

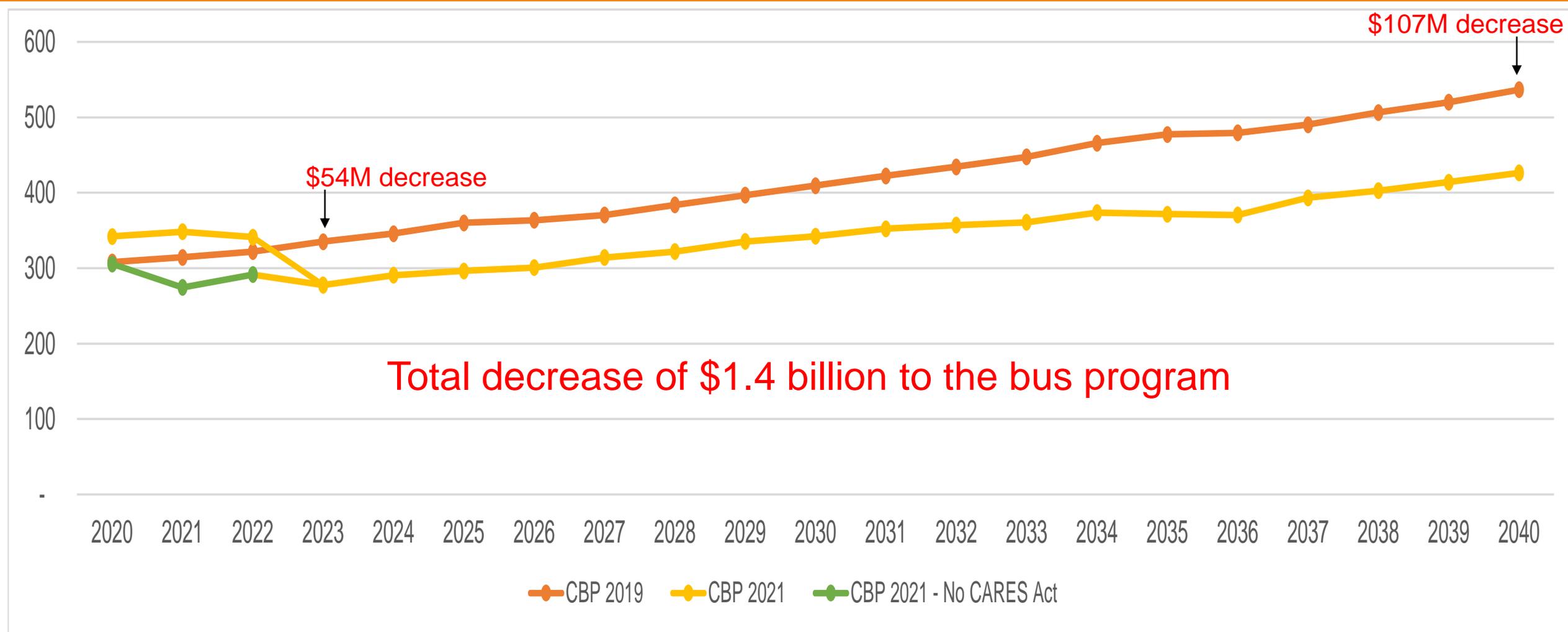
Fiscal Year 2020-21 Comprehensive Business Plan

Bus Program Assumptions

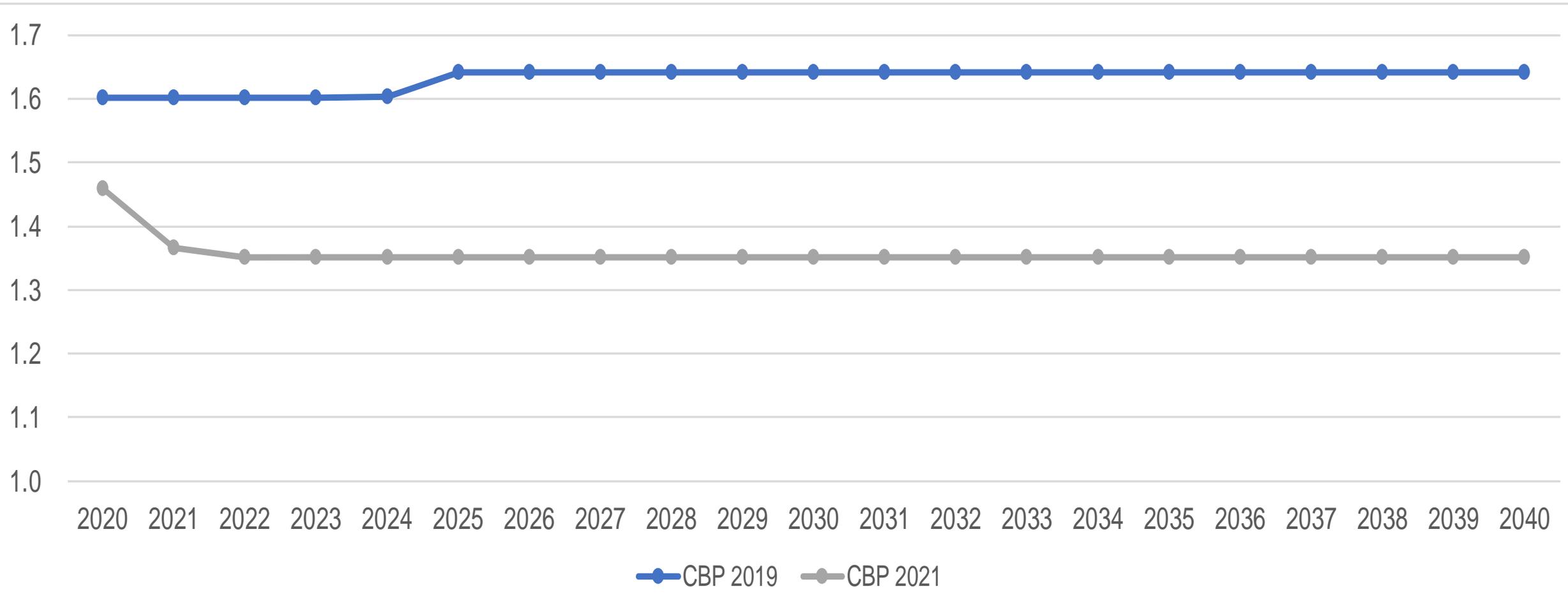
Background

- The Comprehensive Business Plan (CBP) is Orange County Transportation Authority's (OCTA) 20-year financial plan and is updated biannually
- Coronavirus (COVID-19) has impacted the several key assumptions for the bus program
- Goals of the presentation
 - Provide information related to the impact of COVID-19
 - Provide information related to ongoing revenue and cost pressures
 - Gather feedback on key assumptions

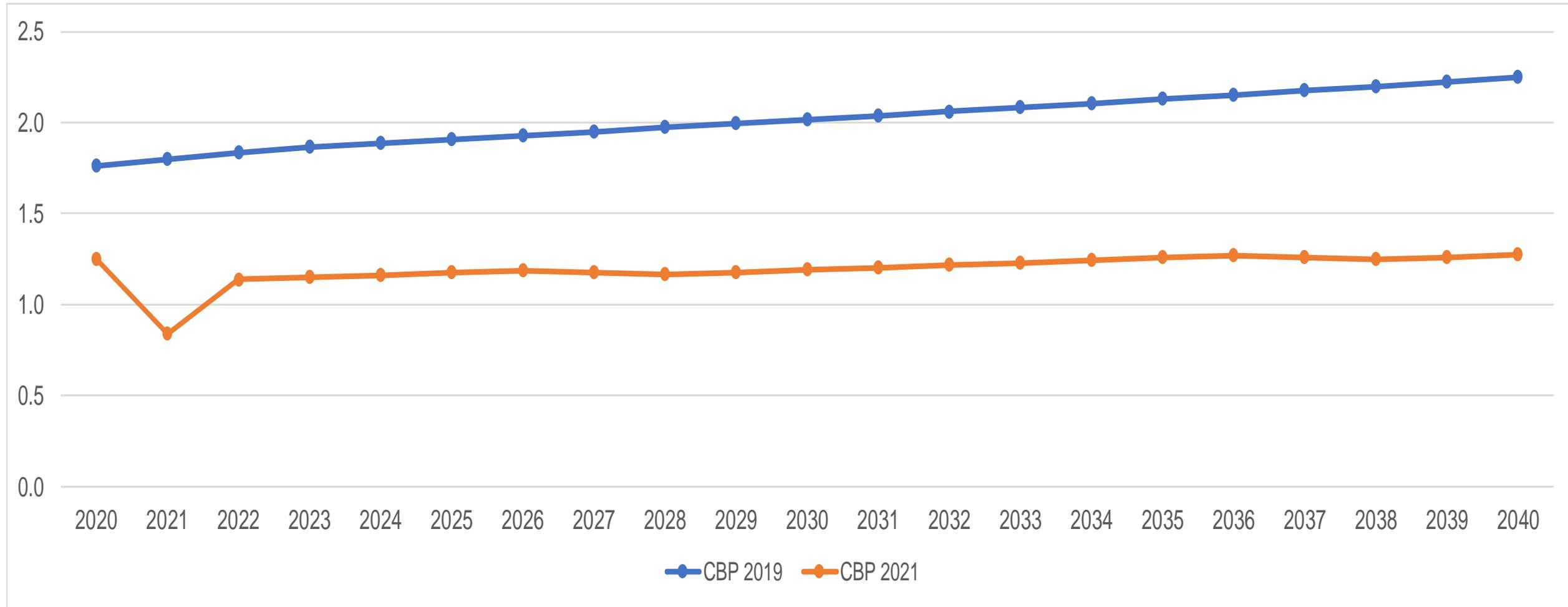
Bus Program Operating Revenue



Projected Fixed-Route Service Levels



Projected Paratransit Trips



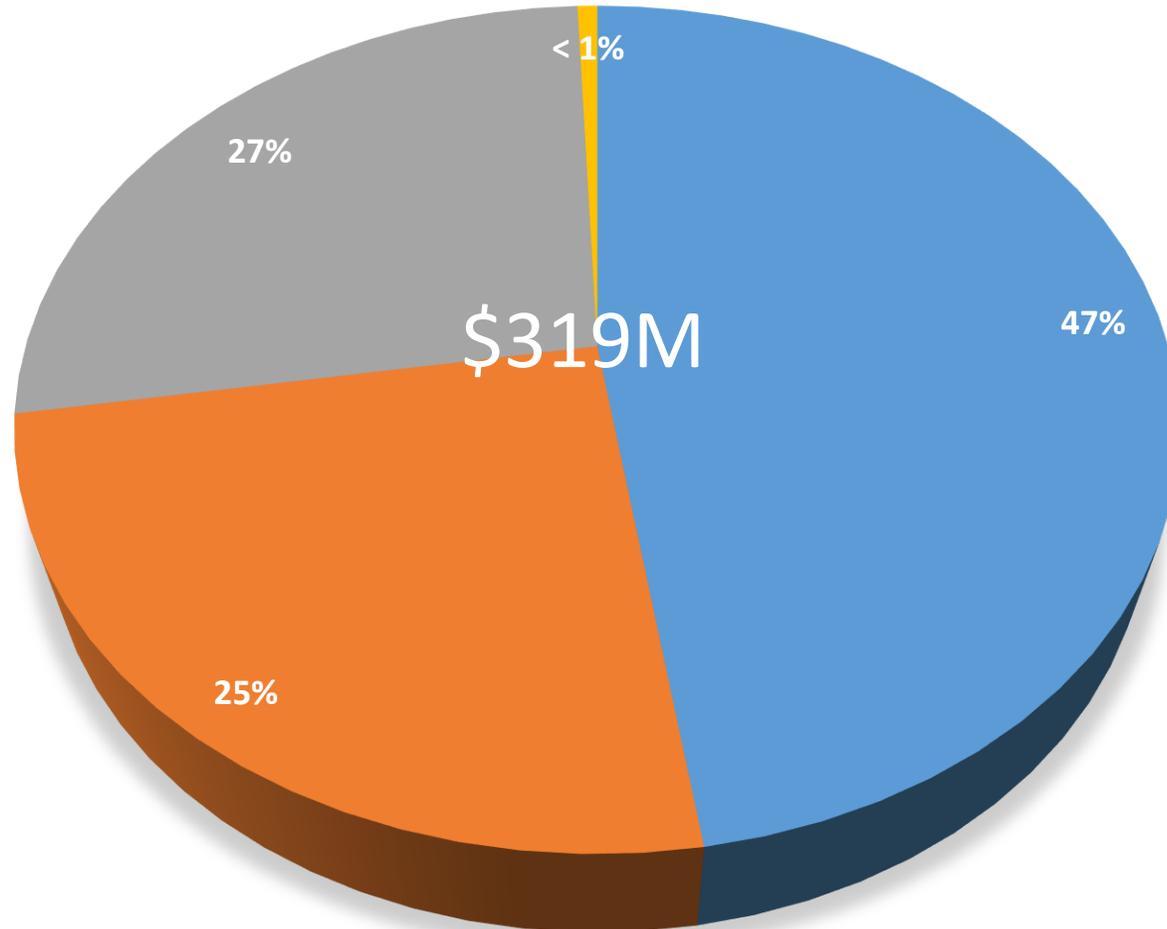
Revenue and Cost Pressures

Revenue	Costs
<ol style="list-style-type: none"><li data-bbox="186 576 563 634">1. Sales Tax<li data-bbox="186 772 682 829">2. Fare revenue	<ol style="list-style-type: none"><li data-bbox="1307 576 2440 634">1. Cost to deliver paratransit service<li data-bbox="1307 772 2339 1025">2. Future capital costs due to the Innovative Clean Transit (ICT) regulation

Revenue Pressures

- Transportation Development Act (TDA) Sales Tax is the primary funding source for bus operations
 - TDA sales tax decreased by \$770 million (18 percent) over the life of the CBP based on updated forecasts
- Fare revenue decreased significantly over the life of the plan due to anticipated decreases in fixed-route ridership as a result of lower service levels
- Decreases in sales tax and fare revenue will be offset by Coronavirus Aid, Relief, and Economic Security Act in the short-term, but will have a long-term impact

FY 2021 Bus Program Operating Budget



Percent of Total Boardings

Directly Operated Fixed-Route: 66%

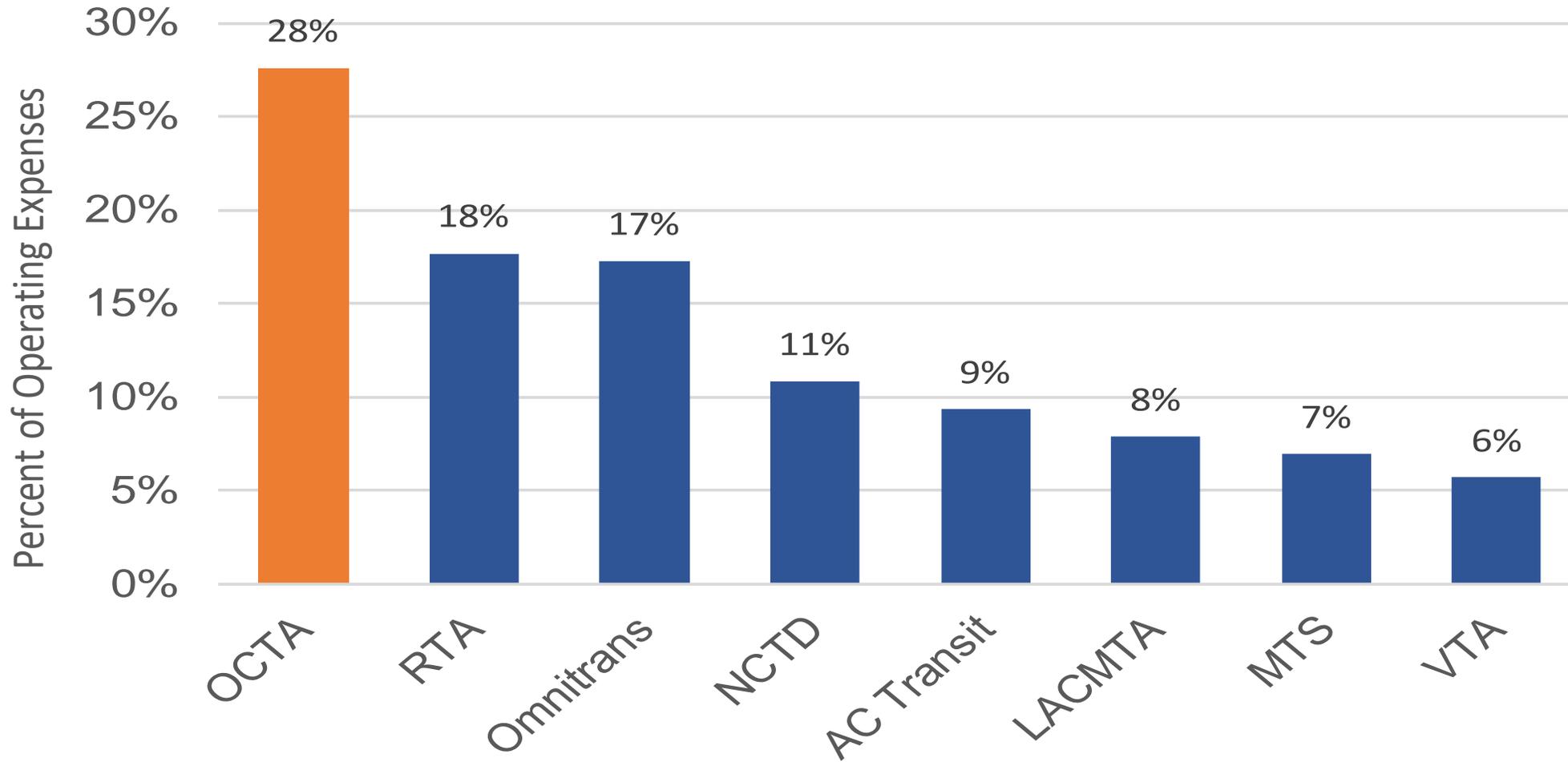
Contracted Fixed-Route: 30%

Paratransit: 4%

OC Flex: < 1%

■ Directly Operated Fixed-Route ■ Contracted Fixed-Route ■ Paratransit ■ OC Flex

Paratransit Cost - % of Total Operating Cost



Source: National Transit Database

RTA – Riverside Transit Agency

NCTD – North County Transit District

AC Transit – Alameda-Contra Costa Transit District

LACMTA – Los Angeles County Metropolitan Transportation Authority

MTS – San Diego Metropolitan Transit System

VTA – Santa Clara Valley Transportation Authority

Future Capital Cost for Bus Replacement

- ICT regulation requires all public agencies to transition to 100 percent zero-emission bus (ZEB) fleets by 2040
- Beginning in 2023 bus purchases must include 25 percent ZEB purchases
 - This requirement increases to 50 percent in 2026 and 100 percent in 2029
- Current cost of a ZEB bus is significantly higher than a compressed natural gas (CNG) bus
 - Hydrogen and electric buses cost \$1.3 and \$1.04 million, respectively
 - CNG bus cost is \$608,000
- OCTA is currently testing hydrogen fuel cell buses and will begin testing battery-electric buses in 2021

Primary Revenue Assumptions

- Sales tax continues to be forecasted per the Board of Directors-approved methodology
 - MuniServices for the first five years of the plan
 - The three universities for years six through twenty of the plan
- Federal and State funding will continue to support transit
- The next planned fare increase would be for FY 2027 with subsequent increases every four years
 - Last fare increase was in FY 2013

Primary Cost Assumptions

- Fixed-route service levels of 1.35 million service hours
- Paratransit demand returns to ~ 50 percent of pre-COVID levels in FY 2020-21 and grows proportionally with fixed-route ridership
- Contracted fixed-route service mix of 40 percent
- Fleet replacement costs for ZEB align with CNG bus replacement costs as the ZEB market matures

Future Considerations

- Fixed-route service
 - Service plan
 - Mix between directly-operated and contracted services
 - Fare policy
- Paratransit service
 - Service area
 - Non-ADA services
 - Supplemental agreements
 - Fare policy
- Capital Costs
 - Bus capital replacement costs
 - Infrastructure costs for zero emission buses

Next Steps

- Staff will incorporate Board of Directors' (Board) member feedback into the CBP
- Present the proposed FY 2021 CBP to the Finance and Administration Committee and Board