Fiscal Year 2024-25
Approved Comprehensive Business Plan

Orange County Transportation Authority

OCTA

AFFILIATED AGENCIES

Orange County Transit District

Local Transportation Authority

Service Authority for Freeway Emergencies

Consolidated Transporation Service Agency

Congestion Management Agency

December 9, 2024

To Chairman Tam T. Nguyen and Members of the Board of Directors:

It is my privilege to present the Fiscal Year (FY) 2024-25 Comprehensive Business Plan (CBP) for the Orange County Transportation Authority (OCTA). This plan offers the OCTA Board of Directors, as well as the residents of Orange County, a thorough overview of OCTA's transportation initiatives in alignment with its mission to "develop and deliver transportation solutions to enhance the quality of life and keep Orange County moving."

The CBP functions as a fiscally constrained planning tool that projects a 20-year cash flow for each of OCTA's transportation programs, serving as a foundational element for the development of the FY 2025-26 budget. It outlines a comprehensive multi-modal strategy that supports the financial sustainability of OCTA's programs. The plan aligns with the objectives of OCTA's Strategic Plan, Measure M2 Transportation Investment Plan, Next 10 Delivery Plan, and the Long-Range Transportation Plan, while adapting to changes in the economic environment.

The FY 2024-25 CBP reflects OCTA's commitment to fiscal responsibility and long-term planning, ensuring that over the next 20 years, OCTA remains true to its promises to the voters. The plan aims to maintain a balanced and sustainable multi-modal transportation network, providing critical services to the community while prioritizing the safety and well-being of Orange County's residents.

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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Table of Contents

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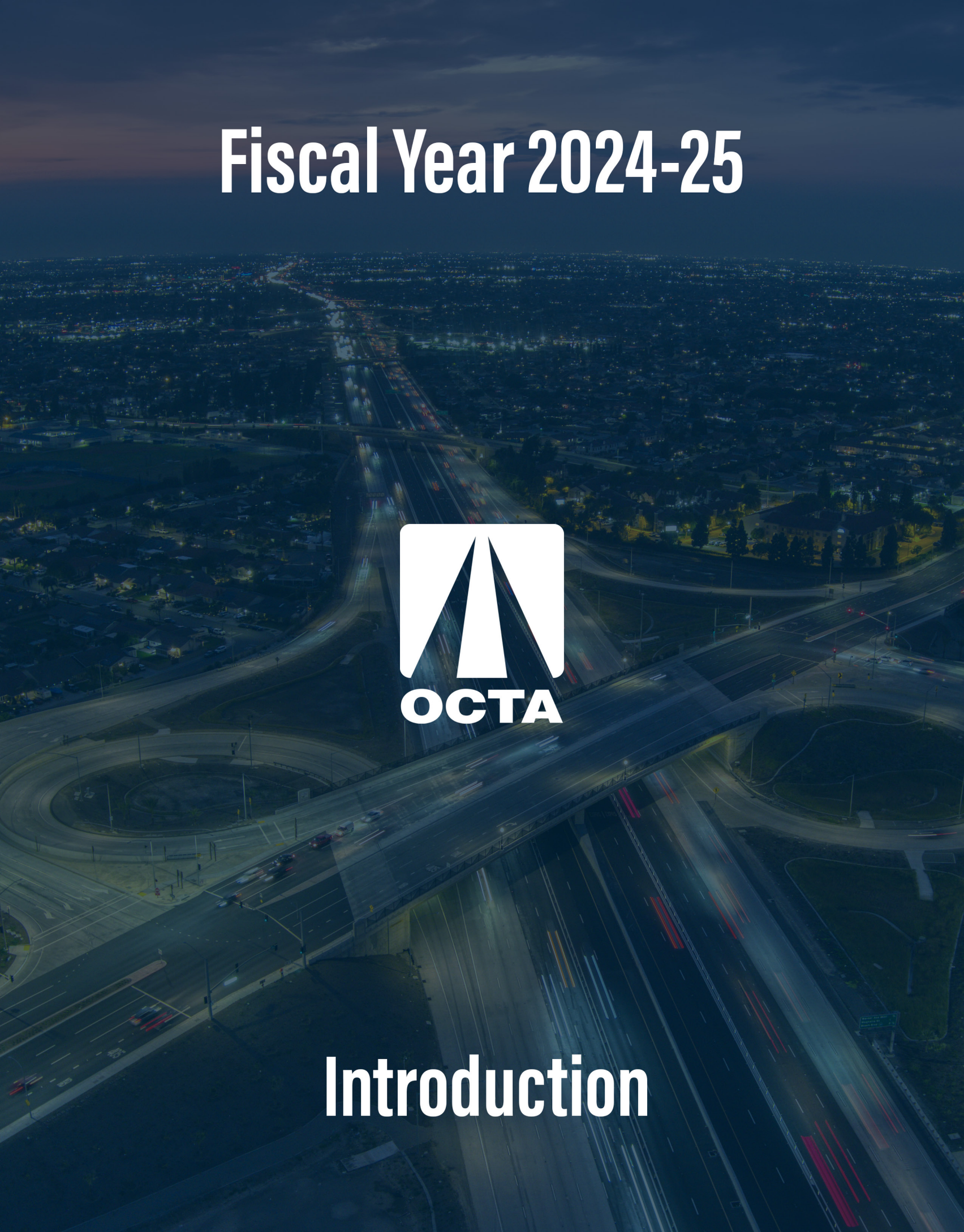
Fiscal Year 2024-25



OCTA

Introduction

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The Orange County Transportation Authority (OCTA) is governed by an 18-member Board of Directors (Board) consisting of five members of the Orange County Board of Supervisors, ten city council members selected by the cities in the supervisorial district in 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.

2024 BOARD OF DIRECTORS

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Public Member

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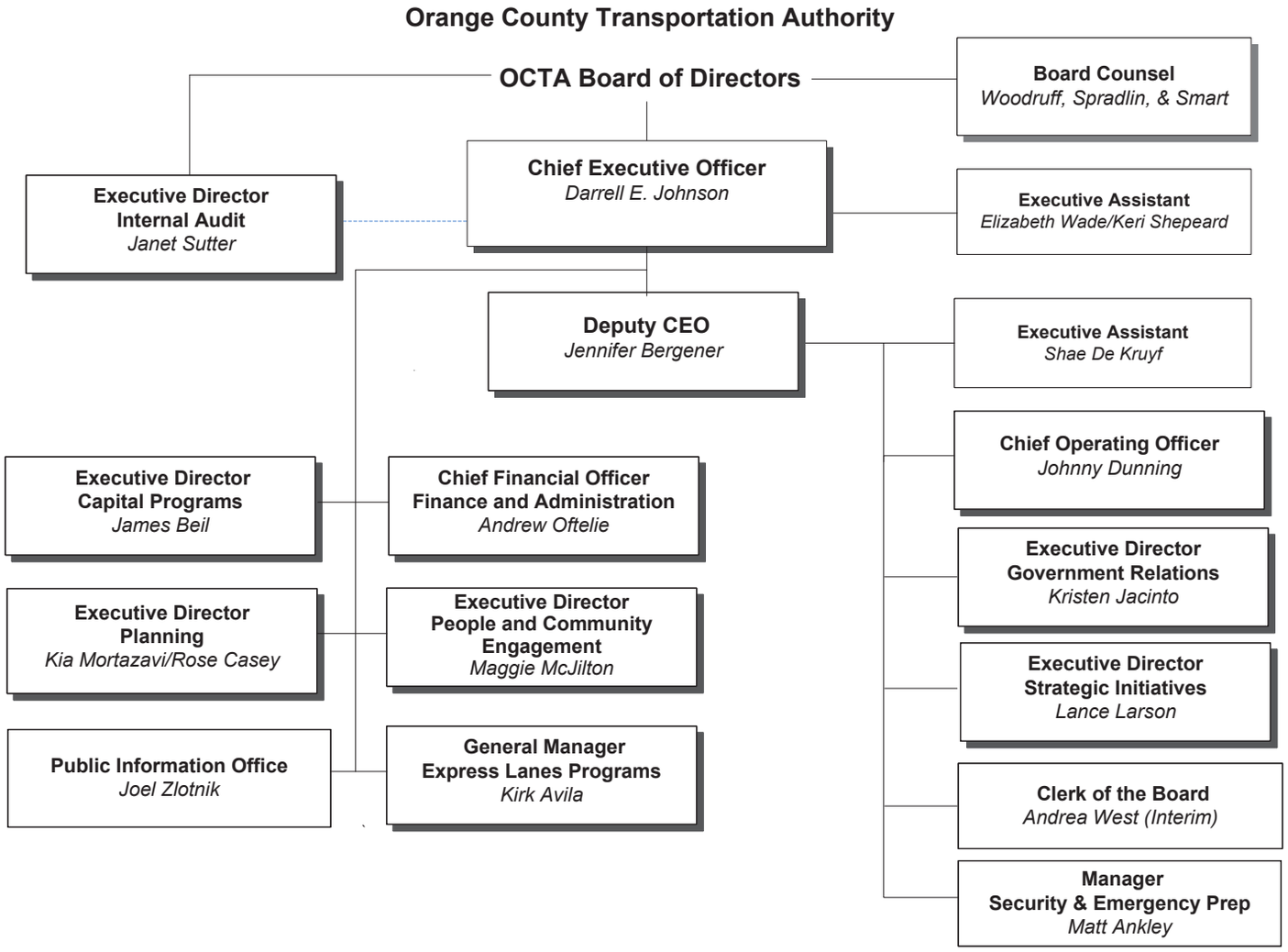
Supervisor, 3rd District

Vacant
Supervisor, 1st District

Lan Zhou
Governor's Ex-Officio Member
Caltrans District 12
District Director

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.
- **Can-do Spirit**: We tackle challenges with innovation, vision, and strategic thinking.
- **Customer Focus**: We treat our customers with care, consideration, and respect, providing friendly and reliable professional service responsive to their needs.
- **Communication**: We provide consistent, timely, and reliable information in an open, honest, and straightforward manner.
- **Teamwork/Partnership**: We work well together from a sense of shared purpose and mutual respect.
- **Safety**: We work to ensure the ongoing safety of the traveling public and our employees.

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.

Mobility	Public Service	Fiscal Sustainability	Stewardship	Organizational Excellence
Deliver programs, projects, and services to improve the movement of people and goods throughout Orange County and the region.	Enhance customer satisfaction by understanding, connecting with, and serving our diverse communities and partners.	Ensure fiscal health through prudent financial management and by protecting and leveraging available revenue sources.	Embrace responsible policies and practices designed to promote environmental sustainability and enhance the safety and quality of life in Orange County.	Continue the tradition of being a high performing organization through employee development and efficient business practices.

Purpose of the Comprehensive Business Plan

The Comprehensive Business Plan (CBP) serves as a vital business planning tool designed to support the Orange County Transportation Authority (OCTA) in achieving its strategic goals and objectives. Within the framework of prudent business practices, the CBP comprehensively encapsulates OCTA's diverse programs and outlines their respective goals, as defined by the Board of Directors (Board). Its primary aim is to deliver an efficient, multimodal transportation network that caters to the needs of Orange County's residents. Through the integration of financial modeling and divisional insights, the CBP conducts a thorough analysis of economic influences, programmatic requirements, and objectives. This examination results in a comprehensive business planning document, ensuring the fiscal sustainability of each of OCTA's programs over a 20-year period.

The CBP is a dynamic document, updated periodically to adapt to the shifting social, political, and economic landscape. Internally, it is refreshed annually to establish budget targets and ensure the financial viability of OCTA's programs and services. It is presented to the Board every other year for formal adoption.

This comprehensive plan forms the foundation of the annual budget process and aligns with the goals of the Strategic Plan, Measure M2 (M2) Transportation Investment Plan, Next 10 Delivery Plan, and OCTA's Long-Range Transportation Plan.

Furthermore, the CBP provides a robust framework to ensure that any proposals brought before the Board align with long-term initiatives and maintain financial feasibility. It is important to note that the CBP does not grant authorization for staff to enter into contracts nor allocate funds. Decisions related to specific programs, projects, and associated funding allocations require future Board approval, either through the annual budget development process or specific Board resolutions.

OC Bus transports passengers throughout Orange County.

Metrolink transportation can be used for work or pleasure.

Overview of Programs

OCTA is characterized by six distinctive programs, each with unique objectives. The synergy of these programs and projects empowers OCTA to fulfill its mission: "To develop and deliver transportation solutions that enhance the quality of life and keep Orange County moving." These six pivotal programs are the Bus Program, Regional Rail Program, M2 Program, Express Lanes Program, other programs, and Motorist Services Program. Together, they form the backbone of OCTA's commitment to transportation excellence in Orange County.

Bus Program

The Bus Operations Program is a fundamental unit within OCTA, dedicated to providing a variety of transportation services to Orange County residents. These services include fixed route, Rapid, Stationlink rail feeder, and complementary paratransit bus services.

The fixed-route network currently offers bus services on 36 local lines, seven community lines, four Stationlink rail feeder lines, and four OC Bus Rapid (limited-stop) lines. Local fixed-route lines form a comprehensive network along major arterials, using 40-foot and higher capacity 60-foot buses to accommodate high passenger volumes. Community lines facilitate local circulation and connect with local lines. OC Bus Rapid lines offer efficient commuting options along major corridors.

Stationlink rail feeder service connects Metrolink commuter rail users to employment centers. Additionally, OCTA's paratransit services provide on-demand transportation for individuals with disabilities, aligning with federal requirements and connecting them to essential destinations like adult activity programs and healthcare providers.

Measure M2 funded traffic signal synchronization keeps Orange County Traffic flowing.

Regional Rail Program

The Metrolink Program stands as a regional rail system, overseen by a Joint Powers Authority under the governance of the Southern California Region Rail Authority. This collaborative endeavor includes the active participation of five member agencies, each dedicated to serving the diverse counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. Within this framework, OCTA plays a pivotal role, contributing both participation and essential funding required for the operation of three vital rail lines serving Orange County. These integral lines encompass the Orange County Line, the Inland Empire-Orange County Line, and the 91/Perris Valley Line.

Measure M2 (M2) Program

In November 1990, Orange County voters approved Measure M, launching a 20-year program to enhance local transportation infrastructure with a one-half cent sales tax. OCTA fulfilled its commitments by completing over $4 billion in improvements and leveraging an additional $1.2 billion in federal, state, and local funding.

In November 2006, Orange County voters renewed the Measure M one-half cent sales tax. This renewal, spanning a 30-year period from April 2011 through March 2041, ushered in the M2 Transportation Investment Plan, a $14 billion program aimed at perpetuating essential investments in Orange County's transportation infrastructure. The M2 program encompasses the following key components:

- The expansion and enhancement of Orange County's freeway system.
- The continuous maintenance and improvement of the network of streets and roads in every community.
- Substantial funding is directed towards mitigating runoff from highways and roads.
- The provision of additional transit services tailored for seniors and individuals with disabilities.
- Ambitious plans for expanding Metrolink rail services, fostering connectivity across Orange County's core, and facilitating future connections with nearby communities and the broader regional rail system.

Express Lanes Program

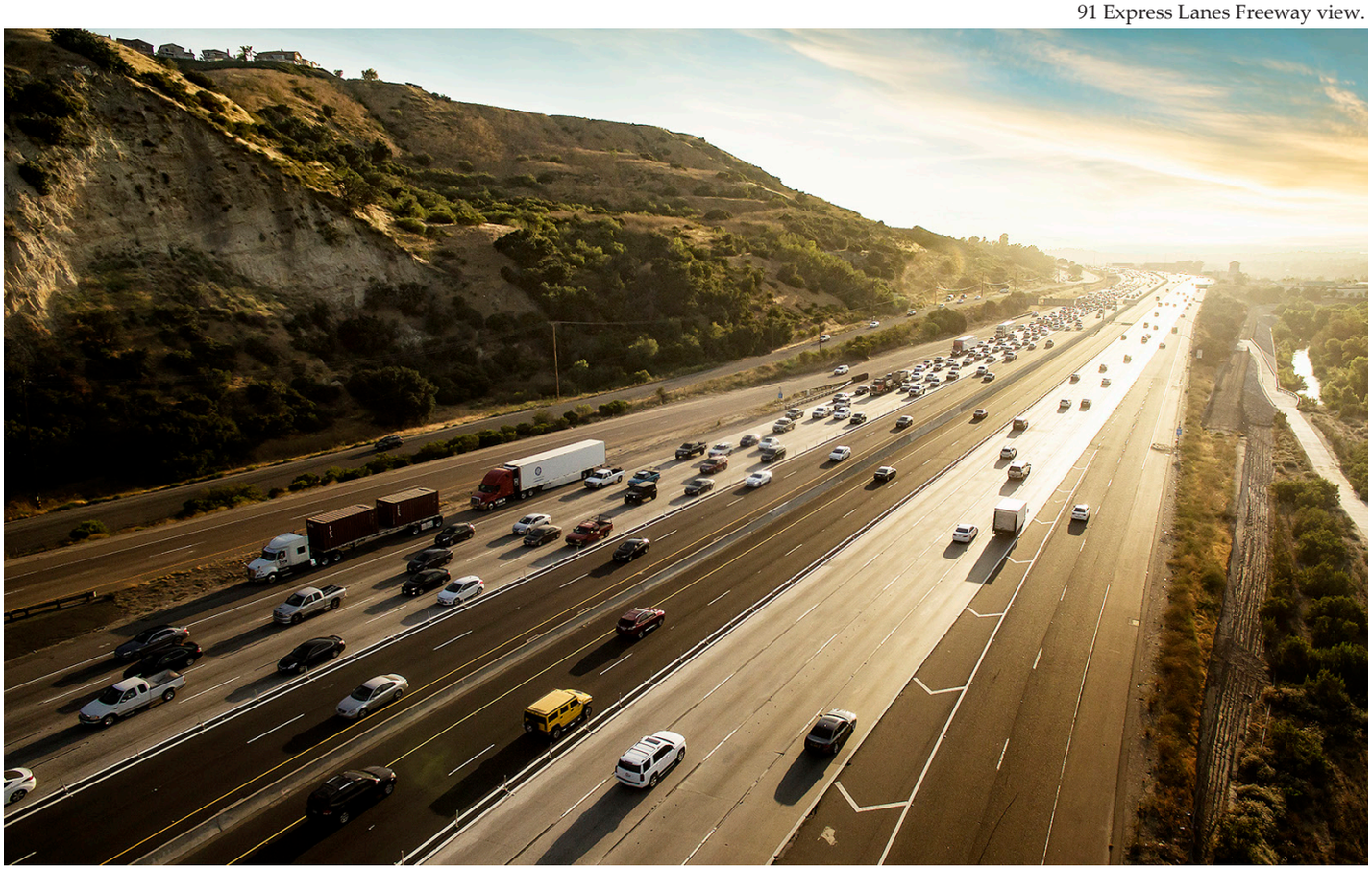
The 91 Express Lanes: The Orange County segment of the 91 Express Lanes, a four-lane, ten-mile toll facility, runs from State Route 55 to the Orange/Riverside County Line. Initially constructed at a cost of $135 million and operational since 1995 under the California Private Transportation Company, OCTA took ownership in January 2003. This transition facilitated future improvements along the 91 Corridor. The lanes remain vital for traffic flow between Orange and Riverside counties.

The 405 Express Lanes: In partnership with the California Department of Transportation and the municipalities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, OCTA has successfully implemented the Interstate-405 (405) Improvement Project. Designated the 405 Express Lanes inaugurating on December 1, 2023, this project enhances a 16-mile stretch of I-405 from State Route 73 (SR-73) to Interstate 605 (I-605). Key components include adding one general purpose lane in each direction from Euclid Street to I-605, consistent with the M2 Investment Plan, and adding an additional lane in each direction that, combined with the existing high-occupancy vehicle lane, provides dual express lanes in each direction of I-405 from SR-73 to I-605.

Other Programs

While a significant proportion of substantial freeway, street, road, and transit projects predominantly receive funding through the M2 Program, OCTA has also undertaken a selection of projects that operate independently of the M2 Program's funding framework. These endeavors receive their funding from various local, state, and federal sources. Notably, they encompass the Vanpool, Rideshare, and Active Transportation Programs.

91 Express Lanes Freeway view.



Motorist Services

The Service Authority for Freeway Emergencies (SAFE) Program is dedicated to delivering essential services that aid motorists during emergencies and contribute to alleviating traffic congestion. SAFE administers the Freeway Callbox System and the Freeway Service Patrol, both of which are specifically designed to provide assistance when needed most.

Furthermore, SAFE allocates funding to support the Southern California 511 Program. This comprehensive system equips users with access to vital information regarding highway conditions, traffic speeds, transit options, and commuter services. Access is available through both the Internet and a toll-free number, augmented by an interactive voice response system, ensuring motorists have the information they need at their fingertips.

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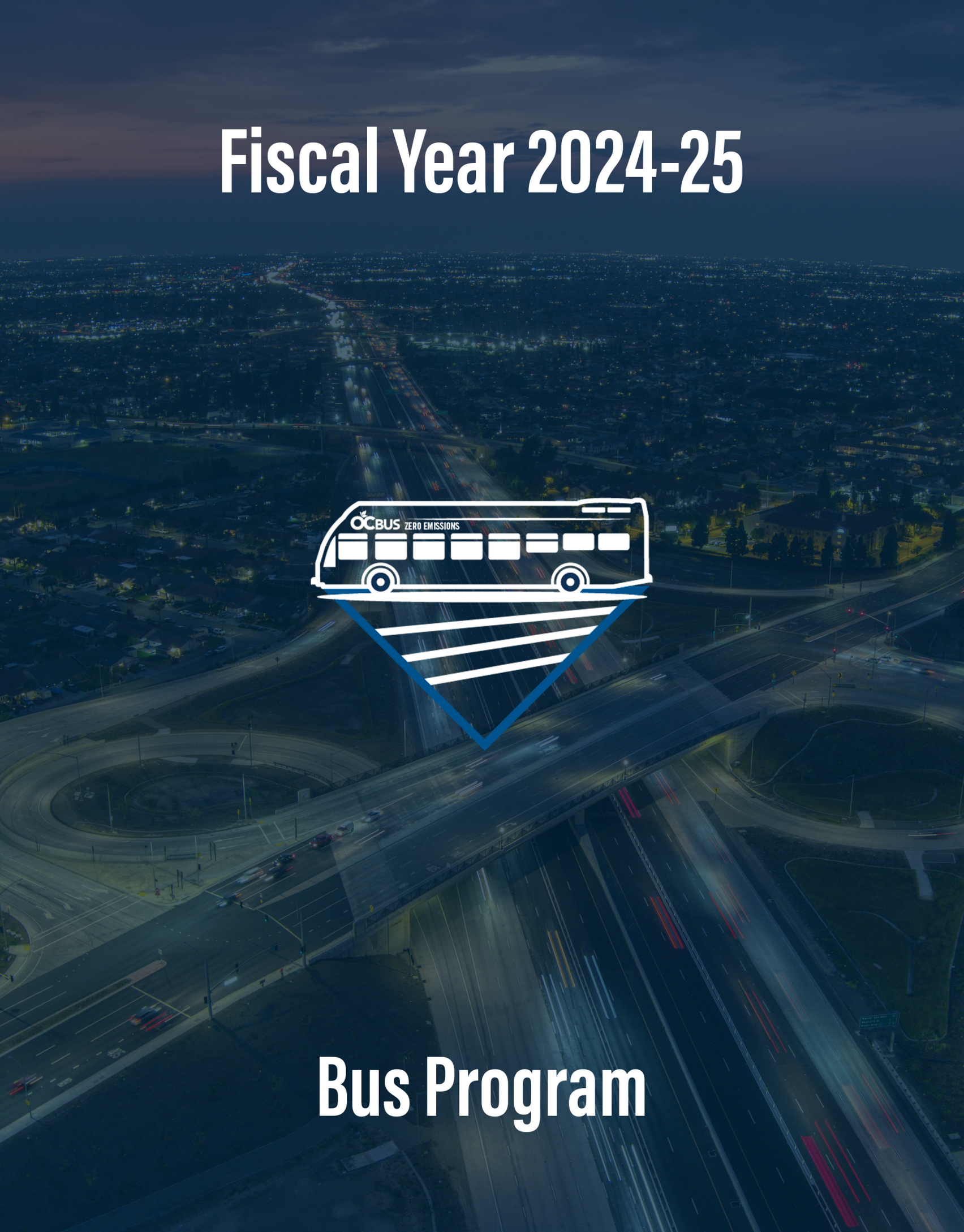
Fiscal Year 2024-25



Bus Program

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OCTA Bus keeps Orange County moving.

Background

The Orange County Transportation Authority (OCTA) was established by state law and began serving the public on June 20, 1991. OCTA provides countywide bus and paratransit services, operating 52 bus routes with annual boardings exceeding 34 million.

OCTA also provides transportation services for individuals with disabilities under four program elements, Americans with Disabilities Act (ADA) OC ACCESS paratransit service (OC ACCESS), premium paratransit same-day taxi, cooperative transit agreement services, and community transportation programs. OC ACCESS provides demand responsive 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 riders and subsidizes trips to adult daycare programs on alternative transportation services via cooperative transit agreements.

Fixed-Route Service

OCTA continues to regularly assess and adjust fixed-route service levels to ensure cost efficiency and effectiveness in bus transit. Currently, this involves reallocating resources from lower-performing routes to areas with higher demand, enhancing bus frequencies, and improving travel times. These ongoing adjustments will help maintain a sustainable level of service throughout the County over the life of the plan.

Today, OCTA is actively working to boost ridership by improving travel times, expanding route access, providing real-time arrival information, offering mobile ticketing options, and exploring new pricing strategies. Additionally, OCTA contracts up to 40 percent of its fixed-route services to manage operating costs and extend service coverage.

Schedule and route revisions continue to be made four times a year, in February, May, August, and November. Looking ahead, the FY 2024-25 budget supports increases of up to 1.517 million revenue vehicle hours and with a forecasted availability to grow up to 1.625 million by FY 2027-28, a seven percent increase. Once this level of service is achieved, it is forecasted to remain stable through FY 2043-44, as illustrated on **Figure 1**. Achieving these levels of service will be primarily driven by demand. To put things in perspective **Figure 2** illustrates the estimated annual boardings through FY 2028-29, showing expected ridership trends based on projected service and population growth.

Figure 1 - Fixed-Route Revenue Vehicle Hours (in thousands)

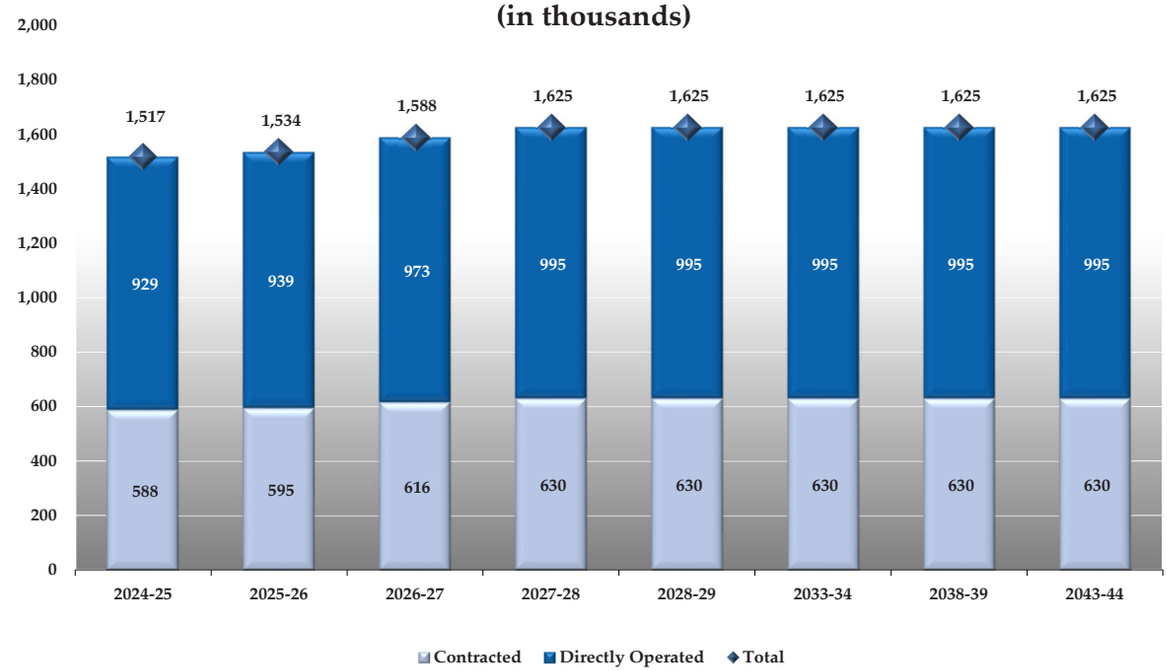
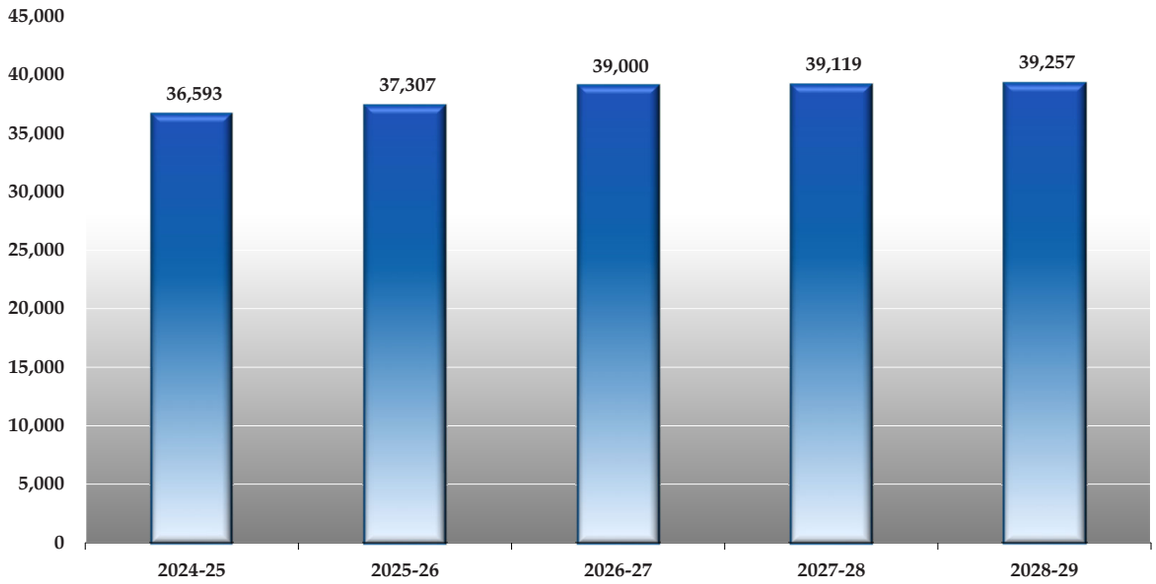


Figure 2 - Fixed-Route Boardings (in thousands)



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

Bus Services

- Local Bus Service: 43 local bus routes operating along the major arterial grid network, with seven of these routes designated as community routes.
- Rail Feeder (Stationlink) Service: Stationlink buses follow specific routes with stops between Metrolink train stations and key employment locations. Today, we have four Stationlink routes that operate on weekdays during the morning and evening commutes.
- Rapid Service (OC Bus Rapid): Limited-stop service which aims to provide more frequent service and shorten travel times along key corridors. Route 529, 543, 553, and 560 operate during weekday peak hours.
- OC Flex Service: Microtransit service operating within the parts of Aliso Viejo, Laguna Niguel, and Mission Viejo, named the "Orange Zone".

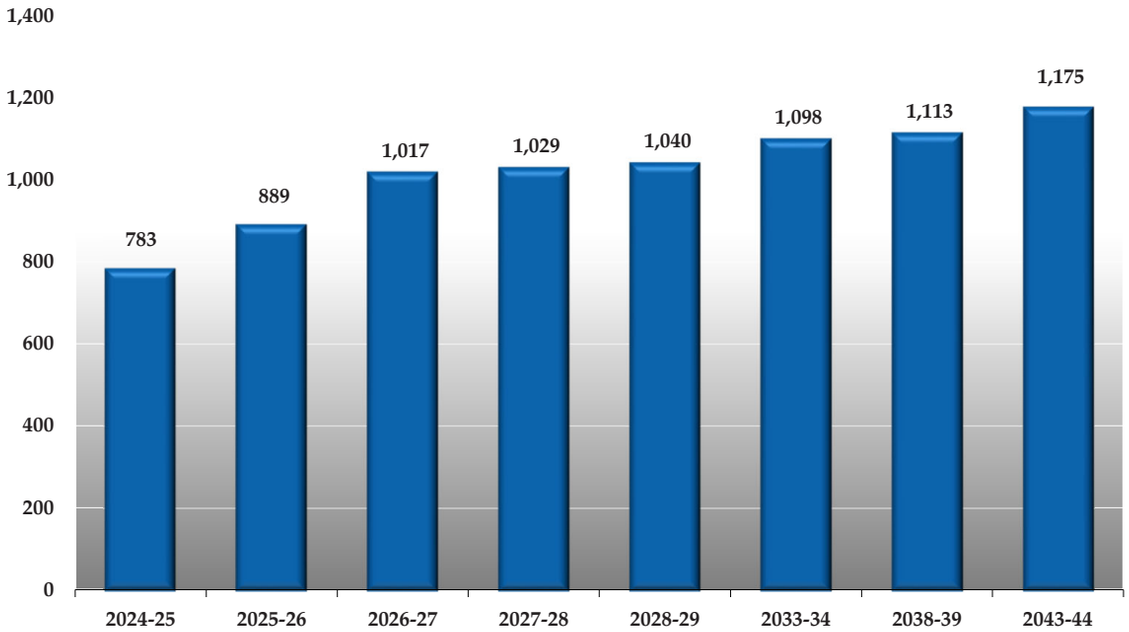
Paratransit

As a provider of public fixed-route transit services, OCTA is required by the ADA to offer complementary paratransit services for individuals whose disabilities prevent them from using regular fixed-route transit. In addition, OCTA funds and manages various transportation programs for individuals with disabilities to help reduce the demand for OC ACCESS service and lower the high cost per trip.

This is especially important, as illustrated in **Figure 3**, which shows that the plan forecasts the ability to accommodate up to 1.175 million trips by FY 2043-44, an increase of 392,000 trips from the current 783 thousand trips—a growth of approximately 50.06 percent.

- OC ACCESS Service: OCTA's complementary ADA paratransit service is currently managed, operated, and maintained by First Transit, Inc. (First Transit).
- Premium Paratransit Taxi: To manage OC ACCESS service, OCTA offers a premium-ADA same day taxi service. This extends services beyond the three-quarter-mile coverage area of OC ACCESS.
- Special Agency Services: OCTA has developed partnerships with agencies that provide day program services for individuals with disabilities. Under these partnerships, OCTA provides a partial operating subsidy. Trips are only reimbursed if the individual has OC ACCESS eligibility and if the trip is within the OC ACCESS service area.

Figure 3 - OC ACCESS Trips
(in thousands)



Transit Staffing

Staffing levels are primarily influenced by service demands. As shown in **Figure 4**, the plan anticipates a slight increase in staffing to accommodate the expected rise in service levels. Currently, OCTA employs approximately 599 coach operators, 156 maintenance/service workers, and 220 administrative positions, totaling 975 staff members to support the current level of service. By FY 2026-27, staffing is projected to reach an optimal level, with 642 coach operators, 167 maintenance/service workers, and administrative staffing remaining steady. This will bring the total workforce that can be accomodated within the plan to 1,029 positions.

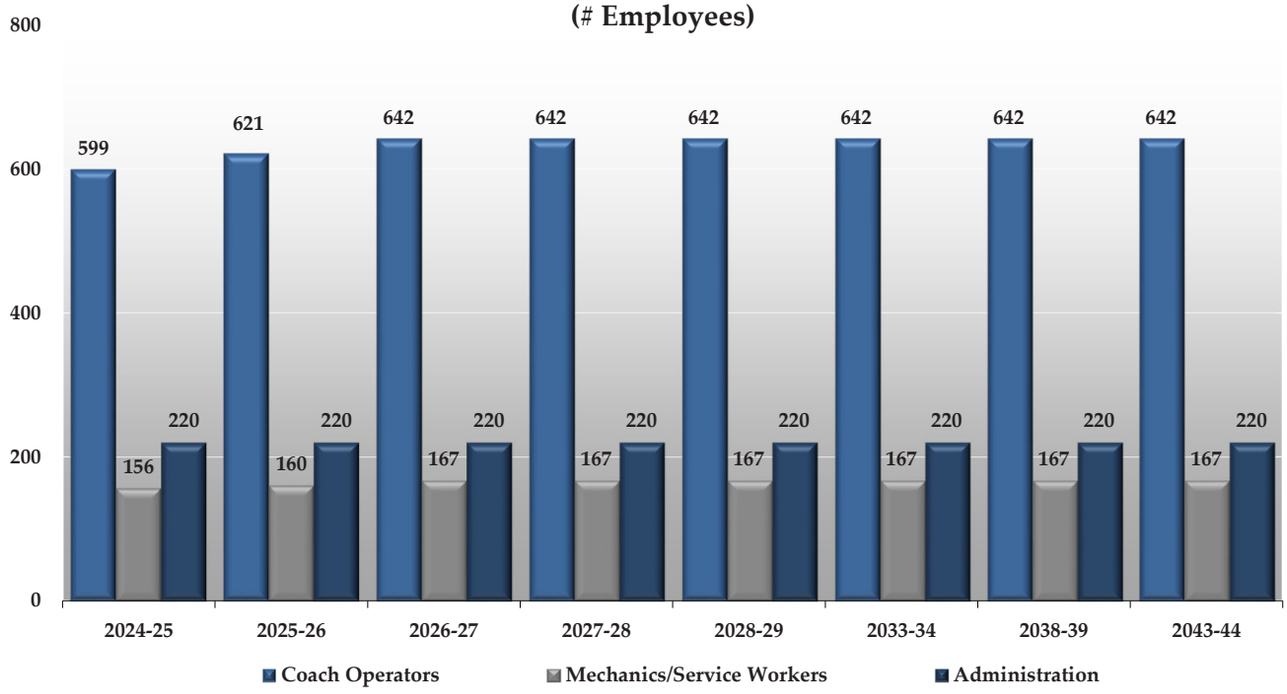
Capital Expenditures

Capital expenditures in the Orange County Transit District (OCTD) fund cover essential needs, including revenue vehicle replacement, support vehicles, fueling infrastructure, radio systems, vehicle and facility rehabilitation, and miscellaneous equipment. These costs are funded through a mix of grants and local sources, with federal, state, and local agencies typically covering up to 80 percent of asset costs, while the remaining 20 percent is funded through the capital replacement fund.

Bus purchases and infrastructure replacement represent significant financial investments. For example, a single 40-foot bus powered by compressed natural gas (CNG) costs approximately $670,000, while a 60-foot CNG bus costs about $930,000. Maintaining a fiscally responsible operation requires adherence to a capital replacement cycle; 18 years for 40-foot and 60-foot buses, and seven years for the paratransit fleet, which ensures that equipment is replaced before reaching an age that results in excessive maintenance costs.

However, the transition to zero-emission buses (ZEBs), mandated by the State of California by 2040, brings with it substantial cost implications. The prices of ZEB vehicles are significantly higher than their CNG counterparts. Today, a 40-foot Fuel Cell Electric Bus (FCEB) costs approximately $1.48 million, while a 40-foot Battery Electric Bus (BEB) is about $1.32 million, nearly double the cost of a CNG bus. Furthermore, a 60-foot FCEB is estimated to cost as much as $2.5 million. These figures highly underscore the steep financial challenge of transitioning to ZEB technology.

Figure 4 - Projected Transit Staffing Plan
(# Employees)



Helping Orange County move during peak hours.

Current financial planning assumes that the ZEB market will mature, leading to more competitive pricing that aligns with the affordability of CNG buses. If the ZEB market does not evolve and prices remain high, this transition could become an unsustainable financial burden to the bus program. These costs could significantly strain capital resources, making it difficult to maintain current service levels without securing additional funding or restructuring operations. Projected FY 2024-25 through FY 2028-29 expenditures are summarized in **Figure 5**.

Figure 5 - Fixed-Asset Replacement (in millions)

Figure 5 - Fixed-Asset Replacement Schedule (millions)

Asset Category	2024-25	2025-26	2026-27	2027-28	2028-29
Large Bus Replacement	$92.0	$0.0	$0.0	$0.0	$0.0
Support Equipment	16.6	5.4	1.8	3.1	0.7
Vehicle Modifications	0.0	3.8	2.9	0.0	0.0
ADA Modifications	0.0	0.0	0.0	0.0	0.0
Small Bus Replacement	3.5	19.0	2.4	18.4	0.3
Facility Modifications	52.3	3.3	1.4	2.9	19.8
Miscellaneous	64.3	47.5	44.5	5.3	5.4
Total Capital Purchases	$228.7	$79.0	$53.0	$29.6	$26.3

Fixed-Route and OC ACCESS Fleet Mix

OCTA's fixed-route and paratransit fleets are essential components of its transit operations. As of August 2024, the active fixed-route bus fleet consists of 428 vehicles, with 246 used for directly operated service and 182 for contracted fixed-route service (see **Figure 6**). This number will increase in FY 2024-25 as new buses are added, as shown in **Figure 7**. Over the next five years, OCTA plans to procure 56 zero-emission buses; 50 of which will be 40-foot and six will be 60-foot. The fleet composition is regularly evaluated to ensure the right mix of vehicles based on service needs.

The OC ACCESS paratransit service currently operates 248 vehicles, which account for nearly 37 percent of OCTA's active fleet (see **Figure 8**). Projections indicate the need to replace up to 272 paratransit vehicles over the next five years, which is included in the plan. To manage growing demand and mitigate fleet expansion, OCTA is continuously exploring strategies such as utilizing supplemental services, providing mobility training to shift riders to fixed-routes, and collaborating with programs to provide trips for participants. These initiatives aim to control costs while maintaining high quality service.

Figure 6 - Fixed-Route Fleet Age by Bus Type

Figure 6 - Fixed-Route Fleet Age by Bus Type

Fuel Type	Average Age (Years)-
Forty Foot	5.9
Sixty Foot Articulated	10.7
Average Age	6.3

Figure 7 - Fixed-Route Optimal Fleet Size
(# buses)

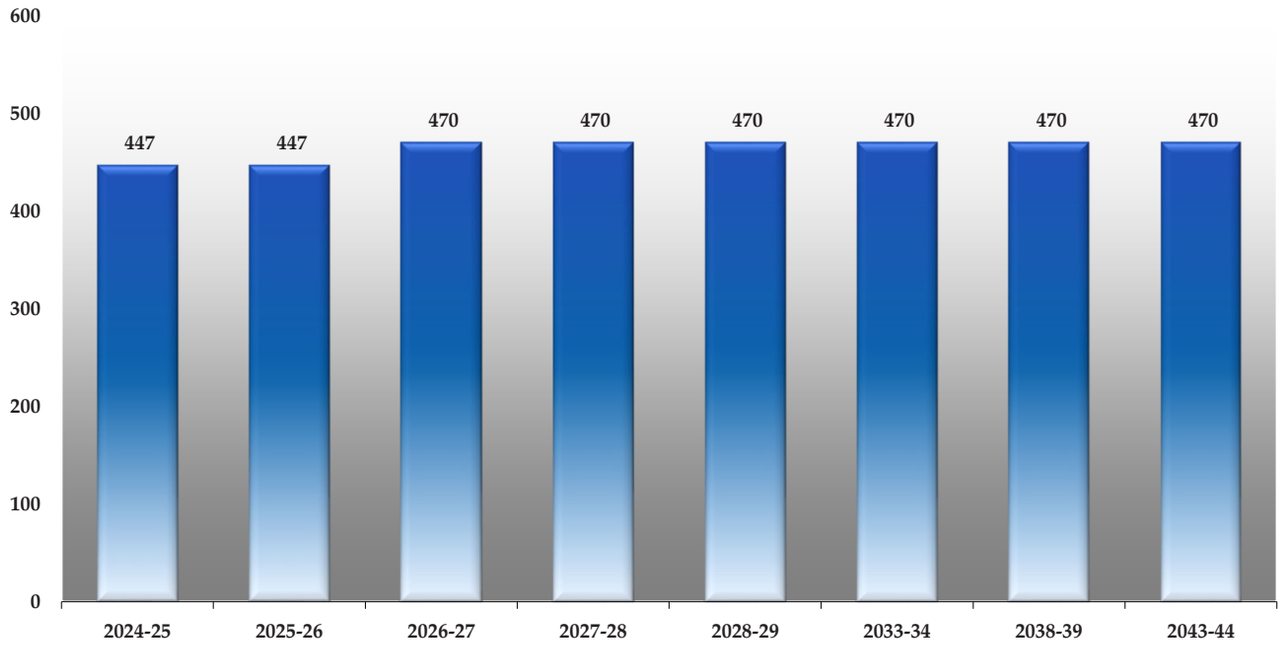
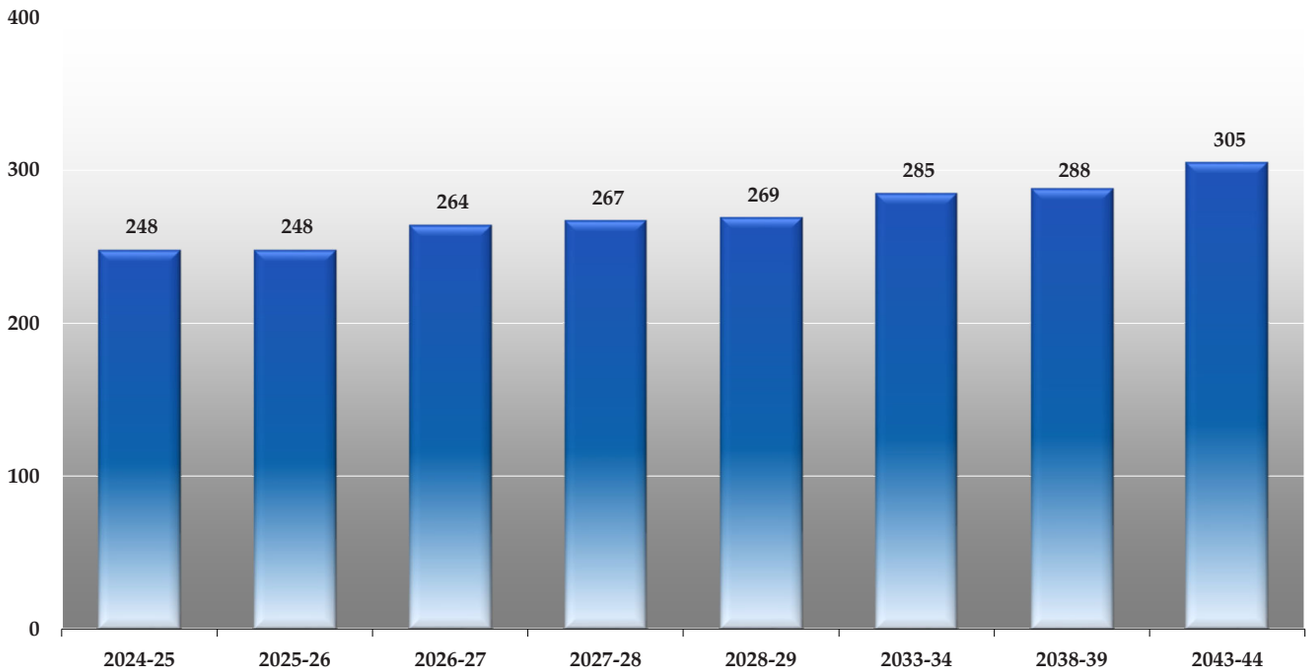


Figure 8 - Paratransit Optimal Fleet Size
(# buses)



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 countywide bus service through the end of the plan. OCTA also maintains a separate 60-day operating reserve and Long-Term Operating Reserve to minimize impacts to cash flow due to fluctuations in operating revenues and expenditures.

Bus and Paratransit Revenue

OCTA's bus and paratransit services rely heavily on external revenue sources to supplement farebox revenue and cover operating expenses. Over the next 20 years, key funding sources such as the Local Transportation Fund (LTF), federal operating grants, State Transit Assistance Fund (STAF), and SB 1 (Chapter 5, Statutes of 2017) will continue to play a critical role in supporting operations. **Figure 9** illustrates the revenue sources projected through FY 2028-29.

The LTF, driven by sales tax revenue, remains the largest funding source, covering approximately half of OCTA's operating costs. Sales tax revenue growth is forecasted to average 3.12 percent over the long term.

Federal funding, supported by the Infrastructure Investment and Jobs Act, provides $108 billion for federal public transportation programs, with $91 billion in guaranteed funding. FTA Section 5307 funds, are projected to grow from $66.2 million in FY 2024-25 to $98.7 million by FY 2043-44. Additionally, FTA Sections 5337 and 5339 are forecasted to increase from $7.1 million in FY 2024-25 to $10.7 million in FY 2043-44, leading to a total anticipated FTA revenue of $1.9 billion over the next 20 years.

STAF and SB 1 funding are forecasted to stabilize at $60.5 million annually by FY 2028-29, contributing a combined total of $1.2 billion over the 20-year period. Additionally, SB 1 capital funds are expected to grow incrementally, resulting in a total of $177.5 million over the same timeframe.

Figure 9 - Bus Operations Revenue Projections (in millions)

Sources	2024-25	2025-26	2026-27	2027-28	2028-29
Sales Tax Revenue	$ 131.1	$ 213.0	$ 249.9	$ 260.5	$ 297.9
Federal Formula Grant 5307	66.2	71.7	77.8	81.2	84.6
Federal Formula Grant 5310	3.5	3.6	3.7	3.7	3.8
Passenger Fares	44.3	42.6	45.2	45.5	45.8
State Transit Assistance Fund	51.0	54.5	56.6	58.4	34.4
Property Tax Revenue	18.8	19.9	21.0	22.1	23.4
California Senate Bill 1 Operating	42.8	-	-	-	26.1
SB125 Operating	26.5	11.2	-	-	-
Alternative Fuel Tax Credit	1.7	-	-	-	-
Miscellaneous Revenues	5.3	5.3	5.3	5.3	5.3
Advertising Revenue	3.3	3.4	3.5	3.6	3.7
Measure M2	3.4	3.3	3.4	3.5	3.5
Rail Feeder	1.4	1.5	1.6	1.7	1.8
CMAQ	2.8	-	-	-	-
Interest	16.8	22.1	21.7	20.4	18.1
Total	$ 418.9	$ 452.1	$ 489.8	$ 505.9	$ 548.3

OCTA will also leverage the Low Carbon Transit Operations Program (LCTOP) to subsidize fare discount programs and boost ridership, with fixed-route boardings projected to reach 36.6 million in FY 2024-25; a 5.3 percent increase over the previous year. Continued growth in ridership will be essential to sustaining fare revenue, which is directly tied to boardings.

Key revenue and expense assumptions, along with potential risk factors, are outlined in **Figure 10**.

Figure 10 - Bus Program Major Assumptions

Service and Costs:	
1	Increase service hours to 1.625 million by the end of FY 2026-27
2	Paratransit trip growth to be expected at 100 percent recovery of Pre-COVID levels by FY 2026-27 and then 1.1 percent 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 3.1 percent
2	Boardings to stabilize in FY 2026-27 with gradual long-term growth
3	Combined funds of STAF and SB1 to stabilize at $60.5 million in FY 2028-29
4	SB1 capital revenue of $7.1 million grown annually by CPI
5	Addition of SB125 TIRCP and ZETCP funding in FY 2024-25
6	Maintain capital replacement fund
Bus Program Risks:	
1	Softening of sales tax revenue growth
2	Uncertainty of ridership demand
3	Paratransit trip growth exceeds 1.1 percent annually
4	Unfunded mandates (i.e. zero emission bus purchase)
5	Commuting and traveling patterns changes

Cash Flow Statement - Bus Program

(millions)		2024-25	2025-26	2026-27	2027-28	2028-29	2033-34	2038-39	2043-44
Beginning Balance	$	764.2	758.1	790.8	844.9	902.7	1224.6	1003.8	160.7
Cash Flows from Operating Activities:									
Sources of Funds:									
Sales Tax Revenue		131.1	213.0	249.9	260.5	297.9	362.6	336.0	387.4
Passenger Fares		44.3	42.6	45.2	45.5	45.8	47.6	55.4	57.2
Property Tax Revenue		18.8	19.9	21.0	22.1	23.4	30.7	40.3	53.0
California Senate Bill 1 Operating		42.8	0.0	0.0	0.0	26.1	26.1	26.1	26.1
SB125 Operating		26.5	11.2	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous Revenues		5.3	5.3	5.3	5.3	5.3	5.4	5.5	5.6
Advertising Revenue		3.3	3.4	3.5	3.6	3.7	3.7	3.7	3.7
Alternative Fuel Tax Credit		1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Transit Assistance Fund		51.0	54.5	56.6	58.4	34.4	34.4	34.4	34.4
Total Sources of Funds	$	**324.8**	**349.9**	**381.5**	**395.4**	**436.6**	**510.5**	**501.5**	**567.3**
Cash Flows from Operating Activities:									
Uses of Funds:									
Salaries and Benefits		145.9	155.8	170.5	174.4	180.7	195.8	237.2	295.5
Purchased Transportation Services		117.2	129.4	142.1	148.6	154.8	188.6	214.5	250.1
Administrative Service Expense		55.9	60.1	64.2	68.4	72.7	93.3	122.0	157.6
Maintenance, Parts, and Fuel		22.2	22.7	26.9	28.3	29.2	44.0	51.4	71.2
Professional Services		24.7	25.5	27.2	28.5	29.1	32.7	36.8	41.5
General and Administrative		5.0	5.1	5.4	5.7	5.8	6.5	7.3	8.2
Other Operating Expense		4.6	4.8	5.2	5.4	5.6	6.3	7.2	8.2
Total Uses of Funds	$	**375.4**	**403.4**	**441.6**	**459.2**	**477.9**	**567.3**	**676.4**	**832.3**
Net Cash Provided by Operations	$	**(50.6)**	**(53.5)**	**(60.1)**	**(63.8)**	**(41.4)**	**(56.8)**	**(174.9)**	**(265.0)**
Operating grants									
Federal Formula Grant 5307		66.2	71.7	77.8	81.2	84.6	98.2	88.2	98.7
Federal Formula Grant 5310		3.5	3.6	3.7	3.7	3.8	4.3	4.8	5.3
CMAQ		2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers in									
Measure M2		3.4	3.3	3.4	3.5	3.5	3.6	4.2	4.4
Rail Feeder		1.4	1.5	1.6	1.7	1.8	2.3	2.6	3.2
Net Cash Provided by Noncapital Financing	$	**77.3**	**80.1**	**86.5**	**90.1**	**93.7**	**108.4**	**99.8**	**111.6**
Cash Flows From Capital and Related Financing Activities:									
Capital Grants/Other Capital Revenues		157.4	49.3	47.6	30.6	18.3	22.6	24.6	27.0
Acquisition/Construction of Capital Assets		(228.7)	(79.0)	(53.0)	(29.6)	(26.3)	(307.6)	(44.9)	(24.5)
Net Cash Used by Capital and Related Financing Activities	$	**(71.2)**	**(29.7)**	**(5.4)**	**1.0**	**(7.9)**	**(285.1)**	**(20.2)**	**2.4**
Cash Flows from Investing Activities:									
Interest on Investments		38.5	35.8	33.1	30.6	28.1	28.4	22.9	0.0
Net Cash Provided by Investing Activities	$	**38.5**	**35.8**	**33.1**	**30.6**	**28.1**	**28.4**	**22.9**	**0.0**
Net Increase/Decrease in Cash	$	**(6.1)**	**32.6**	**54.1**	**57.8**	**72.5**	**(205.0)**	**(72.5)**	**(151.0)**
Available Cash	$	**758.1**	**790.8**	**844.9**	**902.7**	**975.2**	**1019.5**	**931.3**	**9.8**

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Fiscal Year 2024-25

Regional Rail Program

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Passengers travel by Metrolink for their daily commute.

Background

Metrolink is the regional rail system serving Southern California, operated through a Joint Powers Authority (JPA) made up of five member agencies. These agencies work together to oversee the operation and development of the Metrolink network:

- Orange County Transportation Authority (OCTA)
- Los Angeles County Metropolitan Transportation Authority (LA Metro)
- Riverside County Transportation Commission (RCTC)
- San Bernardino County Transportation Authority (SBCTA)
- Ventura County Transportation Commission (VCTC)

Together, these agencies coordinate the funding, planning, and operation of Metrolink, providing a critical transportation link for Southern California's residents and commuters.

Service Levels

Orange County is served by three Metrolink lines: the Orange County Line, the Inland Empire – Orange County Line, and the 91/Perris Valley Line. As of October 2024, the three lines offer 58 trains on weekdays and 16 trains on weekends, serving 11 stations across Orange County.

The Rail 2 Rail Program, allows Metrolink monthly pass holders to ride Amtrak Pacific Surfliner trains at no additional charge within designated stations on their pass. Additionally, a valid Metrolink ticket or pass allows for free transfers to local OCTA bus routes that directly serve Metrolink stations, including all Stationlink routes that connect to major employment centers. Currently, five Stationlink routes serve four Metrolink stations in Orange County.

Metrolink is currently facing financial challenges, with ridership at only 45 percent of pre-pandemic levels. This significant drop in fare revenue has increased the financial burden on member agencies, making the Metrolink program projected to be unsustainable in the long-term. Without substantial ridership growth, future service levels will likely need to be reduced to match ongoing costs with revenues. Otherwise, it is anticipated that funding for the service will be exhausted in FY 2037-38.

To address this, Metrolink launched its Optimized Service Plan in October 2024, aiming to improve efficiency by adding trains, filling mid-day service gaps, and reducing operational costs. However, if these efforts fail to boost ridership and reduce expenses, the future

Figure 1 - Metrolink Service Levels

Service/Line	# Trips/Day
Weekday Service	
91/PV Line	14
IEOC Line	18
OC Line (Intracounty)	0
OC Line (service to LA)	26
Sub-total	**58**
Weekend Service	
91/PV Line	4
IEOC Line	4
OC Line (service to LA)	8
Sub-total	**16**

of the rail program remains uncertain, and OCTA will need to reassess funding and service levels accordingly. **Figure 1** illustrates the current service levels.

Operating Revenue

Measure M2 (M2), continues the investment of local tax dollars in Metrolink for 30 years from April 1, 2011, through March 31, 2041. Funding from M2 for the Metrolink Program is projected to be approximately $1.4 billion dollars. 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 assigned to regional rail will be required to support operations. Given the uncertainties of the plan being put in place, potential increase in cost, or insufficient additional subsidy from member agencies, close monitoring of Metrolink operations and revenues is critical to ensuring the program's long-term sustainability.

Fare Revenue

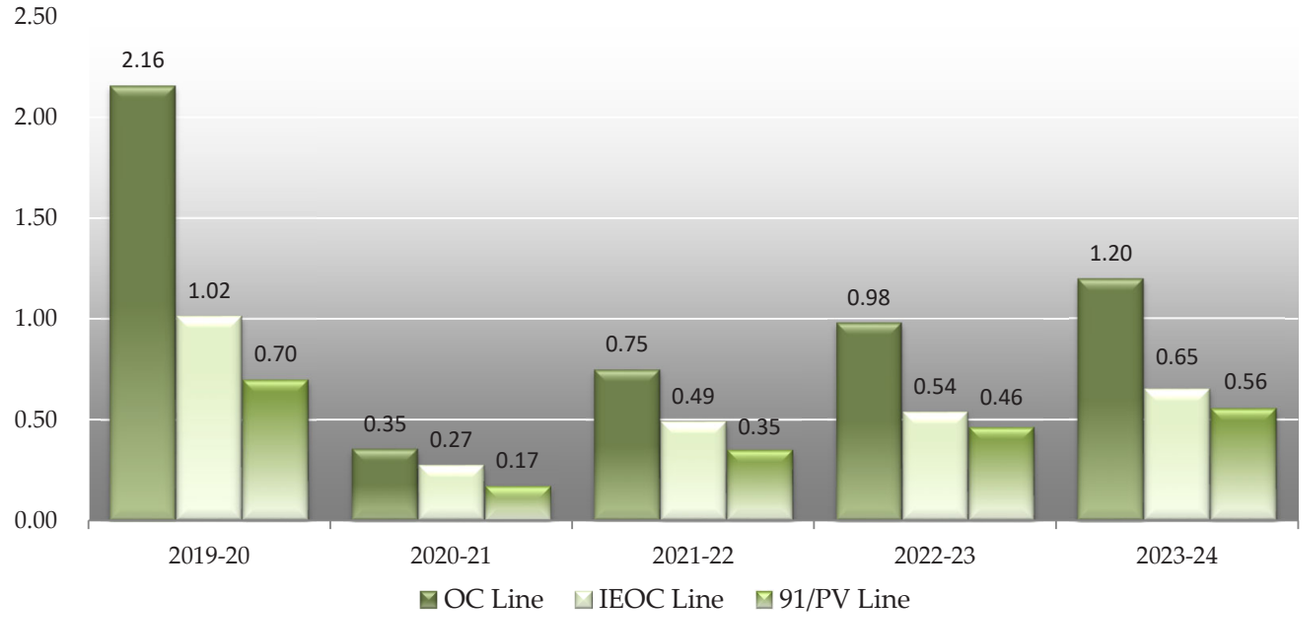
Figure 2 shows combined revenue and ridership figures. Passenger fare revenue provides one fifth (previously provided half) of Metrolink operating revenues with the remainder covered by member agency subsidies. Total fare revenue for the three lines serving Orange County (including Rail 2 Rail) decreased from $27.3 million in FY 2019-20 to $13.7 million in FY 2023-24.

Combined annual ridership for the three lines serving Orange County (including Rail 2 Rail) decreased from 3.9 million in FY 2019-20 to 2.4 million in FY 2023-24. **Figure 3** shows ridership by line. The OC Line continues to carry the largest number of passengers of the three lines serving Orange County.

Metrolink began serving Orange County in 1994.

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

Figure 3 - Annual Ridership by Line (in millions)



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 anticipated 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.

Beautiful coastline views are standard on Metrolink Rail Service.

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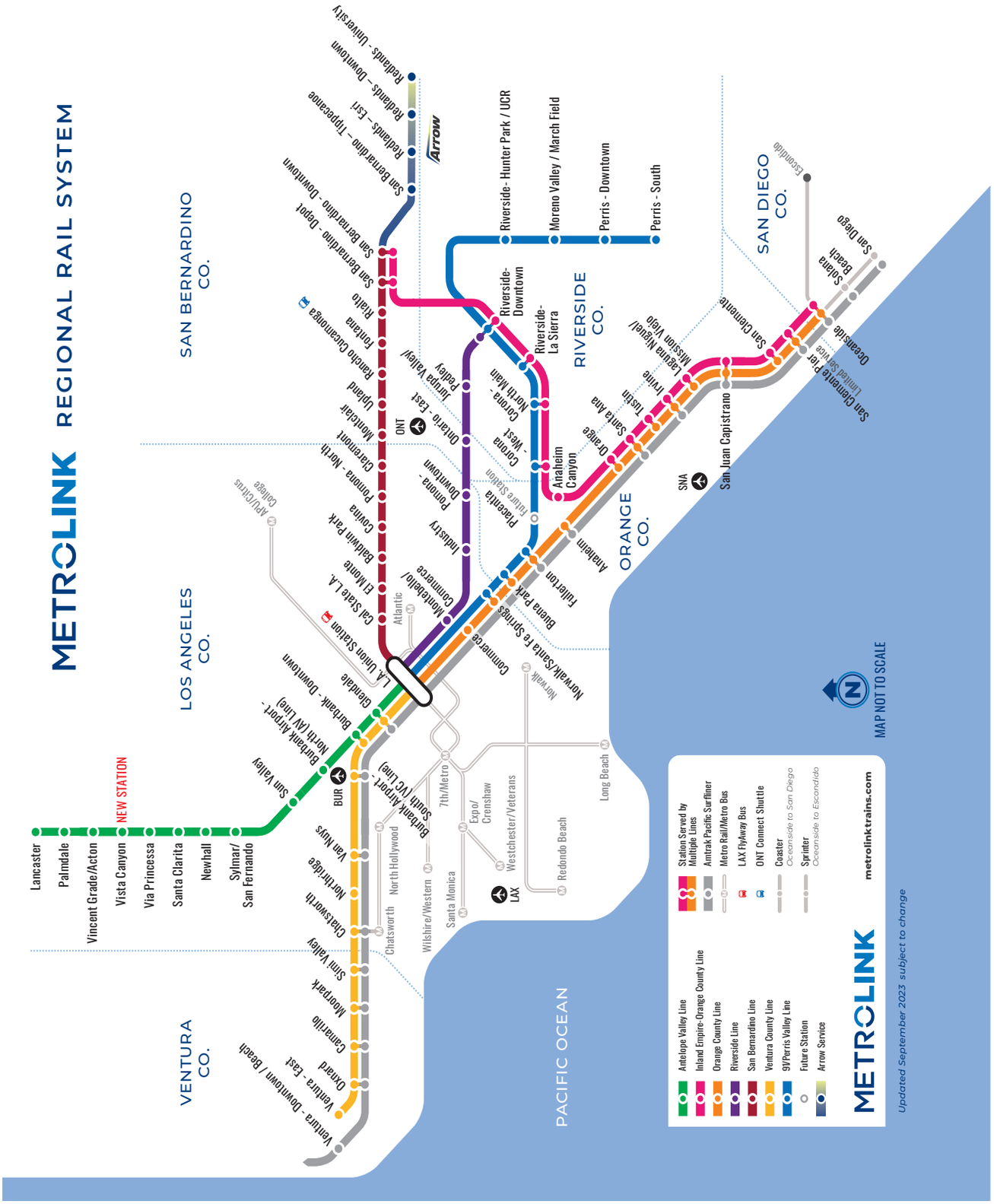
Cash Flow Statement - Regional Rail

(millions)		2024-25	2025-26	2026-27	2027-28	2028-29	2033-34	2038-39	2043-44
Beginning balance	$	**322.6**	**334.2**	**345.8**	**357.1**	**366.1**	**214.2**	**38.6**	**(316.6)**
Cash flows from operating activities:									
Sources of funds:									
Measure M2 sales tax (Project R)		44.7	46.4	47.6	48.5	49.3	58.7	69.5	5.9
Federal operating revenue		9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Miscellaneous revenue		3.3	1.4	1.4	1.5	1.5	1.7	1.9	2.1
Transit and Intercity Rail Capital Program		26.0	27.0	28.1	29.2	0.0	0.0	0.0	0.0
Total sources of funds	$	**83.9**	**84.7**	**87.0**	**89.1**	**60.7**	**70.3**	**81.2**	**17.8**
Cash flows from operating activities:									
Uses of funds:									
Subsidy to SCRRA		50.3	50.9	52.7	54.7	56.9	70.7	79.2	88.9
Management fee expense		3.9	4.1	4.4	4.7	5.0	6.4	8.3	10.7
Professional services		8.7	8.9	9.0	9.3	9.8	10.9	12.6	12.0
Repayment of Proposition 116 Funds		3.5	3.6	3.7	3.9	4.0	4.6	5.3	0.0
Other operating expenses		1.4	1.5	1.6	1.7	1.8	2.2	2.5	3.1
Total uses of funds	$	**67.8**	**69.0**	**71.5**	**74.2**	**77.4**	**94.8**	**108.0**	**114.7**
Net cash provided by operations	$	**16.1**	**15.7**	**15.5**	**14.8**	**(16.8)**	**(24.5)**	**(26.8)**	**(96.8)**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		23.9	38.6	13.0	15.7	83.5	12.8	14.3	39.5
Acquisition/construction of capital assets		(40.2)	(54.6)	(28.0)	(31.0)	(108.9)	(22.6)	(25.3)	(51.8)
Principal & interest paid on TECP/bonds		(1.7)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	0.0
Net cash used by capital and related financing activities	$	**(18.1)**	**(18.3)**	**(17.2)**	**(17.6)**	**(27.6)**	**(12.0)**	**(13.2)**	**(12.3)**
Cash flows from investing activities:									
Interest on investments		13.6	14.2	13.0	11.8	10.2	4.3	0.3	0.0
Net cash provided by investing activities	$	**13.6**	**14.2**	**13.0**	**11.8**	**10.2**	**4.3**	**0.3**	**0.0**
Net increase/decrease in cash	$	**11.6**	**11.6**	**11.3**	**9.0**	**(34.2)**	**(32.3)**	**(39.7)**	**(109.2)**
Available cash	$	**334.2**	**345.8**	**357.1**	**366.1**	**331.9**	**181.9**	**(1.1)**	**(425.7)**


METROLINK REGIONAL RAIL SYSTEM
VENTURA CO.
LOS ANGELES CO.
SAN BERNARDINO CO.
RIVERSIDE CO.
ORANGE CO.
SAN DIEGO CO.
PACIFIC OCEAN
Lancaster
Palmdale
Vincent Grade/Acton
Vista Canyon
NEW STATION
Via Princessa
Santa Clarita
Newhall
Sylmar/San Fernando
Sun Valley
Burbank - Downtown
Glendale
Burbank Airport - North (AV Line)
BUR
Burbank Airport - South (VC Line)
Van Nuys
Northridge
Chatsworth
Simi Valley
Moorpark
Camarillo
Oxnard
Ventura - East
Ventura - Downtown / Beach
Chatsworth
North Hollywood
Wilshire/Western
Santa Monica
LAX
7th/Metro
Expo/Crenshaw
Westchester/Veterans
Redondo Beach
Long Beach
L.A. Union Station
Cal State L.A.
El Monte
Baldwin Park
Covina
Pomona - North
Claremont
Montclair
Upland
Rancho Cucamonga
Fontana
Rialto
San Bernardino - Depot
San Bernardino - Downtown
Redlands - University
Redlands - Downtown
Redlands - ESRI
San Bernardino - Tippecanoe
Arrow
Atlantic
Montebello/Commerce
Industry
Pomona - Downtown
Ontario - East
ONT
Upland Valley/Paddy
Corona - North Main
Corona - West
Riverside - Downtown
Riverside - La Sierra
Riverside - Hunter Park / UCR
Moreno Valley / March Field
Perris - Downtown
Perris - South
Placentia
Anaheim Canyon
Fullerton
Buena Park
Norwalk/Santa Fe Springs
Norwalk
Commerce
Anaheim
Orange
Santa Ana
Tustin
Irvine
Laguna Niguel/Mission Viejo
SNA
San Juan Capistrano
San Clemente
San Clemente Pier
Oceanside
Solana Beach
San Diego
Escondido
Limited Service
APU/Citrus College
MAP NOT TO SCALE
Station Served by Multiple Lines
Amtrak Pacific Surfliner
Metro Rail/Metro Bus
LAX FlyAway Bus
ONT Connect Shuttle
Coaster
Oceanside to San Diego
Sprinter
Oceanside to Escondido
Antelope Valley Line
Inland Empire-Orange County Line
Orange County Line
Riverside Line
San Bernardino Line
Ventura County Line
91/Perris Valley Line
Future Station
Arrow Service
METROLINK
metrolinktrains.com
Updated September 2023 subject to change

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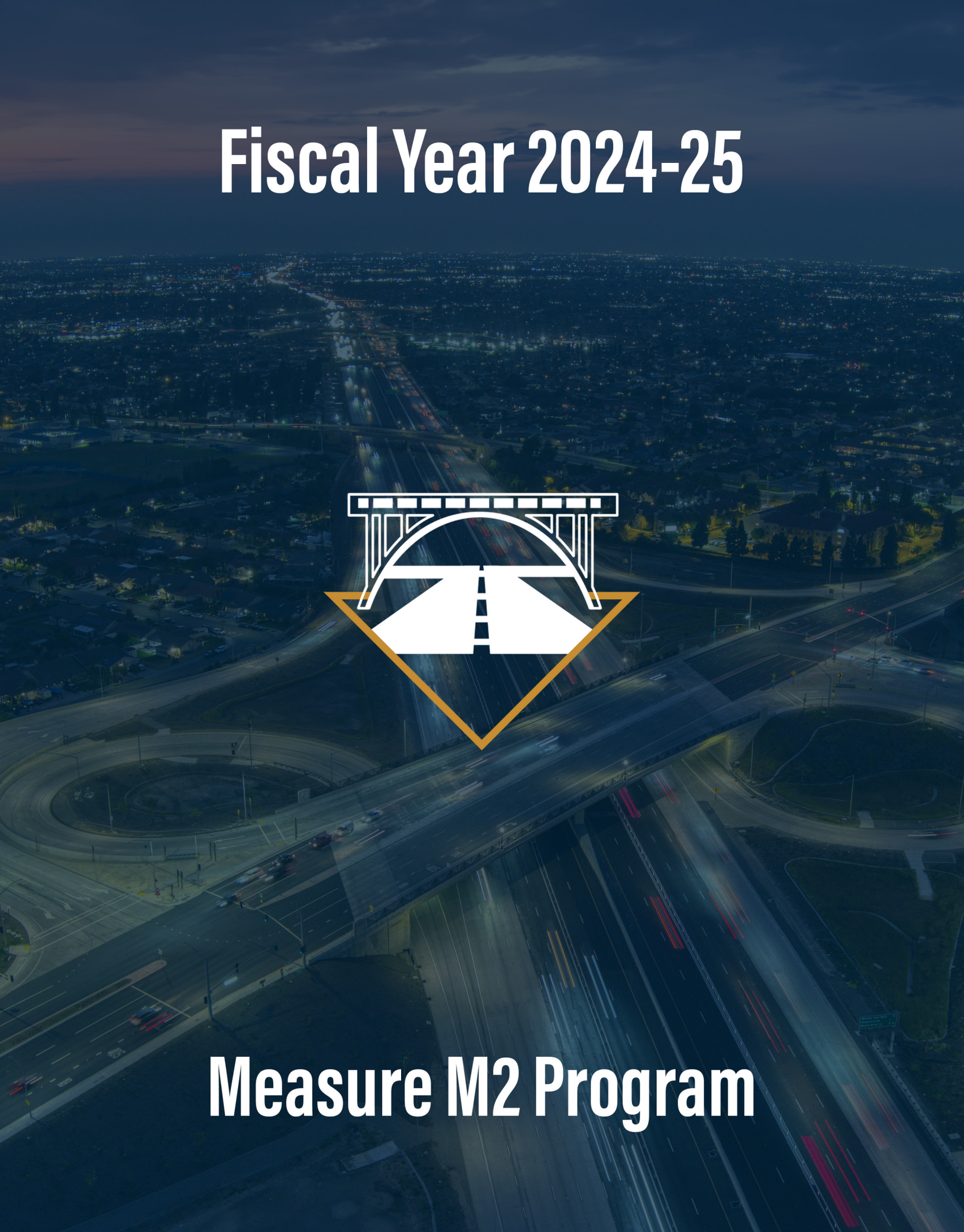
Fiscal Year 2024-25



Measure M2 Program

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Background

On November 7, 2006, nearly 70 percent of Orange County voters renewed Measure M (M2), a 30-year half-cent sales tax dedicated to transportation improvements. OCTA, working with three local university economics departments and a professional forecasting agency, updates the M2 revenue forecast annually. The tax, collected by the California Department of Tax and Fee Administration and allocated to OCTA, is projected to generate $14.0 billion by March 2041.

The M2 Transportation Investment Plan focuses on enhancing freeways, maintaining streets and roads, synchronizing traffic signals countywide, expanding transit programs, protecting the environment from pollutants affecting Orange County beaches, and preserving natural habitats through the acquisition of open space land. The allocation of the $14.0 billion is outlined in **Figure 1**.

Next 10 Delivery Plan

Since the approval of M2 (also branded as OC Go), the Board has advanced implementation through delivery plans to ensure timely project completion while adapting to changing conditions. The updated Next 10 Plan, adopted on November 12, 2024, reaffirms this commitment, providing a framework for successful M2 delivery through FY 2040-41. To remain responsive to evolving factors, the Next 10 Plan undergoes annual reviews and updates, incorporating changes in sales tax revenue forecasts, external funding, and project cost and schedule adjustments. The 2024 update outlines the advancement of M2 projects and programs from FY 2024-25 through FY 2033-34, including current cash flows, schedules, and project details. It also continues to allocate net excess 91 Express Lanes revenue to eligible projects, specifically Project I and Project J on State Route 91 (SR-91).

In October 2024, the Board was presented with a revised M2 sales tax revenue forecast of $14.0 billion, reflecting a $0.8 billion decrease from the previous year. The sales tax revenue forecast, along with updated state and federal funds, includes a confirmed $89 million from the Transportation Infrastructure Finance and Innovation Act Program and up to $656.2 million from net excess 91 Express Lanes revenue. The 2024 review affirmed that, with these updated assumptions, all elements of the M2 Plan remain deliverable.

As of June 30, 2024, approximately $729 million in bonds have been issued under the M2 Program, with an outstanding balance of around $569 million. No additional bond issuances are forecasted through 2041.

Freeway Program

The M2 Transportation Investment Plan allocates 43 percent of M2 net revenue to freeway improvements, amounting to approximately $6.0 billion over the life of M2, as detailed in **Figure 2**. Initially, 13 freeway projects were identified. This number has since expanded to 30 projects to accommodate project delivery. Significant progress includes the completion of 14 projects featuring new lanes, interchanges, and bridges on SR-91, Interstate 5 (I-5), SR-57, State Route 22, and, most recently, Interstate 405 (I-405).

Figure 1 - M2 Net Investment Allocation by Mode

Figure 2 - Allocation of M2 Freeway amounts

Program	$ millions	%
A - I-5, SR-55 to SR-57	553.4	9.2%
B - I-5, I-405 to SR-55	353.5	5.9%
C - I-5, Avenida Pico to San Juan Creek Road	738.3	12.2%
D - I-5 Santa Ana/San Diego Fwy Interchanges	303.8	5.0%
E - SR-22, Garden Grove Fwy Access Improvements	141.3	2.3%
F - SR-55, I-405 to SR-91	431.0	7.1%
G - SR-57 Orange Fwy Northbound	304.6	5.0%
H - SR-91, I-5 to SR-57	164.8	2.7%
I - SR-91, SR-55 to Tustin Avenue Interchange	490.4	8.1%
J - SR-91, SR-55 to SR-71	414.7	6.9%
K - I-405, SR-73 to I-605	1,263.2	20.9%
L - I-405, I-5 to SR-55	376.4	6.2%
M - I-605, Katella Interchange	23.5	0.4%
N - Freeway Service Patrol (FSP)	176.6	2.9%
FM - Freeway Mitigation	301.9	5.0%
Total	6,037.4	100%

Figure 4 - Freeway Program

Next 10 Plan Updated Initiatives

1. Deliver construction of 13 freeway project segments; five along Interstate 5 (I-5), two along State Route 55 (SR-55), one along State Route 57 (SR-57), four along State Route 91 (SR-91), and one along Interstate 605 (I-605) (Projects B, C, C/D, F, G, I, J, and M).

2. Prepare the remaining three project segments for delivery. This includes one on I-405 and one on SR-57; and one interchange project at I-5/El Toro Road (Projects D, G, and L).

Currently, four projects are under construction: three on I-5 in south Orange County and one on SR-55 between I-405 and I-5. Additionally, eight projects are in or nearing final design, while the remaining projects are advancing through various stages of development. The anticipated schedule for these freeway projects is shown in **Figure 3**.

To adhere to the promises of M2, the 2024 Next 10 Delivery Plan includes several delivery goals for the freeway program from FY 2024-25 through FY 2033-34 in **Figure 4**.

M2 allocates at least five percent of freeway program net revenues to the Environmental Mitigation Program (EMP), which addresses biological impacts from freeway projects through habitat protection, connectivity, and resource preservation. Following M2's voter approval, the Board authorized approximately $55 million for the EMP: $42 million for property acquisitions, $10.5 million for habitat restoration, and $2.5 million for conservation plan development and program support. To date, OCTA has acquired seven properties totaling about 1,300 acres in Brea, Laguna Beach, Silverado Canyon, and Trabuco Canyon (Preserves), and funded 12 habitat restoration projects, restoring approximately 350 acres of open space in Orange County. These projects are approved by wildlife agencies and are in various stages of implementation.

OCTA currently holds the title and interim land management responsibility of the Preserves. Over time, the 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, the Board approved a non-wasting endowment target of $46.2 million for the long-term management of conservation properties. The California Community Foundation manages the endowment fund. To date, eight payments totaling $23 million have been deposited into the endowment. The endowment is on pace to reach the goal of $46.2 million in FY 2027-28. The 2024 Next 10 Delivery Plan includes several deliverable goals for the EMP through FY 2033-34 in **Figure 5**.

Streets and Roads Program

Orange County has over 6,500 lane miles of aging streets and roads, many requiring repair and rehabilitation. M2 will allocate 32 percent of net revenues, approximately $4.5 billion, to address these needs. This includes about $1.4 billion for the Regional Capacity Program (RCP), $561.8 million for the Regional Traffic Signal Synchronization Program (RTSSP), and $2.5 billion for the Local Fair Share Program, as detailed in **Figure 6**. These funds will help to repair potholes, improve intersections, synchronize traffic signals countywide, and enhance the safety and efficiency of the existing street network.

Figure 3 - Freeway Program Project Schedule

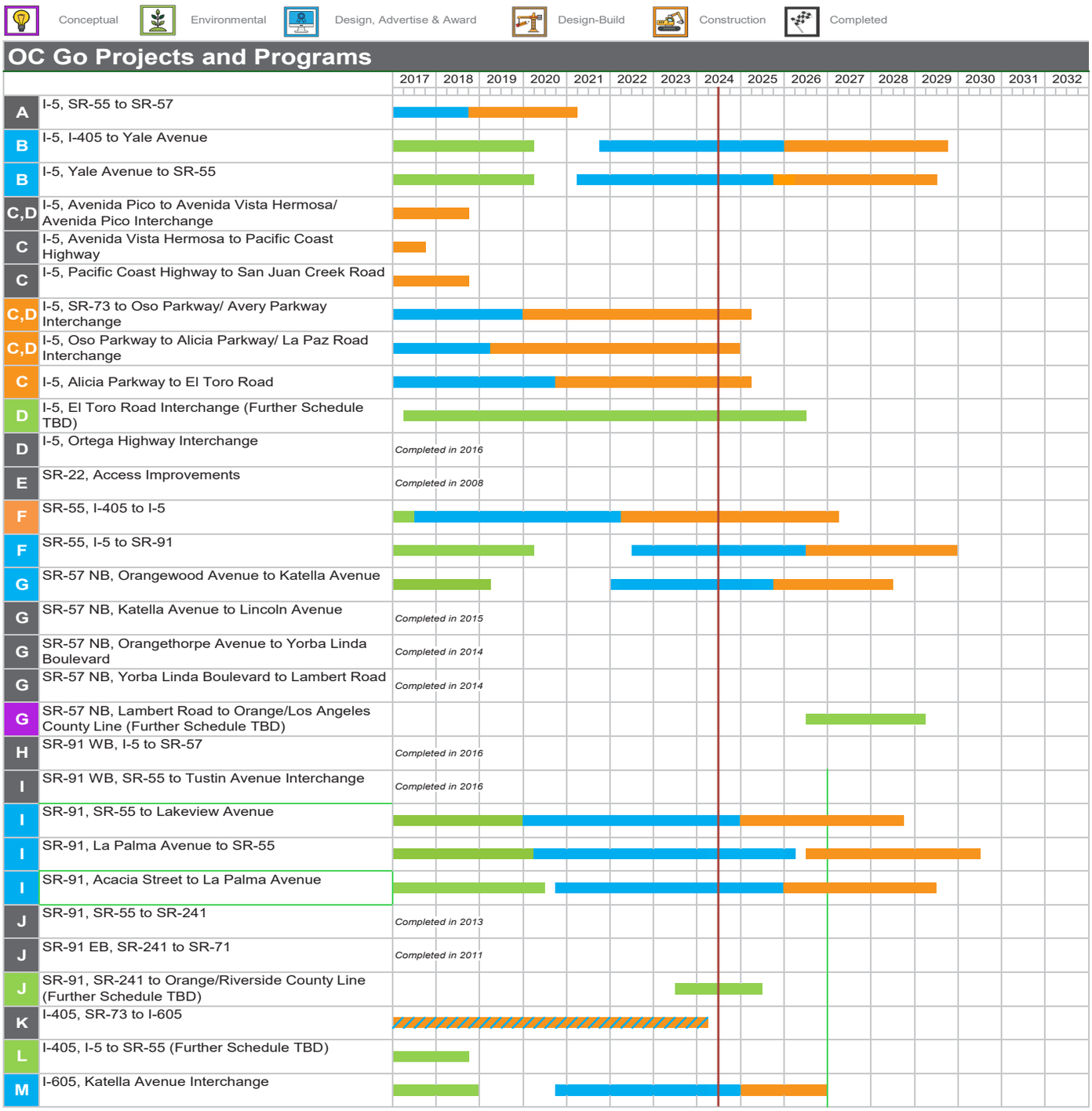

Figure 5 - Environmental Mitigation

Next 10 Plan Updated Initiatives	
1	Oversee and manage the Preserves while the endowment is being established, and determine when to engage with 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.

Figure 6 - Allocation of M2 Streets & Roads Funds

Program	$ millions	%
Regional Capacity Program	1,404.1	31.3%
Signal Synchronization Program	561.6	12.5%
Local Fair Share Program	2,527.3	56.2%
Total	4,493.0	100%

The RCP, also known as Project O, in combination with local matching funds, provides a funding source to complete the Orange County Master Plan of Arterial Highways. It also funds intersection improvements and other projects aimed at enhancing street operations and reducing congestion. Funds are allocated through a competitive process, prioritizing projects based on factors such as congestion relief, cost effectiveness, and project readiness. In May 2023, the Board approved $18.7 million for the 14th call for projects, bringing the total funding for RCP projects to approximately $406 million.

In addition to the RCP, Project O encompasses the OC Bridges program, which includes seven railroad grade separation projects in Anaheim, Fullerton, and Placentia. The funding plan for the OC Bridges program totals $667.7 million, with $513.9 million leveraged from state, federal, and local sources in addition to M2 funds. Construction on all seven projects is complete.

The RTSSP, also known as Project P, aims to coordinate over 2,000 signalized intersections across Orange County to enhance traffic flow. This involves developing and implementing regional signal coordination programs that span multiple jurisdictions. In May 2023, the Board approved $12.9 million for the 14th call for

M2 funds help repair and rehabilitate the streets of Orange County.

projects, bringing the total funding for RTSSP projects to approximately $150 million. As of November 2021, OCTA and local agencies have surpassed the target of 2,000 synchronized intersections across 838 miles of streets. From FY 2024-25 to FY 2033-34, the network of signals is expected to be retimed or optimized at least twice, affecting over 4,000 intersections over the ten-year period.

The Local Fair Share Program (Project Q) allocates 18 percent of net revenues and assists cities and the County of Orange manage the increasing costs of maintaining aging street systems. Funds can be used for various local transportation needs, including residential street repairs, traffic and pedestrian safety improvements near schools, and emergency vehicle signal priority. Designed to supplement rather than replace existing transportation budgets, the program requires cities to meet annual guidelines to receive funds. Once these guidelines are met, funds are distributed based on a formula considering population, street mileage, and sales tax collected. Since its inception, approximately $736 million in Local Fair Share funds has been distributed, with an estimated $80 million expected in FY 2024-25.

The 2024 Next 10 Delivery Plan outlines two major initiatives for streets and roads through FY 2023-34, as detailed in **Figure 7**.

Figure 7 - Streets & Roads Program

Next 10 Plan Updated Initiatives	
1	Provide annual calls for competitive funding to local jurisdictions to close gaps in the road network, improve intersections, provide better interface with the highway system, and synchronize signals (Project O and P).
2	Provide flexible formula funding to local jurisdictions to help maintain aging streets or for use on other transportation needs as appropriate (Project Q).

Transit Program

M2 allocates 25 percent of its net revenues, approximately $3.5 billion, to enhance and expand Orange County's rail and bus services. Of this amount, about $2.7 billion is designated for High Frequency Metrolink Service, Transit Extensions to Metrolink, and Metrolink Gateways. Additionally, over $799 million is planned for expanding options for seniors and individuals with disabilities, Community-Based Transit/Circulators, and Safe Transit Stops, as outlined in **Figure 8**.

Figure 8 - Allocation of M2 Transit Funds

Program	$ millions	%
High Frequency Metrolink Service	1,399.9	39.9%
Transit Extensions to Metrolink	1,239.8	35.3%
Metrolink Gateways	71.6	2.0%
Fare Stabilization	206.4	5.9%
Senior Mobility Program	140.4	4.0%
Senior Non-Emergency Medical Transportation	140.4	4.0%
Community Based Transit/Circulators	280.8	8.0%
Safe Transit Stops	30.9	0.9%
Total	3,510.2	100%

The High Frequency Metrolink Service Program (Project R) is the primary funding source for Metrolink operations covered in detail in the Regional Rail section.

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 $1.2 billion of M2 funds will be available over the life of the program to fund improved connections to Orange County Metrolink stations.

Local Fixed-Guideways

OCTA, in partnership with the cities of Garden Grove and Santa Ana, is implementing a modern streetcar system along a 4.15-mile route between the Santa Ana Regional Transportation Center and the intersection of Harbor Boulevard and Westminster Avenue in Garden Grove. The OC Streetcar project aims to enhance tran-

OC Streetcar is underway to increase transit options for the community.

sit connectivity, increase transit options, reduce congestion, and provide significant benefits to the community and the traveling public. This project is part of Measure M2 Project S.

The OCTA Board has approved a comprehensive financial plan, focusing on maximizing state and federal funding by leveraging M2 revenues. Siemens Industries Inc. was selected to manufacture the streetcar vehicles, and Walsh Construction Company II, LLC was awarded the construction contract. The streetcar operations and maintenance will be handled by Herzog Transit Services, under a contract awarded by the Board.

The project is funded through a combination of federal, state, and local sources, including $149 million from the Federal Transit Administration (FTA) via a Full Funding Grant Agreement (FFGA), approximately $13.6 million from the FTA Section 5307 urbanized area formula program, $9.4 million from the American Rescue Plan, $108 million in Congestion Mitigation and Air Quality funds, $175.4 million in State Cap and Trade funds, and $123.6 million from M2. As of August 2024, $136.6 million has been drawn from the FFGA. The project cost, approved by the Board, is $579.2 million, including $50.8 million in contingency.

Bus and Station Vans

In December 2011, the Board approved guidelines for the M2 Project S bus and station van extension. In February 2012, OCTA issued a call for projects under this initiative, making up to $10 million in funding available. The cities of Anaheim and Lake Forest submitted proposals that met the Project S criteria and were subsequently approved by the Board. A total of over $733,000 was awarded for four projects, with each local agency required to provide a ten percent local match. The City of Lake Forest canceled all three of its projects, while the City of Anaheim completed its project in 2020. This service now continues under an M2 Project V grant and adheres to Project V's program requirements. No future calls for Project S bus and station van extensions are anticipated at this time.

The Metrolink Gateways Program (Project T) funds local improvements needed to connect future high-

speed rail systems to Orange County Metrolink stations. Through a call for projects in FY 2008-09, the City of Anaheim received funding to relocate and upgrade the Anaheim Metrolink/Amtrak station to support a multimodal facility compatible with the State's planned high-speed rail system. The Anaheim Regional Transportation Intermodal Center (ARTIC) opened on December 6, 2014, achieving the goals of Project T. The Board has since authorized the reallocation of the remaining balance to Projects R and U.

The Expand Mobility Choices for Seniors and Persons with Disabilities Program (Project U) funds initiatives to enhance transportation options for seniors and individuals with disabilities. This includes the Fare Stabilization Program, the Senior Mobility Program (SMP), and the County of Orange Senior Non-Emergency Medical Transportation Program (SNEMT). Collectively, these programs provide services to meet the growing transportation needs of seniors and persons with disabilities.

The Fare Stabilization Program provides discounted fares for seniors and individuals with disabilities. With the reallocation of net revenues following the close-out of Project T, the program is projected to receive approximately $206.4 million in net sales tax revenue over the life of M2.

The SMP, established in 2001, supports transportation resources for seniors, including services for medical, nutrition, shopping, and social trips. Currently, 32 cities participate, each contributing a 20 percent match for service costs. Approximately $140 million in M2 funding is expected to be available for the SMP over the life of M2.

The SNEMT Program, established by the County of Orange in 2002, fills a gap in senior transportation services for those seniors who do not qualify for OC ACCESS or whose advanced age or profound condition make it difficult to use OC ACCESS service. M2 funding supplements existing County resources to expand program capacity and increase the number of available trips. Approximately $140 million in M2 funding is anticipated 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 five funding rounds, totaling approximately $96 million for 49 projects and ten planning grants across various cities in the county.

The Safe Transit Stops Program (Project W) focuses on enhancing 100 of the busiest transit stops across the county, as approved by the Board in March 2014. The improvements aim to facilitate transfers between bus lines and provide amenities such as upgraded shelters and lighting. OCTA staff worked with local agencies to develop a needs assessment which considered factors such as ridership demand, the condition of existing stops, and other factors identified by local agencies. To date, over $3 million has been awarded for upgrades at 122 locations. The 2024 Next 10 Plan for transit outlines six major initiatives through FY 2033-34, detailed in **Figure 9**.

Figure 9 - Transit

Next 10 Plan Updated Initiatives	
1	Maintain Metrolink service as an attractive alternative to
2	Complete construction and begin operating the OC Streetcar.
3	Incorporate recommendations from planning studies to guide development of future transit connections.
4	Support expanded mobility choices for seniors and persons with disabilities.
5	Work with local jurisdictions to maintain successful community circulator projects and potentially provide
6	Continue to improve the top 100 busiest transit stops in Orange County.

Environmental Cleanup Projects

The M2 Program allocates two percent of gross sales tax revenue, about $279 million, to the Environmental Cleanup Program (ECP). This program is intended to supplement, not supplant, existing transportation-related water quality initiatives. The M2 Environmental Cleanup Allocation Committee advises the Board on how to allocate these funds for water quality improvements.

In May 2010, the Board approved a two-tiered approach to fund the ECP. The Tier 1 Grant Program targets visible pollutants, such as litter and debris, that accumulate on roadways and in catch basins before reaching waterways and the ocean. It provides grants to Orange County local governments for purchasing equipment and upgrading existing catch basins and other best management practices. This includes installing screens, filters, and inserts in catch basins to capture these pollutants. Since August 2011, the Board has awarded about $36.6 million for 222 Tier 1 projects.

The Tier 2 Grant Program funds regional, multi-jurisdictional, and capital-intensive projects aimed at improving water quality. This includes constructed wetlands, detention/infiltration basins, and bioswales, which address pollutants such as heavy metals, organic chemicals, sediment, nutrients, and pathogens from roadway runoff. Since 2011, approximately $28 million has been awarded to 22 Tier 2 projects.

The 2024 Next 10 Delivery Plan for the Environmental Cleanup Plan recommends two major initiatives through FY 2033-34, as shown in **Figure 10**.

Measure M2 funded street and road improvements keep Orange County roads and streets safer and more efficient.

Figure 10 - Environmental Cleanup

Next 10 Plan Updated Initiatives	
1	Protect Orange County beaches from trash and debris 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 ECP (Project X).

Taxpayer Safeguards and Audits

Through FY 2040-41, the M2 Program allocates approximately $140 million, or one percent of gross revenue, for salaries and benefits related to program oversight. An additional $337 million is reserved for audits, safeguards, taxpayer protection, and non-project expenditures. As mandated by state law, about 1.2 percent of gross sales tax revenue, or $116 million, is paid to the California Department of Tax and Fee Administration for collecting and distributing the half-percent sales tax revenue that funds the M2 Program.

Environmental investment throughout Orange County.

Cash Flow Statement - Measure M2

(millions)		2024-25	2025-26	2026-27	2027-28	2028-29	2033-34	2038-39	2040-41
Beginning Balance	$	**696.1**	**688.8**	**823.2**	**853.4**	**871.9**	**1,550.5**	**746.8**	**768.3**
Sources of funds:									
Sales tax revenue		443.7	457.1	470.1	482.3	493.8	586.0	688.6	549.1
Bond proceeds		-	-	-	-	-	-	-	-
Interest		31.9	36.0	36.2	33.4	30.9	38.8	50.1	59.4
Other revenues (private, local, state, & fed. funding)		508.1	275.0	286.3	266.2	191.8	2.8	1.4	-
Total sources of funds	$	**983.8**	**768.0**	**792.5**	**781.9**	**716.4**	**627.7**	**740.1**	**608.5**
Debt service									
Gross debt service on TECP/bonds		49.2	49.8	49.8	49.8	49.7	49.6	49.5	49.4
Total debt service payments		**49.2**	**49.8**	**49.8**	**49.8**	**49.7**	**49.6**	**49.5**	**49.4**
Program expenditures									
Freeway projects		608.4	331.5	459.7	438.2	287.3	54.2	237.1	220.2
Streets & roads projects		120.8	127.8	136.6	154.7	165.3	180.1	211.6	172.1
Transit projects		182.1	98.8	93.0	94.8	97.4	230.0	186.1	164.0
Environmental Clean-up		12.3	7.1	3.9	6.3	7.2	14.7	13.4	13.8
Taxpayer safeguards & audits		7.9	8.1	8.3	8.6	8.8	10.4	12.2	9.7
Non-project related expenditures		10.3	10.6	10.9	11.2	11.4	13.6	16.0	12.7
Total program expenditures		**941.9**	**583.9**	**712.5**	**713.7**	**577.4**	**502.8**	**676.4**	**592.6**
Net cash provided by operations	$	**(7.3)**	**134.3**	**30.3**	**18.5**	**89.4**	**75.2**	**14.2**	**(33.6)**
Available cash	$	**688.8**	**823.2**	**853.4**	**871.9**	**961.3**	**1,625.7**	**760.9**	**734.7**

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Fiscal Year 2024-25

Express Lanes Program

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Background

The Express Lanes Program, managed by OCTA, now encompasses two independent toll facilities: the 91 Express Lanes, which opened on December 27, 1995, and was purchased by OCTA in January 2003, and the 405 Express Lanes, which commenced operations on December 1, 2023. Together, these facilities serve to enhance mobility across key regional corridors by offering faster, more reliable travel options. The program, which integrates both toll roads, allows for coordinated management and operations, ensuring optimal efficiency and service to Orange County and beyond.

91 Express Lanes

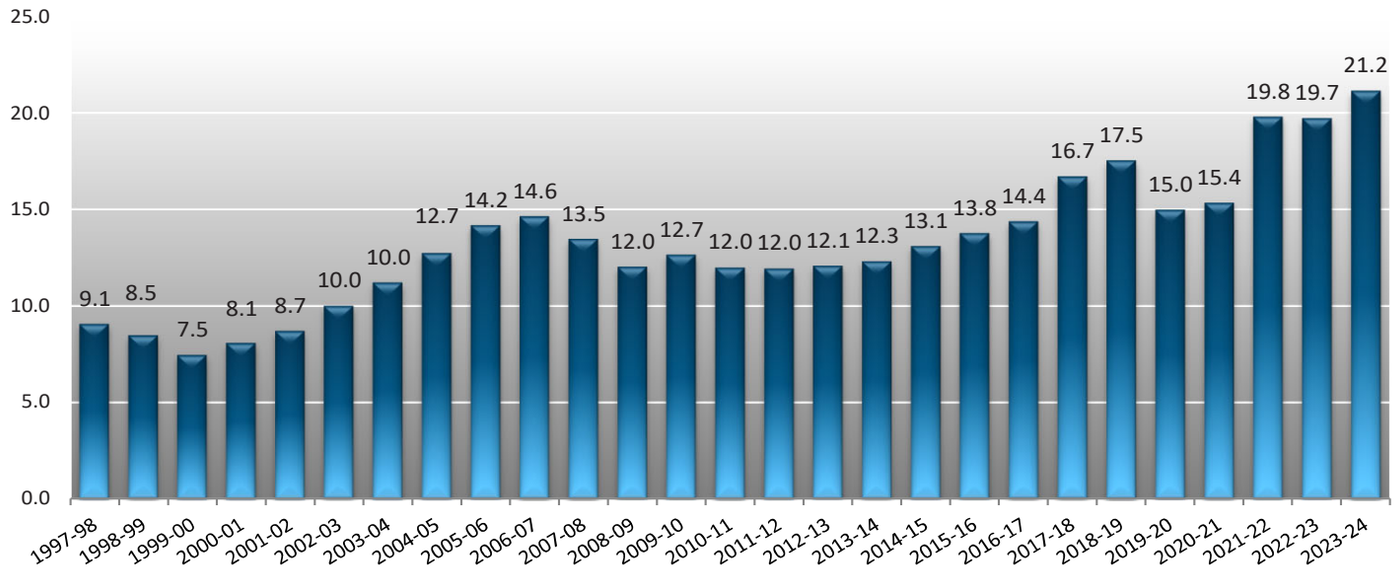
Following OCTA's acquisition of the 91 Express Lanes from the California Private Transportation Corporation (CPTC), flexibility in corridor management was greatly enhanced. Originally constrained by a non-compete clause that restricted improvements, this provision was removed in 2003, allowing for much-needed expansions. SB 1316 (Chapter 714, Statutes of 2008) later enabled OCTA to transfer its Riverside County franchise rights to the Riverside County Transportation Commission (RCTC), which facilitated an extension of the toll lanes by an additional eight miles into Riverside County. This extension was completed in March 2017, further improving regional mobility. The franchise term for the 91 Express Lanes has been extended to December 31, 2065, and operations are now closely coordinated between OCTA and RCTC to ensure efficient service across county lines. **Figure 1** shows historical traffic volumes for the 91 Express Lanes.

Toll Policy

OCTA's toll policies are designed to support mobility and optimize traffic flow on the 91 Express Lanes. Zero-emission vehicles, motorcycles, vehicles with disabled plates, and vehicles with three or more occupants can use the lanes free of charge, except during peak hours (4 p.m. to 6 p.m. on weekdays), when they pay 50 percent of the posted toll. Vehicles displaying disabled veterans' or Special Recognition plates are permitted to use the lanes free of charge at any time.

Additionally, OCTA has implemented a congestion management toll pricing policy that adjusts toll rates based on traffic volumes. Predefined trigger points are used to manage congestion; rates increase when traffic volumes approach levels that could disrupt smooth flow and decrease during lighter traffic to encourage usage.

Figure 1 - Historical Traffic Volumes (in millions)



Transponders and Accounts

The 91 Express Lanes operates as a fully electronic toll facility, utilizing FasTrak® transponders mounted on windshields to automatically deduct tolls from prepaid accounts. California tolling agencies have adopted the 6C transponder protocol, an open, non-proprietary standard developed by the International Organization for Standardization. This battery-free protocol supports various transponder types, including hard-case and sticker forms, and aims to reduce costs. OCTA has issued 6C transponders and updated its readers to support this new standard. As of June 2024, there are 178,880 active customer accounts and 717,597 transponders issued.

Toll Road Revenues

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.

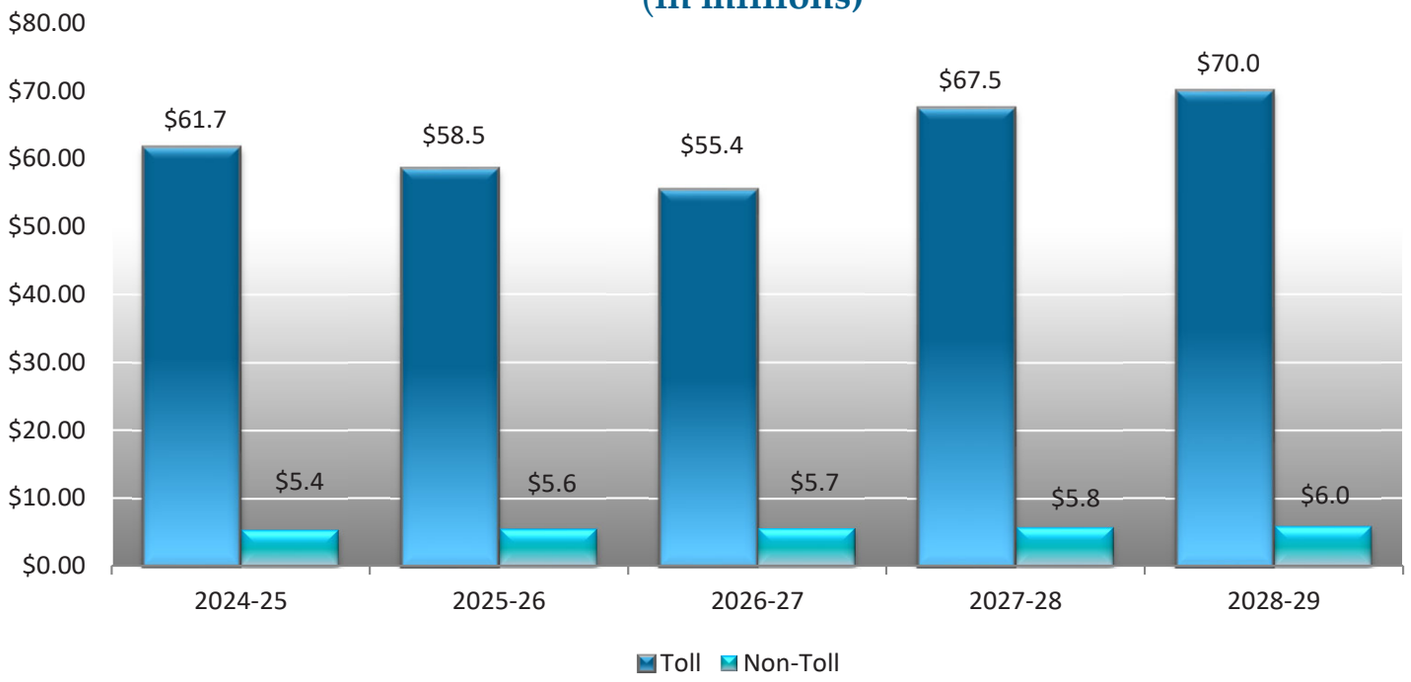
Account maintenance fees make up the largest component of non-toll revenues, with violation processing fees representing another significant portion. Other sources of non-toll revenue include plate read fees, transponder sales, and miscellaneous fees.

Capital

OCTA established an internal capital reserve account to deposit excess revenues for future capital expenditures on the 91 Express Lanes. After covering operating costs, debt service, and reserves, state law permits the use of remaining funds for general improvements.

In October 2017, the Board approved an additional capital reserve fund for projects adjacent to the SR-91 corridor. This fund supports SR-91 widening efforts, including two M2 projects: Project I (SR-57 to SR-55) and Project J (SR-241 to I-15), with an estimated cost of up to $691 million.

Figure 2 - Projected Toll Road Revenues (in millions)



Toll Road Expenses

Expenses are comprised of operating costs, capital purchases, reserve allocations, and debt payments, which include senior debt service and subordinated debt repayment. Reserve allocations cover requirements mandated by the senior bond indenture as well as contributions to the internal capital reserve fund established by the Board. All reserves are fully funded. **Figure 3** provides detailed projections of both capital and operating expenses.

Operations

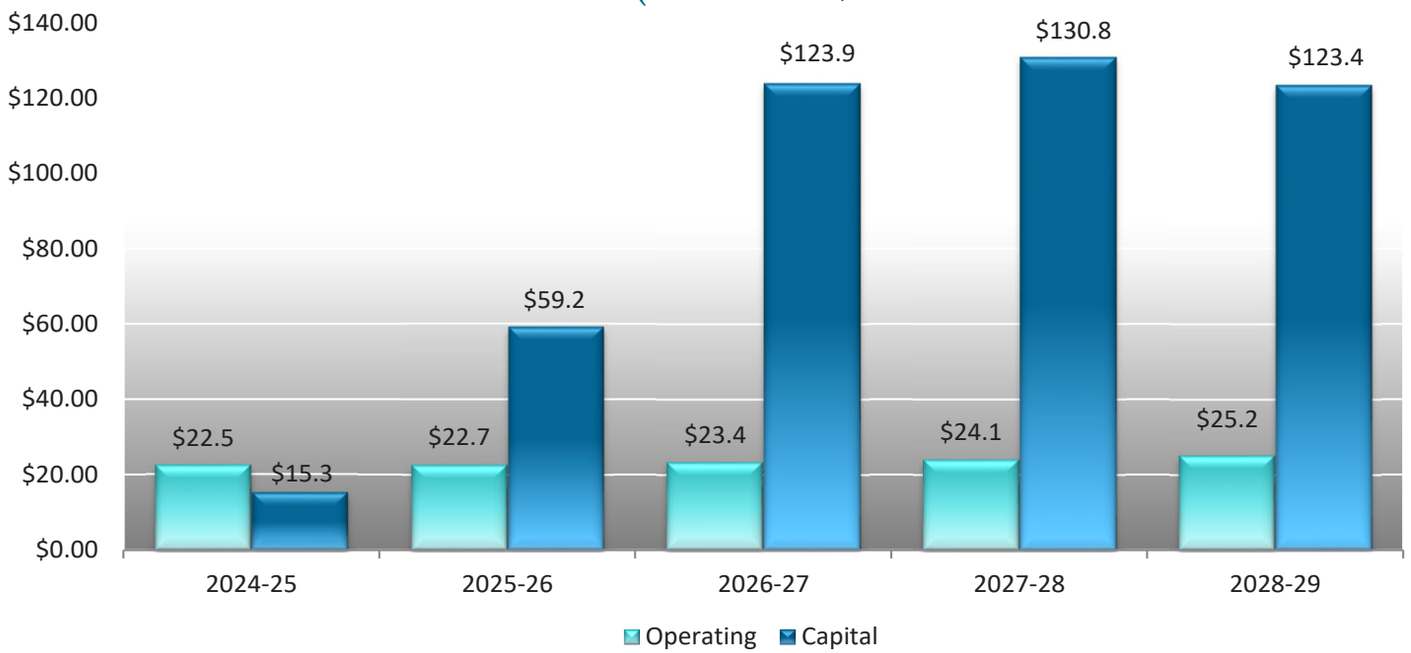
OCTA contracts with Cofiroute USA (Cofiroute) for the management and operational services of the 91 Express Lanes. Cofiroute oversees day-to-day operations, including the Customer Service Center in Corona and the Traffic Operations Center in Anaheim. A three-party operating agreement between OCTA, RCTC, and Cofiroute, approved by the Board in November 2019, designates Cofiroute as the service operator for the 91 Express Lanes in both 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. Additional operations expenses include credit card processing fees and toll road account servicing.

Capital

OCTA's Electronic Toll and Traffic Management (ETTM) system, which captures vehicle data for billing and violations, was fully replaced in 2018 for $7.5 million, with an additional $6.2 million allocated for maintenance. System upgrades are planned every ten years at an estimated cost of $8 million. In 2022, OCTA integrated Cofiroute's T-BOS back-office software to manage toll calculations, customer accounts, and violation processing. T-BOS interfaces with the California Department of Motor Vehicles to issue violation notices when necessary, and also interacts with the customer service center, the 91 Express Lanes website, and other toll agencies for interoperability. Future replacements of this system are expected to cost $8.5 million every decade. Additionally, the 91 Express

Figure 3 - Projected Toll Road Capital and Operating Expenses (in millions)



Lanes pavement was last replaced in 2016 for $15.2 million, with ongoing maintenance planned every ten years. Other capital expenses include upgrades to the customer service center, offices, and 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 2024 SR-91 Implementation Plan describes projects and transportation benefits, anticipated implementation schedules by milestone year, and costs for major projects from now through 2035 and beyond. **Figure 4** shows the list of projects and cost estimates based on the 2024 SR-91 Implementation Plan approved by the Board in July 2024. Projects are organized by county, readiness, and logical sequencing; however, full funding for all projects has not been secured.

Figure 4 - SR-91 Implementation Plan Projects

No.	Project Summary (By County)	Cost ($M)
	Orange County Projects	
1	SR-91 Improvements (SR-57 and SR-55)	460
2	Placentia Metrolink Rail Station	34.8
3	Metrolink Improvements	TBD
	Subtotal	**494.8**
	Riverside County Projects	
4	Santa Ana River Trail	36.5+
5	SR-71/SR-91 Interchange Improvements	137
6	Improvements East of I-15	TBD
	Subtotal	**173.5+**
	Bi-County Projects	
7	SR-241/SR-91 Tolled Express Connector	423
8	91 Eastbound Corridor Operations Project (SR-241 to SR-71)	150
9	91 Westbound Improvements (SR-241 to SR-71)	TBD
	Subtotal	**573**
	Concepts	
A-1	Green River Road Bike Lane Gap Closure	TBD
A-2	North Main Transit Connector	125
A-3	Elevated 4-Lane Facility (MIS Corridor A) From SR-241 to I-15	2,720
A-4	WB SR-91 to SB SR-55 Connector Improvements	75-150
A-5	EB SR-91 Fifth Lane Addition at SR-241	31
A-6	Fairmont Boulevard Improvements	76.8
	Subtotal	**3,027.8 - 3,102.8**

Excess Toll Revenue Policy

In January 2014, the Board established a policy for utilizing excess 91 Express Lanes toll revenues. This policy emphasizes allocating excess tolls to enhance freeway, rail, and bus capacities, with the goal of optimizing the corridor's ability to carry approximately 13,000 persons during peak hours. The policy also allows for using excess revenues for early debt repayment and funding eligible M2 Program projects within the SR-91 corridor. In June 2014, the Board approved evaluation criteria and a list of potential projects to maximize the use of excess toll revenues.

Criteria include:

- Projects must be listed in the latest SR-91 Implementation Plan and Regional Transportation Plan.
- Priority is given to projects ready for implementation.
- New financing should not affect OCTA's existing toll policies, bond agreements, or financial obligations related to the 91 Express Lanes.

Approved candidate projects include:

- Metrolink service expansion in the SR-91 corridor.
- Placentia Metrolink station.
- Express bus service in the SR-91 corridor.
- Final design for SR-91 improvements between SR-57 and SR-55.
- Operational study on the westbound SR-91 between SR-241 and SR-55.

The Next 10 Delivery Plan allocates up to $656.2 million of excess toll revenue to two M2 projects: SR-91 Widening from SR-57 to SR-55 and SR-91 Widening from SR-241 to I-15. The allocation of 80 percent of excess revenue to freeway projects and 20 percent to transit projects will be recalculated biennially through the CBP process and is expected to be achieved by 2030.

91 Express Lanes toll gantry and signage.

Debt Service

OCTA purchased the 91 Express Lanes for $207.5 million, including $72.5 million in cash and $135 million in taxable bonds. In November 2003, these bonds were refinanced with $195.3 million in tax-exempt Series 2003 Bonds, maturing in 2030. In 2013, OCTA refinanced again with Series 2013 Bonds at an interest rate of 3.83 perent. Most recently, in July 2023, OCTA issued $47.5 million in Series 2023 Bonds at a lower interest rate of 2.80 percent, also maturing in 2030. The bonds have strong credit ratings of "AA-" from Standard & Poor's, "Aa3" from Moody's, and "AA-" from Fitch, making the 91 Express Lanes one of the few toll facilities with such high ratings.

Cash Flow Statement - 91 Express Lanes

(millions)		2024-25	2025-26	2026-27	2027-28	2028-29	2033-34	2038-39	2043-44
Beginning balance	$	**290.4**	**326.7**	**314.3**	**230.2**	**147.0**	**176.1**	**400.5**	**320.9**
Cash flows from operating activities:									
Sources of funds:									
Toll revenue		61.7	58.5	55.4	67.5	70.0	77.0	90.0	105.0
Non-Toll Revenue		5.4	5.6	5.7	5.8	6.0	6.7	7.5	8.4
Total sources of funds	$	**67.2**	**64.1**	**61.1**	**73.4**	**75.9**	**83.7**	**97.5**	**113.4**
Cash flows from operating activities:									
Uses of funds:									
Management fee expense		4.1	4.4	4.7	5.0	5.3	6.8	8.9	11.5
Professional services		10.3	10.2	10.4	10.7	10.9	12.2	13.7	15.4
General and administrative		2.2	1.9	2.0	2.0	2.3	2.3	2.6	2.9
Other operating expenses		6.0	6.1	6.3	6.4	6.6	7.3	8.2	9.2
Total uses of funds	$	**22.5**	**22.7**	**23.4**	**24.1**	**25.2**	**28.7**	**33.4**	**39.0**
Net cash provided by operations	$	**44.6**	**41.4**	**37.7**	**49.2**	**50.8**	**55.0**	**64.1**	**74.4**
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		(15.3)	(59.2)	(123.9)	(130.8)	(123.4)	(0.9)	(94.5)	(90.5)
Bond proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal & interest paid on bonds		(8.1)	(8.0)	(8.0)	(8.1)	(8.0)	0.0	0.0	0.0
Net cash used by capital and related financing activities	$	**(23.4)**	**(67.3)**	**(131.9)**	**(138.8)**	**(131.5)**	**(0.9)**	**(94.5)**	**(90.5)**
Cash flows from investing activities:									
Interest on investments		2.8	1.5	1.2	1.3	1.1	0.9	1.1	1.3
Interest from capital replacement fund		12.3	12.0	8.8	5.1	2.1	4.3	8.6	6.8
Net cash provided by investing activities	$	**15.1**	**13.4**	**10.1**	**6.4**	**3.2**	**5.2**	**9.8**	**8.1**
Net increase/decrease in cash	$	**36.3**	**(12.4)**	**(84.1)**	**(83.2)**	**(77.5)**	**59.4**	**(20.6)**	**(8.0)**
Available cash	$	**326.7**	**314.3**	**230.2**	**147.0**	**69.5**	**235.5**	**379.8**	**312.9**

405 Express Lanes

The 405 Express Lanes, the latest addition to the program, was developed as part of the I-405 Improvement Project. Stretching from SR-73 to I-605, these express lanes provide dual lanes in each direction, improving traffic flow and reducing congestion in one of Southern California's busiest corridors. Constructed in collaboration with Caltrans and local cities, the 405 Express Lanes complement the M2-funded general purpose lane improvements, offering drivers both free lanes and premium toll options for faster travel. This facility officially opened on December 1, 2023, and is expected to significantly enhance regional connectivity and traffic efficiency.

OCTA approved major improvements on the I-405 Corridor.

Toll Policy

As approved by the Board, the toll policy for the 405 Express Lanes offers different pricing and discounts based on the type of driver and time of day. Solo drivers are charged a toll during both peak and non-peak hours, while two-person carpools can travel for free during non-peak hours for the first three and a half years after the express lanes open. After this period, two-person carpools will also be charged a toll during both peak and non-peak hours. Vehicles with three or more occupants, as well as motorcycles, and vehicles with disabled person or designated veterans license plates, can travel toll-free at all times. Clean air vehicles with valid decals receive a 15 percent discount on tolls.

Peak hours for the 405 Express Lanes are defined as weekdays from 6 a.m. to 10 a.m. and 2 p.m. to 7 p.m., and weekends from 1 p.m. to 7 p.m. This toll structure promotes carpooling, supports clean air initiatives, and ensures efficient lane usage. Additional information, including details on qualifying veterans license plates, can be found at 405ExpressLanes.com.

Transponders and Accounts

The 405 Express Lanes operates as an all-electronic tolling facility, utilizing FasTrak transponders that are mounted on windshields to automatically deduct tolls from prepaid accounts. California tolling agencies have adopted the 6C transponder protocol, an open, non-proprietary standard developed by the International Organization for Standardization. This battery-free protocol supports various transponder form factors, including hard-case and stickers, and aims to reduce costs. As of June 30, 2024, the 405 Express Lanes had 9,066 active customer accounts and issued 16,271 6C transponders.

Toll Road Revenue

Revenues for the 405 Express Lanes can be divided into two categories: toll revenues and non-toll revenues. Projected toll road revenues are provided in **Figure 6**.

Toll revenues make up the majority of the income generated by the 405 Express Lanes, including tolls

collected from both 405 Express Lanes accountholders and customers of other toll agencies using the lanes. The largest source of non-toll revenue comes from account maintenance fees, followed by violation processing fees. Other non-toll revenues include plate read fees, transponder sales, and miscellaneous fees.

Toll Road Expenses

Expenses include operating costs, capital purchases, reserve allocations, and the Transportation Infrastructure Finance and Innovation Act (TIFIA) payments. Projected capital and operating expenses are outlined in **Figure 7**.

Operations

In January 2022, OCTA entered into a contract with WSP USA Services Inc., (WSP) to provide management and operational services for the 405 Express Lanes. WSP oversees the day-to-day customer service center operations, which includes a call center, as well as a walk-in center where patrons can come in to open an account, perform account management services, or pay for a violation.

Capital

In addition to providing customer service center operations, OCTA selected Kapsch as the toll system integrator for the 405 Express Lanes. As part of its services, Kapsch is responsible for the design, installation, operation and maintenance of the ETTM system. The ETTM system captures vehicle data and sends the information to the back-office system for customer billing and violation processing. Upgrades to the system are planned every ten years, at an estimated cost of $15.5 million. Additional capital expenditures include leasehold improvements to the customer service center and traffic operations center, as well as costs for miscellaneous equipment.

Debt Service

On July 26, 2017, OCTA secured a $628.9 million TIFIA loan for the project. OCTA took advantage of lower interest rates and refinanced the TIFIA loan in 2021 which saved $27.3 million.

The 2021 TIFIA Loan is secured solely by toll revenues of the I-405 Express Lanes, which commenced operations in December 2023. Interest on the 2021 TIFIA Loan is capitalized during construction and up to five years post-completion. Debt service payments are expected to start on December 1, 2028, and continue through December 1, 2058, at an interest rate of 1.95 percent.

Figure 6 - Projected Toll Road Revenues (in millions)

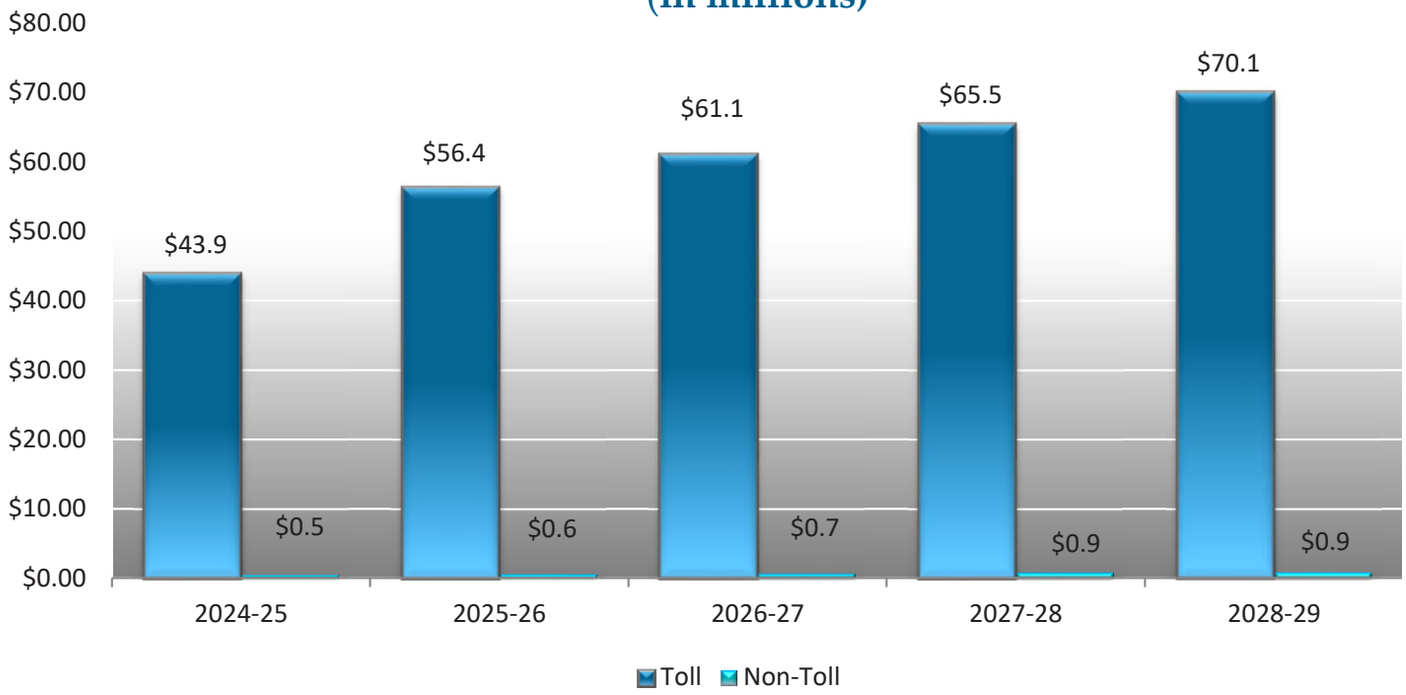
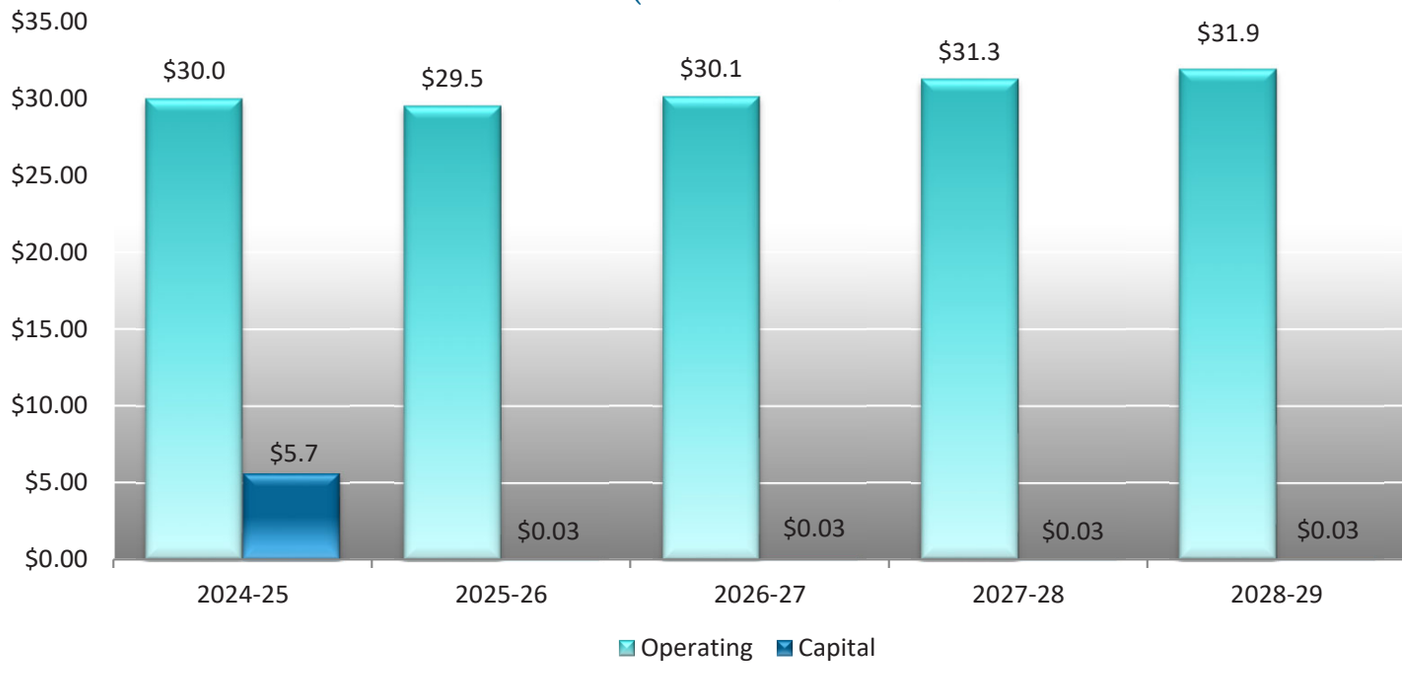


Figure 7 - Projected Toll Road Capital and Operating Expenses (in millions)



Cash Flow Statement - 405 Express Lanes

(millions)		2024-25	2025-26	2026-27	2027-28	2028-29	2033-34	2038-39	2043-44
Beginning balance	$	**86.1**	**100.9**	**133.7**	**171.2**	**212.7**	**372.5**	**482.9**	**564.2**
Cash flows from operating activities:									
Sources of funds:									
Toll revenue		43.9	56.4	61.1	65.5	70.1	78.8	83.7	87.7
Non-toll revenue		0.5	0.6	0.7	0.9	0.9	1.0	1.1	1.3
Total sources of funds	$	**44.4**	**57.0**	**61.8**	**66.4**	**71.0**	**79.8**	**84.8**	**89.0**
Cash flows from operating activities:									
Uses of funds:									
Management fee expense		3.9	4.2	4.5	4.8	5.1	6.5	8.4	10.9
Professional services		18.7	17.4	17.8	18.2	18.6	20.8	23.3	26.2
General and administrative		1.3	1.6	1.4	1.7	1.5	1.9	1.8	2.3
Other operating expenses		6.2	6.3	6.5	6.6	6.8	7.6	8.5	9.5
Total uses of funds	$	**30.0**	**29.5**	**30.1**	**31.3**	**31.9**	**36.8**	**42.1**	**48.9**
Net cash provided by operations	$	**14.4**	**27.4**	**31.7**	**35.1**	**39.1**	**43.0**	**42.7**	**40.0**
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		(5.7)	(0.0)	(0.0)	(0.0)	(0.0)	(8.7)	(0.1)	(8.7)
Principal & interest paid on TIFIA		0.0	0.0	0.0	0.0	(13.2)	(26.3)	(29.1)	(32.1)
Net cash used by capital and related financing activities	$	**(5.7)**	**(0.0)**	**(0.0)**	**(0.0)**	**(13.2)**	**(35.0)**	**(29.2)**	**(40.8)**
Cash flows from investing activities:									
Interest on investments		4.2	1.3	1.2	1.1	0.9	0.7	1.0	1.0
Interest from capital replacement fund		1.9	4.0	4.7	5.2	4.7	7.9	10.6	12.2
Net cash provided by investing activities	$	**6.1**	**5.3**	**6.0**	**6.4**	**5.5**	**8.7**	**11.6**	**13.2**
Net increase/decrease in cash	$	**14.9**	**32.7**	**37.6**	**41.5**	**31.4**	**16.6**	**25.2**	**12.4**
Available cash	$	**100.9**	**133.7**	**171.2**	**212.7**	**244.1**	**389.1**	**508.0**	**576.6**

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Fiscal Year 2024-25

Other Programs

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Background

The majority of significant freeway, streets and road, and transit projects are primarily funded through the M2 Program. Additionally, OCTA has committed to several projects that are not financed through M2. These projects include the Vanpool Program, the Rideshare Program, and the Active Transportation Program, and are funded using other local, state, and federal sources.

Vanpool Program

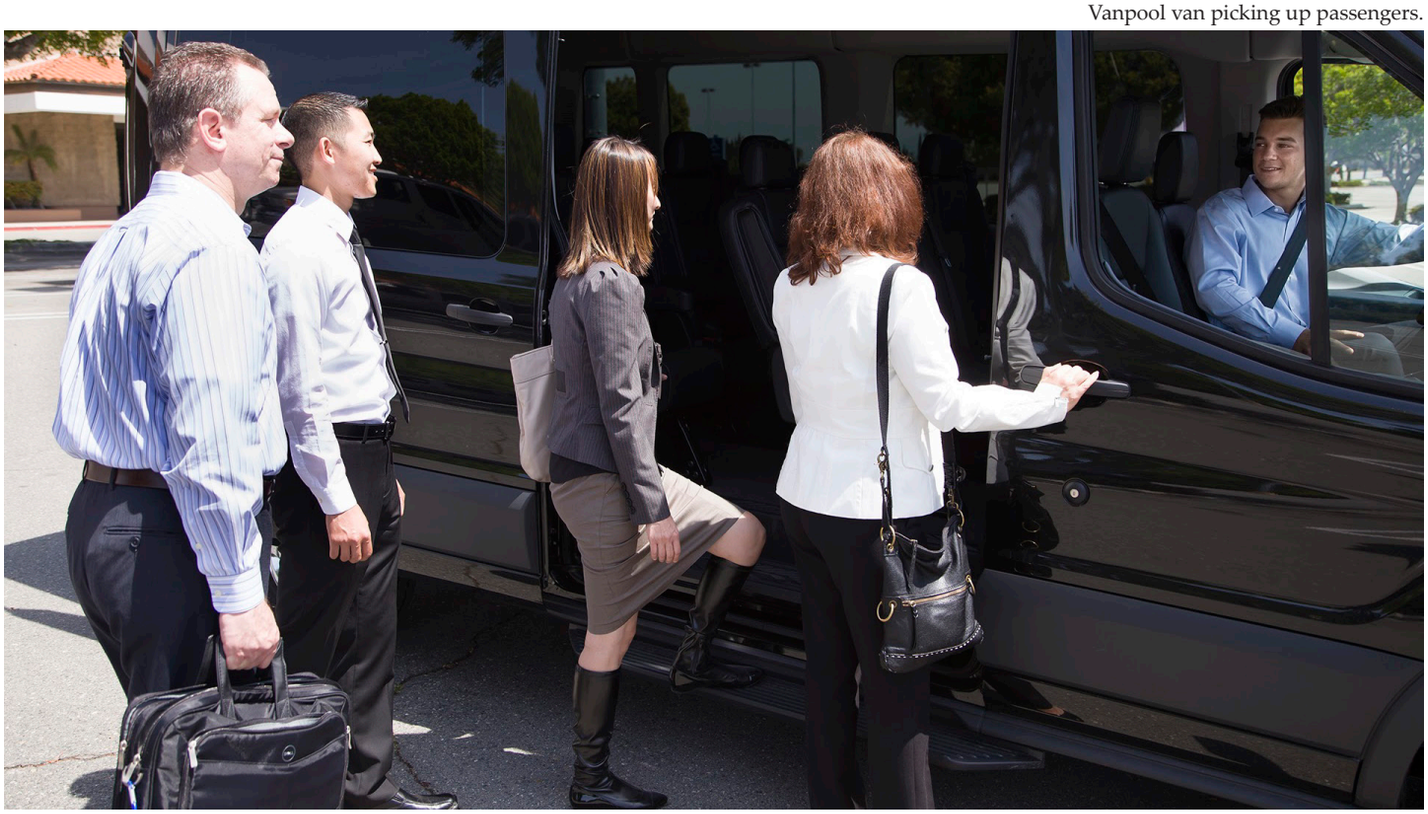
OCTA's Vanpool Program supports commuters traveling to Orange County from surrounding counties, offering a convenient and cost-effective alternative to single-occupancy vehicle trips. The program collaborates with employers, commuters, and private vanpool operators to maintain and expand vanpools throughout the region. OCTA handles participant eligibility, working closely with private vendors to provide vehicles, insurance, maintenance, and monthly services. As of September 2024, the program offers a $600 monthly subsidy for each qualified vanpool, helping to offset costs for participants.

Since the pandemic, the Vanpool Program has seen steady growth, with 156 active vans serving 56 worksites by the end of FY 2023-24. With more employers requiring in-person work, the program is expected to grow further over the next 12 to 24 months. Projections indicate that the Vanpool Program will remain solvent over the 20-year forecast period, continuing to meet the increasing demand for reliable and cost-efficient commuting options.

Rideshare Program

OCTA's Rideshare Program aims to reduce single-occupancy vehicle trips by promoting carpooling and ridesharing for daily commutes. Through annual awareness campaigns such as Dump the Pump Week, Bike Month, and Rideshare Week, OCTA encourages participation and raises awareness of alternative transportation options. The program connects current and potential participants via social media, email, and the OCTA website. In September 2023, OCTA partnered with regional transportation agencies to

Vanpool van picking up passengers.



Trails promote exploration of the community.

launch a regional ride match database, expanding access to alternative transportation options for commuters across Los Angeles, Ventura, Riverside, and San Bernardino counties.

The Rideshare Program is projected to remain solvent throughout the 20-year forecast period, benefiting from strong participation and ongoing efforts to engage commuters and employers. With the growing emphasis on sustainable transportation solutions, the program is well-positioned for future success as demand for carpooling continues to rise.

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 encouragement efforts to improve active transportation countywide. Coordination and collaboration continue between the Southern California Association of Governments (SCAG), 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 a total of $227.1 million in grants for bicycle and pedestrian projects from various programs, including the Active Transportation Program (ATP), Orange County Complete Streets Program, Bicycle Corridor Improvement Program, Sustainability Planning Grant Program, and Solutions for Congested Corridors Program. OCTA collaborates with state and federal agencies to pursue grants that meet the specific needs of local communities, aligning funding with community priorities to support sustainable mobility solutions.

Orange County agencies have secured $100.47 million through five cycles of Statewide and Regional ATP

Bicycle and pedestrian facilities promote active transportation.

funding. In 2023, OCTA released the first call for projects under the Complete Streets Program, providing $84.79 million for projects across the County. OCTA has administered four Bicycle Corridor Improvement Program calls for projects, providing $50.96 million for active transportation initiatives throughout the county. Additionally, $2.55 million was obtained through SCAG's Sustainability Planning Grant Program, and $3.24 million came from the California Transportation Commission's (CTC) Solutions for Congested Corridors Program.

These funds are dedicated to implementing bicycle and pedestrian projects, active transportation planning, safe routes to school initiatives, and safety outreach and education. The CTC also released the ATP Cycle 7 call for projects in March 2024, with results anticipated by June 2025.

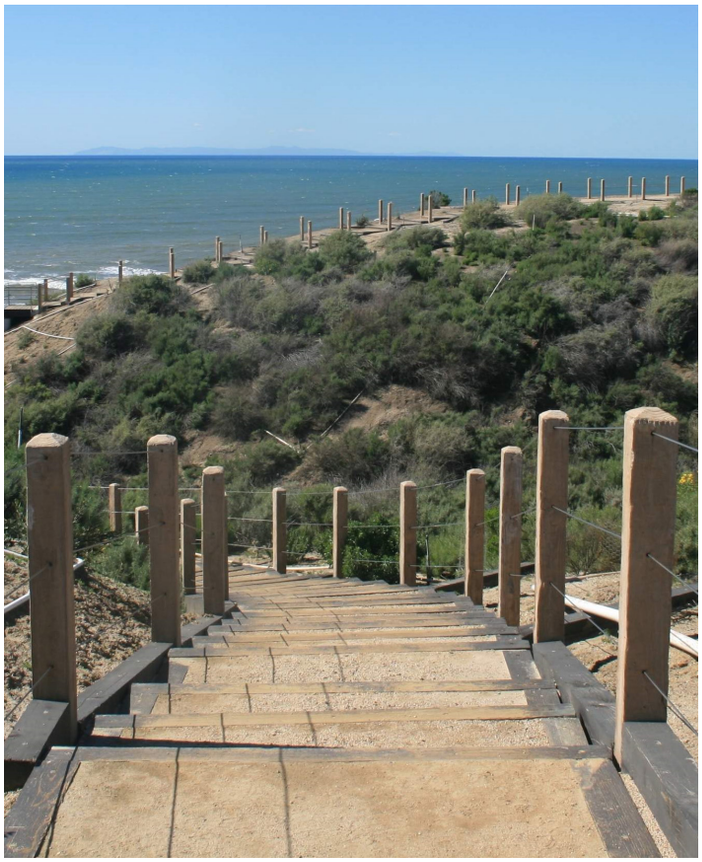
Safe Travels Education Program (STEP) Campaign

OCTA promotes safer walking and biking to schools in Orange County by partnering with the Orange County Health Care Agency on Safe Routes to School (SRTS) projects. The STEP Campaign, funded by a $500,000 ATP Cycle 4 grant, focuses on developing and delivering educational and encouragement activities for walking and biking at 25 public elementary schools in disadvantaged communities.

The project team has conducted bicycle skills classes, parent/teacher association meetings, assemblies, and SRTS committee meetings, as well as other safety activities. The STEP Campaign concluded in November 2023.

Next Safe Travels Education Program (STEP)

In June 2024, OCTA, in partnership with the Orange County Health Care Agency, launched the Next STEP initiative to support the OC SRTS Program. This program will collaborate with local city staff and police to promote walking and bicycling education, assess infrastructure needs, and encourage safe travel.


Bike or walk to beautiful Orange County beaches.

It will be implemented in 25 eligible public elementary schools throughout Orange County. The initiative is funded by an $850,000 CTC's ATP grant and a $1.25 million SCAG Regional Early Action Planning Grants (REAP) 2.0 grant.

Active Transportation Education and Engagement Support

Launched in summer 2024, the Active Transportation Education and Engagement Support project focuses on delivering education, engagement, and safety activities to empower residents with the knowledge and skills to use bicycling and walking as safe and viable modes of transportation. The project will participate in community events, host bike rodeos, offer online education modules, and deploy Mobile Street Ambassadors to distribute safety materials. This project is funded by a $400,000 SCAG REAP 2.0 grant.

Active Transportation Planning Efforts

OCTA is conducting a bikeway planning effort to explore the development of an active transportation facility along 3.1 miles of the former Pacific Electric Right-of-Way between Raitt Street and Euclid Avenue and 0.85 miles of the Wintersburg Channel from Hazard Avenue. Supported by a $3 million ATP grant, the project is advancing through the Project Approval/Environmental Document and preliminary engineering phases in partnership with the cities of Santa Ana, Garden Grove, and Orange County Flood Control.

Additionally, in July 2023, OCTA began the E-Bike Safety Action Plan to address gaps in e-bike safety resources at local, regional, and state levels. The plan proposes strategies to close these gaps and identifies potential funding sources for future safety initiatives and outreach efforts. In September 2023, OCTA also initiated the Bike Gap Closure Feasibility Study, which evaluates potential alignments, develops cost estimates, and creates facility concepts for the OC Central Loop, OC South Loop, and OC Connect regional bikeways. This study is funded by a $200,000 Caltrans planning grant, and the findings will assist local agencies in seeking implementation funding.

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Fiscal Year 2024-25

Motorist Services Program

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Background

The Motorist Services Program, established under the California statute authorizing the Service Authority for Freeway Emergencies (SAFE) in 1985, generates revenue from fees on registered vehicles in Orange County to support motorist aid services such as call boxes, the 511 service, and the Freeway Service Patrol (FSP) Program. While the FSP Program has been funded through a combination of these fees and additional support from M2, the program faces a significant financial challenge beyond FY 2040-41, when M2 sunsets.

Without the continuation of M2 funding, the FSP Program will need to reduce service levels to match ongoing expenditures with available revenue.

Freeway Call Box Program

The Call Box Program consists of a network of approximately 280 solar powered cellular-based telephones along 197 centerline miles of highway and toll roads throughout the County. OCTA is responsible for acquiring, installing, and maintaining freeway call boxes. A private firm under contract with OCTA receives the calls and routes assistance requests from the California Highway Patrol (CHP) or FSP.

FSP keeps the freeways moving & reduces congestion.

With the proliferation of cellular phones and implementation of the 511 Motorist Assistance program, which allows motorists to reach the call box call center from their cell phone, call box usage in Orange County has steadily declined. The call box program currently receives under 1,000 calls annually. OCTA periodically reviews call box placement and continues to make small reductions based on Caltrans requests and safety concerns.

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, and transit and commuter services via a toll-free number with an interactive voice response system, the internet, and a mobile application that includes enhanced functionality.

The Federal Communications Commission (FCC) designated 511 as the national travel information number, leaving most implementation issues to states and local agencies, including funding. The Los Angeles County Metropolitan Transportation Authority, in partnership

with OCTA, the Ventura County Transportation Commission, Caltrans, and CHP, developed the 511 system. Orange County integrated motorist aid functionality into the 511 system, allowing motorists to reach the call box call center as if they were using a freeway call box. This resulted in increased safety for motorists and significant decreases in the use of freeway call boxes. SAFE Call Box and 511 Calls are shown in **Figure 1**.

FSP Program

The FSP Program is a traffic congestion management program designed to remove disabled vehicles from traffic lanes and shoulders rapidly and to respond promptly to accidents and other incidents requiring debris removal 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**.

OCTA's FSP tow trucks provided 55,375 assists in FY 2023-24 shown in **Figure 3**.

The FSP Program receives funding from the State Highway Account, subject to annual appropriations, which requires a 25 percent local match. The SB 1 transportation funding package was signed into law on April 28, 2017, providing annual funding to the FSP Program. SAFE revenue funds part of the 25 percent local match after funding the Call Box Program and OCTA's share of the Southern California 511 Program.

Voters approved M2, which allocates approximately $174.6 million to the FSP Program, ensuring its solvency and growth. M2 provides the necessary local match funds on an annual basis, allowing the FSP to operate at its current capacity.

As of December 2024, the FSP operates:

- 34 trucks during peak hours,
- 12 trucks during midday, and
- 8 trucks on weekends

Figure 1 - SAFE Call Box and 511 Calls

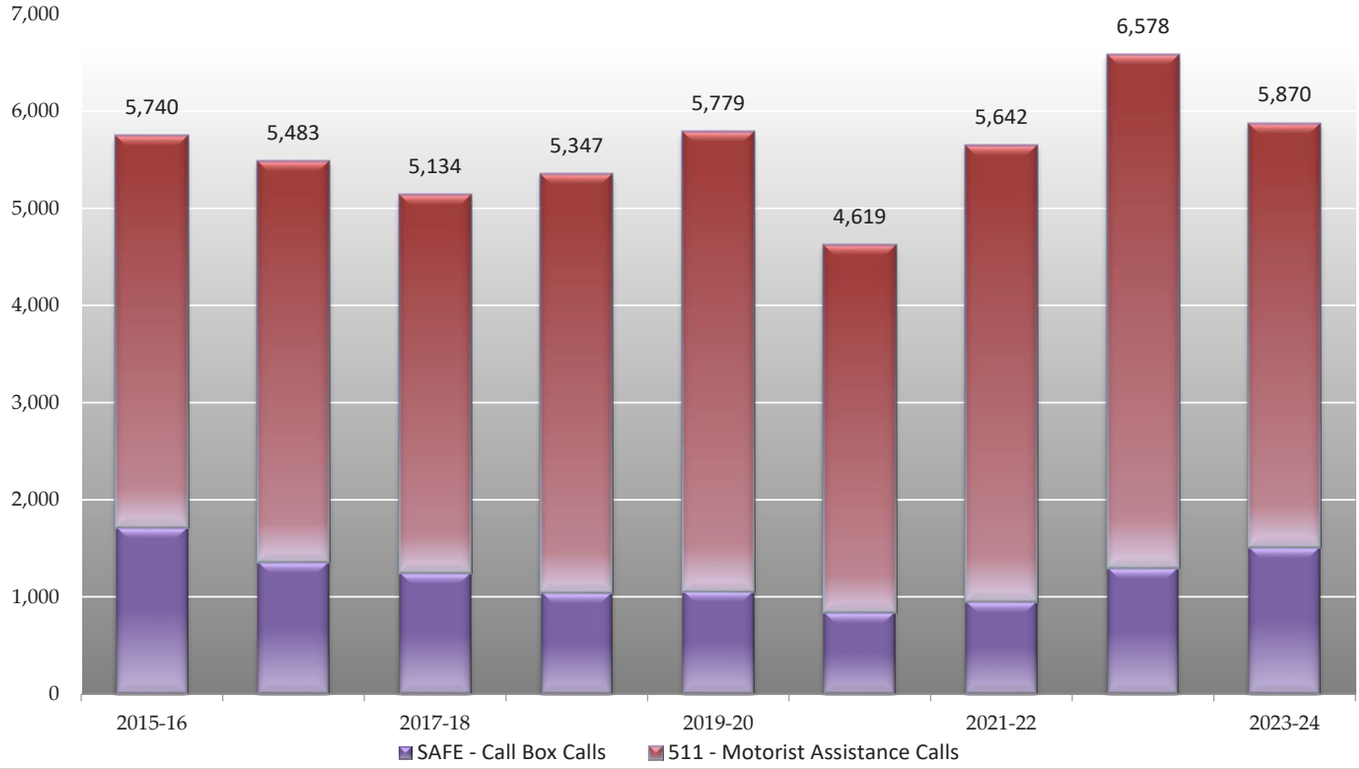


Figure 2 - FSP Assists By Type

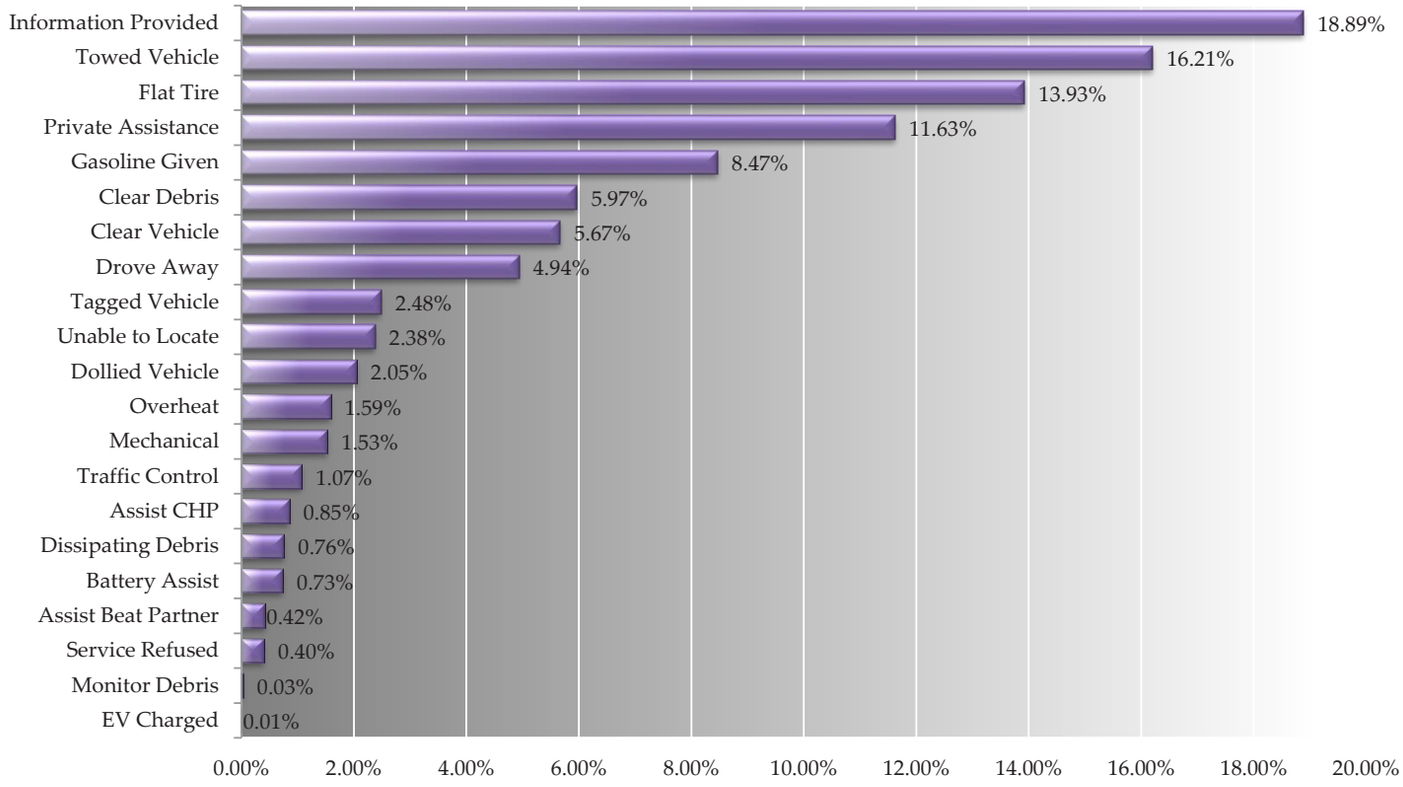
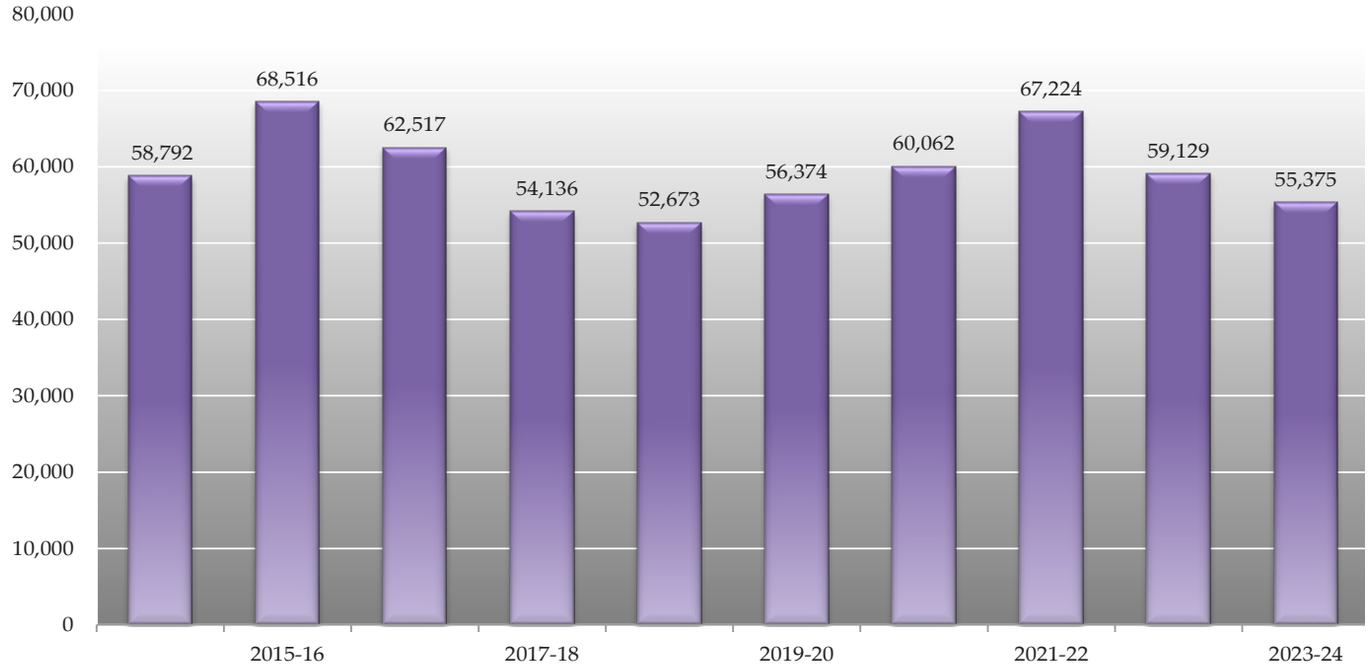
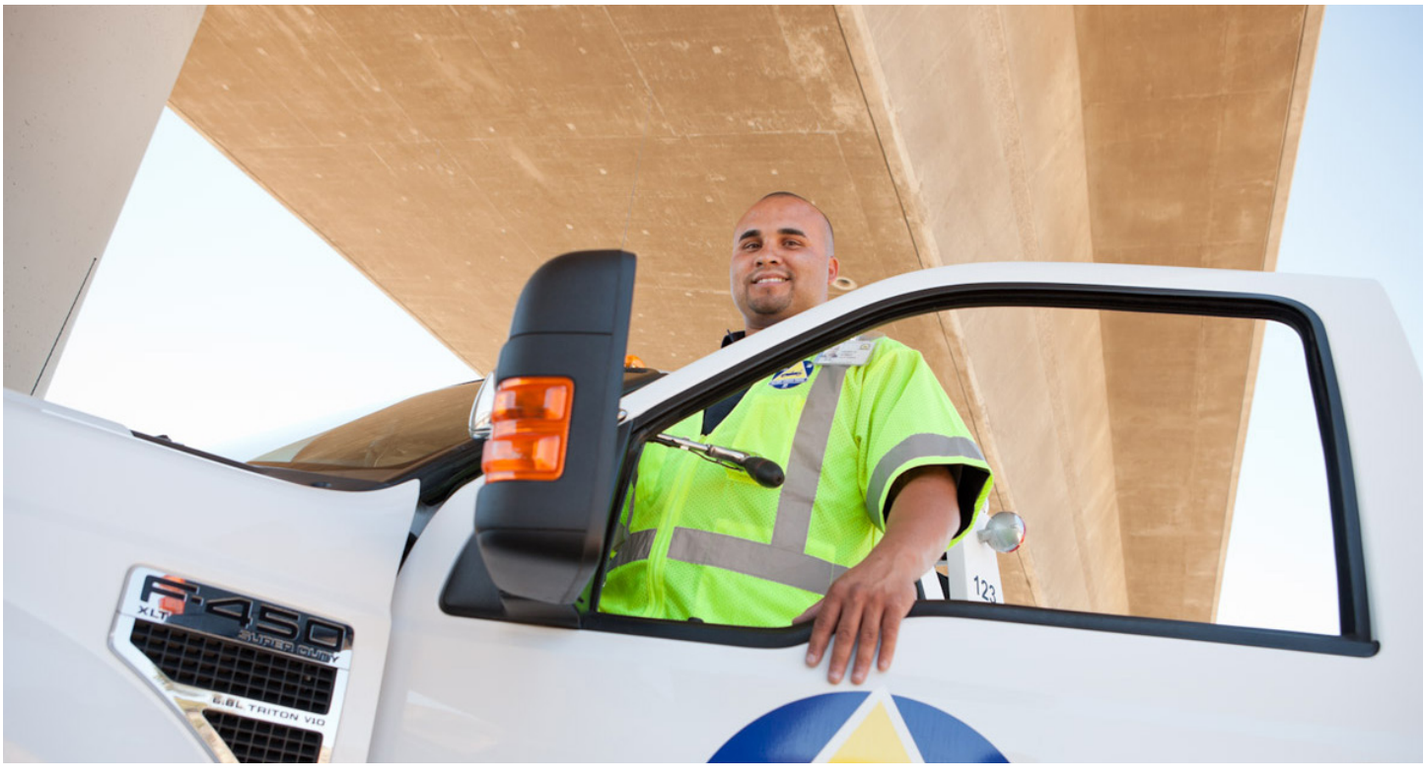


Figure 3 - FSP Assists





Freeway Service Patrol helps commuter.

This includes service on the 91 Express Lanes since October 2021 and the 405 Express Lanes since December 2023. Annually, the FSP provides around 86,000 hours of service across Orange County's freeways at an operating cost of approximately $10 million, excluding Motorist Services staff salaries.

Once M2 sunsets in FY 2040-41, the program will face a significant funding gap. Without identifying alternative funding sources, reduced service levels will be needed to match ongoing expenditures with available revenue.

Cash Flow Statement - SAFE

(millions)		2024-25	2025-26	2026-27	2027-28	2028-29	2033-34	2038-39	2043-44
Beginning balance	$	**4.0**	**3.3**	**3.2**	**3.5**	**3.6**	**3.9**	**4.3**	**11.8**
Cash flows from operating activities:									
Sources of funds:									
Freeway Service Patrol		10.1	12.3	12.5	13.6	13.8	17.5	14.9	8.7
Callbox		3.0	3.0	3.0	3.0	3.1	3.1	3.0	3.0
Total sources of funds	$	**13.2**	**15.3**	**15.5**	**16.6**	**16.9**	**20.6**	**17.9**	**11.7**
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		1.6	1.7	1.8	1.9	2.0	2.6	3.4	4.4
Professional services		12.1	13.8	13.4	14.6	14.8	17.7	14.5	16.3
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	$	**13.7**	**15.5**	**15.2**	**16.5**	**16.8**	**20.3**	**17.9**	**20.7**
Net cash provided by operations	$	**(0.5)**	**(0.1)**	**0.3**	**0.1**	**0.0**	**0.3**	**(0.0)**	**(9.0)**
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		(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net cash used by capital and related financing activities	$	**(0.3)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**
Cash flows from investing activities:									
Interest on investments		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net cash provided by investing activities	$	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Net increase/decrease in cash	$	**(0.7)**	**(0.1)**	**0.3**	**0.1**	**0.0**	**0.3**	**(0.0)**	**(9.0)**
Available cash	$	**3.3**	**3.2**	**3.5**	**3.6**	**3.7**	**4.2**	**4.3**	**2.8**

Freeway Service Patrol Beats

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