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Sent: Friday, January 15, 2021 12:14 PM

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Subject: Huntington Beach RHNA Appeal

RHNA Appeals Board Members and Alternates,

Please see the following attachments to be entered into the record for the City of Huntington Beach RHNA appeal on 1-19-21.

1. Excerpt from 12-7-20 OCTA Executive Committee Agenda: Fiscal Year 2020-21 Comprehensive Business Plan – Bus Program Assumptions (weblink to full agenda packet: <https://octa.legistar.com/View.ashx?M=E1&ID=749646&GUID=B280302F-0F69-4036-9ED1-CE841375B3A5>)
2. OCTA Bus Service Restructuring Support Scope of Work

The attachments conclude that OCTA is planning for a 17% reduction in service hours through 2040 compared to pre-COVID19 service hours and is currently commissioning a bus service restructuring study.

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City Hall continues to be closed to the public until further notice. You may wish to contact the Community Development Department via email at community.development@surfcity-hb.org, the **MyHB app** on your mobile device, or the **City website**.

Please note that the City of Huntington Beach will be transitioning to a new permitting and application system for development services. The current eProcess Portal will close for new applications, resubmittals, and revisions on February 9, 2021. **All electronic application processing will pause after February 9th at 5:00 PM, until we open our new electronic submittal site (Accela's HB ACA) on February 16, 2021.** Please plan your submittals in advance to avoid project delays. Instructions for setting up an account and submitting projects online through HB ACA will be posted to our website by February 10, 2021. Thank you for your patience and understanding during this transition.

BUS SERVICE RESTRUCTURING SUPPORT

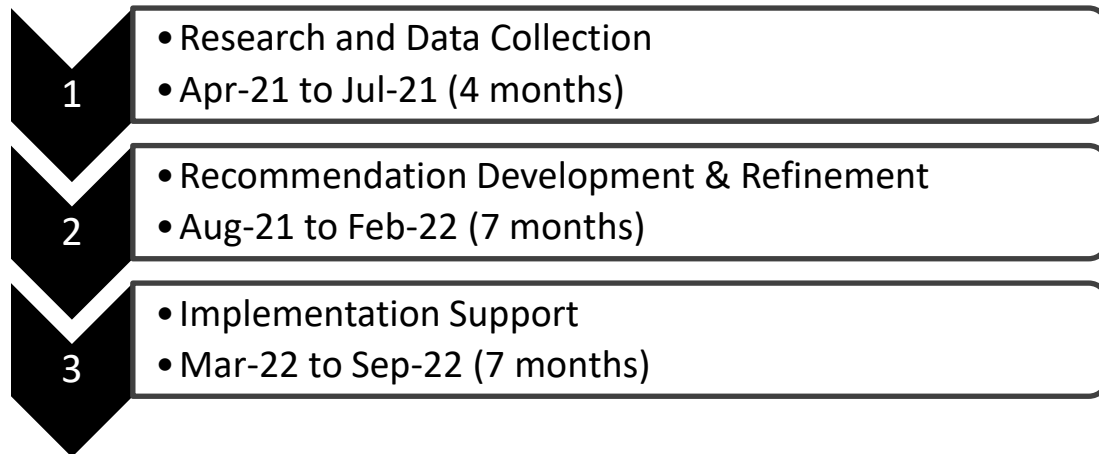
SCOPE OF WORK

INTRODUCTION

The Orange County Transportation Authority (OCTA) is seeking proposals from highly qualified firms to assist in restructuring the “OC Bus” fixed-route bus system. OCTA is setting out to develop service recommendations based on a detailed analysis of both pre-COVID-19 service productivity and post-COVID-19 travel trends. The recommendations will integrate previous planning efforts and design a system based on constrained financial resources. The Consultant recommendations should be aggressive and position the OC Bus service for success over the next five years.

OCTA is seeking a consultant team with a full range of professional and technical skills required to fulfill and effectively integrate the tasks outlined in this scope of work. The selected consultant team shall have a demonstrated understanding of Orange County and the principles and best practices for restructuring bus service. The project will be broken into three distinct phases. The base contract will include Phases 1 & 2 and OCTA will have the option to exercise Phases 3 depending on the need for consultant services. The Phases and anticipated schedules are shown below.

Bus Restructuring Phases



BACKGROUND

OCTA last completed a bus restructuring study in 2012. The “Transit System Study” was the basis for changes to bus service between 2016 and 2018. In general, these changes reallocated service from lower productivity routes and areas to the core service area where these resources could yield additional ridership. As part of this effort, OCTA is looking to restructure the OC Bus system based on recent changes in demand, travel patterns, and funding.

OC Bus 360

In response to declining ridership starting in 2012, OCTA had embarked on the “OC Bus 360” initiative in 2015 to increase bus system ridership by improving bus travel times and frequencies, expanding access to route and real-time arrival information, introducing mobile ticketing, evaluating new pricing options, and increasing awareness of the bus system.

OC Transit Vision

In 2018, OCTA completed the “OC Transit Vision” transit master plan which took a broad look at transit needs over the next 20 years. The recommendation in the OC Transit Vision plan are the basis for the transit recommendations in OCTA’s Long Range Transportation Plan.

OC Bus Service

The Orange County fixed-route bus service, known as “OC Bus”, has been operating for over 47 years. The system now consists of 58 routes providing service to approximately 5,400 bus stops in Orange, Los Angeles, and Riverside counties. The OC Bus fleet consists of 510 vehicles and approximately 1.6 million revenue hours of service are provided each year (pre-COVID-19). Annual ridership is approximately 38 million boardings (FY2018-19), which is a 45 percent decrease from the all-time high of 69 million in 2007.

OC Streetcar (Under Construction)

OC Streetcar is the first modern streetcar project to be built in Orange County and will serve Santa Ana’s historic and thriving downtown, which includes federal, state and local courthouses, government offices, colleges, an artists’ village and a thriving restaurant scene. Expected to begin carrying passengers in 2022, it will operate along a 4.15-mile route that connects the Santa Ana Regional Transportation Center (SARTC) and a new transit hub at Harbor Boulevard and Westminster Avenue in Garden Grove.

OC Flex

OC Flex is an on-demand, curb-to-curb microtransit service offered by OCTA in two zones — areas of Huntington Beach and Westminster, and parts of Aliso Viejo, Laguna Niguel and Mission Viejo. Within each zone, unlimited rides are only \$4.50 per day, seven days a week as part of the pilot program. This service concept may serve a purpose in the bus restructuring effort as replacement service or be provided in areas with low transit demand.

COVID-19 Impacts on OC Bus

After the implementation of the Governor's stay-at-home order in March 2020, weekday OC Bus ridership dropped significantly. Weekday ridership decreased from approximately 125,000 boardings to the low 30,000s immediately after the stay-at-home order but has been steadily recovering and is now in the mid-60,000s. In March 2020, OCTA reduced fixed-route bus service by approximately 40 percent by implementing Sunday service schedules on all routes, seven days a week. Starting in June 2020, an enhanced Saturday service schedule was implemented on weekdays and a regular schedule on Saturdays and Sundays. This amount of service equates to about 75 percent of pre-coronavirus (COVID-19) service levels and assumes maximum passenger loads of 20 to 30 depending on vehicle size. OCTA anticipates adding incremental amounts of service as ridership increases over the next six months. OCTA will most likely continue to manage the service based on demand until the recommendations from the restructuring effort can be implemented.

TASK 1 – ADMINISTRATION AND MANAGEMENT

The Consultant Project Manager shall manage and oversee all technical aspects of the study and ensure the timely and integrated production of all study work tasks. Due to the importance of consistent project management to the timely completion of the project, OCTA shall consider the unauthorized removal of the Consultant Project Manager as grounds for termination of the contract. OCTA reserves the right to require the Consultant to remove and replace the Consultant Project Manager or any member of the consultant/sub-consultant team from the project for cause.

The Consultant shall report the status of the project budget, work effort, progress, and schedule to the OCTA Project Manager on a regular basis and manage critical path activities that must be completed as planned to maintain the project schedule. Consultant shall provide high quality reports that are straightforward, easy to read, easy to understand, logically organized, and structured to provide relevant and important information. Reports shall provide the necessary information to demonstrate the work is being accomplished as required and to facilitate invoice review and approval. OCTA and Consultant will use Microsoft Teams for document review, meetings, and transfer of electronic project files.

Task 1.1 Project Development Team Meetings

The Consultant shall be responsible for conducting and facilitating coordination of monthly meetings with a Project Development Team (PDT) that includes representatives from the OCTA Planning, Operations, and External Affairs Divisions. PDT Meetings will take place online via Microsoft Teams. The PDT meetings shall highlight specific tasks and issues which affect the orderly performance of the work. The minutes, agendas, and an action item list with responsible party identified shall be developed by the Consultant and distributed after review and approval by the OCTA Project Manager. Upon such approval, the minutes shall be distributed electronically by the Consultant to a standard list of recipients within eight (8) working days of each meeting. Consultant Project Manager will need to be available to answer questions at three OCTA Transit Committee and Board of Directors meetings.

Deliverables:

- Project Development Team Meetings
 - Phase 1: 4 meetings, Phase 2: 6 meetings, Phase 3: 3 meetings
- OCTA Transit Committee and Board Meetings
 - Phase 1: 2 meetings, Phase 2: 4 meetings
- Development of presentation materials, meeting minutes, agendas, and action item list with responsible party identified

Task 1.2 Project Schedule & Tracking System

The Consultant shall develop, maintain, and manage the project schedule. The schedule shall include all activities (by work task, whether performed by the Consultant or by others), start dates, activity durations, product submittal dates, relationships among work tasks (including critical path items), and float time. The schedule shall account for interface with, and review by OCTA and other study participants. A draft schedule shall be submitted with the proposal as a critical path Gantt chart for all tasks and sub-tasks. The final schedule shall be reviewed and resubmitted to OCTA for review seven (7) days after the issuance of the Notice to Proceed (NTP) of the contract.

Deliverable: - Draft and Final Schedule including bimonthly updates

Task 1.3 Payment Schedule, Monthly Progress Reports, Accounting, and Invoicing

The Consultant shall submit to the OCTA Project Manager, for approval, the payment schedule which lists the milestone/deliverable to be completed, the dollar amount for each milestone/deliverable, and a schedule indicating when each milestone/deliverable shall be completed.

The Consultant shall submit a monthly progress report and invoice in a format to be approved by the OCTA Project Manager. The report shall be submitted the first week of each month for the preceding month. The progress narrative shall document progress from the first day of the month through the last day of the month. The monthly progress report shall be submitted in hard copy and electronically both, in a format acceptable to OCTA.

Each monthly progress report shall include the following: summary; progress narrative and description of the tasks completed; project schedule describing the percentage of each task/deliverable/milestone completed; summary report of all costs incurred per task/milestone; schedule and schedule tracking narrative; list of deliverable items; management issues, including status and action items, and any corrective actions if necessary; a statement of resolution or action for resolution of identified problems that were encountered during the month; 30-day look-ahead.

Deliverables: - Payment Schedule
- Monthly Progress Report, and Invoices with earned value report

TASK 2 – RESEARCH AND DATA COLLECTION (PHASE 1)

The study will begin with an assessment of the OC Bus system and planning efforts related to making future improvements. The Consultant will also analyze travel information both pre and post-COVID-19 to determine local trends which may inform recommendation in Task 3 (Phase 2). This task will culminate in a web data portal and existing condition report which will be provided to the public and other stakeholders.

Task 2.1 Review Recommendations from Previous Planning Efforts

The Consultant shall review and synthesize all relevant previous studies, plans, and other documents to provide a historical context for Task 2.6. The Consultant shall review the following documents:

- OC Transit Vision (<http://www.octa.net/Projects-and-Programs/Plans-and-Studies/Transit-Master-Plan/>)
- Connect OC-LA Transit Study
- Harbor Boulevard Corridor Study
- Freeway BRT Study
- Bristol Street Corridor Study
- OC Streetcar Bus-Rail Interface Plan
- OC Flex White Paper

It is important to note the OC Transit Vision outlines service goals and allocation guidelines which should generally be used for developing recommendation for this effort.

Task 2.2 Transit Survey Development and Analysis

The Consultant will assist OCTA in developing a survey to solicit feedback on the existing service from both existing and potential customers. OCTA will host and administer the survey. The Consultant will analyze and summarize the survey results for inclusion in Task 2.6.

Task 2.3 Pre-COVID-19 Fixed-Route Performance

The Consultant shall use existing data, provided by OCTA, to conduct a thorough analysis of the OC Bus system. OCTA will provide the following data for this effort. Data will be provided in digital format or through access to OCTA's online dashboards.

- Pre-COVID-19 Average Farebox Data by Day Type (Oct-19 to Feb-20)
- Pre-COVID-19 Average Automatic Passenger Counter Data by Day Type (Oct-19 to Feb-20)
- GTFS and/or HASTUS scheduling data
- On-Time Performance data
- GIS Shapefiles of Routes alignments, bus stops, local jurisdiction boundaries, and transit propensity (OC Transit Vision).
- Historical daily ridership and revenue hours by Route from 2014 to 2019

The Consultant shall analyze both the systemwide and route level performance including the following indicators:

- Systemwide and route statistics and performance over the past five years.
- Route statistics by day type, time period, and segment. Must at least include ridership, revenue hours, revenue miles, frequency (trips), and passenger miles.
- Route performance by day type, time period, and segment. Must at least include boardings per revenue hour, boardings per revenue miles, passenger miles per seat mile.
- Calculate the "Service Performance Index" by route and day type. This is an OCTA-specific index which combines several route performance parameters and compared the routes against one another on a scale from 0 to 1.
- Stop level boardings and alightings by day type and time period

The Consultant will provide data via tables, PDFs, and an interactive mapping portal. The interactive portal will allow users to select information by Route segment, bus stop, and jurisdictional boundary. Data should be exportable from the web portal via CSV format.

Deliverables:

- Systemwide and route level productivity PDF maps
- Interactive web portal for public review of route and stop level data

Task 2.4 Post-COVID-19 Fixed-Route & Paratransit Trends

The Consultant shall analyze ridership trends for both OC Bus and OC ACCESS during and after the COVID-19 pandemic. When this RFP was developed, OCTA did not know where travel activity will be when the contract starts. The Consultant will make use of the following information to determine trends:

- Pre-COVID-19 OC Bus Average Farebox Data by Day Type (Oct-19 to Feb-20)

- Post-COVID-19 OC Bus Average Farebox Data by Day Type (Mar-21)
- Pre-COVID-19 OC ACCESS Average Rider Data by Day Type (Feb-20)
- Post-COVID-19 OC ACCESS Average Rider Data by Day Type (Feb-21)

The Consultant shall develop maps showing changes in ridership for both services by day type and time of day. This information will be used as part of the recommendation development to help determine if there have been any changes to travel patterns which should be incorporated in the new network design and service levels.

Deliverables:

- Maps of ridership change for both OC Bus and OC ACCESS service
- Technical Memo describing ridership trends during and potentially after COVID-19

Task 2.5 Pre and Post-COVID-19 Travel Data

OCTA has access to travel data which will be made available to the Consultant to summarize changes in travel patterns for both transit and non-transit travel in and around Orange County. This data should also be used to develop recommendations for Task 3 (Phase 2).

- Pre-COVID-19 crowd sourced origin-destination data for all travel
- Post-COVID-19 crowd sourced origin-destination data for all travel
- Pre-COVID-19 OCTA rider survey origin-destination trip table
- Projected population and employment growth

The Consultant will use this information to identify unmet transit markets and potential changes to the fixed-route system which will reduce transfers or improve customer travel time. The non-transit information will be used to identify potential emerging travel markets which may merit new transit service.

Task 2.6 Existing Conditions and Service Framework

The Consultant shall develop a report synthesizing the information gathered in Task 2.1 through 2.5 including maps, tables, and infographics. The target audience for the report will be the public, stakeholders, and elected officials. The Consultant will develop a “Service Framework” which will guide development of recommendations for Phase 2. The report should include at least the following:

- Narrative describing recommendations from previous studies

- Systemwide statistics and performance for OC Bus service
- Route level statistics and performance for OC Bus service
- Pre-COVID-19 and Post-COVID-19 transit and travel trends
- Summary of OCTA rider and non-rider survey
- Recommended service framework using the OC Transit Vision as a basis for development

Deliverables: - Draft and Final "OC Bus Summary Report"

TASK 3 – RECOMMENDATION DEVELOPMENT & REFINEMENT (PHASE 2)

The Consultant will develop recommendations for changes to the OC Bus system based on the service framework and data collected in Task 2 (Phase 1). The initial draft recommendations will be refined after a robust public participation process.

Task 3.1 Draft Service Plan

The Consultant will develop route recommendations based on a constrained budget of revenue vehicle hours which will be provided based on current and projected revenues available for OC Bus service. Recommendation should be based on the service framework and data collected in Task 2 (Phase 1). The Consultant will develop an initial service model based on the pre-COVID-19 OC Bus service to be used to compare the draft and final service plans. This model needs to be within five percent of the actual revenue vehicle hours and fleet requirements.

The consultant will develop route-level recommendations for alignments, span of service, and frequency by day type. This will include recommendations for long-short route patterns as appropriate. The recommendations will include an updated service model which reflects the draft recommendations. The Consultant shall provide information on the recommendations via the web portal and PDF for public review.

The Consultant shall quantify impacts to current riders and potential numbers of new riders. This should include the number of riders with improved service, reduced service, and no longer within the service area based on stop level boardings. The Consultant will quantify travel time benefits of the proposed system for existing customers. The Consultant will also assess impacts to OC ACCESS users based on the proposed changes to the ADA paratransit footprint.

The Consultant will develop an initial Title VI Service Equity Analysis using the accumulation of benefits methodology. This is an iterative process and the Consultant may need to modify initial recommendations if there are disparities during the analysis.

The Consultant will add two additional features to the interactive web portal based on the draft service plan. The first is a visualization tool showing travel-time isochrones comparing the baseline and draft networks. The portal shall allow users to enter an address or drag an indicator to a location to determine the starting location. The

Consultant will also add a side-by-side trip planner which allows the user to compare itineraries between the baseline and draft recommendations.

- Deliverables:**
- Baseline & Draft Recommendation Service Model (Microsoft Excel)
 - Draft Route Recommendations
 - Rider Impacts
 - Initial Title VI Report
 - OC ACCESS Rider Impacts
 - Recommendation Information via Web Portal

Task 3.2 Final Service Plan

OCTA will use the Draft Service Plan developed in Task 3.1 to begin a robust public outreach process. The Consultant will provide the technical materials described in Tasks 2.6 and 3.1 which will be provided to the public and other stakeholders during this process. It is important to note that OCTA staff will be scheduling and staffing the public meetings. OCTA will also be collecting and summarizing the public input received during this process.

The Consultant will be responsible for refining the service plan based on specific issues and general themes heard during the outreach process. As part of this process, several of the deliverables from Task 3.1 will need to be updated based on the changes to the draft recommendations.

- Deliverables:**
- Refined Service Plan Model (Microsoft Excel)
 - Refined Route Recommendations
 - Updated Rider Impacts
 - Final Title VI Report
 - Updated OC ACCESS Rider Impacts
 - Updated Information via Web Portal

Task 3.3 Alternative Service Recommendations

The Consultant shall identify areas in the county which may be better served by OC Flex and/or Transportation Network Company (TNC) partnerships instead of OC Bus and OC ACCESS service. The Consultant will identify areas not currently served by transit or which would no longer be served by transit under the Draft Service Plan. They will conduct an evaluation of the cost of providing existing services and an estimate of the

cost of providing OC Flex service and/or through TNC partnerships. The Consultant will prioritize areas based on evaluation criteria developed with OCTA staff.

Deliverables: - Technical Memo of Alternative Service Recommendations

TASK 4 – IMPLEMENTATION ASSISTANCE (PHASE 3)

The Consultant will support OCTA staff in implementing the Final Service Plan. Route changes will take place over one or more regular bus service changes depending on the implementation plan and magnitude of changes. The Consultant’s work will conclude a month prior to the first service change implementation which is anticipated to be October 2022.

Task 4.1 Implementation Plan

The Consultant will develop an implementation plan for the service changes. If recommendations are implemented over several service changes, logical route changes will be grouped to minimize impacts on riders. The Consultant will also update the phasing plan for long-term improvements contained in the OC Transit Vision based on the service implementation.

Deliverables: - Final Service Implementation Plan
- Updated Phasing Schedule for OC Transit Vision

Task 4.2 Service Delivery Recommendations

The Consultant will review existing OCTA service delivery policies and procedures to determine any changes which may improve efficiency while implementing the service recommendations. The Consultant shall review the following:

- Coach Operator Work Rules
- Scheduling Policies and Practices
- Contracted and Directly Operated Fixed-Route Service Ratios
- Impact of Service Plan on Fleet Requirements
- Operating Base Service Allocation

The Consultant will summarize their findings and make recommendations for changes which may improve efficiency and lower costs.

Deliverables: - Technical Memo: Service Delivery Recommendations

Task 4.3 Schedule Development & Assistance

The Consultant will develop recommended timetables for the route changes in the Final Service Plan. Running times will be developed using information gathered in Phase 1 or developed using similar services for new routes. Frequencies and span of service will be consistent with the final plan. The Consultant will also develop schedules around key transfer locations to improve transfer times. The schedules will be provided in GTFS or HASTUS format for further refinement by OCTA scheduling staff.

Task 4.4 Service Change Materials Support

The Consultant will provide final maps and summaries of route changes which will be provided to customers which explain the changes. OCTA will be responsible for distributing all materials.

Deliverables:

- Route-by-Route Change Maps
- Systemwide Route Changes by Service Change
- Descriptions of Route Changes by Service Change



December 7, 2020

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 Comprehensive Business Plan – Bus Program Assumptions

Overview

The Orange County Transportation Authority staff is in the process of developing the draft revenue and cost assumptions for the bus program as part of the development of the Fiscal Year 2020-21 Comprehensive Business Plan. The bus program faces ongoing challenges due to the impact of the coronavirus, as well as additional revenue and cost pressures. This report summarizes these challenges and provides the draft assumptions for the bus program for the Fiscal Year 2020-21 Comprehensive Business Plan. Staff is seeking Board of Directors' feedback on the assumptions, which will be incorporated into the development of the Fiscal Year 2020-21 Comprehensive Business Plan.

Recommendation

Direct staff to incorporate Board of Directors' feedback on the bus program assumptions for the Fiscal Year 2020-21 Comprehensive Business Plan.

Background

The Comprehensive Business Plan (CBP) is a 20-year financial plan that demonstrates the financial feasibility of Orange County Transportation Authority's (OCTA) programs and services. It is updated annually as part of OCTA's annual financial calendar and is the foundation for the development of the annual budget. Although the CBP is updated internally every year to establish internal budget targets and ensure the financial feasibility of OCTA's programs and services, it is typically presented to the Board of Directors (Board) every other year for adoption.

The tremendous impact of the coronavirus (COVID-19) on the Orange County economy over the past nine months has led to significant impacts to funding sources that support OCTA's programs and services. The impact of

COVID-19 can be seen in the decrease in revenues experienced in fiscal year (FY) 2019-20, as well updated revenue forecasts which anticipate less revenue to support OCTA's programs and services over the long-term. The impact of COVID-19 coupled with additional revenue and cost pressures have required staff to reevaluate several key revenue and expense assumptions for the bus program during the development of the FY 2020-21 CBP.

Discussion

Revenue and Cost Pressures

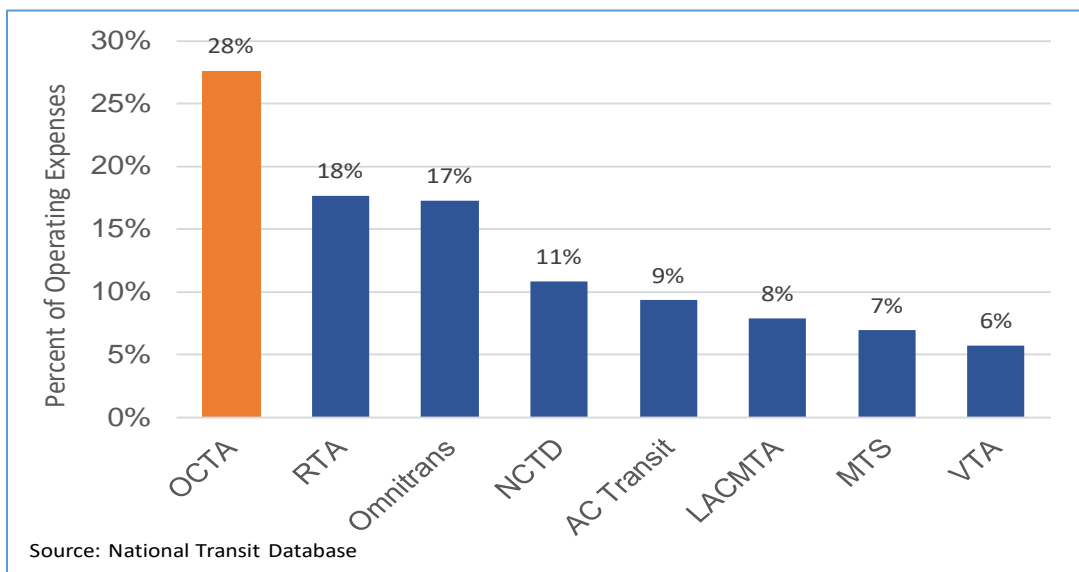
The bus program's primary revenue source is Transportation Development Act (TDA) sales tax, which supports over half of the cost of bus operations. During the first eight months of FY 2019-20, TDA sales tax grew 1.3 percent over the same period in FY 2018-19. Due to the impact of COVID-19 over the last four months of the year, TDA sales tax for FY 2019-20 decreased by 5.8 percent over FY 2018-19. This impact coupled with updated sales tax forecasts, which forecasted that TDA sales tax would decrease again in FY 2020-21 and not reach FY 2018-19 levels until FY 2023-24, has significantly decreased the amount of TDA sales tax available to support bus operations.

COVID-19 also greatly impacted OCTA service levels, ridership and fare revenue. Prior to COVID-19, OCTA averaged 127,000 average weekday boardings and was operating 1.6 million service hours. Within weeks of COVID-19 and the stay-at-home order, average weekday boardings plunged 75 percent to approximately 20,000. OCTA responded quickly to the tremendous decrease in boardings by reducing service to Sunday service levels (927,000 service hours) in March. Service levels were then increased to approximately 1.2 million service hours in June to accommodate increasing ridership, as well as social distancing to ensure the health and safety of passengers. Fixed-route boardings have slowly increased and are currently at approximately 50 percent of pre-COVID-19 levels, however the large decrease in ridership has had a corresponding large decrease in fare revenue.

OCTA has been allocated \$157.5 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to help offset the significant decrease in funding for the bus program. OCTA is using the CARES Act funding to support ongoing service levels and to backfill for the significant loss of revenue to the bus program. The CARES Act funding has provided short-term relief for the bus program, and OCTA does plan to increase service hours to 1.35 million in February 2021; however, due to the long-term forecasted impact to sales tax and fare revenue, current revenue projections do not support service hours

beyond 1.35 million, which is a 17 percent reduction from pre-Covid-19 service hours.

The bus program also faces some long-term cost pressures. The cost to deliver complementary paratransit service pre-COVID-19 was high with paratransit service representing 28 percent of operating costs for the bus program but only representing four percent of trips delivered by OCTA. OCTA's cost to deliver paratransit is higher than other transit agency peers in California, which is primarily attributable to OCTA providing far more trips per capita than its peers. This is an area that OCTA will likely need to evaluate going forward to ensure paratransit service remains complementary to fixed-route service and does not further restrict OCTA's ability to grow fixed-route service.



An additional long-term pressure facing the bus program is the future cost of bus replacements due to the implementation of the Innovative Clean Transit (ICT) regulation. In December 2018, the California Air Resources Board implemented the ICT regulation which requires all public transit agencies to gradually transition to zero emission bus (ZEB) fleets by 2040. Beginning in 2023, OCTA bus purchases must include at least 25 percent ZEBs. This requirement increases to 50 percent in 2026 and 100 percent in 2029. This requirement has the potential to put a tremendous strain on OCTA's ability to replace buses in the future. OCTA's current fixed-route fleet is comprised of compressed natural gas (CNG) buses which cost approximately \$608,000 per bus. Current prices for hydrogen or electric ZEB buses cost \$1.2 million and 1 million per bus respectively. OCTA is in the testing phase of ZEB technology and does not plan to replace CNG buses with ZEBs until the 2030 timeframe.

At that time it will be critical that the ZEB market has matured and prices have stabilized at a cost closer to that of a CNG bus or external funding is available to transit agencies to mitigate the higher cost of ZEBs and their corresponding infrastructure costs.

Primary Revenue and Expenditure Assumptions

The primary revenue assumptions for the bus program are for TDA sales tax, federal and state funding, and fare revenue. Sales tax is forecasted based on the methodology approved by the Board in 2016, which includes using forecasts from MuniServices for the first five years of the plan and the blended rate from the three universities for the remaining 15 years of the plan. Total sales tax available to support the bus program is anticipated to decrease by \$770 million (18 percent) from the prior CBP. This decrease is primarily driven by the impacts of COVID-19 to sales tax collections in FY 2019-20 and the forecasted decrease in sales tax in FY 2020-21. These decreases lower the base from which sales tax will grow in future years, which cannot be recovered from unless sustained years of significantly above average growth occur.

The bus program also receives significant federal and state funding to support both operating and capital expenditures. Staff forecasts continued receipt of these funds with moderate growth over the 20-year period of the CBP. Due to the combined impacts of COVID-19 and lower ongoing service levels, staff anticipates significantly lower ridership and corresponding fare revenue in the FY 2020-21 CBP. The CBP does include proposed increases in fares to help offset anticipated cost increases included in the plan. The next proposed fare increase would be in FY 2026-27, which would be the first fare increase in 14 years. Any fare increase proposed in the CBP would be brought to the Board for approval prior to implementation.

The primary cost driver for the bus program is the number of fixed-route service hours operated. Due to the decrease in forecasted revenue available, the proposed level of ongoing service hours throughout the FY 2020-21 CBP is 1.35 million. This is a decrease of 290,000 hours from the service hours included in the FY 2018-19 CBP and reflects the impact of the pandemic on operating revenues. It is also assumed that the mix of directly-operated fixed-route and contracted fixed-route service will remain at 40 percent. An additional large cost driver for the bus program is paratransit service. Paratransit costs continue to represent a significant portion of operating costs given the relatively low number of trips provided. It is difficult to forecast the impact of COVID-19 on paratransit demand, particularly since trips are currently 75 percent lower than pre-COVID levels. However, staff is estimating that paratransit ridership will return to 50 percent of pre-COVID levels in

FY 2020-21 and grow at a rate commensurate with fixed-route ridership throughout the life of the plan.

The primary cost driver for the bus capital program is the replacement of buses. Due to the ICT regulation, there is a risk of significant cost increases as CNG buses are replaced with ZEBs. However, OCTA is not scheduled to replace CNG buses until the 2030 timeframe which should provide time for the market to mature. The assumption included in the FY 2020-21 CBP is that the market will mature by the time OCTA needs to replace CNG buses and that prices for ZEBs will be in alignment with those of CNG buses.

Future Considerations

Despite the forecasted decrease in ongoing revenue and corresponding impacts to the bus program, staff will work to provide the best service possible to meet the needs of its customers while evaluating alternatives to ensure ongoing costs remain aligned with ongoing revenue. Staff will be initiating a bus restructuring study next year to analyze service delivery options given the reduction in ongoing service levels. Staff will also evaluate areas that may assist in controlling costs such as: the mix between contracted service and directly operated service, paratransit service delivery and non-American with Disabilities services, and the bus capital program. In addition, staff will evaluate the impact of future changes to OCTA's fare policy on both fixed-route and paratransit services.

Summary

The Orange County Transportation Authority staff is in the process of developing the revenue and cost assumptions for the bus program as part of the development of the FY 2020-21 Comprehensive Business Plan. COVID-19 has significantly impacted revenue, cost and service level assumptions, and the bus program will continue to face ongoing revenue and cost pressures. Staff will incorporate Board feedback on the proposed assumptions and return to the Board with the proposed FY 2020-21 Comprehensive Business Plan.

Attachment

None.

Prepared by:



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Approved by:



Andrew Oftelie
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Finance and Administration
(714) 560-5649



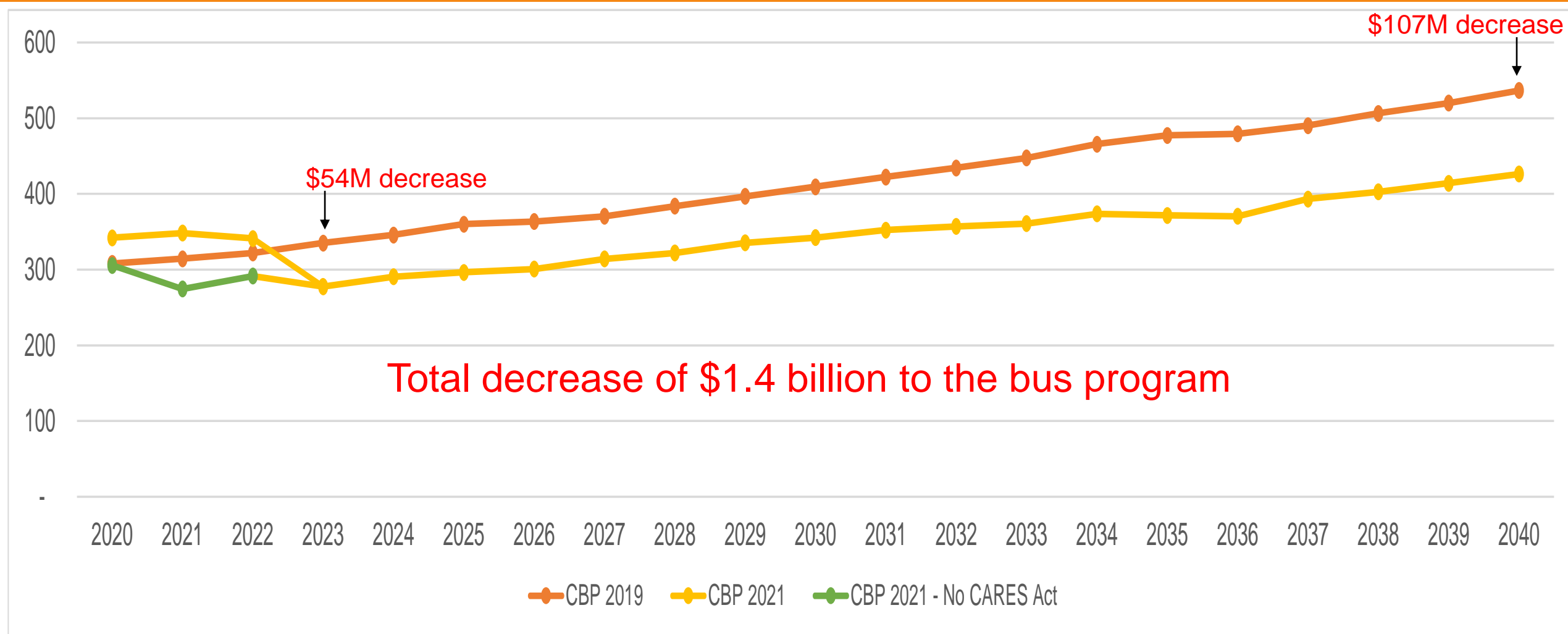
Fiscal Year 2020-21 Comprehensive Business Plan

Bus Program Assumptions

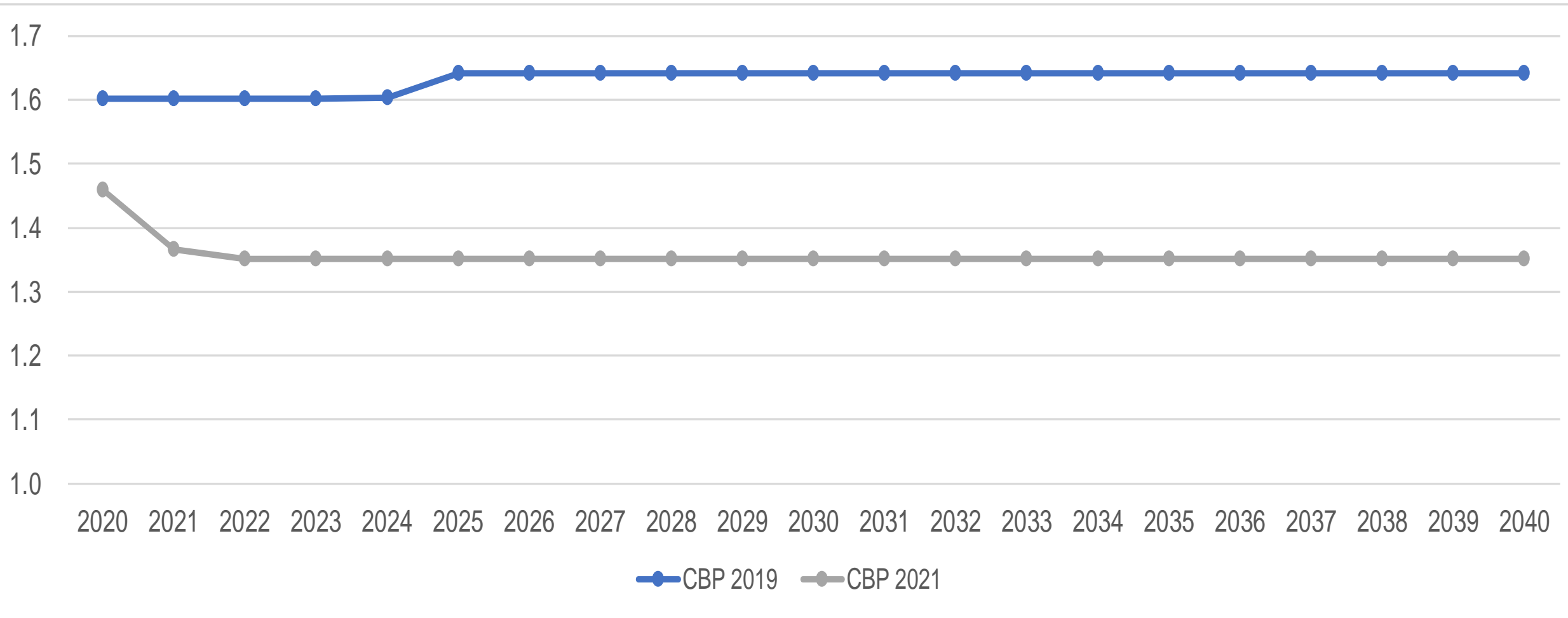
Background

- 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

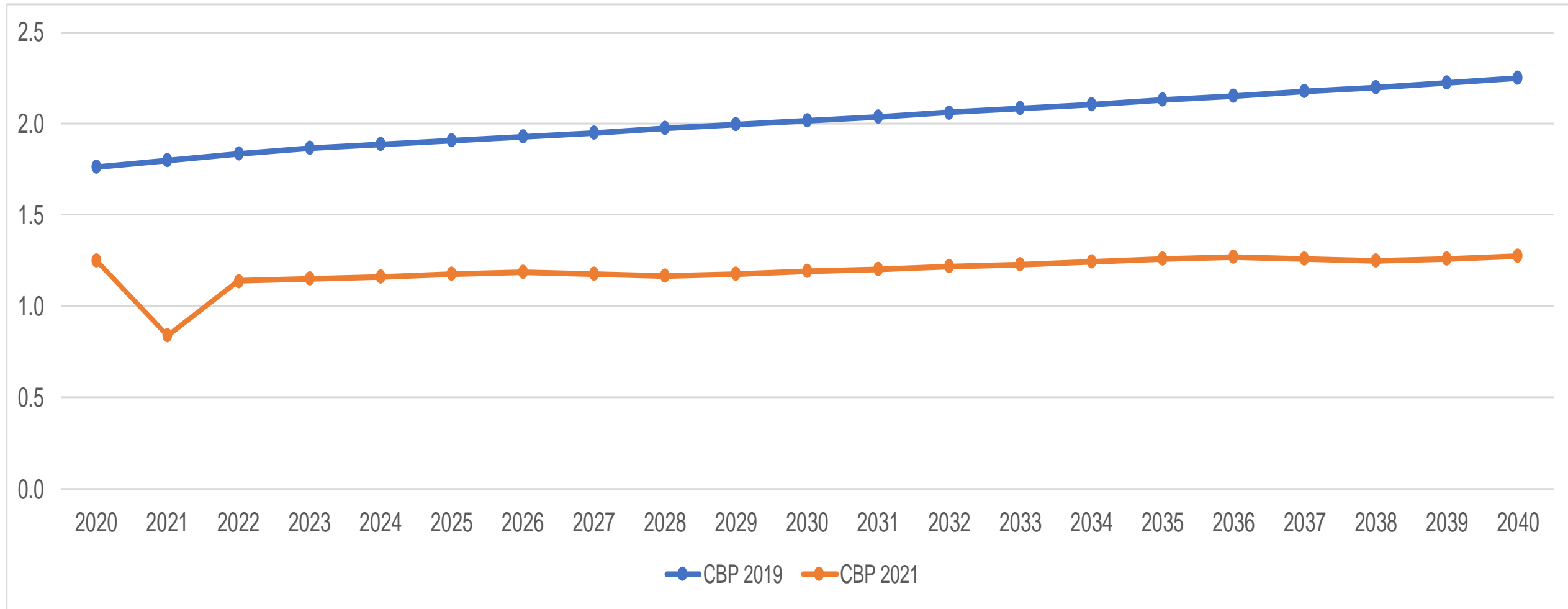
Bus Program Operating Revenue



Projected Fixed-Route Service Levels



Projected Paratransit Trips



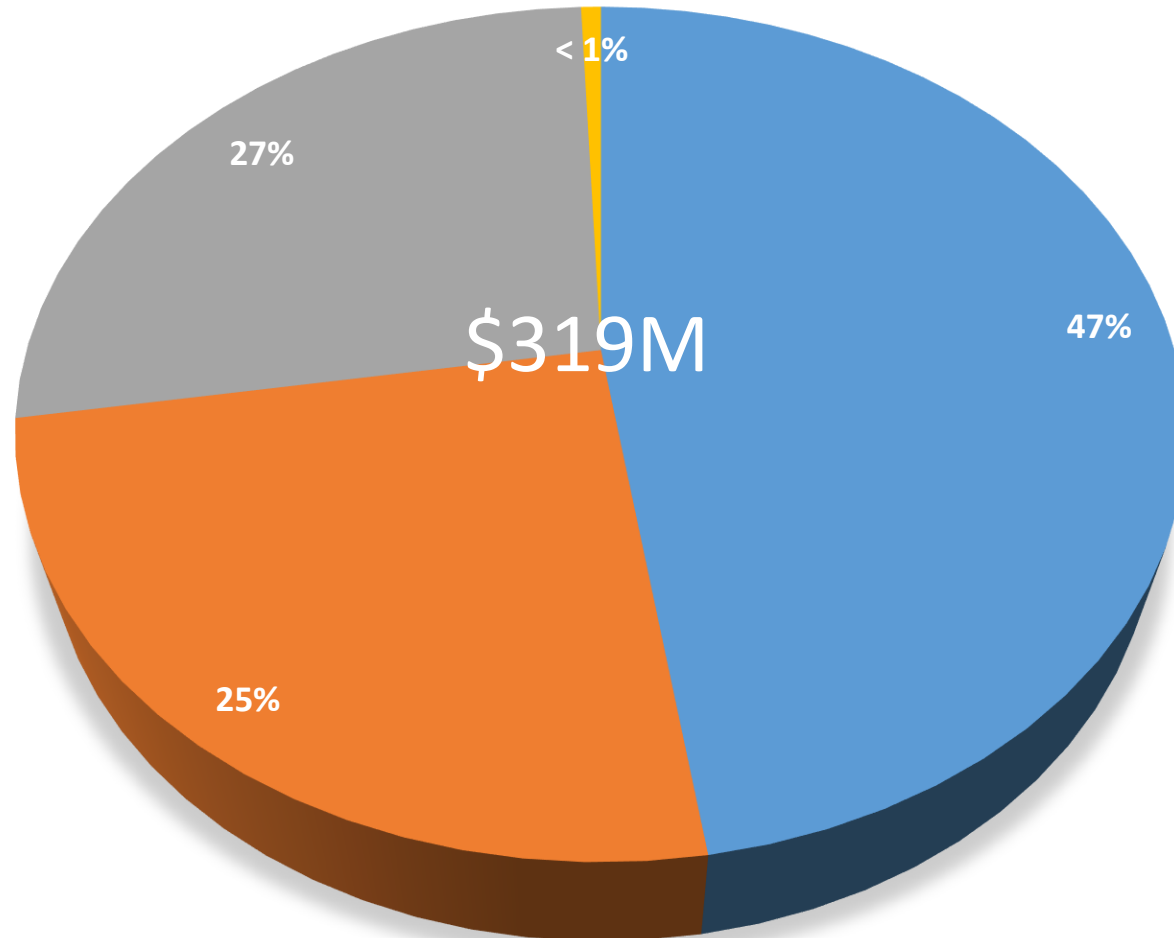
Revenue and Cost Pressures

Revenue	Costs
<ol style="list-style-type: none"><li data-bbox="183 576 563 634">1. Sales Tax<li data-bbox="183 772 682 829">2. Fare revenue	<ol style="list-style-type: none"><li data-bbox="1304 576 2440 634">1. Cost to deliver paratransit service<li data-bbox="1304 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%

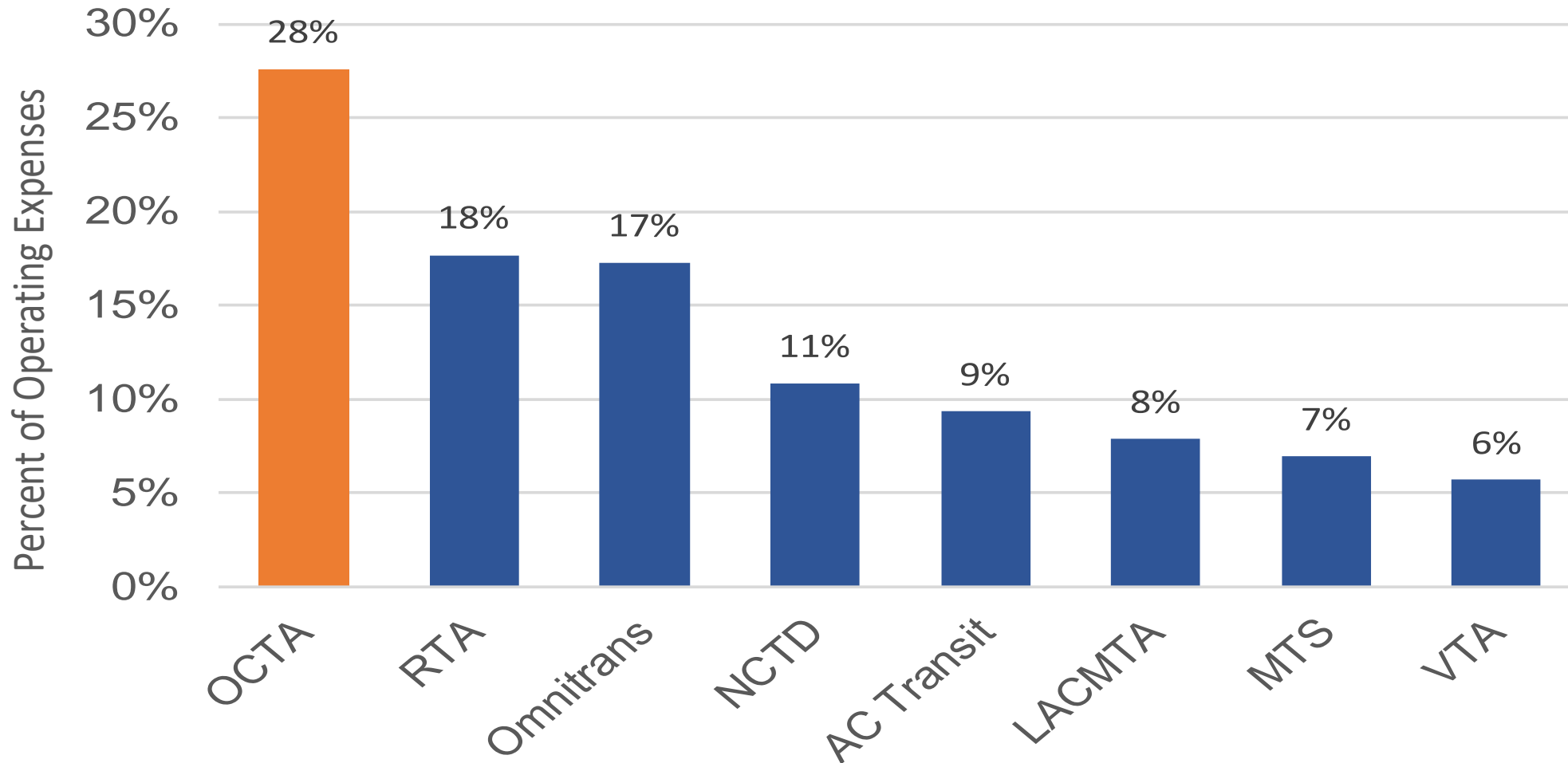
Contracted Fixed-Route: 30%

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