July 27, 2026

To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer

Subject: 2026 Board of Directors and Chief Executive Officer Initiatives and Action Plan – Mid-Year Report

On January 26, 2026, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the 2026 Board and Chief Executive Officer (CEO) Initiatives (Attachment A) and Action Plan (Attachment B). The 2026 Action Plan consists of three Board initiatives supported by nine CEO initiatives that are monitored through 104 milestones throughout the calendar year. This mid-year report summarizes OCTA's progress in advancing these initiatives between January 1, 2026, and June 30, 2026. At the conclusion of the second quarter (Q2), 30 of the 34 anticipated milestones were completed, including five that were achieved in Q2 ahead of their originally anticipated schedules. Highlights of these accomplishments are provided below.

Board Initiative: Provide a Balanced, Sustainable, and Equitable Public Transportation System

OCTA continues to deliver a transportation network that meets the diverse mobility needs of Orange County residents, commuters, and visitors. Through continued investment in safe, reliable, and accessible options, fulfillment of Measure M2 (M2) commitments, and meaningful engagement with stakeholders and the public, OCTA is advancing transportation solutions that support the region today and into the future.

- M2 Ten-Year Review: The M2 Ordinance requires a ten-year comprehensive review of all project and program elements included in the Orange County voter-approved Renewed M2 Transportation Investment Plan. On April 27, 2026, the Board was presented with the final M2 Ten-Year Review Report and approved the accompanying Action Plan, which outlines a path forward to guide potential M2 performance enhancements.

- M2 Compliance Audit Report: In May 2026, OCTA presented the results of an independent annual financial and compliance report to the M2 Taxpayer Oversight Committee Audit Subcommittee. The audit concluded that OCTA complied, in all material respects, with the M2 Ordinance for the fiscal year

(FY) ended June 30, 2025, with no reportable deficiencies identified. These findings are a further reflection of OCTA's sound financial management practices.

- M2 Regional Capacity Program (Project O) and M2 Regional Traffic Signal Synchronization Program (Project P): On June 8, 2026, the Board approved programming recommendations to award $55.67 million to fund eight local jurisdictions Project O projects and $12.29 million to fund six local jurisdictions Project P projects.

- Diverse Community Leaders Group (DCLG): OCTA continued to convene quarterly meetings with the DCLG, which represents business, civic, faith-based, educational, nonprofit, and community organizations in Orange County to foster collaboration, share information, and strengthen community partnerships. The first meeting of the year took place in person in March 2026 and was followed by a second meeting that was held virtually in June 2026.

Board Initiative: Enhance Organizational Strength through Financial Stewardship and Environmental Leadership

OCTA remains committed to the responsible stewardship of public resources by maintaining sound financial practices, strengthening organizational resilience, and advancing sustainability initiatives that support efficient operations and healthy communities. These efforts help ensure the agency is well positioned to meet evolving economic and environmental challenges while delivering long-term value to Orange County.

- OCTA's Operating and Capital Budget: The Board approved the OCTA FY 2026-27 budget on June 8, 2026. The $2.05 billion budget reflects a balanced allocation of funds and prioritizes maintaining and enhancing transit service, advancing transportation improvements, preserving financial stability, and supporting the successful operation of the express lanes.

- 405 Express Lanes (405 EL) Excess Toll Revenue Expenditure Plan (Expenditure Plan): In November 2025, the Board approved the Policy and Framework for the Use of 405 EL Excess Toll Revenue, which laid the foundation for the future 405 EL Expenditure Plan and defined the 405 Corridor Investment Zone. Subsequently, OCTA coordinated with relevant stakeholders to help inform the content and direction of the Initial 405 EL Expenditure Plan, which was approved by the Board on June 8, 2026. It establishes a framework to guide future investment of excess toll revenue in transportation improvements within the 405 corridor.

- 2026 State Transportation Improvement Program (STIP): OCTA's Board-approved 2026 STIP submittal requesting $151.74 million to fund eight multimodal high-priority projects in Orange County was included in the California Transportation Commission's adopted statewide 2026 STIP. This significant state investment will help advance critical transportation improvements that enhance connectivity and support regional mobility.

- Move OC Active Transportation Plan (Move OC): On June 8, 2026, the Board approved the selection of Alta Planning + Design, Inc. as the consultant to support OCTA in developing Move OC. Move OC will update OCTA's countywide active transportation plan, OC Active, through data-driven analysis and community engagement to support future active transportation infrastructure investments, programs, policies, and funding opportunities.

Board Initiative: Sustain a Culture of Excellence, Collaboration, and Inclusion

OCTA understands that its success is largely attributed to fostering a collaborative and high-performing organization by strengthening partnerships, cultivating an inclusive and supportive workplace, and promoting innovation, accountability, and teamwork. Together, these efforts strengthen OCTA's ability to serve the public and achieve lasting results that benefit Orange County.

- Personnel and Salary Resolution (PSR): To remain competitive in attracting and retaining top talent, OCTA annually reviews compensation and benefits for its administrative employees to ensure they remain equitable and aligned with comparable agencies. On June 8, 2026, the Board approved the FY 2026-27 PSR as part of OCTA's FY 2026-27 budget.

- 91 Express Lanes (91 EL): OCTA and the Riverside County Transportation Commission (RCTC) jointly operate the 91 EL through a cooperative agreement that establishes coordinated management and operations between the partner agencies. A key component of the agreement is maintaining a joint operator for the 91 EL. With the initial agreement with Cofiroute USA, LLC – the current operator of the back-office system (BOS) and customer service center (CSC) – set to expire in January 2027, OCTA evaluated several options for future 91 EL BOS and CSC operations. These options included consolidating operations for the 91 EL and the 15 Express Lanes (15 EL). On May 26, 2026, the Board approved the consolidation of the 15 EL and 91 EL BOS and CSC operations under a three-party agreement with Kapsch TrafficCom USA, Inc.

- Mayors Forums: OCTA conducted mayors forums with all five districts to engage and strengthen collaboration with city leaders and discuss regional transportation priorities.

- State Route 91 (SR-91) Implementation Plan: In partnership with RCTC, OCTA updates the SR-91 Implementation Plan annually to identify potential improvements along the SR-91 corridor between State Route 57 in Orange County and Interstate 15 in Riverside County. The Draft 2026 SR-91 Implementation Plan was presented to the Board on May 11, 2026, and provides an updated roadmap for future transportation improvements and regional coordination along SR-91.

While several milestones have been completed, delivery timeframes for others have been revised. These include two milestones that will be extended through 2026 and reconsidered for 2027: (1) selection of a design-build entity to implement improvements for the hydrogen fueling station at the Santa Ana Bus Base, which was delayed due to inconsistencies with funding and procurement timelines; and (2) approval of the final environmental document for the Interstate 5 (Avenda Pico to San Diego County Line) Project, which has been pushed out due to ongoing coordination with the California Department of Transportation on vehicle miles traveled mitigation. As a result of the schedule revisions, OCTA has 71 remaining milestones expected for completion for the balance of the year. For a summary of the adjustments, please refer to Attachment B.

Quarterly progress reports on the 2026 Action Plan will continue to be provided to the Board. OCTA remains focused on fulfilling its mission to keep Orange County moving by providing safe, efficient transportation services, and proactively adapting to the changing needs of the communities and customers it serves. If you have any questions or comments, please contact me directly at (714) 560-5343 or djohnson@octa.net.

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Attachments