



CEO MESSAGE

Dear Orange County Residents:

I present to you the fiscal year 2011-12 budget for the Orange County Transportation Authority (OCTA). This \$1.1 billion budget has been developed consistent with the assumptions and goals of OCTA's Strategic Plan and Fiscal Year 2010-11 Comprehensive Business Plan. This balanced budget is a result of OCTA's ongoing effort to deliver long-term sustainable transportation solutions for the residents of Orange County while remaining a responsible steward of limited taxpayer dollars.

I am pleased to report that this budget anticipates no further reductions to bus service levels. The plan to contract additional fixed route service commensurate with coach operator attrition will continue, with approximately 100,000 revenue hours to be converted during the fiscal year. In addition, sales tax revenue is budgeted to increase by 5.4% next fiscal year, which is consistent with the growth in sales tax collections this fiscal year. This steady growth provides further indication that the economy is slowly recovering from the recession.

As the economy emerges from the recession, OCTA remains committed to controlling costs. No wage increases for administrative or union employees have been included in this budget, and growth in the OCTA contribution towards administrative and Transportation Communications International Union healthcare costs for calendar year 2012 has been limited to just five percent. These cost saving efforts, amongst others, will be necessary as OCTA faces significant cost increases in areas such as fuel, pensions, and ACCESS service.

Though sales tax collections for Measure M (M1) ended in March 2011, M1 expenditures are still anticipated in this budget as closeout work continues on projects and planned drawdowns occur on cash reserve balances. Additionally, this budget will mark the first full year of sales tax collections for Measure M2 (M2) and the continued development of many of the projects that began under the M2 Early Action Plan.

The fiscal year 2011-12 budget demonstrates OCTA's continued commitment to developing and delivering transportation solutions to enhance quality of life and keep Orange County moving, while remaining a responsible steward of taxpayer dollars.

Sincerely,

Will Kempton  
Chief Executive Officer

ORANGE COUNTY TRANSPORTATION AUTHORITY ANNUAL BUDGET



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

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

Mission Statement

We 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-performance 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/Partnership - We work well together from a sense of shared purpose and mutual respect



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FY 2010-11 Approved Budget

Operating Budget	\$849,566
Capital Budget	209,575
Long Term Commitments	99,994
TOTAL	\$1,159,135

FY 2010-11 Accomplishments

- Opened the final Measure M1 freeway project, the I-5 Gateway and the first M2 freeway project - eastbound lanes on the SR-91
- Broke ground on the West County Connectors (WCC), a \$328 million project to add carpool lanes and connector ramps between the SR-22, I-405, and I-605
- Because of a competitive atmosphere, OCTA realized bids as high as 40 percent below engineer estimates, saving over \$138 million
- Approved a comprehensive update to the M2 Early Action Plan (EAP), valued at \$4.7 billion
- CTC voted to allocate \$357.4 million in Proposition 1B and Proposition 116 funds to OCTA for the WCC, Metrolink Service Expansion Program, Grade Crossing Safety Enhancement and Quiet Zone Program, Tustin and Fullerton Station Improvements, and Metrolink Fiber Optics project
- Approved \$590 million for grade separation projects along the Orangethorpe Railroad Corridor
- Metrolink rolled out its new train cars, the guardian fleet, which includes "crumple zones" on cabs to minimize collision to improve passenger safety and OCTA provided funding for the acquisition of positive train control infrastructure
- Identified operational efficiencies to help sustain transit system
- Collective bargaining agreements were reached with coach operators and maintenance employees and the agreements helped support the long-term viability of the bus system
- Established cost control measures for health care which included plan migration, opt out credits, and increased cost sharing by administrative and Transportation Communications International Union Employees

FY 2011-12 Approved Budget

Operating Budget	\$849,586
Capital Budget	226,453
Long Term Commitments	29,246
TOTAL	\$1,105,285

FY 2011-12 Chairman's Strategic Initiatives

- Meet M2 environmental program commitments, including habitat restoration, acquisitions and habitat conservation planning
- Following major investment studies, allocate resources to investments included in the consensus-developed locally preferred strategy
- Develop a robust arterial road system with an emphasis on gap closures
- Advance the M2 freeway program to expand capacity and make operational improvements
- Create guidelines for "Go Local" rubber tire transit extensions to Metrolink
- Collaborate with partner agencies on intercounty transportation issues
- Adopt a countywide strategy for the bus and rail transit system
- Continue building a national coalition around the "Breaking Down Barriers" concept to make federal process improvements
- Adopt a five-year strategic plan to focus and affirm OCTA mission while clarifying project, program and service priorities
- Inventory and address requirements associated with the end of M1

Measure M1 & M2

Measure M, the half-cent sales tax has delivered on the promises made to the voters of Orange County in 1990, with over \$4 billion invested in improvements to all freeways, streets & roads, and transit services. M1 sales tax collections expired on March 31, 2011 with Renewed Measure M (M2) sales tax collections beginning on April 1, 2011. Though sales tax collections for M1 ended, expenditures are anticipated in the next budget year as drawdowns occur on reserve balances. The largest draw on reserves will be for capital expenditures related to the Metrolink Service Expansion Program (MSEP). In August 2007, the OCTA Board of Directors approved an M2 Early Action Plan covering years 2007 to 2012, allowing the advancement of projects before revenues begin to be collected in 2011. This fiscal year will mark the first full year of sales tax collections for the approximately \$15 billion M2 program. Some of the notable projects in this year's budget include: grade separations, environmental mitigation, 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, and 13 StationLink rail feeder lines. OCTA paratransit services provide demand response bus service to persons with developmental and physical disabilities as required by the federal Americans with Disabilities Act (ADA), as well as bus service to transport elderly persons. The budget for the countywide bus system anticipates no further reductions to service levels and is undertaking a system-wide study to identify areas to improve service delivery.

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). OCTA continues its effort to enhance the corridor to increase capacity and improve traffic flow along the SR-91. Over the next few years, an additional general purpose lane in each direction between the Costa Mesa Freeway (SR-55) and Gypsum Canyon Road will be added. This fiscal year the pavement along the corridor will be rehabilitated, gantries relocated, and variable message signs will be replaced.

Rail

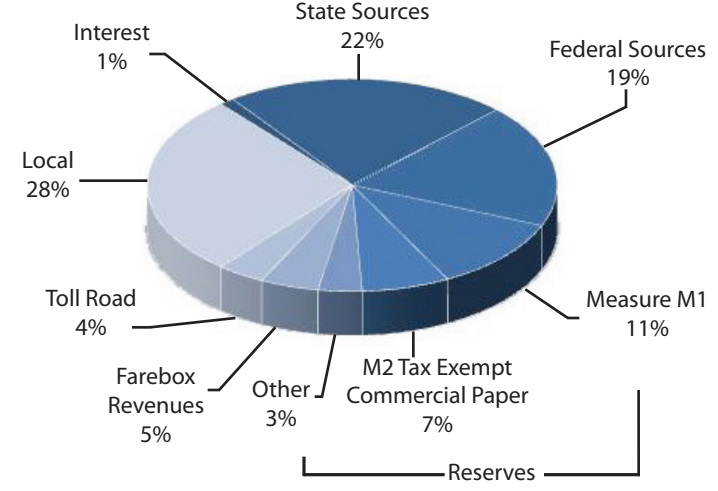
The Metrolink program is a premier regional rail system operated as a Joint Power Authority (JPA) by the Southern California Regional Rail Authority (SCRRA). OCTA is a member of a five member agency that participates in the JPA serving the surrounding counties. OCTA provides the funding necessary to operate the three lines that cross Orange County, which include: the Orange County (OC) Line, the Inland Empire-Orange County (IEOC) Line, and the 91 Line. The rail program will see increased service levels with the implementation of the MSEP which is expected to add six additional trips along the OC line in FY 2011-12.

Motorist Services Program

The Motorist Services program consists of three business units: the Service Authority for Freeway Emergencies (SAFE), the Service Authority for Abandoned Vehicles (SAAV), and the Orange County Taxicab Program (OCTAP). SAFE provides the Freeway Callbox System and Freeway Service Patrol services. SAAV assists the cities and county in removing potentially hazardous and unsightly abandoned vehicles from Orange County's streets and roads. 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.

In fiscal year 2011-12, OCTA anticipates to receive \$868.6 million in revenue and plans to use \$236.7 million in planned use of reserves for a total of \$1.1 billion in available funding for all programs and projects. The majority of the revenue is derived from the Measure M2 ½ cent sales tax (Local Transportation Authority) and Transportation Development Act ¼ cent sales tax. The chart and table below display the sources of funds for each fund and major revenue category.

FY 2011-12 Sources of Funds



Total Revenues and Reserves: \$1.1 billion

Sources of Funds for Fiscal Years 2009-10 through 2011-12 (In Thousands)

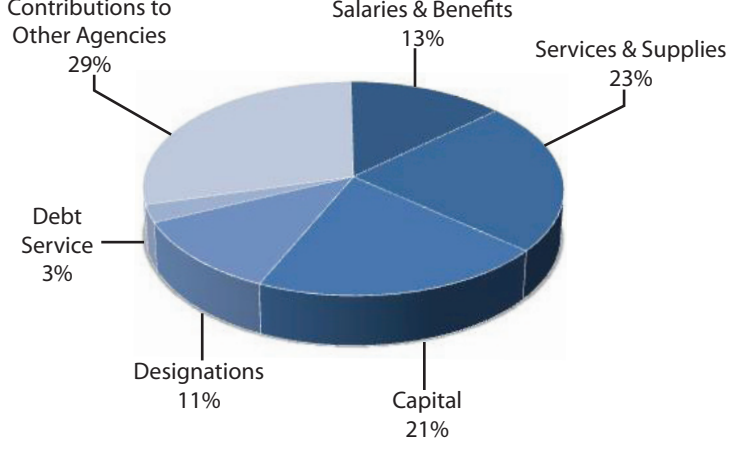
Revenue by Fund	Actuals FY 2009-10	Approved FY 2010-11	Approved FY 2011-12
General Fund	\$9,345	\$9,677	\$7,123
Local Transportation Authority (M1)	359,689	442,411	184,887
Local Transportation Fund	82,685	78,605	130,726
O.C. Unified Trans. Trust	911	233	2,200
Motorist Services	8,438	8,384	8,149
State Transit Assistance Fund	24,427	22,000	19,382
Gas Tax Fund	23,000	23,000	23,000
Measure M2	65,063	252,385	477,806
O.C. Transit District	185,946	196,069	157,154
OCTAP	584	654	674
SR-91 Toll Road	39,895	44,968	43,468
Internal Service Funds	2,823	1,796	1,085
Capital Projects Fund	2,126	362	0
Measure M Bond Debt Service	5,387	1,732	0
Measure M2 Bond Debt Service	0	0	7,075
Bus Operations Fund	14,026	13,537	0
CURE I	34,589	62,171	41,339
CURE III	1,127	0	0
AQMD	200	0	0
Scholarship Fund	20	17	20
ARBA Trust Fund	1,291	1,134	1,197
<b>TOTAL REVENUE BY FUND</b>	<b>\$861,572</b>	<b>\$1,159,135</b>	<b>\$1,105,285</b>

Revenue By Category

Category	Actuals FY 2009-10	Approved FY 2010-11	Approved FY 2011-12
Farebox Revenues	\$51,680	\$53,064	\$50,722
State Sources	388,167	286,237	247,815
Federal Sources	76,370	181,010	207,443
Local Sources	46,102	227,226	307,906
Interest	21,724	11,411	12,886
Toll Road	43,009	44,002	41,813
Use of Reserves	234,520	356,185	236,700
<b>TOTAL REVENUE BY CATEGORY</b>	<b>\$861,572</b>	<b>\$1,159,135</b>	<b>\$1,105,285</b>

The fiscal year 2011-12 budget is built upon the program and service objectives articulated by the Board of Directors. OCTA's combined staffing, operating and capital budgets total \$1.1 billion. The approved appropriation plan includes \$979 million in expenditures and \$126.3 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.

FY 2011-12 Uses of Funds



Total Expenses & Designations: \$1.1 billion

Uses of Funds for Fiscal Years 2009-10 through 2011-12 (In Thousands)

Expenses by Fund	Actuals FY 2009-10	Approved FY 2010-11	Approved FY 2011-12
General Fund	\$81,984	\$77,366	\$80,574
Local Transportation Authority (M1)	267,106	348,426	180,562
Local Transportation Fund	9,113	8,296	5,374
O.C. Unified Trans. Trust	3,607	4,782	225
Motorist Services	7,916	8,613	8,457
State Transit Assistance Fund	1	175	175
Gas Tax Fund	23,000	23,000	23,000
Measure M2	60,287	239,723	451,348
O.C. Transit District	242,725	244,729	241,038
OCTAP	411	452	463
SR-91 Toll Road	36,647	42,762	41,164
Internal Service Funds	7,776	12,672	11,872
Capital Projects Fund	2,628	150	0
Measure M Bond Debt Service	87,574	87,574	0
Measure M2 Bond Debt Service	0	0	22,383
Bus Operations Fund	26	25	0
CURE I	29,459	59,239	37,433
CURE III	1	0	0
Scholarship Fund	20	17	20
ARBA Trust Fund	1,291	1,134	1,197
<b>TOTAL EXPENSES BY FUND</b>	<b>\$861,572</b>	<b>\$1,159,135</b>	<b>\$1,105,285</b>

Expenses by Category

Category	Actuals FY 2009-10	Approved FY 2010-11	Approved FY 2011-12
Salaries & Benefits	\$154,800	\$146,356	\$147,338
Services & Supplies	208,120	241,431	254,208
Contributions to Other Agencies	260,239	419,663	321,763
Capital Expenditures	85,235	209,575	226,453
Debt Service	101,125	99,994	29,246
Designations	52,053	42,116	126,277
<b>TOTAL USES BY CATEGORY</b>	<b>\$861,572</b>	<b>\$1,159,135</b>	<b>\$1,105,285</b>

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 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 all of the cities within the county, and two public members selected by the other 15 board members. 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

The table below provides a look at staffing by division. Due to the economic downturn staffing levels have decreased commensurate with reductions in service levels.

Employees

Divisions	Actuals FY 2009-10	Approved FY 2010-11	Approved FY 2011-12
Executive Office	18	15	15
Finance and Administration	168	159	157
Human Resources & Org. Dev.	44	43	44
Government Relations	5	9	9
Planning	35	37	37
Capital Programs	35	36	36
External Affairs	45	39	40
Transit	1,508	1,283	1,229
<b>TOTAL</b>	<b>1,858</b>	<b>1,621</b>	<b>1,567</b>