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June 1, 2021

The Honorable Gavin Newsom
Governor of California
State Capitol
Sacramento, California 95814

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

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

Dear Governor Newsom, Senate pro Tem Atkins, and Speaker Rendon:

On behalf of the Orange County Transportation Authority (OCTA), we are pleased to support the budgetary requests outlined in this letter, which will create good-paying jobs and provide meaningful mobility solutions throughout the State. In the face of an unprecedented budget year, OCTA recognizes the importance of the historic investments taking place to maintain a strong economy and robustly recover from the coronavirus (COVID-19) pandemic. We are encouraged by the Administration's and Legislative leadership's efforts to make transportation a priority. As Orange County's transportation planning agency, we stand ready to partner with the State to put these meaningful investments to work and are grateful for your continued support. We hope that you consider the following requests when developing this year's budget.

Statutory Relief Measures for Transit Agencies

As transit agencies continue to experience effects from the COVID-19 pandemic and look toward recovery, OCTA supports providing statutory relief through the Transportation Development Act (TDA) to ensure that transit agencies are not unfairly penalized due to consequences of the COVID-19 pandemic out of their control. This request aligns with and builds on action taken by the State last year that provided much needed support to transit agencies to ensure essential services were maintained. Specifically, OCTA supports the following proposals:

- Prevent any financial penalty to be imposed on a transit operator that is unable to meet its farebox recovery requirement through fiscal year (FY) 2023-24.

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- Institute a hold harmless provision for calculation and allocation of the State Transit Assistance (STA) Program, State of Good Repair Program, and Low Carbon Transit Operations Program through FY 2023-24. Such formula programs are based on 50 percent of the revenues for each transit agency.
- Exempt a transit operator from meeting STA efficiency standards, with each agency able to utilize funding for either operating or capital purposes through FY 2023-24.
- Postpone the TDA audit requirements scheduled for calendar years 2022 and 2023. Review the current performance audit requirements to identify opportunities for streamlining.
- Suspend the TDA farebox recovery and STA efficiency criteria requirements for transit agencies through FY 2023-24.
- Revise the definition of operating cost in calculating farebox recovery and STA efficiency criteria requirements to exclude costs related to paratransit, demand-response and microtransit services, payment and ticketing systems, planning for improvements in transit operations, security services, and public safety contracts.

Transportation Funding

The State has a unique opportunity to significantly invest in transportation infrastructure in a way that will support a robust economic recovery, accelerate the State's ambitious goals related to the environment, and support meaningful projects that will transform communities. OCTA is specifically supportive of further investment being provided through the following programs to effectively achieve these priorities:

- The State Transportation Improvement Program (STIP), which serves communities in providing multimodal mobility options. Investment in this program will allow for acceleration of these high-priority multimodal projects. Funding through the STIP also provides direct allocation to regional priorities on a formula basis which allows for immediate investment in the infrastructure system.
- The Solutions for Congested Corridors Program, which is aimed to reduce congestion throughout the State in a way that balances improvements in the environment and access to the transportation system.
- The Trade Corridor Enhancement Program which aids in providing funding to deliver infrastructure improvements to address bottlenecks and facilitate efficient freight movement on the State's most economically significant trade corridors.

- The Local Partnership Program (LPP), which provides funding to entities that administer local sales tax measures to help fund transportation improvements in their region. This helps leverage resources from local programs with funding provided by LPP to deliver more significant investments.
- The Active Transportation Program, which supports projects to improve transportation options and access to safely walking and biking. This program has been historically oversubscribed and currently lacks sufficient investment to achieve its optimal benefit. Emphasis should be placed on funding the backlog of projects consistent with regional priorities.

Other Stimulus Investments Benefitting Transportation

Beyond the above funding programs, OCTA also supports the creation of additional funding opportunities to help with the delivery of Orange County's local sales tax program and to further incentivize zero-emission transportation options and transit recovery. OCTA supports providing a funding set-aside specifically for transit agencies to convert their fleets to zero-emission technology, assisting in the implementation of the California Air Resources Board's Innovative Clean Transit regulation requiring the transition of all transit buses in California to zero-emission technologies by 2040.

Additionally, while Californians are continuing to get vaccinated and restrictions related to the pandemic are beginning to be pulled back, transit agencies are still facing ridership and related revenue challenges. In order to boost transit ridership, OCTA supports new funding opportunities to incentivize transit ridership. This could include new funding programs directed at implementation of short-term fare free/reduced fare transit pilot programs, projects to improve the customer experience, operational analysis to expand transit access and efficiency, and customer outreach and engagement efforts.

There are also several new programs proposed in the Governor's May Revision, which OCTA hopes to inform in a way to maximize the benefits. For example, the proposed \$1 billion in funding for the 2028 Olympic and Paralympic Games in Los Angeles is to be administered through the Transit and Intercity Capital Rail Program. To prepare the region, there will be a need for substantial investments in a robust transportation network. The impacts of the Olympics will stretch beyond Los Angeles, and therefore, the funding investments need to be made broadly to benefit all areas that will serve the Olympics, including Orange County.

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In addition, \$500 million is proposed to support sustainable communities strategies, created pursuant to SB 375 (Chapter 728, Statutes of 2008), via a program administered by the California Department of Housing and Community Development. This funding will aid in the planning and implementing of projects that will reduce regional greenhouse gas emissions. It is imperative that the eligibility for this funding be crafted in a way that is broad enough so transportation and transit agencies can leverage this resource, and the funding is allocated equitably to each region.

As you continue with budget discussions, we thank you for your consideration of these requests. OCTA is proud to partner with the State to deliver transportation solutions in Orange County and believe these requests will help achieve such goals. Please do not hesitate to contact Kristin Jacinto, Manager of State and Federal Relations, at kjacinto@octa.net or (714) 560-5754 should any questions arise.

Sincerely,



Andrew Do
Chairman

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c: The Honorable Lena Gonzalez, Chair, Senate Transportation Committee
The Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Committee
The Honorable Maria Elena Durazo, Chair, Senate Budget Subcommittee No. 5
The Honorable Laura Friedman, Chair, Assembly Transportation Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
The Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
The Honorable David Kim, Secretary, California State Transportation Agency
Members, Orange County State Legislative Delegation
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