Executive Director of Government Relations, at (714) 560-5908, or Kristin Jacinto, Manager of State and Federal Relations, at (714) 560-5754.

Sincerely,



Steve Jones
Chairman

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c: David S. Kim, Secretary, California State Transportation Agency
Chad Edison, Chief Deputy Secretary for Rail and Transit, California State Transportation Agency
Toks Omishakin, Director, California Department of Transportation
Mitch Weiss, Executive Director, California Transportation Commission
The Honorable Phil Ting, Chair, Assembly Budget Committee
The Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
The Honorable Holly J. Mitchell, Chair, Senate Budget and Fiscal Review Committee
The Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
The Honorable Jim Frazier, Chair, Assembly Transportation Committee
The Honorable Vince Fong, Vice Chair, Assembly Transportation Committee
The Honorable Jim Beall, Chair, Senate Transportation Committee
The Honorable Patricia C. Bates, Vice Chair, Senate Transportation Committee
Orange County State Legislative Delegation
Darrell E. Johnson, Chief Executive Officer, OCTA
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