



AFFILIATED AGENCIES

Orange County
Transit District

Local Transportation
Authority

Service Authority for
Freeway Emergencies

Consolidated Transportation
Service Agency

Congestion Management
Agency

September 8, 2025

Honorable Maria E. Hernandez
Presiding Judge of the Superior Court
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Dear Judge Hernandez:

On behalf of the Orange County Transportation Authority (OCTA), I am pleased to submit OCTA's formal response to the 2024–2025 Orange County Grand Jury Report titled "*OCTA: It Takes a Lot to Keep Us Moving.*"

We appreciate the Grand Jury's review of our agency's responsibilities and challenges in planning, funding, and delivering essential public transportation services for Orange County. We are especially encouraged by the Grand Jury's recognition of OCTA's responsible delivery of Measure M2-funded projects, our commitment to long-range environmental planning, and our leadership in state-mandated zero-emission bus deployment.

We welcome the opportunity to provide clarification on several complex issues raised in the report and to outline steps OCTA is already taking in areas such as public engagement, project permitting, and mitigation support for impacted communities.

OCTA remains committed to transparency, continuous improvement, and meeting the evolving transportation needs of Orange County's residents, businesses, and visitors. We thank the Grand Jury for its service and for the opportunity to provide this response.

If you have any questions regarding the enclosed document, please feel free to contact me directly at (714) 560-5343.

Sincerely,

Darrell E. Johnson
Chief Executive Officer

DEJ:mm
Enclosure

Proposed Response to 2024-2025 Orange County Grand Jury Report, “OCTA: It Takes a Lot to Keep Us Moving”

Prepared in accordance with California Penal Code §933 and §933.05

F1

There is no consensus on the causes of environmental disruptions resulting in track closures on the San Clemente Railroad corridor, which significantly hinders Orange County Transportation Authority (OCTA) from finding an agreed-upon solution.

OCTA agrees with this finding. OCTA acknowledges the complexity of coastal conditions and continues collaborating with regulatory partners and technical experts to pursue a mix of short- and long-term rail resiliency strategies, while soliciting feedback from the public, scientific experts, and from state and federal regulatory agencies.

F2

Orange County Transportation Authority has made good faith efforts to listen to input from all interested parties in San Clemente on the railroad and beach environmental issues and has made substantial adjustments in its proposed solutions based on these discussions.

OCTA agrees with this finding. Through dozens of meetings and multiple public workshops, OCTA has incorporated feedback from local governments, regulatory agencies, environmental groups, and residents.

F3

Experts agree that there is abundant sand available for replenishment from inland sources, as well as offshore sources; both could help with track stabilization.

OCTA partially agrees with this finding. Despite the availability of sand, environmental suitability, transport logistics, and regulatory approvals remain significant challenges for public agencies in pursuit of sand nourishment projects. OCTA is working to address these challenges through inter-agency coordination, permitting, and legislative support.

F4

The California Coastal Commission (CCC) and US Army Corps of Engineers (USACOE) determine what is classified as an “emergency.” OCTA must abide by their decisions. As a result, it is very challenging for OCTA to proactively address future environmental disruptions, which are almost certain to occur.

OCTA agrees with this finding. The current regulatory structure limits OCTA's ability to proactively address environmental threats without an official declaration of emergency by external agencies.

F5

There are only two types of permits for projects within the coastal zone: Emergency and Standard Coastal Development. Limited to these categories, it is extremely difficult for OCTA to be proactive in addressing impending environmental disruption to rail service.

OCTA agrees with this finding. OCTA supports the creation of additional permitting mechanisms for critical public infrastructure within the coastal zone and is advocating for legislative change.

F6

The Standard Coastal Development permit does not differentiate between public infrastructure and private development. Therefore, projects that impact public transport and safety are not afforded an expedited process over hotels or other private development.

OCTA agrees with this finding. The California Coastal Act does not distinguish between private development and vital public transportation and infrastructure projects, limiting OCTA's ability to expedite necessary work.

F7

The Grand Jury cannot determine Santa Ana residents' and merchants' level of support and enthusiasm for the OC Streetcar when it was first proposed, or even currently.

OCTA respectfully disagrees with this finding. The City of Santa Ana was the lead local sponsor of the project and played a vital role in its early development. As the original sponsor, the City of Santa Ana applied for and received planning funds through OCTA's Go Local program and subsequently led community outreach and environmental review efforts. In 2014, the Santa Ana City Council, as representative of the local constituency, unanimously adopted the Locally Preferred Alternative (LPA), confirming the route, station locations, and vehicle type. The LPA process is a public project vetting mechanism which involves community and stakeholder engagement. This process enables the public to provide meaningful input on the project alternatives, leading to a general consensus on the preferred project alternative by the Santa Ana City Council. This action reflected strong institutional and community-based support at the time of project approval.

Therefore, the OC Streetcar Project was advanced through a highly transparent and inclusive process that involved extensive public input and formal support. The

planning and approval of the OC Streetcar Project fully complied with all applicable procedural and regulatory requirements, including the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). CEQA and NEPA both have a robust public involvement process that includes input on the project from conceptual planning through the LPA selection stage.

The record clearly shows that the project proceeded through formal channels with local backing and public input at every key stage. Accordingly, the suggestion that support is indeterminable does not reflect the documented planning and decision-making history.

F8

Orange County Transportation Authority is relying on outdated OC Streetcar Project ridership analyses from 2015, resulting in unrealistic expectations.

OCTA respectfully disagrees with this finding. OCTA is following the requirements from the Federal Transit Administration (FTA) in developing ridership forecasts for the OC Streetcar Project. The initial forecast was developed in 2015 as part of the Full Funding Grant Agreement application. An update is required six months prior to revenue service. OCTA is underway with this update and does expect a lower forecast based on changes to post-pandemic travel patterns. This trend is consistent with other new transit projects around the country.

F9

Despite significant cost overruns and delays in the construction of the OC Streetcar Project, OCTA has failed to mitigate significant interruptions and lost revenue experienced by Santa Ana businesses.

OCTA respectfully disagrees with this finding. Throughout the OC Streetcar construction, OCTA conducted extensive community and business outreach aimed specifically at supporting Downtown Santa Ana businesses and minimizing disruption to the extent possible. Importantly, construction occurred during the COVID-19 pandemic, a time when many businesses were already impacted by state-mandated closures and public health restrictions that significantly affected customer traffic and operations. In addition, the downtown area experienced substantial non-OCTA-related construction activity during this same period, including major residential and commercial projects, which compounded the overall disruption.

Despite these challenges, OCTA proactively launched and sustained multiple initiatives to assist affected businesses. This included the Eat, Shop, Play Program, which offered individualized marketing support such as professional photography, copywriting, social media placement, and paid advertising on digital billboards,

buses, and local media. A walking map of participating businesses was created and distributed at community events and through digital ad campaigns to increase visibility and customer engagement. Additionally, customized individual banners and wayfinding signage were installed on sidewalks and fencing to ensure visibility for businesses.

OCTA also purchased radio and newspaper advertising and deployed digital message boards beyond the immediate project area to remind the public that businesses remained open during construction. Additionally, OCTA partnered with and provided direct funding to Downtown Inc. and the Santa Ana Business Council, enabling those organizations to plan and promote special events and seasonal programming that drew visitors to the downtown corridor. To further support businesses and encourage visitors to Downtown Santa Ana during construction, OCTA entered into a funding agreement with the City of Santa Ana to provide free parking in four key downtown parking structures. OCTA also created large-format banners placed on the parking structures to highlight and direct visitors to the free parking.

These efforts reflect OCTA's ongoing commitment to supporting local businesses and maintaining open communication with the community throughout construction.

F10

The estimated reduction of 12,500 daily vehicle miles of travel projected to be a benefit of the OC Streetcar Project is a tiny fraction of the daily miles traveled in the entire County. This calls into question the efficacy of the OC Streetcar Project.

OCTA respectfully disagrees with this finding. The OC Streetcar Project was evaluated and received federal funding based on meeting the FTA's Capital Investment Grant *New Starts* criteria. Environmental benefits, including reductions in vehicle miles traveled (VMT), were just one of several factors considered. The project's value goes beyond VMT reduction and should also be measured by improvements in mobility, cost-effectiveness, congestion relief, land use, and economic development.

In addition to VMT reduction, this project provides a key vital first/last mile connection. The project also offers reliable, fixed-route service to key destinations, enhances access to major OC Bus and commuter rail services, and expands mobility options for residents, visitors, and workers.

F11

Orange County Transportation Authority is making a responsible effort to comply with the State-mandated zero emission bus pilot program. It has purchased fuel cell and

battery electric buses and related infrastructure to determine which type will be the bus of the future.

OCTA agrees with this finding. The agency remains committed to following current state regulatory requirements to transition to zero-emission technology. Simultaneously, OCTA will continue to collaborate with regional and state entities to address infrastructure and funding challenges.

F12

Orange County Transportation Authority's decision to fully self-insure for liability runs the risk that a catastrophic loss could severely deplete its financial reserves.

OCTA respectfully disagrees with the finding. OCTA has taken proactive, responsible, and sufficient measures to manage the risk associated with being self-insured. In December 2024, the OCTA Board of Directors re-affirmed its decision to continue with self-insurance and subsequently directed staff to develop a reserve policy specifically intended to cover the financial impact of a potential catastrophic event.

Following this direction, staff returned to the Board with a recommendation to establish a catastrophic loss reserve of \$32 million. The Board adopted this reserve policy and instructed staff to evaluate and revisit the adequacy of the reserve amount on an annual basis. This reserve approach provides a fiscally responsible means to address high-impact, low-probability liability exposures while preserving flexibility and avoiding the high premiums and limited benefits of returning to the commercial insurance market.

Through this action, OCTA has established a practical and forward-looking framework to ensure long-term financial resiliency and safeguard public funds.

F13

As mitigation for expedited freeway project approvals, OCTA has purchased approximately 1,300 acres of open space, restored 350 acres of habitat, and established an endowment to manage these properties. This benefits the health of wildlife and residents of Orange County.

OCTA agrees with this finding. These innovative mitigation efforts exemplify OCTA's commitment to balancing transportation progress with environmental stewardship.

F14

Measure M2 sales tax (now referred to as OC Go) benefits Orange County by providing significant funding for transportation projects.

OCTA agrees with this finding. Measure M2 remains foundational to OCTA's long-range transportation strategy.

R1

Despite significant obstacles to sand replenishment, OCTA should dedicate sufficient assets to investigating solutions whereby sand can be sourced and transported more quickly so that it can be a larger component of railroad track fortification. This investigation should begin by September 30, 2025.

This recommendation has been implemented. OCTA is partnering with the City of San Clemente on an offshore sand source study and evaluating various efforts to expedite and meet rail reinforcement commitments. Concurrently, OCTA is also exploring inland sand sources to potentially place smaller quantities in anticipation of the larger quantity from an offshore sand source.

R2

Orange County Transportation Authority should prioritize its lobbying of State and federal agencies to create an intermediate-level environmental permit designed specifically for public infrastructure that is between "Standard Coastal Development" and "Emergency."

This recommendation has been implemented. OCTA has made the streamlining of the environmental permit process a legislative priority and is working with partners to create a flexible permitting track. Specifically, OCTA's Board-approved legislative platform states that OCTA should engage in sponsor legislation pertaining to policy areas such as, "Expedited permitting and project delivery for critical public transportation projects located within the coastal zone." OCTA recognizes the critical need for a more flexible permitting pathway through the coastal development permit process that supports timely public infrastructure response during emergencies while ensuring appropriate environmental oversight.

R3

Projects of the financial magnitude of the OC Streetcar should be planned and executed to benefit a significantly larger portion of Orange County. This should begin with all projects currently underway.

Respectfully, this recommendation will not be implemented because it is not warranted. The OC Streetcar Project was developed and funded through a

combination of local, state, and federal sources, including funding from the FTA under a full funding grant agreement, state funds through the California State Transportation Agency (CalSTA), and local Measure M2 dollars. Each of these funding sources has specific eligibility requirements, and project proposals must meet strict evaluation criteria regarding community benefit, cost-effectiveness, ridership potential, and deliverability.

While OCTA provided grant opportunities to all 34 cities in Orange County through the Go Local Program, only the cities of Santa Ana and Garden Grove submitted a proposal that successfully met the eligibility requirements of both federal and local funding programs. This was a competitive process, and the OC Streetcar emerged as the most viable and fundable transit investment.

It is also important to recognize the demographic and urban characteristics of the area served. Santa Ana is one of the most densely populated cities in the United States among cities with a population over 300,000 and it is the third most populous city in Orange County. This makes Santa Ana uniquely suited to benefit from fixed-guideway transit investments. In fact, placing major transit infrastructure in dense, high-ridership corridors is a standard practice nationwide. Planning and executing major infrastructure projects like the OC Streetcar require attention to a complex range of factors including land use, equity, transit dependency, economic development potential, and environmental outcomes — all of which were carefully weighed in the project's development.

All OCTA projects undergo a detailed planning process in full compliance with state and federal regulatory requirements. Project benefits are evaluated through established criteria defined by funding agencies and regulatory frameworks to ensure consistency with regional, environmental, and policy objectives.

R4

For major transportation projects such as the OC Streetcar, OCTA should improve public outreach, including education about each project's origin, need, expected benefit, timeline, cost, and funding sources.

This recommendation has been implemented. OCTA has long maintained a robust and proactive public outreach and communications program that is consistently applied across all major capital projects. From the earliest planning stages through final implementation, OCTA develops and executes comprehensive communications strategies that include the identification of key stakeholders, the creation of collateral materials such as fact sheets, FAQs, project maps, and public notices, and the use of both traditional and digital platforms to ensure broad community access to project

information. Residents, business owners, and other impacted groups are regularly engaged through in-person and virtual community meetings, one-on-one briefings, presentations to neighborhood associations, weekly email updates, and active social media outreach. In addition, all project details are published and continuously updated on OCTA's website.

This approach has long been standard practice for OCTA, and it reflects the agency's commitment to transparency, responsiveness, and inclusive community engagement. The OC Streetcar Project has followed this same model from its inception, with sustained outreach to stakeholders in Santa Ana and Garden Grove and regional coordination consistent with the agency's established procedures.

R5

Orange County Transportation Authority should establish a Business Interruption Fund (BIF), through a third party, like that of Los Angeles Metro Transit Authority, to assist business owners whose livelihoods are disrupted by major transportation projects such as the OC Streetcar Project. BIF to be established by December 31, 2025.

Respectfully, this recommendation will not be implemented because it is unreasonable. After a thorough review of peer transit agency programs and applicable legal frameworks, OCTA determined that it does not have the statutory authority to implement a Business Interruption Fund (BIF) of the type proposed. Direct financial assistance to individual businesses is restricted under both federal and state law. Specifically, the Federal Transit Administration prohibits the use of federal capital project funds for business disruption expenses, as they fall outside the definition of an eligible capital expenditure under Title 49, U.S. Code Section 5302.

Additionally, the California Constitution's Article XVI, Section 6 prohibits gifts of public funds. Because business interruption payments primarily benefit individual owners rather than the public at large, they fail to meet the "public purpose" exemption required to justify such expenditures. OCTA's legal counsel and finance staff confirmed these restrictions during the development of a staff report presented to the Board of Directors on April 4, 2022.

In light of those findings, the Board of Directors directed staff to continue pursuing non-financial mitigation strategies, including support for marketing and promotional activities in partnership with Downtown Inc. and the Santa Ana Business Council. Those efforts included \$400,000 in Measure M2 funding for business promotions, event sponsorships, and advertising campaigns. OCTA also enhanced signage, public awareness efforts, and outreach efforts to help educate the public regarding access to Downtown Santa Ana businesses during OC Streetcar construction.

Given that the Board has already taken formal action and that legal and regulatory constraints prevent the creation of a BIF as proposed, this recommendation cannot be implemented.

R6

Orange County Transportation Authority should consider reentering the liability insurance market to reduce the potential cost of a catastrophic loss. Staff report to OCTA Board about reentering the market by December 31, 2025.

This recommendation has been implemented. In December 2024, the OCTA Board reviewed the agency's risk exposure and re-affirmed its decision to remain fully self-insured. Following this reaffirmation, the Board took additional action to mitigate potential risk by directing staff to develop a reserve policy designed to adequately fund a catastrophic loss.

Pursuant to this direction, staff returned to the Board with a proposal to establish a catastrophic loss reserve fund in the amount of \$32 million. The Board formally adopted this recommendation and further instructed staff to revisit the reserve policy and funding level on an annual basis to ensure the reserve remains adequate and responsive to evolving conditions and liabilities.

This set of actions satisfies the intent of the Grand Jury's recommendation. OCTA continues to monitor liability trends and will make adjustments to its risk strategy as needed to ensure prudent financial planning and protection of public resources.