

OVERVIEW

FY 2015-16 Approved Budget (In Thousands)

Operating budget	\$751,474
Capital budget	236,521
Long Term commitments	34,540
TOTAL	\$1,022,535

FY 2015-16 Accomplishments

- The first comprehensive review of OCTA's M2 Program was completed and determined that M2 was supported by the public and continues to deliver M2 Programs as promised to the voters. An M2 Public Hearing was conducted and the Taxpayer Oversight Committee determined that OCTA is in compliance with the M2 Ordinance.
- Delivered on the environmental promises of Measure M by embracing policies and practices to promote environmental sustainability. The OCTA Environmental Cleanup Program was awarded the 2015 Sustainability Award by the Southern California Association of Governments. The award recognizes projects that coordinated land use and transportation to improve mobility, livability, prosperity, and sustainability in Southern California.
- The Federal Transit Administration issued a Finding of No Significant Impact for the environmental assessment/final environmental impact report, clearing the OC Streetcar project to advance into the design phase. Successfully entered the OC Streetcar project into the project development phase of the federal New Starts process.
- The final interagency transfer agreement (ITA) between the LOSSAN Caltrans Division of Rail and Mass Transportation was approved by the Secretary of the California State Transportation Agency. The ITA became effective July 1, 2015. An operating agreement between LOSSAN and Amtrak for the Pacific Surfliner service was executed and the LOSSAN Rail Corridor Agency is now responsible for the managerial and operational oversight of the Pacific Surfliner service, which is the second busiest Amtrak route in the nation, serving 2.7 million passengers.
- Supported the passage of Fixing America's Surface Transportation (FAST) Act, which is the first law enacted in over ten years that provides long-term funding certainty for surface transportation and legislative action to extend the alternative fuel tax credit to all of 2015 and 2016.
- Secured legislation that revised the cap-and-trade funded Transit and Intercity Rail Capital Program to allow for improvements that will ensure investments are made in transformative transit and rail capital projects, improve mobility, and reduce greenhouse gas emissions.
- Developed 2016 Bus Service Plan and Bus Stop Spacing Efficiency Program in support of the OC Bus 360° ridership initiative. The program is expected to reverse the declining ridership trend and increase ridership by over 1.3 million boardings in three years.
- Delivered ten signal synchronization projects on behalf of multiple cities that resulted in significant travel time improvements for approximately 73 miles of arterials and 259 signalized intersections.

FY 2016-17 Approved Budget (In Thousands)

Operating budget	\$761,602
Capital budget	365,542
Long Term commitments	34,332
TOTAL	\$1,161,476

STRATEGIC PLAN FRAMEWORK

FY 2016-17 Board Strategic Initiatives

- Implement OC Bus 360°
- Deliver capital projects
- Optimize technology solutions
- Advocate for ample and stable funding
- Collaborate with transportation agencies

To provide Orange County residents with the highest quality transportation programs and services, OCTA is committed to its organizational vision and mission statement. The Strategic Plan is also consistent with the framework of goals and values developed by the Board of Directors.

OCTA Vision

Provide an integrated and balanced transportation system that supports the diverse travel needs and reflects the character of Orange County.

Mission Statement

Develop and deliver transportation solutions to enhance quality of life and keep Orange County moving.

OCTA Goals

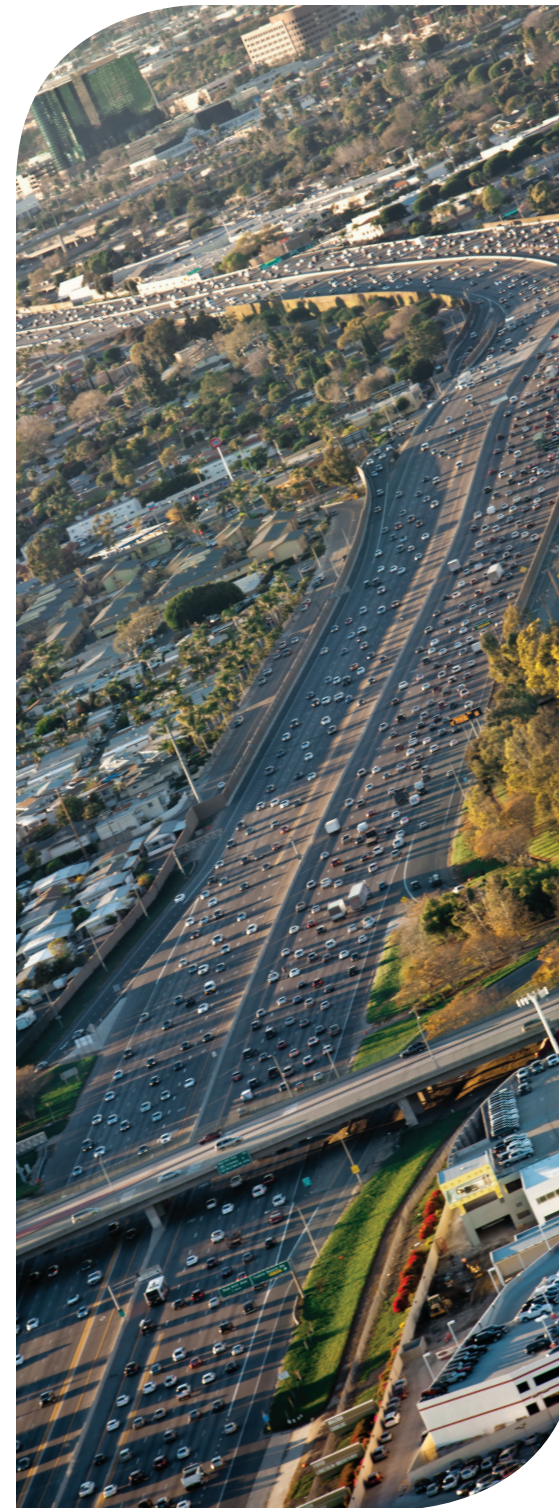
- Mobility** - Deliver programs, projects, and services to improve the movement of people and goods throughout Orange County and the region.
- Public Service** - Enhance customer satisfaction by understanding, connecting with and serving our diverse communities and partners.
- Fiscal Sustainability**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

OCTA Values

- Integrity** - We deliver as promised and do so ethically, fairly and with transparency.
- Customer Focus** - We treat our customers with care, consideration and respect, providing friendly and reliable professional service responsive to their needs.
- Can-Do-Spirit** - We tackle challenges with innovation, vision and strategic thinking.
- Communication** - We provide consistent, timely and reliable information in an open, honest and straightforward manner.
- Teamwork** - We work well together from a sense of shared purpose and mutual respect.



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Orange County Transportation Authority

CEO MESSAGE

Dear Orange County Residents:

In alignment with the Orange County Transportation Authority's (OCTA) vision, mission, values, and in accordance with the Board of Directors (Board) Strategic Initiatives, I present to you the fiscal year (FY) 2016-17 budget for OCTA. The FY 2016-17 budget is balanced at \$1.2 billion and commits the necessary resources to continue to keep its promises to the residents of Orange County.

This budget includes the new and more conservative Board-adopted forecast methodologies for both of OCTA's sales tax measures. The first relates to the Measure M2 (M2) Program, the ½ cent voter-approved sales tax which is projected to grow by 4.4 percent. The second, which funds approximately 58 percent of the bus program's operating expenditures, is the ¼ cent Local Transportation Fund which is projected to grow by 2.8 percent.

Under the M2 Program, funds will continue to provide improvements to freeways and streets and roads throughout Orange County, as well as fund several transit programs. Included in the approved budget is \$230 million to make improvements to the Interstate 405, Interstate 5, State Route 55, State Route 57, and State Route 91 freeways. Approximately \$183 million is budgeted to improve streets and roads, including \$53 million to fund the Local Fair Share Program, \$53 million for the Regional Capacity Program, and \$50 million for the OC Bridges Project. In addition, the M2 transit budget includes \$61 million to continue the OC Streetcar.

In FY 2016-17, the budget to support the Bus Program is \$345 million. The budget includes efforts to begin the implementation of OC Bus 360, which aims to increase bus ridership. The budget also maintains existing service levels at 1.6 million service hours and defers a planned fare increase. In order to maintain service levels, despite declines in fare revenue and State Transit Assistance, and lower forecasted growth in sales tax, OCTA reduced the bus operating budget by \$20 million. The budget also includes the transition of approximately 52,000 hours of directly-operated service to the contracted service provider which will bring the total amount of contracted service to 40 percent.

The FY 2016-17 budget demonstrates OCTA's continued commitment to provide an effective and efficient multi-modal transportation network to enhance quality of life and keep the residents of Orange County moving.

Sincerely,

Darrell Johnson
Chief Executive Officer

2016-17 APPROVED BUDGET

PROGRAMS

Measure M2 (M2)

The original Measure M (M1) half-cent local transportation sales tax, approved by Orange County voters in November 1990, ended in April 2011. On November 7, 2006, 69.7 percent of Orange County voters approved the renewal of Measure M, also known as M2, for an additional 30 years, beginning in 2011. In September 2012, the OCTA Board of Directors approved the M2020 Plan which provides strategies to accelerate M2 improvements by delivering early on promises made to the voters. This fiscal year will mark the sixth full year of sales tax collections for the approximately \$14.8 billion M2 program. Projects in this fiscal year include: 405 improvement project, Local Fair Share Program, Regional Capacity Program, and numerous freeway projects.

Bus Operations

The Bus Operations program represents OCTA's core business unit, which delivers fixed route, express, StationLink rail feeder and complementary paratransit bus services for Orange County residents. The fixed route network provides bus service on 40 local lines, 14 community lines, 10 inter/intracounty express lines, 11 StationLink rail feeder lines and 1 BRT line. OCTA paratransit services provide demand response bus service to persons with developmental and physical disabilities as required by the federal Americans with Disabilities Act, as well as bus service to transport elderly persons. OCTA staff recommends sustaining service levels of 1.6 million revenue hours during FY 2016-17. The plan to convert a portion of directly operated fixed route service commensurate with coach operator attrition will continue with approximately 52,000 revenue hours being converted during the year. By the end of the year, approximately 40% of fixed-route service will be operated by the contracted service provider.

91 Express Lanes

The 91 Express Lanes is a four-lane, 10-mile toll road built in the median of the Riverside Freeway (SR-91) between the Orange/Riverside County line and the Costa Mesa Freeway (SR-55). This unique toll road is an important element in ensuring that traffic flows more smoothly between the two counties. Toll road revenues generated fund annual operating costs, debt service, and capital expenditures. This fiscal year, revenues will also be used for pavement rehabilitation and variable messaging signage. These infrastructure investments will enhance safety for SR-91 commuters and provide superior service to our customers.

Rail

Rail service for OCTA centers on Metrolink, Southern California's commuter rail system linking residential communities to employment and activity centers. Formed in 1991, Metrolink is operated by the Southern California Regional Rail Authority (SCRRA) – a joint powers authority of five member agencies representing the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. OCTA is one of the five member agencies that administers Orange County Metrolink activities. Projects within rail service include track and rail facility improvements.

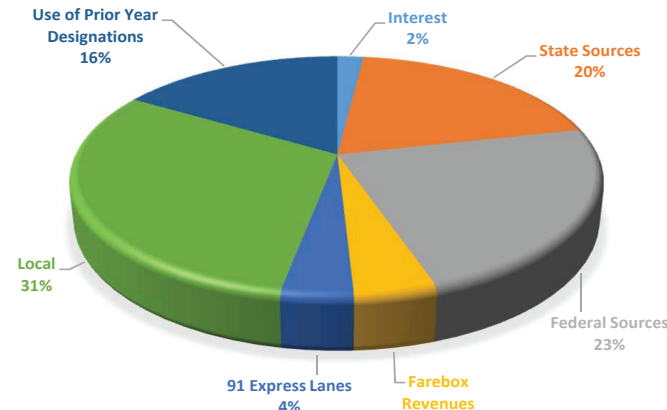
Motorist Services Program

The Motorist Services program consists of two business units: the Service Authority for Freeway Emergencies (SAFE) and the Orange County Taxicab Program (OCTAP). SAFE provides the Freeway Callbox System and Freeway Service Patrol services. OCTAP provides a regulatory function for taxicab services for 34 local cities and has established a uniform regional approach for this program in Orange County.

SOURCES OF FUNDS

In FY 2016-17, OCTA anticipates receiving \$972.2 million in revenue and utilizing \$189.3 million in prior year designations for a total of \$1.16 billion in available funding for all programs and projects. The majority of the revenue is derived from the M2 ½ cent sales tax (Local Transportation Authority) and Transportation Development Act ¼ cent sales tax shown in the pie-chart below as local funding.

Total Revenues & Reserves: \$1.16 billion



Sources of Funds for Fiscal Years
2014-15 through 2016-17 (In Thousands)

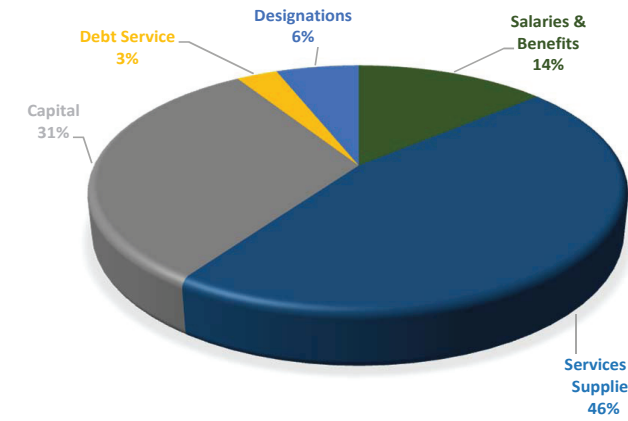
Revenue by Category	FY 2014-15	FY 2015-16	FY 2016-17
	Actuals	Approved	Approved
Interest	17,731	20,194	21,934
State Sources	252,103	217,896	227,021
Federal Sources	114,357	154,471	272,184
Farebox Revenues	54,503	56,536	49,899
91 Express Lanes	46,571	41,977	43,482
Local	334,253	355,709	357,646
Use of Prior Year Designations	345,915	175,752	189,310
TOTAL REVENUES BY TYPE	1,165,433	1,022,535	1,161,476

Revenue by Fund	FY 2014-15	FY 2015-16	FY 2016-17
	Actuals	Approved	Approved
405 Express Lanes	-	-	41,578
91 Express Lanes	47,361	71,128	76,560
ARBA Trust Fund	1,341	2,469	1,447
Commuter and Urban Rail Endowment	54,873	75,841	64,528
General Fund	3,615	31,278	12,387
Internal Service Fund PL and PD	303	457	4,530
Internal Service Fund Workers' Compensation	626	755	1,475
Local Transportation Authority Measure M1	200,081	-	-
Local Transportation Authority Measure M2	401,138	435,618	537,494
Local Transportation Fund	153,589	165,279	161,028
Measure M - Cure	-	-	27,395
Measure M2 Bond Debt Service	6,460	6,494	13,450
Orange County Taxi Administration Program	909	912	796
Orange County Transit District	267,645	187,470	166,708
Orange County Unified Transportation Trust	276	90	159
Scholarship Fund	13	18	18
Service Authority for Abandoned Vehicles	5	1	1
Service Authority for Freeway Emergencies	6,105	7,741	5,919
State Transit Assistance Fund	20,997	20,887	17,214
Transit Development Capital Project	96	16,097	28,789
TOTAL REVENUES BY FUND	1,165,433	1,022,535	1,161,476

USES OF FUNDS

The FY 2016-17 budget is built upon the program and service objectives set by the Board of Directors. OCTA's combined staffing, operating and capital budgets total \$1.16 billion. The approved appropriation plan includes \$1.09 billion in expenditures and \$68.8 million in designations. The budget represents the Authority's ongoing commitment to deliver a quality set of transportation solutions for residents of Orange County within the revenues available.

Total Expenses & Designations: \$1.16 billion



Uses of Funds for Fiscal Years
2014-15 through 2016-17 (In Thousands)

Expense by Category	FY 2014-15	FY 2015-16	FY 2016-17
	Actuals	Approved	Approved
Salaries & Benefits	151,332	159,708	158,524
Services & Supplies	411,935	534,557	534,273
Capital	257,389	236,521	365,542
Debt Service	34,716	34,540	34,332
Designations	310,061	57,209	68,805
TOTAL EXPENSES BY TYPE	1,165,433	1,022,535	1,161,476

Expense by Fund	FY 2014-15	FY 2015-16	FY 2016-17
	Actuals	Approved	Approved
405 Express Lanes	-	-	39,654
91 Express Lanes	44,755	59,939	65,864
ARBA Trust Fund	1,341	2,469	1,447
Commuter and Urban Rail Endowment	48,293	68,157	59,344
General Fund	91,453	130,538	108,966
Internal Service Fund PL and PD	749	4,678	7,670
Internal Service Fund Workers' Compensation	7,685	7,634	6,838
Local Transportation Authority Measure M1	17,336	-	-
Local Transportation Authority Measure M2	388,056	356,224	446,673
Local Transportation Fund	5,468	4,153	4,042
Measure M - Cure	128,447	-	27,394
Measure M2 Bond Debt Service	28,794	28,794	28,794
Orange County Taxi Administration Program	579	567	541
Orange County Transit District	396,877	310,545	293,834
Orange County Unified Transportation Trust	94	15	159
Scholarship Fund	13	18	18
Service Authority for Abandoned Vehicles	5	1	1
Service Authority for Freeway Emergencies	5,396	7,371	6,359
State Transit Assistance Fund	4	-	-
Transit Development Capital Project	88	41,432	63,878
TOTAL EXPENSES BY FUND	1,165,433	1,022,535	1,161,476

HISTORY

OCTA is responsible for providing coordinated, effective and accountable transportation planning and public transportation services within Orange County. OCTA was established by state law and created from the consolidation of seven transportation agencies, which include:

- Orange County Transportation Commission
- Orange County Transit District
- Orange County Consolidated Transportation Services Agency
- Orange County Local Transportation Authority
- Service Authority for Freeway Emergencies
- Orange County Congestion Management Agency
- Service Authority for Abandoned Vehicles

OCTA began serving the public on June 20, 1991. The establishment of a consolidated transportation authority has saved county taxpayers tens of millions of dollars through increased efficiency and the elimination of duplication of efforts. Concurrent with these efforts, however, services and investment in transportation has increased, providing the county with a progressive, effective and comprehensive transportation system.

Governing Board

The Orange County Transportation Authority is governed by an 18-member Board of Directors 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 serving in a non-voting capacity is a representative appointed by the Governor of California. OCTA is managed by a Chief Executive Officer, who acts in accordance with the direction, goals, and policies articulated by the Board of Directors.

Organization

OCTA's organizational structure is comprised of eight divisions:

- Executive Office
- Finance and Administration
- Human Resources & Organizational Development
- Government Relations
- Planning
- Capital Programs
- External Affairs
- Transit

Employees

	Approved FY 2014-15	Approved FY 2015-16	Approved FY 2016-17
Executive Office	18.0	18.0	19.0
Finance and Administration	159.0	161.0	162.0
External Affairs	40.0	40.0	41.5
Human Resources and Org. Dev.	43.0	45.0	46.0
Transit	1,119.0	1,060.0	1,017.5
Government Relations	9.0	10.0	10.5
Planning	38.0	39.0	41.0
Capital Programs	37.0	48.0	49.0
TOTAL	1,463.0	1,421.0	1,386.5