



Fiscal Year 2024-25
Proposed Comprehensive Business Plan

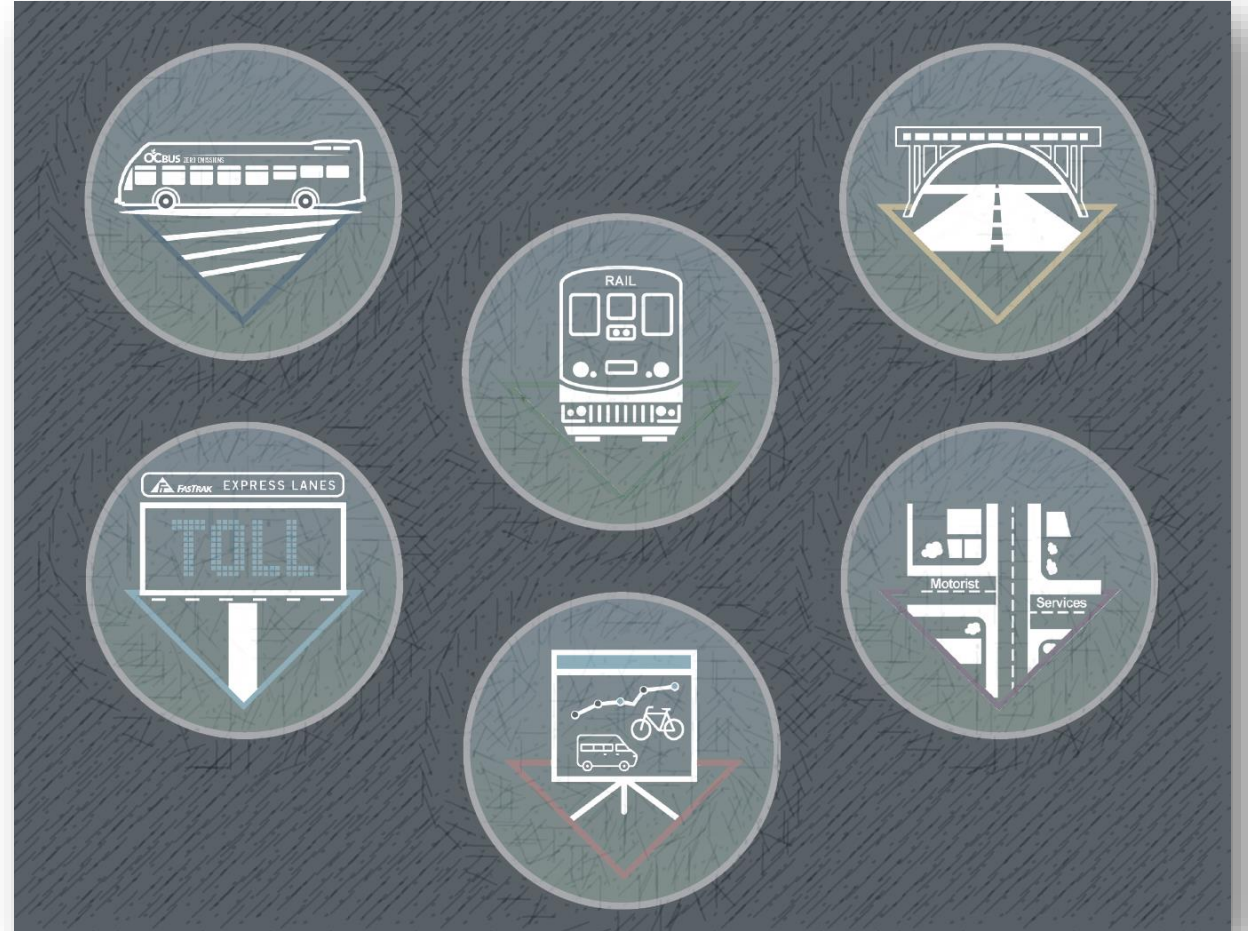
Comprehensive Business Plan Overview

Purpose:

To assess the financial sustainability of the Orange County Transportation Authority's (OCTA) programs and services over a 20-year period covering fiscal years (FY) 2024-25 through FY 2043-44.

The plan is comprised of six distinct programs:

- Bus Program
- Regional Rail Program
- Measure M2 (M2) Program
- Express Lanes Program
- Motorist Services Program
- Other Programs





Service Assumptions

- Increase service levels to 1.625 million service hours
- Paratransit trips reach pre-pandemic levels in FY 2026-27 with 1.1 percent annual growth thereafter
- Maintain 60/40 split between directly operated and contracted fixed-route service

Boardings / Fare Revenue

- Ridership stabilizes to pre-pandemic levels in FY 2025-26 and grows slowly over time
- No fare increases
- Assumes updated fare policy is implemented beginning in FY 2025-26

Other Assumptions

- Continued federal and state funding
- Up to 18-year useful life for large bus fleet
- Zero-emission bus (ZEB) market matures
- Alternative Fuel Credit expires in FY 2024-25



Program Risks

Softening of sales tax growth could impact service levels

Federal and state funding levels for transportation are impacted resulting in a decline in funding which could impact service levels

Weak ridership demand would impact fare revenue and service productivity

Cost of ZEBs remains significantly higher than the cost of a compressed natural gas bus

Larger-than-anticipated growth in the cost to operate fixed-route service and/or paratransit service

The Bus Program remains sustainable over the life of the plan.

Regional Rail Program



Major Assumptions

- M2 sales tax is the long-term funding source for operations
- Ridership growth in line with Metrolink's five-year projections for FY 2024-25 through FY 2028-29, flat thereafter
- Capital Program primarily funded with federal funds
- Sustain Metrolink's new Optimized Service Plan levels
- Operating costs based on revised Metrolink projections followed by moderate annual growth
- Rail Program is sustainable through FY 2037-38

Risks

- Softening of M2 sales tax growth could impact funding for future service.
- Ridership projections not achieved
- Larger-than-anticipated growth in the cost to operate the service
- Substantial unfunded state of good repair backlog

OCTA's capacity to fund Metrolink service will be exhausted by FY 2037-38.



M2 Sales Tax Forecast

- M2 Program revenue of \$14 billion
- Long-term forecast based on Board of Directors (Board) approved methodology

Freeway and Streets & Roads

- Assumptions consistent with 2024 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 2025-26, \$614 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** – \$186 million available for future calls for projects
- **Safe Transit Stops** – call for projects planned every three years



Major Assumptions

- M2 Program sales tax of \$14 billion
- 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
- Assumptions consistent with the 2024 Next 10 Delivery Plan

Risks

- Softening of sales tax growth
- Cost increases for capital projects
- Shift in state and federal priorities could impact future external funding opportunities for the M2 Freeway Program
- New environmental requirements

Based on revenue and expenditure assumptions, it is anticipated that OCTA will be able to deliver the programs and projects included in the M2 Plan and meet the commitments made to the voters.



Major Assumptions

- Average annual growth in toll revenue of 3.3 percent
- Excess toll revenue used to support two M2 SR-91 widening projects
- Debt to acquire the express lanes fully repaid by FY 2030-31
- Moderate long-term cost growth in toll operation

Risk

- Economic recession negatively impacting traffic volume
- Additional capacity added to the SR-91 corridor negatively impacting traffic volume
- State and federal legislative bills impacting tolling operations

The 91 Express Lanes Program continues to meet the objectives of maximizing throughput in the corridor while meeting all financial commitments over the 20-year period. Excess toll revenue will continue to support transit and freeway improvements along the SR-91 corridor aligned with the Board-approved SR-91 Implementation Plan.



Major Assumptions

- Average annual growth in toll revenue of 3.8 percent
- Debt incurred for the construction of the express lanes will begin repayments in FY 2028-29
- Moderate long-term cost growth in toll operation

Risks

- Economic recession negatively impacting traffic volume
- Additional capacity added to the Interstate 405 corridor negatively impacting traffic volume
- State and federal legislative bills impacting tolling operations

The 405 Express Lanes Program continues to meet the objectives of maximizing throughput in the corridor while meeting all financial commitments over the 20-year period.



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

Freeway Service Patrol Program

- Roving tow trucks assist motorist with disabled vehicles and clear congestion-causing debris during peak traffic hours
- Receives funding from a combination of state and local sources
- M2 Program supports the FSP Program with revenue estimated at \$176 million over the life of M2

Call Box Program

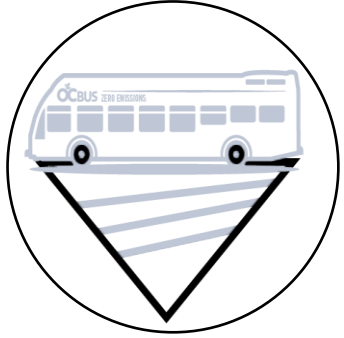
- Call boxes located on freeways, toll roads, and state highways
- Funded by Service Authority for Freeway Emergencies (SAFE) vehicle registration fees
- Maintain existing network of callboxes

Southern California 511 Program

- Regional service that provides up-to-the minute information on highway conditions, traffic speeds, transit, and commuter services via the website, mobile application, or by calling 511
- Funded by SAFE vehicle registration fees

The Motorist Services Program remains sustainable over the life of the plan, however FSP service levels will be significantly impacted by the sunset of the M2 Program in FY 2040-41.

Key Program Takeaways



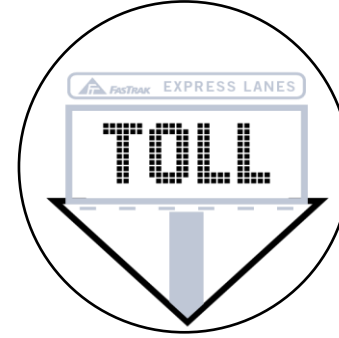
The Bus Program is financially sustainable but requires lower ZEB costs or external funding to fully cover purchases.



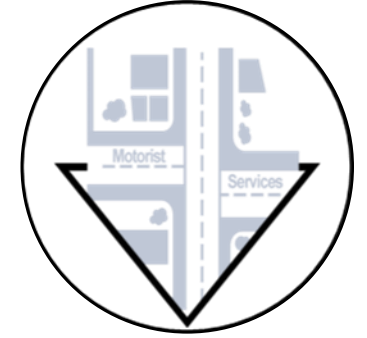
OCTA's capacity to fund Metrolink service will be exhausted by FY 2037-38 based on current service levels, projected ridership, and the sunset of M2 in FY2040-41.



OCTA will be able to deliver the M2 programs and projects and meet the commitments made to the voters. Consistent with the 2024 Next 10 Delivery Plan.



The Express Lanes Programs continues to meet the objectives of maximizing throughput in the corridor while meeting all financial commitments over the 20-year period.



The Motorist Services Program remains sustainable throughout the plan's duration, but service levels and expenditures will be scaled to match available state funding.