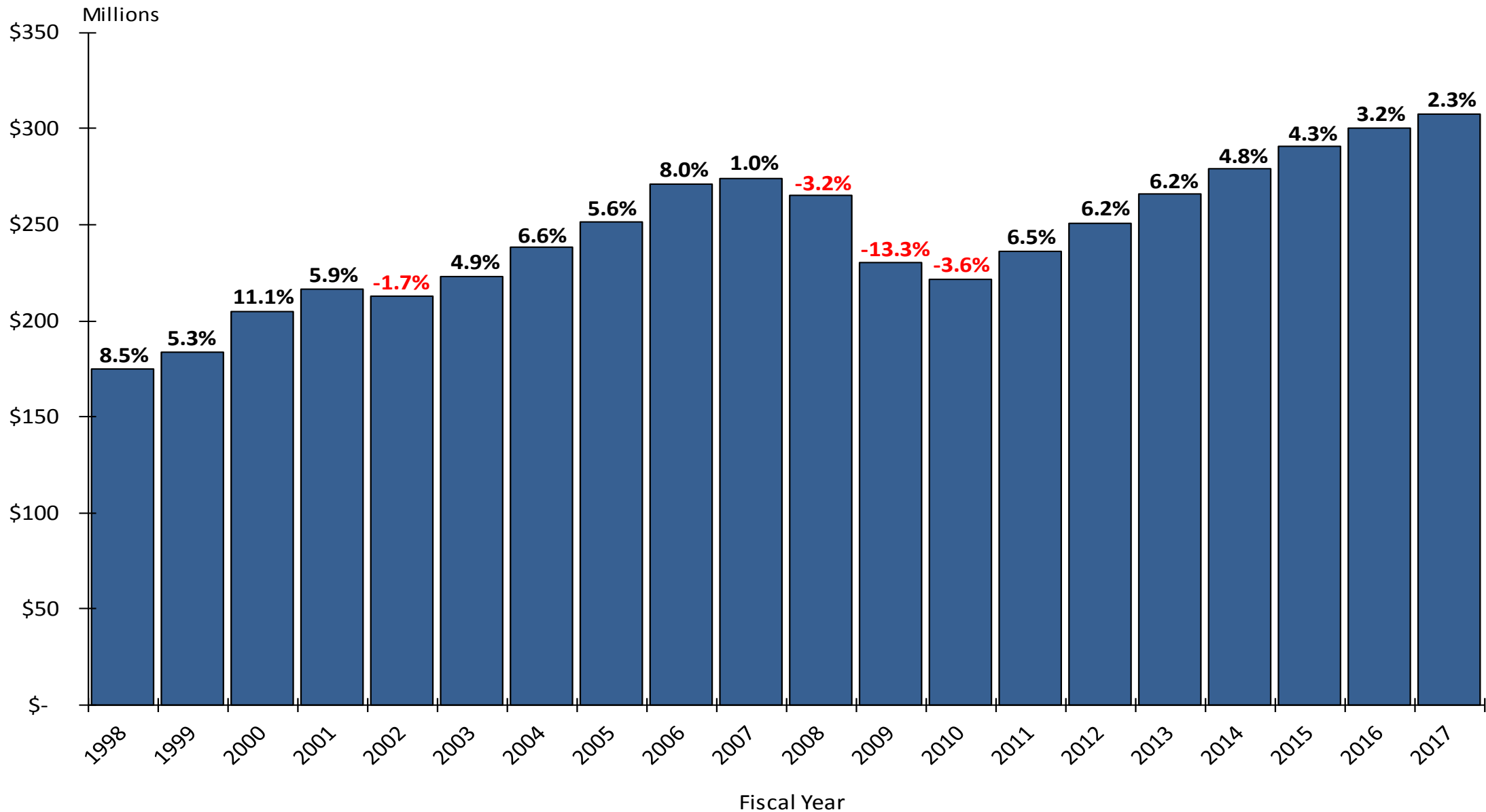


Measure M2 Sales Tax Forecast

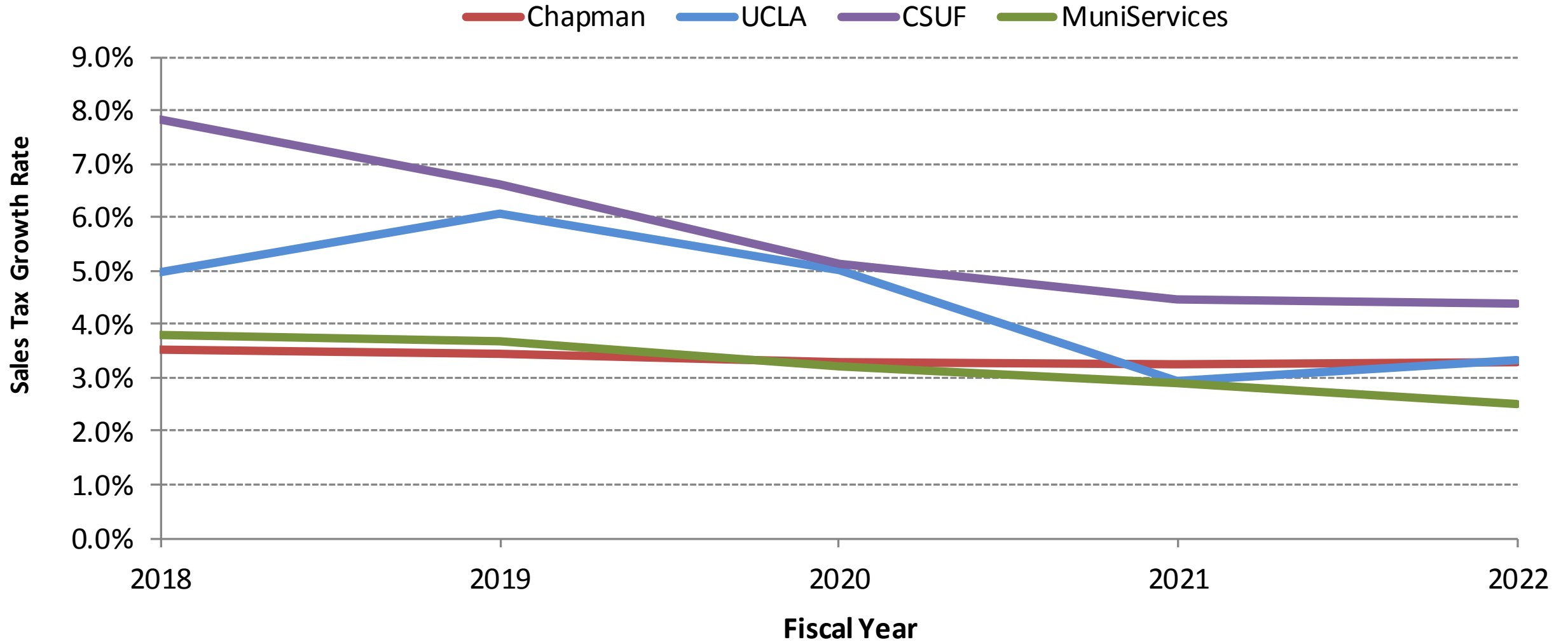
Background

- Sales tax forecasting methodology changed in March 2016
- Methodology uses MuniServices, LLC forecast for the first five years and the three university forecasts for the remaining years
 - MuniServices, LLC forecasts for fiscal years 2018 – 2022
 - Three universities forecasts for fiscal years 2023 - 2041

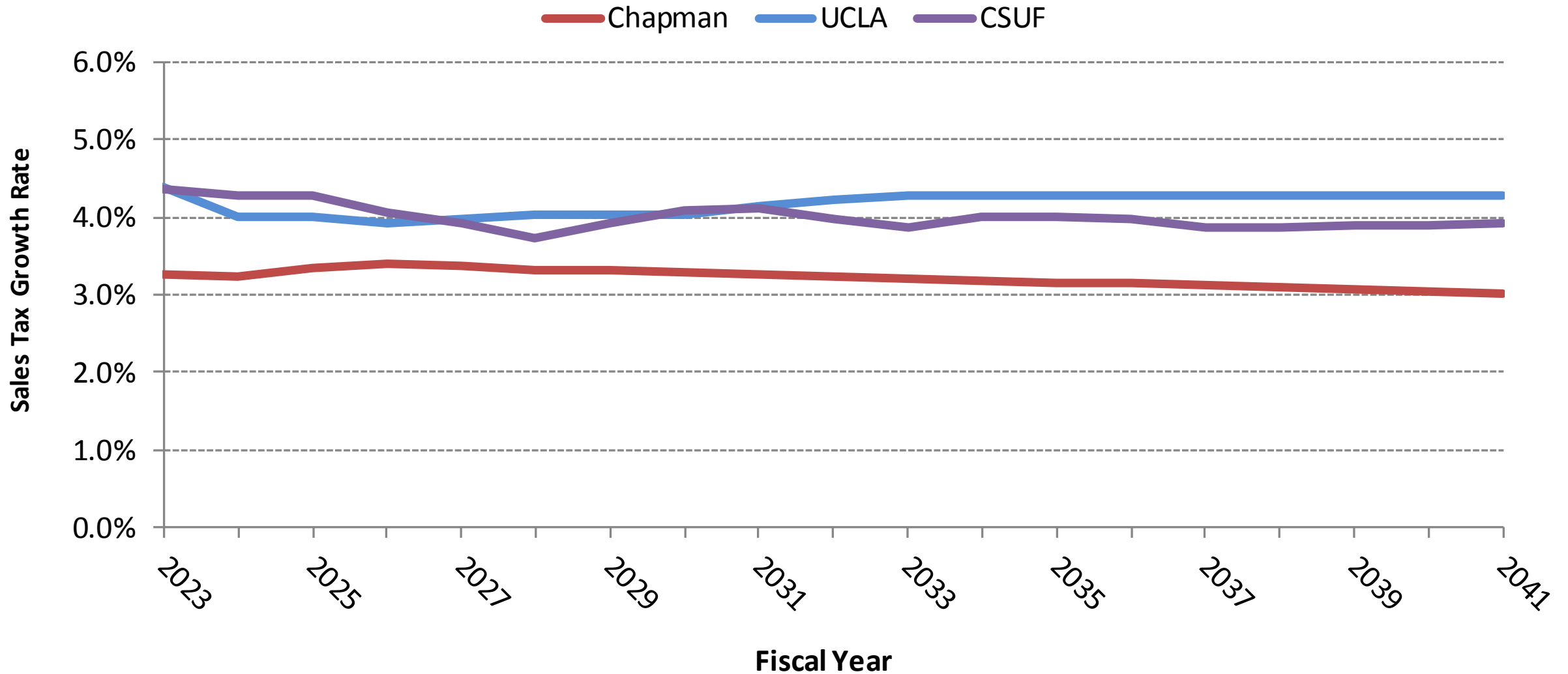
Historical Measure M Sales Tax Revenues



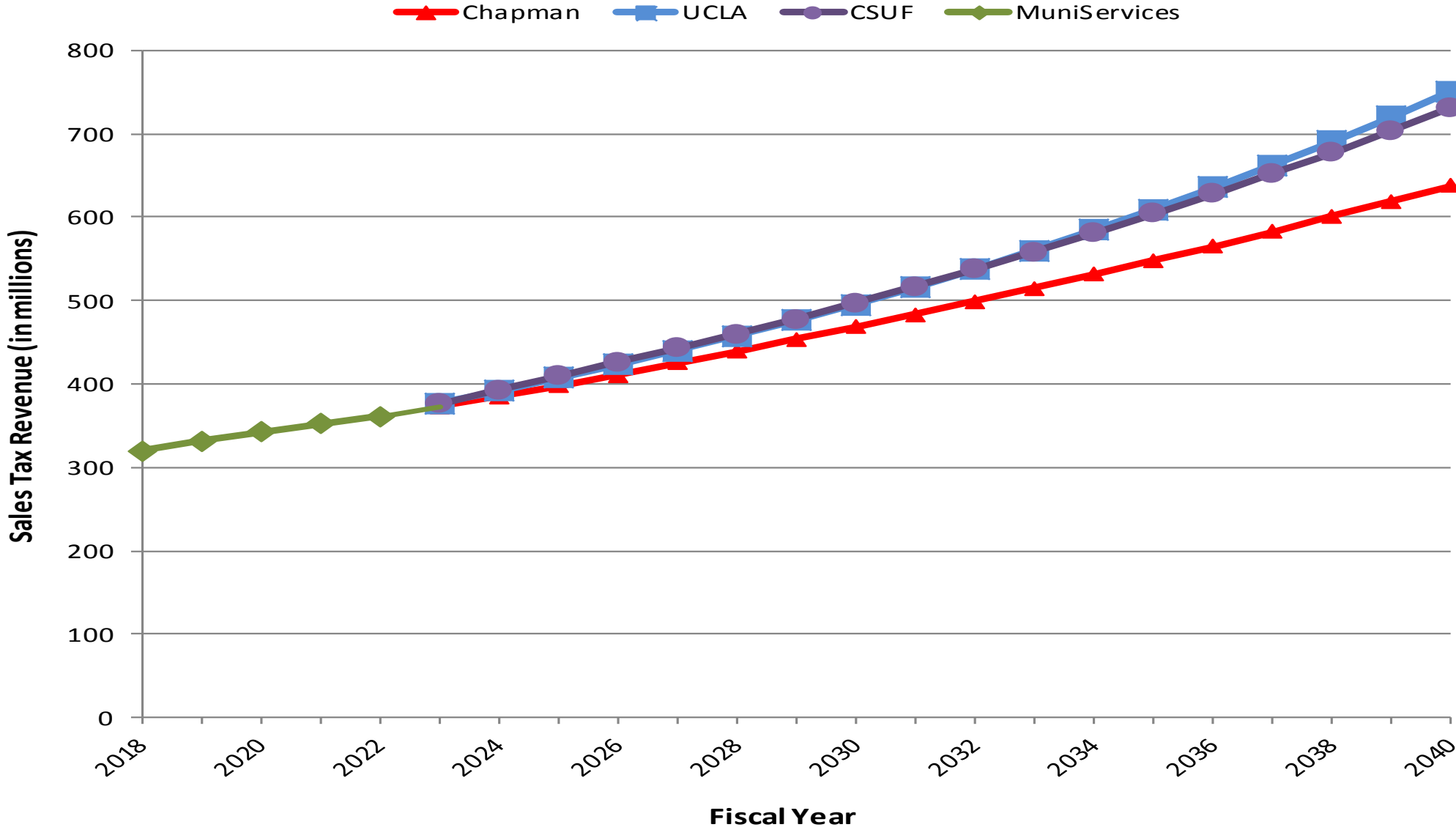
Short Term Growth Rate Forecasts



Long Term Growth Rate Forecasts



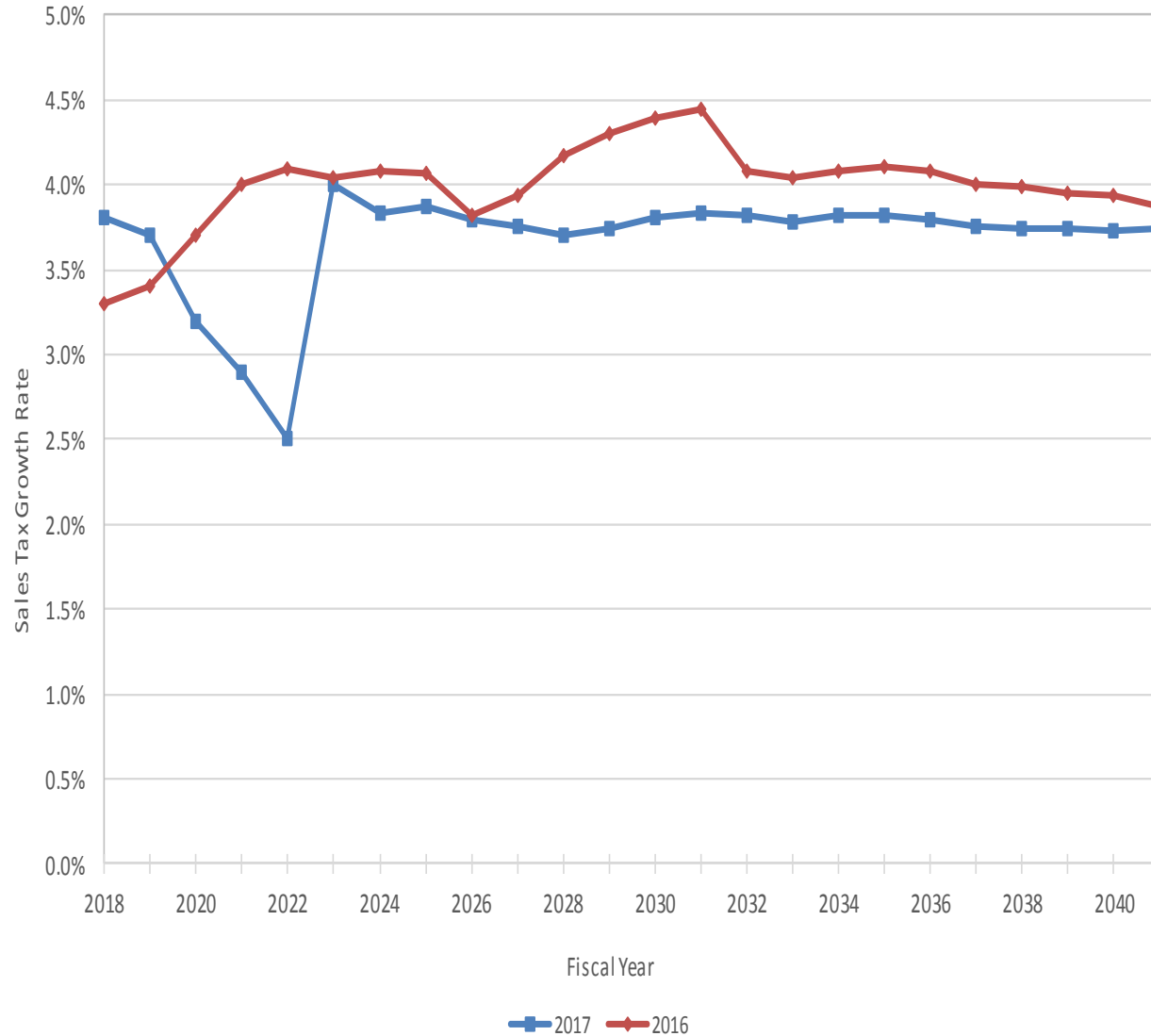
Annual M2 Sales Tax Revenue Forecast



Results of Updated Forecasts

- Sales tax for the M2 Program is forecasted to be \$13.5 billion
 - Sales tax receipts from April 1, 2011 through March 31, 2017 total \$1.7 billion
- Represents a decrease of \$700 million compared to last year's forecasts of \$14.2 billion
- The primary drivers are lower growth rates in both the short and long term periods
 - MuniServices average annual short term growth rate decreased by 0.4 percent
 - Each of the three universities decreased their long term forecasted growth rates

Forecast Comparison – 2017 vs 2016



- Reasons for lower forecast
- Short-term
 - Lower growth in general retail as online sales grow
 - Growth in new auto sales to taper off
 - New construction to slow
- Long-term
 - Lower inflation
 - Lower population growth
 - Lower migration

Next Steps

- Incorporate forecast into OCTA's planning documents
 - Next 10 Plan
 - Comprehensive Business Plan
 - Long Range Transportation Plan
- Determine impacts of forecast to M2 programs and projects
- Return to the Board with options to address the decrease in projected sales tax revenue