



**Measure M**  
**Taxpayer Oversight Committee**  
at the Orange County Transportation Authority  
600 S. Main Street, Orange CA, Room 103/4  
November 10, 2015  
6:00 p.m.



**AGENDA**

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for October 13, 2015**
- 4. Action Items**
  - A. Proposed Amendment to the Transit Category of the Measure M2 Ordinance  
Presentation – Tamara Warren, Measure M Program Manager, Planning
  - B. M1/M2 Quarterly Review & Expenditure Reports (June 15)  
Receive and File – Sean Murdock, Director, Finance and Administration
  - C. M2 Quarterly Review & Expenditure Report (September 15)  
Receive and File – Sean Murdock, Director, Finance and Administration
- 5. Presentation Items**
  - A. Investment Policy Overview  
Presentation – Kirk Avila, OCTA Treasurer
  - B. Performance Assessment  
Presentation – Nereida Villaseñor, Measure M Program Analyst, Planning
  - C. Annual Hearing Planning  
Presentation – Alice Rogan, Public Outreach Manager, External Affairs
- 6. OCTA Staff Updates (5 minutes each)**
  - Metrolink – Andrew Oftelie, Executive Director, Finance and Administration
  - Sales Tax Forecast Update – Sean Murdock, Director, Finance and Administration
  - Other
- 7. Environmental Oversight Committee Report**
- 8. Committee Member Reports**
- 9. Public Comments\***
- 10. Adjournment**

\*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.



## **Measure M Taxpayer Oversight Committee**



### **INFORMATION ITEMS**

#### **1. Metrolink Ridership and Revenue Annual Report**

**Oct 12, 2015**

\*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

# **Measure M Taxpayer Oversight Committee**

## **October 13, 2015 Meeting Minutes**

### **Committee Members Present:**

Eric Woolery, Orange County Auditor-Controller, Co-Chairman  
Narinder “Nindy” Mahal, First District Representative  
Anthony Villa, First District Representative  
Alan Dubin, Second District Representative  
Terre Duensing, Third District Representative, Co-Chairman  
Dr. Ron Randolph, Third District Representative  
Cynthia Hall, Fourth District Representative  
Sony Soegiarto, Fourth District Representative  
Guita Sharifi, Fifth District Representative

### **Committee Member(s) Absent:**

Margie Drilling, Second District Representative  
Nilima Gupta, Fifth District Representative

### **Orange County Transportation Authority Staff Present:**

Jim Beil, Executive Director, Capital Programs  
Janice Kadlec, Public Reporter Specialist  
Kia Mortazavi, Executive Director, Planning  
Sean Murdock OCTA Finance and Administration,  
Alice Rogan, Strategic Communications Manager, External Affairs  
Tamara Warren, Program Manager, M Program Management Office

### **1. Welcome**

Chairman Eric Woolery welcomed everyone to the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) meeting at 6:00 p.m.

### **2. Pledge of Allegiance**

Chairman Eric Woolery asked Anthony Villa to lead the Pledge of Allegiance to the Flag.

### **3. Approval of the Minutes/Attendance Report for August 11, 2015**

A motion was made by Dr. Ron Randolph and seconded by Anthony Villa to approve the August 11, 2015 TOC Minutes/Attendance report. Chairman Eric Woolery asked if there were any additions or corrections to the August 11, 2015 Minutes and

Attendance Report. There were no additions or corrections and the August 11, 2015 Minutes and Attendance Report was carried unanimously as presented.

#### **4. Action Items**

##### **A. Annual Eligibility Review (AER) Subcommittee Report FY 15-16**

Terre Duensing said the Measure M2 Ordinance requires all local jurisdictions in Orange County to annually satisfy eligibility requirements in order to receive M2 net revenues. The AER subcommittee members convened a meeting on September 23 with OCTA staff and their consultant to review eligibility requirements to ensure compliance with the ordinance.

As part of the M2 Eligibility review for FY 2015-16, the AER subcommittee reviewed:

1. Pavement Management Plan Certifications for odd-numbered year agencies.
2. Mitigation Fee Programs, and
3. Congestion Management Programs.

Upon TOC approval, recommendations from the TOC and OCTA staff will be presented to the OCTA Regional Highways and Planning Committee and the Board of Directors for approval in December 2015.

The AER Subcommittee is tentatively scheduled to review expenditure reports for all local agencies in March 2016

A motion was made by Guita Sharifi, seconded by Alan Dubin, and carried unanimously to agree with the AER Subcommittee recommendation that all jurisdictions in Orange County be conditionally eligible for FY 2015-16 until review of the expenditure reports.

#### **5 Presentation Items**

##### **A. OC Streetcar Project Update of the Capital Funding Plan**

Jim Beil, Executive Director, Capital Projects gave an update on the OC Streetcar Project and Capital Funding Plan.

Guita Sharifi asked what is the source for the inflation factor and also when will they know if the State and Federal funding is approved. Jim Beil said OCTA will not get the full funding grant agreement until right before construction starts. In this case it will be 2017. However the FTA New Starts staff is very involved in the process and in Orange County every month talking with staff to make sure OCTA will be able to make the grant agreements. Jim Beil said the consultants are using the industry construction inflation factors accepted by FTA. They are generally 3% per year.

Narinder Mahal asked if the Streetcar would strictly travel on the surface with no elevation involved. Jim Beil said yes. Narinder Mahal asked if they would have to build a bridge over the Santa Ana River. Jim Beil said yes. The existing historic Pacific Electric Bridge is a steel truss bridge and cannot be touched because of its historic significance.

Alan Dubin asked if all the Federal money and the Cap and Trade money does not come in, how much money is available under Measure M2 Project S in addition to the \$56 million. Sean Murdock said there is approximately \$1.3 billion.

Alan Dubin asked if there are other projects under Project S. Jim Beil said there is one project under "S" that made it out of the initial call for projects. The City of Anaheim is also working on a fixed guideway system.

Anthony Villa asked how long it would take for the Streetcar to get from one end to another. Jim Beil said approximately 35 to 40 minutes.

Anthony Villa asked how long it will take until the system is fully operational. Jim Beil said it should be fully operational in late 2020.

Anthony Villa asked if the project would be self-sustaining or would it need to be subsidized. Jim Beil said the farebox return is higher than buses. It could be between 30% to 40% farebox recovery. Also recognizing there is an operational cost, the Board of Directors has approved the operational cost come from Project S. OCTA has executed a Memorandum of Understanding with the City of Santa Ana to provide 10% of the operating cost. Also they will be executing a Memorandum of Understanding with the City of Garden Grove to also contribute 1.5% of the operating cost up to \$100,000.

Cynthia Hall asked how many Streetcars could run on the route at one time. Jim Beil said there could be up to six vehicles running at one time on the Streetcar system.

**B. Measure M1 Closeout**

Sean Murdock, OCTA Finance and Administration, gave a presentation on the Measure M1 Closeout. Currently staff is waiting for the internal auditors to finalize the financial statements. Once this is complete they will put a report together and make a presentation.

**A. Measure M2 Comprehensive Ten-Year Review Report/Proposed Amendment**  
Tamara Warren, Measure M Program Manager, Planning gave an overview of the Measure M2 Comprehensive Ten-Year Review Report.

The Measure M2 Comprehensive Ten-Year Review indicated M2 needs no major changes; however, an adjustment is being recommended to the Transit category: Project T has been completed and there is a balance of \$219 million. Staff wishes to start the amendment process to reallocate \$69 million to Project U - fare stabilization for seniors and persons with a disability, and \$159 million to Project R - high frequency Metrolink service. Staff pointed out that at the Board meeting a discussion took place regarding how Project T funds were for capital improvements and that Project U is for operational assistance. Staff shared that the Ordinance does not restrict the movement of funds between programs within a category.

Sony Soegiarto asked if funds could be moved to any project in Measure M. Tamara said money can be moved within the categories with a two-thirds vote of the TOC and the Board of Directors. It would require taking Measure M back to the voters to move funds from one category to another.

Sony Soegiarto asked where the language was that allowed for the moving of money within the Ordinance. Tamara Warren said the language is in Section 12 of the Ordinance.

Alan Dubin asked if there will be a TOC meeting on November 10. Alice Rogan said yes, but if possible, they will skip the December 8th meeting.

## **6. OCTA Staff Updates**

- Sales Tax Forecast – Sean Murdock gave an update on the Sales Tax Forecast.

## **7. Annual Eligibility Review Subcommittee Report**

The AER had nothing further to report.

## **8. Audit Subcommittee Report**

Chair Eric Woolery reported the Audit Subcommittee met earlier and received information on the following:

- Adopted the TOC Audit Subcommittee Audit Charter
- M2 Performance Assessment Update
- M2 Comprehensive Ten-Year Review
- Sales Tax Update

## **9. Environmental Oversight Committee (EOC) Report**

Anthony Villa said the EOC received an update on the Bolsa Chica Conservancy, Harriet Weider Restoration Project. A total of \$475,000 was funded for this project in 2012 and no progress has been made. The EOC has asked that the project sponsor come back to the EOC with a work plan to get the project going and set timelines showing progress.

Anthony Villa said the Resource Management Plans will be released in November.

A member of the public came forward with approximately 20 acres of land, he was interested in starting a dialog with OCTA for purchase of the property.

**10. Committee Members Reports**

There were no further reports.

**11 Public Comments**

There were no Public Comments.

**12. Adjournment**

The Measure M Taxpayer Oversight Committee meeting adjourned at 7:30 p.m.

# Taxpayer Oversight Committee

## Fiscal Year 2015-2016

### Attendance Record



X = Present      E = Excused Absence      \* = Absence Pending Approval      U = Unexcused Absence      -- = Resigned

Meeting Date	7-Jul	11-Aug	8-Sep	13-Oct	10-Nov	8-Dec	12-Jan	9-Feb	8-Mar	12-Apr	10-May	14-Jun
Margie Drilling		X		*								
Alan Dubin		X		X								
Terre Duensing		X		X								
Nilima Gupta		X		*								
Cynthia Hall		X		X								
Nindy Mahal		X		X								
Ronald Randolph		X		X								
Guita Sharifi		X		X								
Sony Soegiarto		X		X								
Anthony Villa		X		X								
Eric Woolery		X		X								

### Absences Pending Approval

#### Meeting Date

October 13, 2015

October 13, 2015

#### Name

Margie Drilling

Nilima Gupta

#### Reason

Out of town

Out of town



# *Action Items*





**November 10, 2015**

**To:** Members of the Taxpayers Oversight Committee

**From:** Tamara Warren, Measure M, Program Manager

**Subject:** Proposed Amendment to the Measure M Local Transportation Authority, Ordinance No. 3 and the Transportation Investment Plan

### **Overview**

On October 26, 2015, the Board of Directors directed staff to schedule a public hearing for December 14, 2015, to consider an amendment within the transit mode of the Measure M2 Local Transportation Authority Ordinance No. 3 and the Transportation Investment Plan. The amendment addresses a funding need in Project U's Fare Stabilization program and in Project R's High-Frequency Metrolink Service program by closing out a completed program, Project T (Gateways to High Speed Rail), and allocating the remaining balance to the two programs in need. The amendment process includes review and consideration by the Taxpayers Oversight Committee. Staff seeks an action to advance the adoption of the proposed amendment.

### **Recommendations**

- A. Approve the proposed amendment to the Measure M2 Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan, which closes out Project T and allocates the remaining balance of \$219 million in Project T funds to Project U in the amount of \$69 million, and to Project R in the amount of \$150 million.

### **Background**

On October 12, 2015, the Board of Directors (Board) reviewed findings from the Comprehensive Measure M2 Ten-Year Review. The review findings did not reveal any major changes to the intent of the Plan, as approved by voters in 2006, and as amended in November 2013. However, to ensure successful delivery of the M2 Plan as a whole, the review identified a need to move funding between transit programs within the transit category.

***Discussion***

**Comprehensive Ten-Year Review Report**

The Comprehensive Ten-Year Review Report included research findings from Orange County's 2014 Long-Range Transportation Plan and the recently completed (January 2015) update of OCTA's Comprehensive Business Plan. The review addressed the methodology behind the purpose, background and process, and reported from a multi-faceted perspective on external and internal changes that have occurred to determine any effect on the performance and delivery of the M2 Program.

The review highlighted that M2 as a whole continues to be supported by the public as approved, and that OCTA has made substantial progress in delivering the program as promised to the voters with all elements initiated and a number of projects delivered. No major external changes related to legislation, land use, travel and growth projections, project cost/revenue projections or right-of-way, and/or other constraints were identified that would require substantial changes to the intent of the M2 Plan, as approved by the voters in 2006, and as amended in November 2013. However, in reviewing the financial capacity of the M2 Plan by category, a need has been identified within the transit category to move funding between transit programs in order to ensure delivery of all of the programs.

**Shortfall and Need within the Transit Category**

Program expenditures within the transit category can generally be scaled to match available revenue with one exception: the Fare Stabilization Program under Project U. According to the M2 Ordinance, one percent of net sales tax revenues will be dedicated to provide fare discounts for seniors and persons with disabilities. The M2 Ordinance also provides specific guidance that fares will be stabilized "in an amount equal to the percentage of partial funding of fares for seniors and persons with disabilities as of the effective date of the ordinance." Further, the ordinance defines the qualifying age of seniors as 60 years old.

As a result of the reduction in projected M2 revenues, one percent of the net revenues is not sufficient to fund the requirements outlined in the M2 Ordinance. Although the transit category as a whole is forecasted to have sufficient funding and remains deliverable, the shortfall in Project U needs to be addressed.

#### Requested Amendment

The original M2 sales tax projections in 2005 estimated that \$232 million would be collected for the Fare Stabilization Program under Project U. Current projections estimate that only \$147 million will be generated. Based on current ridership projections, available revenue and anticipated revenue, the need to fulfill the requirement outlined in the M2 Ordinance is \$216 million, leaving a projected shortfall of approximately \$69 million.

Another area in financial need is the Metrolink Service Expansion (Project R), which is the program that supports ongoing capital improvement requirements and operations of Metrolink service. This program has been scaled to the available revenue which has limited the level of service that can be added. This program also faces regulatory risks, as well as higher operating costs. Providing additional funds to this program is consistent with prior Board direction to grow the service, and also support sustainability goals by providing an attractive alternative for commuters using the freeway.

#### Amendment to the M2 Plan

Within the M2 Plan, all projects and programs are moving forward. With the exception of individual freeway projects, the transit category is the only category that has a program which is complete. Per the M2 Ordinance, Project T is to be utilized for converting Metrolink station(s) to regional gateways that connect Orange County with high-speed rail systems. In addition to other local and external funding, OCTA has contributed Project T funds for the construction of the Anaheim Regional Transportation Intermodal Center (ARTIC), which is already complete and operational. This station is designed to be the southern terminus for the planned high-speed rail system in California. Sales tax projections for Project T total \$294 million. After ARTIC allocation, the balance is projected to be \$219 million. Since no other stations in Orange County are to be served on the planned route and no other high-speed rail systems have moved forward in the planning stages, and given the defined shortfall in the transit category, it is recommended that the remaining funds in Project T be reallocated to address the shortfall in Project U and to support Project R. This action allows OCTA to fulfill its commitment to the voters with respect to stabilizing senior bus fares and increasing the frequency of Metrolink service.

Project T has a capital investment emphasis, Project U has more of an operational assistance, and Project R has a mix of capital and operations. While the proposed amendment adjusts the relative amount of expenditures among those programs, it does so in the spirit of fulfilling the voter commitment by

addressing the needs of two programs using cost savings from a completed program - Project T. This amendment allows OCTA to continue on a path to deliver all promised projects and programs within the overall funding parameters defined in Ordinance No. 3. Without an amendment to the M2 Plan, the only other options would require a change in the promise to the voters or shifting the M2 responsibility to the OCTA Bus Operations Program.

The M2 Ordinance allows for amendments which are defined in Section 12. Amendments within a category do not require voter approval, but require a two-thirds vote of the Taxpayer Oversight Committee (TOC), and a two-thirds vote of the OCTA Board, as well as a public hearing and notification process. Amendments to the ordinance can be made at any time it is determined to be needed.

Staff recommends amending the transit category within the M2 Transportation Investment Plan along with the following actions:

- Allocate \$69 million from Project T to Project U to address shortfall
- Allocate \$150 million from Project T to Project R to address future demand and also support sustainability goals by providing an option for commuters using the freeway

The proposed amendment would modify the project costs in *Attachment A of Ordinance No. 3*, on page 23 for Project R, and page 24 for Project T and Project U, as well as page 31 of the Transportation Investment Plan (Attachment A). The project costs reflected in the Transportation Investment Plan are in 2005 dollars (the year the plan was developed). In order to keep the numbers consistent, the actual amendment is also shown in 2005 dollars. Additionally, *Attachment B of the M2 Ordinance, Section VI.C.3.c*, would also revise the percentage on page B-16 for the allocation of net revenues to the fare stabilization program from within the Transit category from one percent to 1.46 percent which reflects the addition of the \$69 million (Attachment B).

	M2 Plan Estimate (2015 dollars)	Proposed Amended Estimate (2015 dollars)	Proposed Amendment Estimate (2005 dollars)
Project T	\$ 294 million	\$ 75 million*	\$ 58 million
Project U	\$ 440 million	\$ 509 million	\$ 393 million
Project R	\$1,314 million	\$1,464 million	\$1,130 million

\* Amount includes \$8 million allowance for economic uncertainties

***Summary***

On October 12, 2015, the OCTA Board received the Comprehensive Ten-Year Review Report on the M2 Program that was conducted as required by the M2 Ordinance No. 3. The report concluded that legislative, economic, project, delivery, and public priority analysis do not warrant any significant changes in the intent of the M2 Plan; however, an amendment to the transit category is recommended to ensure all elements of the Plan can be delivered as promised. An amendment closing out Project T (Gateways to Metrolink), and allocating the remaining funds to backfill the projected shortfall in Project U (Fare Stabilization for Seniors and Persons with Disabilities), and Project R (High-Frequency Metrolink Service) is presented for consideration by the Taxpayers Oversight Committee.

***Attachments***

- A. Revised Transportation Investment Plan (Pages 23, 24, 31)
- B. Ordinance No. 3, Attachment B – Allocation of Net Revenues



## Transit Projects

### High Frequency Metrolink Service Transit Extensions to Metrolink

#### Project **R**

##### High Frequency Metrolink Service

###### Description:

This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This project is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means, to move arriving passengers to nearby destinations.

The project also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

###### Cost:

The estimated cost of capital and operations is ~~\$1,014.4~~ million.

\$1,129.8

#### Project **S**

##### Transit Extensions to Metrolink

###### Description:

Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria as follows:

- Traffic congestion relief
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan
- Local funding commitments and the availability of right-of-way
- Proven ability to attract other financial partners, both public and private
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections
- Compatible, approved land uses
- Safe and modern technology
- A sound, long-term operating plan

This project shall not be used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor. The emphasis shall be on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. It is intended that multiple transit projects be funded through







## Transit Projects

### Metrolink Gateways

#### Expand Mobility Choices for Seniors and Persons with Disabilities

a competitive process and no single project may be awarded all of the funds under this program.

These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

#### Cost:

The estimated cost to implement this program over thirty years is \$1,000.0 million.

### Project T

#### Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

#### Description:

This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

#### Cost:

The estimated Measure M share of the cost for these regional centers and connections is ~~\$226.6~~ million.

\$57.9



### Project U

#### Expand Mobility Choices for Seniors and Persons with Disabilities

#### Description:

This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities as follows:

- One percent of net revenues will stabilize fares and provide fare discounts for bus services, specialized ACCESS services and future rail services
- One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program
- One percent will supplement existing countywide senior non-emergency medical transportation services

Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

#### Cost:

The estimated cost to provide these programs over 30 years is ~~\$339.8~~ million.

\$392.8



## Measure M Investment Summary

LOCATION		PROJECTS	COSTS 2005 estimates in millions	
<b>Freeway Projects (in millions)</b>				<b>\$4,871.1</b>
I-5	Santa Ana Freeway Interchange Improvements	A	\$470.0	
I-5	Santa Ana/San Diego Freeway Improvements	B C D	1,185.2	
SR-22	Garden Grove Freeway Access Improvements	E	120.0	
SR-55	Costa Mesa Freeway Improvements	F	366.0	
SR-57	Orange Freeway Improvements	G	258.7	
SR-91	Riverside Freeway Improvements	H I J	908.7*	
I-405	San Diego Freeway Improvements	K L	1,392.5*	
I-605	Freeway Access Improvements	M	20.0	
All	Freeway Service Patrol	N	150.0	
<b>Streets &amp; Roads Projects (in millions)</b>				<b>\$3,625.0</b>
	Regional Capacity Program	O	\$1,132.8	
	Regional Traffic Signal Synchronization Program	P	453.1	
	Local Fair Share Program	Q	2,039.1	
<b>Transit Projects (in millions)</b>				<b>\$2,832.0</b>
	High Frequency Metrolink Service	R	<del>\$1,014.1</del>	<u>\$1,129.8*</u>
	Transit Extensions to Metrolink	S	1,000.0	
	Metrolink Gateways	T	<del>226.6</del>	<u>\$57.9*</u>
	Expand Mobility Choices for Seniors and Persons with Disabilities	U	<del>339.8</del>	<u>\$392.8*</u>
	Community Based Transit/Circulators	V	226.5	
	Safe Transit Stops	W	25.0	
<b>Environmental Cleanup (in millions)</b>				<b>\$237.2</b>
	Clean Up Highway and Street Runoff that Pollutes Beaches	X	\$237.2	
<b>Taxpayer Safeguards and Audits (in millions)</b>				<b>\$296.6</b>
	Collect Sales Taxes (State charges required by law)		\$178.0	
	Oversight and Annual Audits		118.6	
<b>Total (2005 dollars in millions)</b>				<b>\$11,861.9</b>

\*Asterisk notes project estimates that have been amended since 2006.

2. A senior is a person age sixty years or older.

3. Allocations.

a. One percent (1%) of the Net Revenues shall be allocated to the County to augment existing senior non-emergency medical transportation services funded with Tobacco Settlement funds as of the effective date of the Ordinance. The County shall continue to fund these services in an annual amount equal to the same percentage of the total annual Tobacco Settlement funds received by the County. The Net Revenues shall be annually allocated to the County in an amount no less than the Tobacco Settlement funds annually expended by the County for these services and no greater than one percent of net revenues plus any accrued interest.

b. ~~One percent (1%)~~ One and forty-seven hundredths percent (1.47%) of the Net Revenues shall be allocated to continue and expand the existing Senior Mobility Program provided by the Authority. The allocations shall be determined pursuant to criteria and requirements for the Senior Mobility Program adopted by the Authority.

c. One percent (1%) of the Net Revenues shall be allocated to partially fund bus and ACCESS fares for seniors and persons with disabilities in an amount equal to the percentage of partial funding of fares for seniors and persons with disabilities as of the effective date of the Ordinance, and to partially fund train and other transit service fares for seniors and persons with disabilities in amounts as determined by the Authority.

d. In the event any Net Revenues to be allocated for seniors and persons with disabilities pursuant to the requirements of subsections a, b and c above remain after the requirements are satisfied then the remaining Net Revenues shall be allocated for other transit programs or projects for seniors and persons with disabilities as determined by the Authority.

D. Community Based Transit/Circulators.

1. The Authority may provide technical assistance, transportation





**ORANGE COUNTY TRANSPORTATION AUTHORITY**


**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Staff Report**



**October 26, 2015**

**To:** Members of the Board of Directors

**From:** Darrell Johnson, Chief Executive Officer 

**Subject:** Proposed Amendment to the Measure M2 Transportation Investment Plan

**Overview**

On October 12, 2015, the Board of Directors received and reviewed the Renewed Measure M Ordinance No. 3 required Measure M Comprehensive Ten-Year Review. The financial analysis section of the Measure M Comprehensive Ten-Year Review identified the need for an amendment to balance the transit category within the Measure M2 Transportation Investment Plan. The Board of Directors directed staff to initiate the amendment process, develop an outreach plan to communicate the proposed amendment, and return on October 26, 2015, to set a public hearing date for amending the Measure M2 Transportation Investment Plan.

**Recommendations**

- A. Determine that the intent of Project T has been fulfilled and the balance is available to support a shortfall in Project U, and a long-term need in Project R.
- B. Direct staff to continue with the process to amend the Measure M2 Transportation Investment Plan to approve the reallocation of \$219 million in Project T funding, with \$69 million going to Project U's Fare Stabilization Program, and \$150 million, going to Project R's Metrolink Service Expansion Plan.
- C. Direct staff to set a date of December 14, 2015, for a public hearing and Board of Directors action to consider adoption of the amendment to the Measure M2 Transportation Investment Plan.

### ***Background***

In November 2006, Orange County voters approved the Renewed Measure M Ordinance No. 3 and the Transportation Investment Plan (Plan), also called Measure M2 (M2). The Orange County Transportation Authority (OCTA) is committed to fulfilling the promises made in M2. This means delivering all the projects and programs described in the Plan and complying with the specific requirements identified in Ordinance No. 3. Within Ordinance No. 3, there is a requirement to conduct a comprehensive review at least every ten years of all project and program elements included in the Plan.

Staff conducted the comprehensive ten-year review and presented the findings to the OCTA Board of Directors (Board) on October 12, 2015. The review findings did not reveal any major changes to the intent of the Plan, as approved by voters in 2006, and as amended in November 2013. However, to ensure successful delivery of the M2 Plan as a whole, the review identified a need to move funding between transit programs within the transit category.

### ***Discussion***

#### **Comprehensive Ten-Year Review Report**

The Comprehensive Ten-Year Review Report included research findings from Orange County's 2014 Long-Range Transportation Plan and the recently completed (January 2015) update of OCTA's Comprehensive Business Plan. The review addressed the methodology behind the purpose, background and process, and reported from a multi-faceted perspective on external and internal changes that have occurred to determine any effect on the performance and delivery of the M2 Program.

The review highlighted that M2 as a whole continues to be supported by the public as approved, and that OCTA has made substantial progress in delivering the program as promised to the voters with all elements initiated and a number of projects delivered. No major external changes related to legislation, land use, travel and growth projections, project cost/revenue projections or right-of-way, and/or other constraints were identified that would require substantial changes to the intent of the M2 Plan, as approved by the voters in 2006, and as amended in November 2013. However, in reviewing the financial capacity of the M2 Plan by category, a need has been identified within the transit category to move funding between transit programs in order to ensure delivery of all of the programs.

### Shortfall and Need within the Transit Category

Program expenditures within the transit category can generally be scaled to match available revenue with one exception: the Fare Stabilization Program under Project U. According to the M2 Ordinance, one percent of net sales tax revenues will be dedicated to provide fare discounts for seniors and persons with disabilities. The M2 Ordinance also provides specific guidance that fares will be stabilized “in an amount equal to the percentage of partial funding of fares for seniors and persons with disabilities as of the effective date of the ordinance.” Further, the ordinance defines the qualifying age of seniors as 60 years old.

As a result of the reduction in projected M2 revenues, one percent of the net revenues is not sufficient to fund the requirements outlined in the M2 Ordinance. Although the transit category as a whole is forecasted to have sufficient funding and remains deliverable, the shortfall in Project U needs to be addressed.

### Requested Amendment

The original M2 sales tax projections in 2005 estimated that \$232 million would be collected for the Fare Stabilization Program under Project U. Current projections estimate that only \$147 million will be generated. Based on current ridership projections, the need to fulfill the requirement outlined in the M2 Ordinance is \$221 million, leaving a shortfall of \$74 million. The Board has already taken one step to begin to fill the shortfall. On February 14, 2011, the Board approved M2 Project U Funding and Policy Guidelines. At that time, a potential shortfall in the Fare Stabilization Program was already being forecasted due to the drop in M2 sales tax collections. As a result, the Board directed staff to utilize unallocated funds from the Senior Mobility Program, also a Project U Program, to help backfill the shortfall in the Fare Stabilization Program. During the 30-year period of M2, this source will provide approximately \$5 million to the Fare Stabilization Program, leaving a projected shortfall of approximately \$69 million.

Another area in financial need is the Metrolink Service Expansion (Project R), which is the program that supports ongoing capital improvement requirements and operations of Metrolink service. This program has been scaled to the available revenue which has limited the level of service that can be added. This program also faces regulatory risks, as well as higher operating costs. Providing additional funds to this program is consistent with prior Board direction to grow the service, and also support sustainability goals by providing an attractive alternative for commuters using the freeway.



#### Amendment to the M2 Plan

Within the M2 Plan, all projects and programs are moving forward. With the exception of individual freeway projects, the transit category is the only category that has a program which is complete. Per the M2 Ordinance, Project T is to be utilized for converting Metrolink station(s) to regional gateways that connect Orange County with high-speed rail systems. In addition to other local and external funding, OCTA has contributed Project T funds for the construction of the Anaheim Regional Transportation Intermodal Center (ARTIC), which is already complete and operational. This station is designed to be the southern terminus for the planned high-speed rail system in California. Sales tax projections for Project T total \$294 million. After ARTIC allocation, the balance is projected to be \$219 million. Since no other stations in Orange County are to be served on the planned route and no other high-speed rail systems have moved forward in the planning stages, and given the defined shortfall in the transit category, it is recommended that the remaining funds in Project T be reallocated to address the shortfall in Project U and to support Project R. This action allows OCTA to fulfill its commitment to the voters with respect to stabilizing senior bus fares and increasing the frequency of Metrolink service.

Project T has a capital investment emphasis, Project U has more of an operational assistance, and Project R has a mix of capital and operations. While the proposed amendment adjusts the relative amount of expenditures among those programs, it does so in the spirit of fulfilling the voter commitment by addressing the needs of two programs using cost savings from a completed program - Project T. This amendment allows OCTA to continue on a path to deliver all promised projects and programs within the overall funding parameters defined in Ordinance No. 3. Without an amendment to the M2 Plan, the only other options would require a change in the promise to the voters or shifting the M2 responsibility to the OCTA Bus Operations Program. This would be difficult to address given the recent Transportation Development Act funding shortfalls.

The M2 Ordinance allows for amendments which are defined in Section 12. A process for amendments was outlined during Measure M1 and has been followed in M2 (Attachment A). Amendments within a category do not require voter approval, but require a two-thirds vote of the Taxpayer Oversight Committee (TOC), and a two-thirds vote of the OCTA Board, as well as a public hearing and notification process. Amendments to the ordinance can be made at any time it is determined to be needed.

Staff recommends amending the transit category within the M2 Transportation Investment Plan along with the following actions:

- Determine that the intent of Project T has been fulfilled, and the remaining balance is available to support a shortfall in Project U and a long-term need in Project R
- Allocate \$69 million from Project T to Project U to address shortfall
- Allocate \$150 million from Project T to Project R to address future demand and also support sustainability goals by providing an option for commuters using the freeway

The proposed amendment would modify the project costs in *Attachment A of Ordinance No. 3*, on page 23 for Project R, and page 24 for Project T and Project U, as well as page 31 of the Transportation Investment Plan (Attachment B). The project costs reflected in the Transportation Investment Plan are in 2005 dollars (the year the plan was developed). In order to keep the numbers consistent, the actual amendment is also shown in 2005 dollars. Additionally, *Attachment B of the M2 Ordinance, Section VI.C.3.c*, would also revise the percentage on page B-16 for the allocation of net revenues to the fare stabilization program from within the Transit category from one percent to 1.46 percent which reflects the addition of the \$69 million (Attachment D).

	M2 Plan Estimate (2015 dollars)	Proposed Amended Estimate (2015 dollars)	Proposed Amendment Estimate (2005 dollars)
Project T	\$ 294 million	\$ 75 million*	\$ 58 million
Project U	\$ 440 million	\$ 509 million	\$ 393 million
Project R	\$1,314 million	\$1,464 million	\$1,130 million

\* Amount includes \$8 million allowance for economic uncertainties

## Outreach

In addition to the normal notification process included during an amendment to the M2 Ordinance and Transportation Investment Plan, the Board directed staff to develop an outreach plan to ensure OCTA's stakeholders and the general public are aware of the proposed amendment. A plan is being implemented to reach out to local jurisdictions, key stakeholders, special interest groups, and the general public (Attachment E).

The process and timing for amending the expenditure plan is shown below:

Actions	Date
OCTA Board received Ten-Year Review Report	October 12, 2012
TOC heard Ten-Year Review and findings related to amendment proposal	October 13, 2015
OCTA Board considers amendment and sets a public hearing date for December 14, 2015	October 26, 2015
Proposed amendment sent to local agencies for public review prior to public hearing (Attachment F)	October 27, 2015
TOC considers/acts on amendment (requires two-thirds vote)	November 10, 2015
Public hearing on amendment and roll call vote by Board (requires two-thirds vote)	December 14, 2015
Adopted amendment transmitted to local agencies	December 15, 2015
Amendment effective 45 days following adoption	January 28, 2016

### ***Summary***

On October 12, 2015, the OCTA Board received the Comprehensive Ten-Year Review Report on the M2 Program that was conducted as required by the M2 Ordinance No. 3. The report concluded that legislative, economic, project, delivery, and public priority analysis do not warrant any significant changes in the intent of the M2 Plan; however, an amendment to the transit category is recommended to ensure all elements of the Plan can be delivered as promised. An amendment closing out Project T (Gateways to Metrolink), and allocating the remaining funds to backfill the projected shortfall in Project U (Fare Stabilization for Seniors and Persons with Disabilities), and Project R (High-Frequency Metrolink Service) is presented for consideration to the Board. Staff also requests the OCTA Board set a public hearing date for December 14, 2015.

***Attachments***

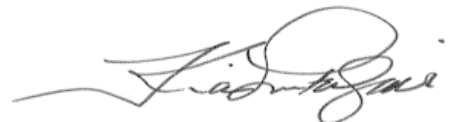
- A. Procedures to Amend the Renewed Measure M Transportation Investment Plan and Ordinance No. 3
- B. Revised Project R, Project T, and Project U Descriptions (Pages 23-24)
- C. Revised Transportation Investment Plan (Page 31)
- D. Attachment B Allocation of Net Revenues
- E. Measure M2 Amendment Notification Outreach Plan
- F. Draft Letter to The Honorable XXX, Mayor, City of XXX – Dated October 27, 2015 – Proposed Measure M2 Transportation Investment Plan Amendment

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**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Attachment A**

**PROCEDURES TO AMEND THE  
RENEWED MEASURE M TRANSPORTATION INVESTMENT PLAN  
AND ORDINANCE NO. 3**

The following procedures are applicable to amend the Renewed Measure M Transportation Investment Plan (Plan) and the Orange County Local Transportation Authority (OCLTA) Ordinance No. 3, by the OCTLA Board of Directors (Board):

A proposed amendment which eliminates a program or project specified on page 31 of the Plan shall not be adopted unless the Board adopts a finding that the transportation purpose of the program or project to be eliminated will be satisfied by a different program or project.

A proposed amendment which changes funding categories, programs, or projects identified within the expenditure plan, page 31 of the Plan, shall be first approved by a two-thirds vote of the Taxpayers Oversight Committee.

Proposed amendments to the Plan and Ordinance No. 3 shall be presented to the Board. The Board shall set a date no sooner than 30 days thereafter for a public hearing to consider the proposed amendment(s), and the proposed amendment(s) shall be transmitted to the Board of Supervisors and the City Council of each Orange County city not less than 30 days prior to the public hearing.

Local agencies may offer comment in writing or in person at the public hearing and such comments shall be incorporated into the public record of the hearing.

The Board shall hold a public hearing prior to adoption of the amendment.

The amendment shall be passed by a roll call vote (at least a two-thirds majority) of Board members.

The Authority shall give written notice of the amendment to the County Board of Supervisors and all City Councils.

Amendment(s) to the Plan or Ordinance No. 3 shall become effective 45 days after adoption.

In addition, a proposed amendment which changes funding allocations among the four major categories of: freeway projects, streets and roads projects, transit projects and environmental cleanup projects, as identified on page 31 of the Plan; or which changes funding allocations for Local Fair Share Program net revenues (Section IV, C, 3 of Attachment B) shall also be approved by a simple majority vote of the electors before going into effect.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Attachment B**



## Transit Projects

### High Frequency Metrolink Service Transit Extensions to Metrolink

#### Project **R**

##### High Frequency Metrolink Service

###### Description:

This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This project is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means, to move arriving passengers to nearby destinations.

The project also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

###### Cost:

The estimated cost of capital and operations is ~~\$1,014.4~~ million\*:

\$1,129.8

#### Project **S**

##### Transit Extensions to Metrolink

###### Description:

Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria as follows:

- Traffic congestion relief
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan
- Local funding commitments and the availability of right-of-way
- Proven ability to attract other financial partners, both public and private
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections
- Compatible, approved land uses
- Safe and modern technology
- A sound, long-term operating plan

This project shall not be used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor. The emphasis shall be on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. It is intended that multiple transit projects be funded through



\*Project cost estimate amended on December 14, 2015.





## Transit Projects

### Metrolink Gateways

#### Expand Mobility Choices for Seniors and Persons with Disabilities

a competitive process and no single project may be awarded all of the funds under this program.

These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

#### Cost:

The estimated cost to implement this program over thirty years is \$1,000.0 million.

### Project T

#### Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

#### Description:

This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

#### Cost:

The estimated Measure M share of the cost for these regional centers and connections is ~~\$226.6~~ million\*.

\$57.9



### Project U

#### Expand Mobility Choices for Seniors and Persons with Disabilities

#### Description:

This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities as follows:

- One percent of net revenues will stabilize fares and provide fare discounts for bus services, specialized ACCESS services and future rail services
- One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program
- One percent will supplement existing countywide senior non-emergency medical transportation services

Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

#### Cost:

The estimated cost to provide these programs over 30 years is ~~\$339.8~~ million\*.

\$392.8

\*Project cost estimates amended on December 14, 2015.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Attachment C**



## Measure M Investment Summary

LOCATION		PROJECTS	COSTS 2005 estimates in millions	
<b>Freeway Projects (in millions)</b>				<b>\$4,871.1</b>
I-5	Santa Ana Freeway Interchange Improvements	A	\$470.0	
I-5	Santa Ana/San Diego Freeway Improvements	B C D	1,185.2	
SR-22	Garden Grove Freeway Access Improvements	E	120.0	
SR-55	Costa Mesa Freeway Improvements	F	366.0	
SR-57	Orange Freeway Improvements	G	258.7	
SR-91	Riverside Freeway Improvements	H I J	908.7*	
I-405	San Diego Freeway Improvements	K L	1,392.5*	
I-605	Freeway Access Improvements	M	20.0	
All	Freeway Service Patrol	N	150.0	
<b>Streets &amp; Roads Projects (in millions)</b>				<b>\$3,625.0</b>
	Regional Capacity Program	O	\$1,132.8	
	Regional Traffic Signal Synchronization Program	P	453.1	
	Local Fair Share Program	Q	2,039.1	
<b>Transit Projects (in millions)</b>				<b>\$2,832.0</b>
	High Frequency Metrolink Service	R	<del>\$1,014.1*</del>	<u>\$1,129.8</u>
	Transit Extensions to Metrolink	S	1,000.0	
	Metrolink Gateways	T	<del>226.6*</del>	<u>\$57.9</u>
	Expand Mobility Choices for Seniors and Persons with Disabilities	U	<del>339.8*</del>	<u>\$392.8</u>
	Community Based Transit/Circulators	V	226.5	
	Safe Transit Stops	W	25.0	
<b>Environmental Cleanup (in millions)</b>				<b>\$237.2</b>
	Clean Up Highway and Street Runoff that Pollutes Beaches	X	\$237.2	
<b>Taxpayer Safeguards and Audits (in millions)</b>				<b>\$296.6</b>
	Collect Sales Taxes (State charges required by law)		\$178.0	
	Oversight and Annual Audits		118.6	
<b>Total (2005 dollars in millions)</b>				<b>\$11,861.9</b>

\*Asterisk notes project estimates that have been amended since 2006.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Attachment D**

**ATTACHMENT B**  
**ALLOCATION OF NET REVENUES**

I. DEFINITIONS.

For purposes of the Ordinance the following words shall mean as stated.

A. "Capital Improvement Program": a multi-year-year funding plan to implement capital transportation projects and/or programs, including but not limited to capacity, safety, operations, maintenance, and rehabilitation projects.

B. "Circulation Element": an element of an Eligible Jurisdiction's General Plan depicting planned roadways and related policies, including consistency with the MPAH.

C. "Congestion Management Program": a program established in 1990 (California Government Code 65089), for effective use of transportation funds to alleviate traffic congestion and related impacts through a balanced transportation and land use planning process.

D. "Eligible Jurisdiction": a city in Orange County or the County of Orange, which satisfies the requirements of Section III A.

E. "Encumbrance": the execution of a contract or other action to be funded by Net Revenues.

F. "Environmental Cleanup": street, highway, freeway and transit related water quality improvement programs and projects as described in the Plan.

G. "Environmental Cleanup Revenues": Two percent (2%) of the Revenues allocated annually plus interest and other earnings on the allocated revenues, which shall be maintained in a separate account.

H. "Expenditure Report": a detailed financial report to account for receipt, interest earned and use of Measure M and other funds consistent with requirements of the Ordinance.

I. "Freeway Project": the planning, design, construction, improvement,

1 operation or maintenance necessary for, incidental to, or convenient for a state or interstate  
2 freeway.

3 J. "Local Fair Share Program": a formula-based allocation to Eligible  
4 Jurisdictions for Street and Road Projects as described in the Plan.

5 K. "Local Traffic Signal Synchronization Plan": identification of traffic  
6 signal synchronization street routes and traffic signals within a jurisdiction.

7 L. "Master Plan of Arterial Highways (MPAH)": a countywide  
8 transportation plan administered by the Authority defining the ultimate number of through  
9 lanes for arterial streets, and designating the traffic signal synchronization street routes in  
10 Orange County.

11 M. "Net Revenues": The remaining Revenues after the deduction for: (i)  
12 amounts payable to the State Board of Equalization for the performance of functions  
13 incidental to the administration and operation of the Ordinance, (ii) costs for the  
14 administration of the Ordinance, (iii) two percent (2%) of the Revenues annually allocated  
15 for Environmental Cleanup, and (iv) satisfaction of debt service requirements of all bonds  
16 issued pursuant to the Ordinance that are not satisfied out of separate allocations.

17 N. "Pavement Management Plan": a plan to manage the preservation,  
18 rehabilitation, and maintenance of paved roads by analyzing pavement life cycles,  
19 assessing overall system performance and costs, and determining alternative strategies  
20 and costs necessary to improve paved roads.

21 O. "Permit Streamlining": commitments by state and federal agencies to  
22 reduce project delays associated with permitting of freeway projects through development  
23 of a comprehensive conservation strategy early in the planning process and the permitting  
24 of multiple projects with a single comprehensive conservation strategy.

25 P. "Programmatic Mitigation": permanent protection of areas of high  
26 ecological value, and associated restoration, management and monitoring, to  
27 comprehensively compensate for numerous, smaller impacts associated with individual  
28 transportation projects. Continued function of existing mitigation features, such as wildlife

1 passages, is not included.

2 Q. “Project Final Report”: certification of completion of a project funded  
3 with Net Revenues, description of work performed, and accounting of Net Revenues  
4 expended and interest earned on Net Revenues allocated for the project.

5 R. “Regional Capacity Program”: capital improvement projects to  
6 increase roadway capacity and improve roadway operation as described in the Plan.

7 S. “Regional Traffic Signal Synchronization Program”: competitive capital  
8 and operations funding for the coordination of traffic signals across jurisdictional boundaries  
9 as included in the Traffic Signal Synchronization Master Plan and as described in the Plan.

10 T. “Revenues”: All gross revenues generated from the transactions and  
11 use tax of one-half of one percent (1/2%) plus any interest or other earnings thereon.

12 U. “State Board of Equalization”: agency of the State of California  
13 responsible for the administration of sales and use taxes.

14 V. “Street and Road Project”: the planning, design, construction,  
15 improvement, operation or maintenance necessary for, incidental to, or convenient for a  
16 street or road, or for any transportation purpose, including, but not limited to, purposes  
17 authorized by Article XIX of the California Constitution.

18 W. “Traffic Forums”: a group of Eligible Jurisdictions working together to  
19 facilitate the planning of traffic signal synchronization among the respective jurisdictions.

20 X. “Traffic Signal Synchronization Master Plan”: an element of the  
21 MPAH to promote smooth traffic flow through synchronization of traffic signals along  
22 designated street routes in the County.

23 Y. “Transit”: the transportation of passengers by bus, rail, fixed guideway  
24 or other vehicle.

25 Z. “Transit Project”: the planning, design, construction, improvement,  
26 equipment, operation or maintenance necessary for, or incidental to, or convenient for  
27 transit facilities or transit services.

28 AA. “Watershed Management Areas”: areas to be established by the

1 County of Orange, in cooperation with local jurisdictions, or by another public entity with  
2 appropriate legal authority, for the management of water run-off related to existing or new  
3 transportation projects.

4 II. REQUIREMENTS.

5 The Authority may allocate Net Revenues to the State of California, an Eligible  
6 Jurisdiction, or the Authority for any project, program or purpose as authorized by the  
7 Ordinance, and the allocation of Net Revenues by the Authority shall be subject to the  
8 following requirements:

9 A. Freeway Projects

10 1. The Authority shall make every effort to maximize state and  
11 federal funding for Freeway Projects. No Net Revenues shall be allocated in any year to  
12 any Freeway Project if the Authority has made findings at a public meeting that the state or  
13 the federal government has reduced any allocations of state funds or federal funds to the  
14 Authority as the result of the addition of any Net Revenues.

15 2. All Freeway Projects funded with Net Revenues, including  
16 project development and overall project management, shall be a joint responsibility of  
17 Caltrans, the Authority, and the affected jurisdiction(s). All major approval actions,  
18 including the project concept, the project location, and any subsequent change in project  
19 scope shall be jointly agreed upon by Caltrans, the Authority, and the project sponsors, and  
20 where appropriate, by the Federal Highway Administration and/or the California  
21 Transportation Commission.

22 3. Prior to the allocation of Net Revenues for a Freeway Project,  
23 the Authority shall obtain written assurances from the appropriate state agency that after  
24 the Freeway Project is constructed to at least minimum acceptable state standards, the  
25 state shall be responsible for the maintenance and operation of such Freeway Project.

26 4. Freeway Projects will be built largely within existing rights of  
27 way using the latest highway design and safety requirements. However, to the greatest  
28 extent possible within the available budget, Freeway Projects shall be implemented using



Context Sensitive Design, as described in the nationally recognized Federal Highway Administration (FHWA) Principles of Context Sensitive Design Standards. Freeway Projects will be planned, designed and constructed using a flexible community-responsive and collaborative approach to balance aesthetic, historic and environmental values with transportation safety, mobility, maintenance and performance goals. Context Sensitive Design features include: parkway-style designs; environmentally friendly, locally native landscaping; sound reduction; improved wildlife passage and aesthetic treatments, designs and themes that are in harmony with the surrounding communities.

5. At least five percent (5%) of the Net Revenues allocated for Freeway Projects shall fund Programmatic Mitigation for Freeway Projects. These funds shall be derived by pooling funds from the mitigation budgets of individual Freeway Projects, and shall only be allocated subject to the following:

a. Development of a Master Environmental Mitigation and Resource Protection Plan and Agreement (Master Agreement) between the Authority and state and federal resource agencies that includes:

(i) commitments by the Authority to provide for programmatic environmental mitigation of the Freeway Projects,

(ii) commitments by state and federal resource agencies to reduce project delays associated with permitting and streamline the permit process for Freeway Projects,

(iii) an accounting process for mitigation obligations and credits that will document net environmental benefit from regional, programmatic mitigation in exchange for net benefit in the delivery of transportation improvements through streamlined and timely approvals and permitting, and

(iv) a description of the specific mitigation actions and expenditures to be undertaken and a phasing, implementation and maintenance plan.

(v) appointment by the Authority of a Mitigation and Resource Protection Program Oversight Committee ("Environmental Oversight

Committee”) to make recommendations to the Authority on the allocation of the Net Revenues for programmatic mitigation, and to monitor implementation of the Master Agreement. The Environmental Oversight Committee shall consist of no more than twelve members and be comprised of representatives of the Authority, Caltrans, state and federal resource agencies, non-governmental environmental organizations, the public and the Taxpayers Oversight Committee.

b. A Master Agreement shall be developed as soon as practicable following the approval of the ballot proposition by the electors. It is the intent of the Authority and state and federal resource agencies to develop a Master Agreement prior to the implementation of Freeway Projects.

c. Expenditures of Net Revenues made subject to a Master Agreement shall be considered a Freeway Project and may be funded from the proceeds of bonds issued subject to Section 5 of the Ordinance.

#### B. Transit Projects

1. The Authority shall make every effort to maximize state and federal funding for Transit Projects. No Net Revenues shall be allocated in any year for any Transit Project if the Authority has made findings at a public meeting that the state or the federal government has reduced any allocations of state funds or federal funds to the Authority as the result of the addition of any Revenues.

2. Prior to the allocation of Net Revenues for a Transit Project, the Authority shall obtain a written agreement from the appropriate jurisdiction that the Transit Project will be constructed, operated and maintained to minimum standards acceptable to the Authority.

#### C. Street and Road Projects

Prior to the allocation of Net Revenues for any Street and Road Project, the Authority, in cooperation with affected agencies, shall determine the entity(ies) to be responsible for the maintenance and operation thereof.

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1           III.     REQUIREMENTS FOR ELIGIBLE JURISDICTIONS.

2           A.     In order to be eligible to receive Net Revenues, a jurisdiction shall  
3 satisfy and continue to satisfy the following requirements.

4                   1.     Congestion Management Program. Comply with the conditions  
5 and requirements of the Orange County Congestion Management Program (CMP)  
6 pursuant to the provisions of Government Code Section 65089.

7                   2.     Mitigation Fee Program. Assess traffic impacts of new  
8 development and require new development to pay a fair share of necessary transportation  
9 improvements attributable to the new development.

10                  3.     Circulation Element. Adopt and maintain a Circulation Element  
11 of the jurisdiction's General Plan consistent with the MPAH.

12                  4.     Capital Improvement Program. Adopt and update biennially a  
13 six-year Capital Improvement Program (CIP). The CIP shall include all capital  
14 transportation projects, including projects funded by Net Revenues, and shall include  
15 transportation projects required to demonstrate compliance with signal synchronization and  
16 pavement management requirements.

17                  5.     Traffic Forums.  
18                         Participate in Traffic Forums to facilitate the planning of traffic  
19 signal synchronization programs and projects. Eligible Jurisdictions and Caltrans, in  
20 participation with the County of Orange and the Orange County Division of League of  
21 Cities, will establish the boundaries for Traffic Forums. The following will be considered  
22 when establishing boundaries:

- 23                           a.     Regional traffic routes and traffic patterns;  
24                           b.     Inter-jurisdictional coordination efforts; and  
25                           c.     Total number of Traffic Forums.

26                  6.     Local Traffic Signal Synchronization Plan. Adopt and maintain a  
27 Local Traffic Signal Synchronization Plan which shall identify traffic signal synchronization  
28 street routes and traffic signals; include a three-year plan showing costs, available funding

1 and phasing of capital, operations and maintenance of the street routes and traffic signals;  
2 and include information on how the street routes and traffic signals may be synchronized  
3 with traffic signals on the street routes in adjoining jurisdictions. The Local Traffic Signal  
4 Synchronization Plan shall be consistent with the Traffic Signal Synchronization Master  
5 Plan.

6                               7.     Pavement Management Plan. Adopt and update biennially a  
7 Pavement Management Plan, and issue, using a common format approved by the  
8 Authority, a report every two years regarding the status of road pavement conditions and  
9 implementation of the Pavement Management Plan.

10                              a.     Authority, in consultation with the Eligible Jurisdictions,  
11 shall define a countywide management method to inventory, analyze and evaluate road  
12 pavement conditions, and a common method to measure improvement of road pavement  
13 conditions.

14                              b.     The Pavement Management Plan shall be based on:  
15 either the Authority's countywide pavement management method or a comparable  
16 management method approved by the Authority, and the Authority's method to measure  
17 improvement of road pavement conditions.

18                              c.     The Pavement Management Plan shall include:

19                                       (i)     Current status of pavement on roads;

20                                       (ii)    A six-year plan for road maintenance and  
21 rehabilitation, including projects and funding;

22                                       (iii)   The projected road pavement conditions resulting  
23 from the maintenance and rehabilitation plan; and

24                                       (iv)   Alternative strategies and costs necessary to  
25 improve road pavement conditions.

26                               8.     Expenditure Report. Adopt an annual Expenditure Report to  
27 account for Net Revenues, developer/traffic impact fees, and funds expended by the  
28 Eligible Jurisdiction which satisfy the Maintenance of Effort requirements. The Expenditure

1 Report shall be submitted by the end of six (6) months following the end of the jurisdiction's  
2 fiscal year and include the following:

- 3 a. All Net Revenue fund balances and interest earned.
- 4 b. Expenditures identified by type (i.e., capital, operations,  
5 administration, etc.), and program or project .

6 9. Project Final Report. Provide Authority with a Project Final  
7 Report within six months following completion of a project funded with Net Revenues.

8 10. Time Limits for Use of Net Revenues.

9 a. Agree that Net Revenues for Regional Capacity Program  
10 projects and Regional Traffic Signal Synchronization Program projects shall be expended  
11 or encumbered no later than the end of the fiscal year for which the Net Revenues are  
12 programmed. A request for extension of the encumbrance deadline for no more than  
13 twenty-four months may be submitted to the Authority no less than ninety days prior to the  
14 deadline. The Authority may approve one or more requests for extension of the  
15 encumbrance deadline.

16 b. Agree that Net Revenues allocated for any program or  
17 project, other than a Regional Capacity Program project or a Regional Traffic Signal  
18 Synchronization Program project, shall be expended or encumbered within three years of  
19 receipt. The Authority may grant an extension to the three-year limit, but extensions shall  
20 not be granted beyond a total of five years from the date of the initial funding allocation.

21 c. In the event the time limits for use of Net Revenues are  
22 not satisfied then any retained Net Revenues that were allocated to an Eligible Jurisdiction  
23 and interest earned thereon shall be returned to the Authority and these Net Revenues and  
24 interest earned thereon shall be available for allocation to any project within the same  
25 source program.

26 11. Maintenance of Effort. Annual certification that the Maintenance  
27 of Effort requirements of Section 6 of the Ordinance have been satisfied.

28 12. No Supplanting of Funds. Agree that Net Revenues shall not be

1 used to supplant developer funding which has been or will be committed for any  
2 transportation project.

3 13. Consider, as part of the Eligible Jurisdiction's General Plan, land  
4 use planning strategies that accommodate transit and non-motorized transportation.

5 B. Determination of Non-Eligibility

6 A determination of non-eligibility of a jurisdiction shall be made only  
7 after a hearing has been conducted and a determination has been made by the Authority's  
8 Board of Directors that the jurisdiction is not an Eligible Jurisdiction as provided  
9 hereinabove.

10 IV. ALLOCATION OF NET REVENUES; GENERAL PROVISIONS.

11 A. Subject to the provisions of the Ordinance, including Section II above,  
12 use of the Revenues shall be as follows:

13 1. First, the Authority shall pay the State Board of Equalization for  
14 the services and functions;

15 2. Second, the Authority shall pay the administration expenses of  
16 the Authority;

17 3. Third, the Authority shall satisfy the annual allocation  
18 requirement of two percent (2%) of Revenues for Environmental Cleanup; and

19 4. Fourth, the Authority shall satisfy the debt service requirements  
20 of all bonds issued pursuant to the Ordinance that are not satisfied out of separate  
21 allocations.

22 B. After providing for the use of Revenues described in Section A above,  
23 and subject to the averaging provisions of Section D below, the Authority shall allocate the  
24 Net Revenues as follows:

25 1. Forty-three percent (43%) for Freeway Projects;

26 2. Thirty-two percent (32%) for Street and Road Projects; and

27 3. Twenty-five percent (25%) for Transit Projects.

28 C. The allocation of thirty-two percent (32%) of the Net Revenues for

1 Street and Road Projects pursuant to Section B 2 above shall be made as follows:

2 1. Ten percent (10%) of the Net Revenues shall be allocated for  
3 Regional Capacity Program projects;

4 2. Four percent (4%) of the Net Revenues shall be allocated for  
5 Regional Traffic Signal Synchronization Program projects; and

6 3. Eighteen percent (18%) of the Net Revenues shall be allocated  
7 for Local Fair Share Program projects.

8 D. In any given year, except for the allocations for Local Fair Share  
9 Program projects, the Authority may allocate Net Revenues on a different percentage basis  
10 than required by Sections B and C above in order to meet short-term needs and to  
11 maximize efforts to capture state, federal, or private transportation dollars, provided the  
12 percentage allocations set forth in Sections B and C above shall be achieved during the  
13 duration of the Ordinance.

14 E. The Authority shall allocate Net Revenues for programs and projects  
15 as necessary to meet contractual, program or project obligations, and the Authority may  
16 withhold allocations until needed to meet contractual, program or project obligations, except  
17 that Net Revenues allocated for the Local Fair Share Program pursuant to Section C above  
18 shall be paid to Eligible Jurisdictions within sixty days of receipt by the Authority.

19 F. The Authority may exchange Net Revenues from a Plan funding  
20 category for federal, state or other local funds allocated to any public agency within or  
21 outside the area of jurisdiction to maximize the effectiveness of the Plan. The Authority and  
22 the exchanging public agency must use the exchanged funds for the same program or  
23 project authorized for the use of the funds prior to the exchange. Such federal, state or  
24 local funds received by the Authority shall be allocated by the Authority to the same Plan  
25 funding category that was the source of the exchanged Net Revenues, provided, however,  
26 in no event shall an exchange reduce the Net Revenues allocated for Programmatic  
27 Mitigation of Freeway Projects.

28 G. If additional funds become available for a specific project or program

1 described in the Plan, the Authority may allocate the Net Revenues replaced by the receipt  
2 of those additional funds, in the following order of priority: first, to Plan projects and  
3 programs which provide congestion relief in the geographic region which received the  
4 additional funds; second, to other projects and programs within the affected geographic  
5 region which may be placed in the Plan through an amendment to the Ordinance; and third,  
6 to all other Plan projects and programs.

7 H. Upon review and acceptance of the Project Final Report, the Authority  
8 shall allocate the balance of Net Revenues for the project, less the interest earned on the  
9 Net Revenues allocated for the project.

10 V. ALLOCATION OF NET REVENUES; STREETS AND ROADS PROGRAMS/  
11 PROJECTS

12 A. Regional Capacity Program.

13 1. Matching Funds. An Eligible Jurisdiction shall contribute local  
14 matching funds equal to fifty percent (50%) of the project or program cost. This local match  
15 requirement may be reduced as follows:

16 a. A local match reduction of ten percent (10%) of the  
17 eligible cost if the Eligible Jurisdiction implements, maintains and operates in conformance  
18 with the Traffic Signal Synchronization Master Plan.

19 b. A local match reduction of ten percent (10%) of the  
20 eligible cost if the Eligible Jurisdiction either:

21 (i) has measurable improvement of paved road  
22 conditions during the previous reporting period as determined pursuant to the Authority's  
23 method of measuring improvement of road pavement conditions, or

24 (ii) has road pavement conditions during the previous  
25 reporting period which are within the highest twenty percent of the scale for road pavement  
26 conditions as determined pursuant to the Authority's method of measuring improvement of  
27 road pavement conditions.

28 c. A local match reduction of five percent (5%) of the



1 eligible cost if the Eligible Jurisdiction does not use any Net Revenues as part of the funds  
2 for the local match.

3                   2.       Allocations shall be determined pursuant to a countywide  
4 competitive procedure adopted by the Authority. Eligible Jurisdictions shall be consulted by  
5 the Authority in establishing criteria for determining priority for allocations.

6                   B.       Regional Traffic Signal Synchronization Program.

7                   1.       Traffic Signal Synchronization Master Plan.

8                   The Authority shall adopt and maintain a Traffic Signal  
9 Synchronization Master Plan, which shall be a part of the Master Plan of Arterial Highways.  
10 The Traffic Signal Synchronization Master Plan shall include traffic signal synchronization  
11 street routes and traffic signals within and across jurisdictional boundaries, and the means  
12 of implementing, operating and maintaining the programs and projects, including necessary  
13 governance and legal arrangements.

14                  2.       Allocations.

15                  a.       Allocations shall be determined pursuant to a countywide  
16 competitive procedure adopted by the Authority. Eligible Jurisdictions shall be consulted by  
17 the Authority in establishing criteria for determining priority for allocations.

18                  b.       The Authority shall give priority to programs and projects  
19 which include two or more jurisdictions.

20                  c.       The Authority shall encourage the State to participate in  
21 the Regional Traffic Signal Synchronization Program and Authority shall give priority to use  
22 of transportation funds as match for the State's discretionary funds used for implementing  
23 the Regional Traffic Signal Synchronization Program.

24                  3.       An Eligible Jurisdiction shall contribute matching local funds  
25 equal to twenty percent (20%) of the project or program cost. The requirement for  
26 matching local funds may be satisfied all or in part with in-kind services provided by the  
27 Eligible Jurisdiction for the program or project, including salaries and benefits for  
28 employees of the Eligible Jurisdiction who perform work on the project or programs.

1                   4.     An Eligible Jurisdiction shall issue a report once every three  
2 years regarding the status and performance of its traffic signal synchronization activities.

3                   5.     Not less than once every three years an Eligible Jurisdiction  
4 shall review and revise, as may be necessary, the timing of traffic signals included as part  
5 of the Traffic Signal Synchronization Master Plan.

6                   6.     An Eligible Jurisdiction withdrawing from a signal  
7 synchronization project shall be required to return Net Revenues allocated for the project.

8                   C.     Local Fair Share Program.

9                   The allocation of eighteen percent (18%) of the Net Revenues for  
10 Local Fair Share Program projects shall be made to Eligible Jurisdictions in amounts  
11 determined as follows:

12                   1.     Fifty percent (50%) divided between Eligible Jurisdictions based  
13 on the ratio of each Eligible Jurisdiction's population for the immediately preceding calendar  
14 year to the total County population (including incorporated and unincorporated areas) for  
15 the immediately preceding calendar year, both as determined by the State Department of  
16 Finance;

17                   2.     Twenty-five percent (25%) divided between Eligible Jurisdictions  
18 based on the ratio of each Eligible Jurisdiction's existing Master Plan of Arterial Highways  
19 ("MPAH") centerline miles to the total existing MPAH centerline miles within the County as  
20 determined annually by the Authority; and

21                   3.     Twenty-five percent (25%) divided between Eligible Jurisdictions  
22 based on the ratio of each Eligible Jurisdiction's total taxable sales to the total taxable sales  
23 of the County for the immediately preceding calendar year as determined by the State  
24 Board of Equalization.

25                   VI.    ALLOCATION OF NET REVENUES; TRANSIT PROGRAMS/PROJECTS.

26                   A.     Transit Extensions to Metrolink.

27                   1.     The Authority may provide technical assistance, transportation  
28 planning and engineering resources for an Eligible Jurisdiction to assist in designing Transit

1 Extensions to Metrolink projects to provide effective and user-friendly connections to  
2 Metrolink services and bus transit systems.

3                   2. To be eligible to receive Net Revenues for Transit Extension to  
4 Metrolink projects, an Eligible Jurisdiction must execute a written agreement with the  
5 Authority regarding the respective roles and responsibilities pertaining to construction,  
6 ownership, operation and maintenance of the Transit Extension to Metrolink project.

7                   3. Allocations of Net Revenues shall be determined pursuant to a  
8 countywide competitive procedure adopted by the Authority. This procedure shall include  
9 an evaluation process and methodology applied equally to all candidate Transit Extension  
10 to Metrolink projects. Eligible Jurisdictions shall be consulted by the Authority in the  
11 development of the evaluation process and methodology.

12                   B. Metrolink Gateways.

13                   1. The Authority may provide technical assistance, transportation  
14 planning and engineering resources for an Eligible Jurisdiction to assist in designing  
15 Regional Transit Gateway facilities to provide for effective and user-friendly connections to  
16 the Metrolink system and other transit services.

17                   2. To be eligible to receive Net Revenues for Regional Gateway  
18 projects, an Eligible Jurisdiction must execute a written agreement with the Authority  
19 regarding the respective roles and responsibilities pertaining to construction, ownership,  
20 operation and maintenance of the Regional Gateway facility.

21                   3. Allocations of Net Revenues shall be determined pursuant to a  
22 countywide competitive procedure adopted by the Authority. This procedure shall include  
23 an evaluation process and methodology applied equally to all candidate Regional Gateway  
24 projects. Eligible Jurisdictions shall be consulted by the Authority in the development of the  
25 evaluation process and methodology.

26                   C. Mobility Choices for Seniors and Persons with Disabilities.

27                   1. An Eligible Jurisdiction may contract with another entity to  
28 perform all or part of a Mobility Choices for Seniors and Persons with Disabilities project.

1                               2.     A senior is a person age sixty years or older.

2                               3.     Allocations.

3                               a.     One percent (1%) of the Net Revenues shall be allocated  
4 to the County to augment existing senior non-emergency medical transportation services  
5 funded with Tobacco Settlement funds as of the effective date of the Ordinance. The  
6 County shall continue to fund these services in an annual amount equal to the same  
7 percentage of the total annual Tobacco Settlement funds received by the County. The Net  
8 Revenues shall be annually allocated to the County in an amount no less than the Tobacco  
9 Settlement funds annually expended by the County for these services and no greater than  
10 one percent of net revenues plus any accrued interest.

11                              b.     ~~One percent (1%)~~ One and forty-seven hundredths  
12 percent (1.47%) of the Net Revenues shall be allocated to continue and expand the  
13 existing Senior Mobility Program provided by the Authority. The allocations shall be  
14 determined pursuant to criteria and requirements for the Senior Mobility Program adopted  
15 by the Authority.

16                              c.     One percent (1%) of the Net Revenues shall be allocated  
17 to partially fund bus and ACCESS fares for seniors and persons with disabilities in an  
18 amount equal to the percentage of partial funding of fares for seniors and persons with  
19 disabilities as of the effective date of the Ordinance, and to partially fund train and other  
20 transit service fares for seniors and persons with disabilities in amounts as determined by  
21 the Authority.

22                              d.     In the event any Net Revenues to be allocated for seniors  
23 and persons with disabilities pursuant to the requirements of subsections a, b and c above  
24 remain after the requirements are satisfied then the remaining Net Revenues shall be  
25 allocated for other transit programs or projects for seniors and persons with disabilities as  
26 determined by the Authority.

27                           D.     Community Based Transit/Circulators.

28                           1.     The Authority may provide technical assistance, transportation

1 planning, procurement and operations resources for an Eligible Jurisdiction to assist in  
2 designing Community Based Transit/Circulators projects to provide effective and user-  
3 friendly transit connections to countywide bus transit and Metrolink services.

4                   2. To be eligible to receive Net Revenues for Community Based  
5 Transit/Circulators projects, an Eligible Jurisdiction must execute a written agreement with  
6 the Authority regarding the respective roles and responsibilities pertaining to construction,  
7 ownership, operation and maintenance of the Community Based Transit/Circulators project.

8                   3. Allocations of Net Revenues shall be determined pursuant to a  
9 countywide competitive procedure adopted by the Authority. This procedure shall include  
10 an evaluation process and methodology applied equally to all candidate Community Based  
11 Transit/Circulator projects. Eligible Jurisdictions shall be consulted by the Authority in the  
12 development of the evaluation process and methodology.

13                   4. An Eligible Jurisdiction may contract with another entity to  
14 perform all or part of a Community Based Transit/Circulators project.

15           VII. ALLOCATION OF NET REVENUES; ENVIRONMENTAL CLEANUP  
16 PROGRAMS/PROJECTS.

17                   A. An Eligible Jurisdiction may contract with any other public entity to  
18 perform all or any part of an Environmental Cleanup project.

19                   B. Allocation Committee.

20                   1. The Allocation Committee shall not include any elected public  
21 officer and shall include the following twelve (12) voting members:

- 22                                   (i) one (1) representative of the County of Orange;  
23                                   (ii) five (5) representatives of cities, subject to the  
24 requirement for one (1) representative for the cities in each supervisorial district;  
25                                   (iii) one (1) representative of the California Department of  
26 Transportation;  
27                                   (iv) two (2) representatives of water or wastewater public  
28 entities;

1 (v) one (1) representative of the development industry;  
2 (vi) one (1) representative of the scientific or academic  
3 community;

4 (vii) one (1) representative of private or non-profit  
5 organizations involved in environmental and water quality protection/enforcement matters;

6 In addition, one (1) representative of the Santa Ana Regional Water  
7 Quality Control Board and one (1) representative of the San Diego Regional Water Quality  
8 Control Board shall be non-voting members of the Allocation Committee.

9 2. The Allocation Committee shall recommend to the Authority for  
10 adoption by the Authority the following:

11 a. A competitive grant process for the allocation of  
12 Environmental Cleanup Revenues, including the highest priority to capital improvement  
13 projects included in a Watershed Management Area. The process shall give priority to  
14 cost-effective projects and programs that offer opportunities to leverage other funds for  
15 maximum benefit.

16 b. A process requiring that Environmental Cleanup  
17 Revenues allocated for projects and programs shall supplement and not supplant funding  
18 from other sources for transportation related water quality projects and programs.

19 c. Allocation of Environmental Cleanup Revenues for  
20 proposed projects and programs.

21 d. An annual reporting procedure and a method to assess  
22 the water quality benefits provided by completed projects and programs.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Attachment E**

**Measure M2 Amendment Notification  
Outreach Plan**

**Overview**

Outreach activities as well as a public hearing will take place for the proposed amendment to the Measure M2 Investment Plan to ensure transparency in decision making.

**Goal**

Communicate intent of the proposed amendment to the Measure M2 Investment Plan.

**Target Audiences**

Local jurisdictions, key stakeholders, special interest groups and the general public

**Key Messages**

As a result of the Ten-Year Review, an amendment to the Measure M2 Investment Plan is being proposed to close out Project T, which is complete, and allocate \$69 million from Project T to Project U to cover a shortfall in the Fare Stabilization Program.

Additionally, allocate \$150 million from Project T to Project R is proposed, which funds the ongoing operation of Metrolink service in Orange County.

While Project T has a capital investment emphasis, Project U has more of an operational assistance emphasis, and Project R has a mix of capital and operations; however, the Measure M2 Ordinance allows for movement of funding within a category.

The proposed amendment adjusts the relative amount of expenditures among those programs and does so in the spirit of fulfilling the voter commitment by addressing the needs of two programs using cost savings from a completed program - Project T.

This amendment allows OCTA to continue on a path to deliver all promised projects and programs within Measure M2.

**Outreach Activities**

*Letter to Local Jurisdictions* Letters will be sent to all Orange County city mayors (with a cc to all councilmembers and city managers) and the Chair of the Board of Supervisors to notify each jurisdiction of the proposed amendment, its purpose and the public hearing date.

*Letter to Stakeholder/  
Special Interest Groups* Letters will be sent to key Orange County stakeholder groups, such as Women in Transportation Seminar, OCTax, the Orange County Business Council and the Senior Citizens Advisory Council, to notify



each group of the proposed amendment, its purpose and the public hearing date, and to ask that they distribute the information to their members.

*OCTA Website*

Information about the proposed amendment, its purpose and the public hearing date will be prominently displayed on the OCTA website.

*OCTA Blog*

Information about the proposed amendment will be included in OCTA's blog, *On the Move*, and will direct people to the OCTA website to find out more information.

*OCTA Social Media*

Information about the proposed amendment will be included on OCTA's Facebook page and will direct people to the OCTA website to find out more information.

*Newspaper Ads*

Ads will be placed in local papers and diverse media to notify the general public of the proposed amendment and to encourage attendance to the public hearing.

*Public Committees*

The proposed amendment and public hearing will be discussed with OCTA's Citizens Advisory Committee, Special Needs Advisory Committee and Technical Advisory Committee.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Proposed Amendment to the Measure M2 Transportation  
Investment Plan**

**Attachment F**

**DRAFT**

October 27, 2015

The Honorable XXX  
Mayor, City of XXX  
Address  
City, State ZIP

**RE: Proposed Measure M2 Transportation Investment Plan Amendment**

Dear Mayor XXX:

On October 12, 2015, the Orange County Local Transportation Authority Board of Directors (Board) reviewed the Measure M2 (M2), Ordinance No. 3 required Comprehensive Ten-Year Review Report, and on October 26, 2015, directed staff to proceed with the necessary actions to implement its findings. This includes initiating the process to amend the M2 Transportation Investment Plan (M2 Plan) to balance funding between projects in the transit mode. The completed Ten-Year Review and staff report is available on the Orange County Transportation Authority's (OCTA) website.

The Ten-Year Review requires all project and program elements of the M2 Plan be reviewed to determine if there is a need to make changes to improve the performance. While no major changes were identified in the review, a funding shortfall was identified in the Transit Program as a result of recessionary reductions in sales tax revenues.

Based on current ridership projections, the funding available for the Fare Stabilization Program under Project U has a shortfall of \$69 million. Another area in financial need is High-Frequency Metrolink Service (Project R), which is the program that supports ongoing capital requirements and operations of Metrolink service. This program has been scaled to the available revenue which has limited the level of additional service that can be added. This program also faces regulatory risks, as well as high operating costs.

With the exception of individual freeway projects, the transit category is the only category that has a program which is complete. Per the M2 Ordinance, Project T is to be utilized for converting Metrolink station(s) to regional gateways that connect Orange County with high-speed rail systems. In addition to other local and external funding, OCTA has contributed Project T funds for the construction of the Anaheim Regional Transportation Intermodal Center. This station is designed to be the southern terminus for the planned high-speed rail system in California. Since no other stations in

Orange County are to be served on the planned route and no other high-speed rail systems have moved forward in the planning stages, it is recommended that the remaining funds in Project T be reallocated to address the shortfall in Project U and to support Project R. This action allows OCTA to fulfill its commitment to the voters with respect to stabilizing senior bus fares and increasing the frequency of Metrolink service.

Staff is recommending that the remaining funds in Project T (\$219 million) be reallocated to Project U (\$69 million) and Project R (\$150 million). Project T has a capital investment emphasis, Project U has more of an operational assistance, and Project R has a mix of capital and operations. Measure M allows for movement of funding within a category. While the proposed amendment adjusts the relative amount of expenditures among those programs, it does so in the spirit of fulfilling the voter commitment by addressing the needs of two programs using cost savings from a completed program - Project T.

In support of the proposed amendment, revised Transportation Investment Plan (TIP) costs are reflected for projects R, T, and U on pages 23, 24 and 31 (Attachment A). The project costs reflected in the TIP are in 2005 dollars (the year the plan was developed). In order to keep the numbers consistent, the actual amendment is shown in 2005 dollars.

The M2 Ordinance allows for amendments, as defined by Section 12 of Ordinance No. 3. This involves approval by the Measure M Taxpayer Oversight Committee and a public review period. A public hearing has been set for December 14, 2015. Local agencies may offer comments in writing or in person at the public hearing.

Measure M has been a critical element of Orange County's efforts to fund a broad range of needed transportation projects. Through our partnerships with the cities, the County of Orange, the California Department of Transportation, and other agencies, OCTA has been successful in keeping our commitments made to the voters. Your continued support and active involvement in the delivery of the Measure M Program is appreciated.

Mayor XXX  
October 27, 2015  
Page 3

Should your agency have any comments or questions on the amendment, please contact Tamara Warren, M2 Program Manager, at (714) 560-5590.

Sincerely,

Jeff Lalloway  
OCTA Chairman

JL:tw  
Attachments

c: Board of Directors  
Executive Staff  
City Councils  
City Managers  
Ryan Chamberlin, Caltrans District 12 Director  
TOC Members






## COMMITTEE TRANSMITTAL

**October 12, 2015**

**To:** Members of the Board of Directors

**From:**  Laurena Weinert, Clerk of the Board

**Subject:** Measure M2 Ten-Year Review Report

### Executive Committee Meeting of October 5, 2015

**Present:** Chairman Lalloway, Vice Chair Donchak, and Directors Hennessey, Murray, Nelson, Spitzer, Steel, and Ury

**Absent:** None

### **Committee Vote**

This item was passed by the Members present.

### **Committee Recommendations**

- A. Receive and file the Measure M2 Ten-Year Review Report as an information item.
- B. Direct staff to initiate the process to amend the Measure M2 Transportation Investment Plan to adjust funds within the transit category to ensure commitments to the voters can be upheld.
- C. Direct staff to return to the Board of Directors to set a date for a public hearing for action to adopt amendments to the Measure M2 Transportation Investment Plan.

### **Committee Discussion**

At the October 5, 2015, Executive Committee meeting, the Committee requested additional information in regards the Measure M2 Ten-Year Review Report. Attached is the "Fact Sheet" that notes the questions and answers (Transmittal Attachment).



# Orange County Transportation Authority

## Measure M2 Ten-Year Review Report Questions and Answers

**1) Are future recessionary risks included in the financial assumptions analysis in the Ten-Year Review report and do the assumptions account for the risk of future higher interest rates?**

Yes, future recessionary risks are taken into account in the Measure M2 (M2) sales tax forecasts and interest rate projections used by the Orange County Transportation Authority (OCTA). OCTA uses a conservative approach by utilizing the services of three universities to forecast sales tax growth for the M2 Program. These forecasts are averaged to determine one projected rate. The university forecasts show sales tax revenue growth over the life of the M2 Program. These forecasts do not project specific declines associated with recessionary periods, they are incorporated in the annual average growth rate. For the Measure M1 (M1) Program from 1991 through 2011, sales tax revenue growth averaged 4.6 percent and ranged from a high of 11.1 percent to a low of negative 13.2 percent. Although the program had large annual fluctuations, and experienced three recessions, the actual amount of sales tax received for the 20-year program matched the initial projections.

In projecting financing costs for future debt issuances, OCTA has assumed higher interest rates to protect against rising rates. OCTA's financing models have included a 150 basis point increase over the current level of interest rates.

**2) What level of external funding is included in the financial assumptions for the freeway program?**

The financial assumptions include committed, external funding that has already been programmed to specific freeway projects. Future external revenue beyond this amount is not included in the financial assumptions. With the reduction in revenue as a result of the 2008 Great Recession, OCTA has leveraged \$918 million in state and federal funds, which has provided nearly 30 percent of the funding gap between the revised and original revenue projections. Moving forward, external revenue opportunities for highway expansion are limited unless proposed legislation moves forward. Any future external funding, which may become available, would provide protection against higher project and interest costs.

**3) In the report (on page 33), it mentions seven segments that have constraints or risks moving forward. Which projects are these and what actions need to happen to navigate the constraints?**

Upcoming projects face the following risks: staffing, scope, and scale. Staffing risks relate to the ability of California Department of Transportation (Caltrans) to acquire and process right-of-way (ROW) in a timely manner; review and approve final documents; issue and execute construction contracts; and ensure overall timely project delivery. Scope risks relate to the understanding of the M2 Program of projects that was approved by the Board of Directors (Board) in 2006 and was the basis of the voter-approved Transportation Investment Plan. Scale risks relate to minimizing ROW impacts, as well as managing costs against an established budget.





## Orange County Transportation Authority

### Measure M2 Ten-Year Review Report Questions and Answers

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The M2 freeway program is broken down into segments to facilitate implementation. The M2 report highlighted seven segments that have constraints and, as a result, have exposure to one or more of the above listed risks. These include:

- Interstate 5 (I-5) between State Route 73 and El Toro Road (three segments) initially had project scale and scope risks and some of the early staffing risks related to ROW resources. These, for the most part, have now been addressed. Beyond these, the project needs continued support of Caltrans resources through construction, and OCTA needs to work closely with Caltrans to ensure timing of the project is aligned with Caltrans support staff availability.
- I-5 between Interstate 405 (I-405) and State Route 55 (SR-55) has been delayed while OCTA and Caltrans work through the approach to traffic modeling assumptions. The modeling issue is nearing resolution. This project has limited ROW, and moving through the environmental process, both agencies need to reach consensus on the scale of improvements as some solutions can have higher ROW and cost implications.
- SR-55 between I-405 and I-5 is in the final stage of the environmental phase. The major risk issue is reaching consensus on the scope of the project. This corridor has significant congestion issues due to high volume of entering and exiting traffic at local interchanges, two major freeway to freeway interchanges at either end, and high volumes in the carpool lane. While M2 emphasized the general traffic congestion issues through the addition of a general purpose lane, Caltrans also desires to address congestion in the high-occupancy vehicle (HOV) lanes by adding a second HOV lane. The project alternatives can address corridor congestion or HOV congestion, but not both. This issue will be addressed as part of the decision on the preferred alternative. OCTA and Caltrans need to work closely to reach a balanced decision. Beyond this, the staffing issue related to design oversight, ROW, advertising for construction, and administration needs to be carefully coordinated and agreed upon. The biggest potential for a staffing issue is related to ROW acquisition and the eminent domain process through Caltrans.
- State Route 91 (SR-91) between SR-55 and State Route 57 is in the early stages of the environmental phase. The project has been delayed while OCTA and Caltrans work through the approach to traffic modeling assumptions. The modeling issue is nearing resolution. While both Caltrans and OCTA have general concurrence on the scope, which is to address general traffic congestion issues, Caltrans also desires to address westbound congestion on the SR-91 to the west of the SR-55 interchange related to heavy merging traffic from the Lakeview interchange. OCTA and Caltrans are working on options to address this congestion, and the merging solution will likely be implemented as a future phase. However, the agencies need to reach consensus on the scale of improvements as some solutions can have higher ROW and cost implications.



## Orange County Transportation Authority

### Measure M2 Ten-Year Review Report Questions and Answers

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- I-405 between State Route 133 and SR-55 has been delayed while OCTA and Caltrans work through the approach to traffic modeling assumptions. The modeling issue is nearing resolution. Moving through the environmental process both agencies need to reach consensus on the scale of improvements as some solutions can have higher cost implications.
- 4) Does it make sense to move Project T funding to Project U to stabilize bus fares? Are there other options to backfill the shortfall in Project U?**

Keeping the commitment to the voters by delivering all programs is a critical factor in the success of the M2 Plan, yet revenue forecasts show that Project U has a defined shortfall as a result of the 2008 Great Recession. M2 defines the level of fare stabilization that needs to be provided. Additionally, the change from M1 to M2, which lowered the age limit for senior eligibility from 65 to 60, has increased the customer eligibility base by 50 percent. Without additional revenue, the program will not be deliverable through 2041. While Project U has a shortfall, Project T within the Transit Category has enough funding to backfill the shortfall and keep the commitment to the voters.

Multiple options for covering the shortfall in Project U have been analyzed: raising the age requirement for those that would receive the subsidy, having the shortfall covered by traditional bus operating funds, discontinuing the program once funds were exhausted, which is projected to be in fiscal year 2035-36, or amending the M2 Ordinance to decrease the percentage of fares that could be subsidized. Ultimately, each of these alternatives requires a change in the promise to the voters or shifts the M2 responsibility to the OCTA Bus Operations Program. This would be difficult to address given recent Transportation Development Act funding shortfalls. Staff has been providing regular updates to the Board on this issue since 2011, and most recently last month to the Finance and Administration Committee. The Board directed staff to look for other available M2 transit funds and provide a recommendation as part of the Ten-Year Review.

Per the M2 Ordinance, Project T is to be utilized for converting Metrolink Station(s) to regional gateways that connect Orange County with high-speed rail systems. OCTA has contributed Project T funds to assist with the construction of the Anaheim Regional Transportation Intermodal Center, which is the southern terminus for the planned high-speed rail system in Orange County. Since this project is complete and operational, no other stations in Orange County are on the planned route and no other high-speed rail systems have moved forward in the planning stages, given the defined shortfall in Project U and Project R, it is recommended that the remaining funds in Project T be reallocated to Project U and Project R transit line items. It is anticipated that approximately \$219 million will be available in Project T for these two programs.

Ordinance No. 3 spells out the process for plan amendments. Amendments within a category do not require voter approval, but require a two-thirds vote of the Taxpayer Oversight Committee (TOC) and a two-thirds vote of the OCTA Board, as well as a public hearing and notification process.



## Orange County Transportation Authority

### Measure M2 Ten-Year Review Report Questions and Answers

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#### **5) What will OCTA do to communicate the M2 Amendment?**

During outreach for the Ten-Year Review, staff communicated the proposal to transfer Project T funds (gateways to high-speed rail) to Project U (fare stabilization) and Project R (high-frequency Metrolink Service). This included presentations to the League of California Cities, Orange County Business Council, Association of California Cities – Orange County, Women in Transportation Seminar, American Society of Civil Engineers, the Building Industry Association, Orange County City Managers Association; and OCTA's committees including the Citizens Advisory Committee, Technical Advisory Committee, Special Needs Advisory Committee, the Environmental Oversight Committee, and the Environmental Cleanup and Allocation Committee.

The ordinance provides a specific process to amend the Transportation Investment Plan, which includes a two-thirds vote of the TOC and a two-thirds vote of the OCTA Board, as well as a public hearing and a public and local jurisdiction notification process.

Notification of the public hearing and purpose of the amendment will be provided to local agencies, stakeholders, and the general public through the OCTA website, OCTA blog, and social media. All Orange County local jurisdictions will be notified by mail. OCTA staff will partner with the stakeholder groups that provided feedback during the review process to notify their members. Target audiences will include government officials and staff, community and business leaders, transportation professionals, environmental leaders, local government agencies, multi-cultural leaders, and OCTA's public committees.



**Measure M1**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of June 30, 2015**  
**(Unaudited)**

(\$ in thousands)	Year to Date June 30, 2015 (A)	Period from Inception through June 30, 2015 (B)
<b>Revenues:</b>		
Sales taxes	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs:		
Project related	8,923	600,511
Non-project related	-	620
Interest:		
Operating:		
Project related	-	1,745
Non-project related	1,386	271,549
Bond proceeds	-	136,067
Debt service	-	82,054
Commercial paper	-	6,072
Orange County bankruptcy recovery	-	42,268
Capital grants	-	156,434
Right-of-way leases	278	6,868
Proceeds on sale of assets held for resale	2,940	29,771
Miscellaneous:		
Project related	-	27
Non-project related	-	777
Total revenues	<u>13,527</u>	<u>5,338,735</u>
<b>Expenditures:</b>		
Supplies and services:		
State Board of Equalization (SBOE) fees	-	56,883
Professional services:		
Project related	1,334	209,985
Non-project related	259	36,298
Administration costs:		
Project related	563	24,662
Non-project related	233	96,584
Orange County bankruptcy loss	-	78,618
Other:		
Project related	83	2,204
Non-project related	28	16,004
Payments to local agencies:		
Turnback	909	594,918
Other	7,440	969,592
Capital outlay	6,433	2,108,660
Debt service:		
Principal payments on long-term debt	-	1,003,955
Interest on long-term debt and commercial paper	-	561,842
Total expenditures	<u>17,282</u>	<u>5,760,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,755)</u>	<u>(421,470)</u>
<b>Other financing sources (uses):</b>		
Transfers out:		
Project related	(181,949)	(591,381)
Non-project related	-	(5,116)
Transfers in: project related	-	1,829
Bond proceeds	-	1,169,999
Advance refunding escrow	-	(931)
Payment to refunded bond escrow agent	-	(152,930)
Total other financing sources (uses)	<u>(181,949)</u>	<u>421,470</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (185,704)</u>	<u>\$ -</u>

**Measure M1**  
**Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)**  
**as of June 30, 2015**  
**(Unaudited)**

(\$ in thousands)	Year Ended June 30, 2015 (actual) (C.1)	Period from Inception through June 30, 2015 (actual) (D.1)
<b>Tax revenues:</b>		
Sales taxes	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs	-	620
Operating interest	1,386	271,549
Orange County bankruptcy recovery	-	20,683
Miscellaneous, non-project related	-	777
Total tax revenues	<u>1,386</u>	<u>4,297,601</u>
<b>Administrative expenditures:</b>		
SBOE fees	-	56,883
Professional services, non-project related	259	27,437
Administration costs, non-project related	233	96,584
Transfers out, non-project related	-	5,116
Orange County bankruptcy loss	-	29,792
Other, non-project related	28	6,904
Total administrative expenditures	<u>520</u>	<u>222,716</u>
Net tax revenues	<u>\$ 866</u>	<u>\$ 4,074,885</u>
	(C.2)	(D.2)
<b>Bond revenues:</b>		
Proceeds from issuance of bonds	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	136,067
Interest revenue from debt service funds	-	82,054
Interest revenue from commercial paper	-	6,072
Orange County bankruptcy recovery	-	21,585
Total bond revenues	<u>-</u>	<u>1,415,777</u>
<b>Financing expenditures and uses:</b>		
Professional services, non-project related	-	8,861
Payment to refunded bond escrow	-	153,861
Bond debt principal	-	1,003,955
Bond debt interest expense	-	561,842
Orange County bankruptcy loss	-	48,826
Other, non-project related	-	9,100
Total financing expenditures and uses	<u>-</u>	<u>1,786,445</u>
Net bond revenues (debt service)	<u>\$ -</u>	<u>\$ (370,668)</u>

**Measure M1**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2015**  
**(Unaudited)**

Project Description (E)	Net Tax Revenues Program to date Actual (F)	Total Net Tax Revenues (G)	Project Budget (H)	Estimate at Completion (I)	Variance Total Net Tax Revenues to Est at Completion (J)	Variance Project Budget to Est at Completion (K)	Expenditures through June 30, 2015 (L)	Reimbursements through June 30, 2015 (M)	Net Project Cost (N)
(\$ in thousands)									
<b>Freeways (43%)</b>									
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 982,555	\$ 982,555	\$ 810,010	\$ 786,150	\$ 196,405	\$ 23,860	\$ 881,984	\$ 91,030	\$ 790,954
I-5 between I-5/I-405 Interchange and San Clemente	68,766	68,766	72,862	74,962	(6,196)	(2,100)	70,294	10,358	59,936
I-5/I-405 Interchange	87,279	87,279	72,802	73,075	14,204	(273)	98,157	25,082	73,075
SR-55 (Costa Mesa Fwy) between I-5 and SR-91 (Riverside Fwy)	58,186	58,186	44,511	49,349	8,837	(4,838)	55,514	6,173	49,341
SR-57 (Orange Fwy) between I-5 and Lambert Road	29,093	29,093	24,128	22,758	6,335	1,370	25,617	2,859	22,758
SR-91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	125,629	125,629	116,136	105,389	20,240	10,747	123,995	18,606	105,389
SR-22 (Garden Grove Fwy) between SR-55 and Valley View St.	400,692	400,692	313,297	315,712	84,980	(2,415)	697,929	359,099	338,830
Subtotal Projects	1,752,200	1,752,200	1,453,746	1,427,395	324,805	26,351	1,953,490	513,207	1,440,283
Net (Bond Revenue)/Debt Service	-	-	311,917	311,917	(311,917)	-	311,917	-	311,917
<b>Total Freeways</b>	<b>\$ 1,752,200</b>	<b>\$ 1,752,200</b>	<b>\$ 1,765,663</b>	<b>\$ 1,739,312</b>	<b>\$ 12,888</b>	<b>\$ 26,351</b>	<b>\$ 2,265,407</b>	<b>\$ 513,207</b>	<b>\$ 1,752,200</b>
<b>%</b>				<b>42.8%</b>					<b>43.0%</b>
<b>Regional Street and Road Projects (11%)</b>									
Smart Streets	\$ 153,681	\$ 153,681	\$ 151,272	\$ 151,272	\$ 2,409	\$ -	\$ 163,441	\$ 12,756	\$ 150,685
Regionally Significant Interchanges	89,647	89,647	89,647	89,647	-	-	89,226	146	89,080
Intersection Improvement Program	128,068	128,068	128,068	128,068	-	-	131,446	3,946	127,500
Traffic Signal Coordination	64,034	64,034	64,034	64,034	-	-	69,303	3,986	65,317
Transportation Systems Management and Transportation Demand Management	12,807	12,807	12,807	12,807	-	-	13,463	217	13,246
Subtotal Projects	448,237	448,237	445,828	445,828	2,409	-	466,879	21,051	445,828
Net (Bond Revenue)/Debt Service	-	-	2,409	2,409	(2,409)	-	2,409	-	2,409
<b>Total Regional Street and Road Projects</b>	<b>\$ 448,237</b>	<b>\$ 448,237</b>	<b>\$ 448,237</b>	<b>\$ 448,237</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 469,288</b>	<b>\$ 21,051</b>	<b>\$ 448,237</b>
<b>%</b>				<b>11.0%</b>					<b>11.0%</b>

**Measure M1**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2015**  
**(Unaudited)**

Project Description (E)	Net Tax Revenues Program to date Actual (F)	Total Net Tax Revenues (G)	Project Budget (H)	Estimate at Completion (I)	Variance Total Net Tax Revenues to Est at Completion (J)	Variance Project Budget to Est at Completion (K)	Expenditures through June 30, 2015 (L)	Reimbursements through June 30, 2015 (M)	Net Project Cost (N)
(\$ in thousands)									
<b>Local Street and Road Projects (21%)</b>									
Master Plan of Arterial Highway Improvements	\$ 160,793	\$ 160,793	\$ 160,793	\$ 160,793	\$ -	\$ -	\$ 162,393	\$ 1,600	\$ 160,793
Streets and Roads Maintenance and Road Improvements	594,933	594,933	594,933	594,933	-	-	594,933	-	594,933
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	101,212	1,212	100,000
Subtotal Projects	855,726	855,726	855,726	855,726	-	-	858,538	2,812	855,726
Net (Bond Revenue)/Debt Service	-	-	-	-	-	-	-	-	-
<b>Total Local Street and Road Projects</b>	<b>\$ 855,726</b>	<b>\$ 855,726</b>	<b>\$ 855,726</b>	<b>\$ 855,726</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 858,538</b>	<b>\$ 2,812</b>	<b>\$ 855,726</b>
%				21.1%					21.0%
<b>Transit Projects (25%)</b>									
Pacific Electric Right-of-Way	\$ 19,717	\$ 19,717	\$ 15,000	\$ 14,200	\$ 5,517	\$ 800	\$ 17,513	\$ 3,588	\$ 13,925
Commuter Rail	367,772	367,772	352,550	360,342	7,430	(7,792)	428,582	60,805	367,777
High-Technology Advanced Rail Transit	446,923	446,923	428,449	440,688	6,235	(12,239)	592,109	158,957	433,152
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	20,000	-	20,000
Transitways	164,310	164,310	146,381	127,150	37,160	19,231	164,291	36,765	127,526
Subtotal Projects	1,018,722	1,018,722	962,380	962,380	56,342	-	1,222,495	260,115	962,380
Net (Bond Revenue)/Debt Service	-	-	56,342	56,342	(56,342)	-	56,342	-	56,342
<b>Total Transit Projects</b>	<b>\$ 1,018,722</b>	<b>\$ 1,018,722</b>	<b>\$ 1,018,722</b>	<b>\$ 1,018,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,278,837</b>	<b>\$ 260,115</b>	<b>\$ 1,018,722</b>
%				25.1%					25.0%
<b>Total Measure M1 Program</b>	<b>\$ 4,074,885</b>	<b>\$ 4,074,885</b>	<b>\$ 4,088,348</b>	<b>\$ 4,061,997</b>	<b>\$ 12,888</b>	<b>\$ 26,351</b>	<b>\$ 4,872,070</b>	<b>\$ 797,185</b>	<b>\$ 4,074,885</b>



**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of June 30, 2015**  
**(Unaudited)**

(\$ in thousands)	Year to Date June 30, 2015 (A)	Period from Inception to June 30, 2015 (B)
Revenues:		
Sales taxes	\$ 291,557	\$ 1,149,372
Other agencies' share of Measure M2 costs:		
Project related	105,540	382,953
Non-project related	231	365
Interest:		
Operating:		
Project related	2	2
Non-project related	5,222	11,031
Bond proceeds	4,919	26,566
Debt service	6	44
Commercial paper	-	393
Right-of-way leases	122	704
Miscellaneous		
Project related	-	198
Non-project related	-	7
Total revenues	407,599	1,571,635
Expenditures:		
Supplies and services:		
State Board of Equalization (SBOE) fees	3,387	12,317
Professional services:		
Project related	40,617	222,633
Non-project related	1,605	12,928
Administration costs:		
Project related	8,658	36,013
Non-project related :		
Salaries and Benefits	3,086	15,075
Other	4,452	21,959
Other:		
Project related	189	1,403
Non-project related	116	3,682
Payments to local agencies:		
Project related	114,276	502,518
Capital outlay:		
Project related	103,391	457,253
Non-project related	-	31
Debt service:		
Principal payments on long-term debt	6,865	19,875
Interest on long-term debt and commercial paper	21,953	93,924
Total expenditures	308,595	1,399,611
Excess (deficiency) of revenues over (under) expenditures	99,004	172,024
Other financing sources (uses):		
Transfers out:		
Project related	(3,361)	(12,041)
Transfers in:		
Project related	6,526	51,804
Non-project related	22,283	29,677
Bond proceeds	-	358,593
Total other financing sources (uses)	25,448	428,033
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 124,452	\$ 600,057

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of June 30, 2015**  
**(Unaudited)**

(\$ in thousands)	Year Ended June 30, 2015 (actual) (C.1)	Period from Inception through June 30, 2015 (actual) (D.1)	Period from July 1, 2015 through March 31, 2041 (forecast) (E.1)	Total (F.1)
<b>Revenues:</b>				
Sales taxes	\$ 291,557	\$ 1,149,372	14,572,357	15,721,729
Operating interest	5,222	11,031	294,504	305,535
Subtotal	<u>296,779</u>	<u>1,160,403</u>	<u>14,866,861</u>	<u>16,027,264</u>
Other agencies share of M2 costs	231	365	-	365
Miscellaneous	-	7	-	7
Total revenues	<u>297,010</u>	<u>1,160,775</u>	<u>14,866,861</u>	<u>16,027,636</u>
<b>Administrative expenditures:</b>				
SBOE fees	3,387	12,317	218,673	230,990
Professional services	1,391	9,152	99,449	108,601
Administration costs :				
Salaries and Benefits	3,086	15,075	145,700	160,775
Other	4,452	21,959	207,640	229,599
Other	116	3,682	25,109	28,791
Capital outlay	-	31	-	31
Environmental cleanup	2,220	8,562	291,447	300,009
Total expenditures	<u>14,652</u>	<u>70,778</u>	<u>988,018</u>	<u>1,058,796</u>
Net revenues	<u>\$ 282,358</u>	<u>\$ 1,089,997</u>	<u>13,878,843</u>	<u>14,968,840</u>
	(C.2)	(D.2)	(E.2)	(F.2)
<b>Bond revenues:</b>				
Proceeds from issuance of bonds	\$ -	\$ 358,593	1,450,000	1,808,593
Interest revenue from bond proceeds	4,919	26,566	25,760	52,326
Interest revenue from debt service funds	6	44	54	98
Interest revenue from commercial paper	-	393	-	393
Total bond revenues	<u>4,925</u>	<u>385,596</u>	<u>1,475,814</u>	<u>1,861,410</u>
<b>Financing expenditures and uses:</b>				
Professional services	214	3,776	12,340	16,116
Bond debt principal	6,865	19,875	1,788,652	1,808,527
Bond debt and other interest expense	21,953	93,924	1,417,105	1,511,029
Total financing expenditures and uses	<u>29,032</u>	<u>117,575</u>	<u>3,218,097</u>	<u>3,335,672</u>
Net bond revenues (debt service)	<u>\$ (24,107)</u>	<u>\$ 268,021</u>	<u>(1,742,283)</u>	<u>(1,474,262)</u>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2015**  
**(Unaudited)**

Project	Description	Net Revenues through June 30, 2015	Total Net Revenues	Expenditures through June 30, 2015	Reimbursements through June 30, 2015	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
	(\$ in thousands)					
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 42,962	\$ 589,999	2,321	\$ 2	\$ 2,319
B	I-5 Santa Ana/SR-55 to El Toro	27,441	376,846	3,757	1,439	2,318
C	I-5 San Diego/South of El Toro	57,314	787,083	54,989	14,150	40,839
D	I-5 Santa Ana/San Diego Interchange Upgrades	23,584	323,872	1,672	466	1,206
E	SR-22 Garden Grove Freeway Access Improvements	10,969	150,638	4	-	4
F	SR-55 Costa Mesa Freeway Improvements	33,456	459,446	6,684	23	6,661
G	SR-57 Orange Freeway Improvements	23,648	324,750	44,301	9,822	34,479
H	SR-91 Improvements from I-5 to SR-57	12,797	175,744	25,629	503	25,126
I	SR-91 Improvements from SR-57 to SR-55	38,072	522,839	12,025	894	11,131
J	SR-91 Improvements from SR-55 to County Line	32,194	442,122	6,910	5,294	1,616
K	I-405 Improvements between I-605 to SR-55	98,064	1,346,703	36,533	3,192	33,341
L	I-405 Improvements between SR-55 to I-5	29,224	401,325	2,613	44	2,569
M	I-605 Freeway Access Improvements	1,828	25,106	606	16	590
N	All Freeway Service Patrol	13,711	188,297	103	-	103
	Freeway Mitigation	23,435	321,830	43,613	1,688	41,925
	Subtotal Projects	468,699	6,436,600	241,760	37,533	204,227
	Net (Bond Revenue)/Debt Service	-	-	24,873	-	24,873
	<b>Total Freeways</b>	<b>\$ 468,699</b>	<b>\$ 6,436,600</b>	<b>266,633</b>	<b>\$ 37,533</b>	<b>\$ 229,100</b>
	<b>%</b>					<b>26.7%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 109,001	\$ 1,496,903	488,170	\$ 247,193	\$ 240,977
P	Regional Traffic Signal Synchronization Program	43,599	598,735	16,496	1,257	15,239
Q	Local Fair Share Program	196,199	2,694,391	185,991	77	185,914
	Subtotal Projects	348,799	4,790,029	690,657	248,527	442,130
	Net (Bond Revenue)/Debt Service	-	-	28,952	-	28,952
	<b>Total Street and Roads Projects</b>	<b>\$ 348,799</b>	<b>\$ 4,790,029</b>	<b>719,609</b>	<b>\$ 248,527</b>	<b>\$ 471,082</b>
	<b>%</b>					<b>54.9%</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2015**  
**(Unaudited)**

Project	Description	Net Revenues through June 30, 2015	Total Net Revenues	Expenditures through June 30, 2015	Reimbursements through June 30, 2015	Net M2 Cost
	(G)	(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
	<b>Transit Projects (25% of Net Revenues)</b>					
R	High Frequency Metrolink Service	\$ 97,578	\$ 1,340,034	156,706	\$ 86,776	\$ 69,930
S	Transit Extensions to Metrolink	96,221	1,321,402	4,004	1,443	2,561
T	Metrolink Gateways	21,804	299,430	98,208	60,956	37,252
U	Expand Mobility Choices for Seniors and Persons with Disabilities	32,696	449,012	30,874	17	30,857
V	Community Based Transit/Circulators	21,794	299,298	1,049	91	958
W	Safe Transit Stops	2,406	33,035	41	26	15
	Subtotal Projects	272,499	3,742,211	290,882	149,309	141,573
	Net (Bond Revenue)/Debt Service	-	-	16,844	-	16,844
	<b>Total Transit Projects</b>	<b>\$ 272,499</b>	<b>\$ 3,742,211</b>	<b>307,726</b>	<b>\$ 149,309</b>	<b>\$ 158,417</b>
	<b>%</b>					<b>18.5%</b>
	<b>Measure M2 Program</b>	<b>\$ 1,089,997</b>	<b>\$ 14,968,840</b>	<b>1,293,968</b>	<b>\$ 435,369</b>	<b>\$ 858,599</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2015**  
**(Unaudited)**

Project	Description	Revenues through June 30, 2015 (G) (\$ in thousands)	Total Revenues (H.1)	Expenditures through June 30, 2015 (J)	Reimbursements through June 30, 2015 (K)	Net M2 Cost (L)
<b>Environmental Cleanup (2% of Revenues)</b>						
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 23,208	\$ 320,545	8,562	\$ 292	\$ 8,270
	Net (Bond Revenue)/Debt Service	-	-	28	-	28
	<b>Total Environmental Cleanup</b>	<b>\$ 23,208</b>	<b>\$ 320,545</b>	<b>8,590</b>	<b>\$ 292</b>	<b>\$ 8,298</b>
	<b>%</b>					<b>0.7%</b>
<b>Taxpayer Safeguards and Audits</b>						
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 17,241	\$ 235,826	12,317	\$ -	\$ 12,317
	<b>%</b>					<b>1.1%</b>
	Oversight and Annual Audits (1% of Revenues)	\$ 11,604	\$ 160,273	15,075	\$ 3,471	\$ 11,604
	<b>%</b>					<b>1.0%</b>



**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of September 30, 2015**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Sept 30, 2015	Year to Date Sept 30, 2015	Period from Inception to Sept 30, 2015
	(A)	(A)	(B)
<b>Revenues:</b>			
Sales taxes	\$ 68,829	\$ 68,829	\$ 1,218,201
Other agencies' share of Measure M2 costs:			
Project related	10,617	10,617	393,570
Non-project related	14	14	379
Interest:			
Operating:			
Project related	-	-	2
Non-project related	1,593	1,593	12,624
Bond proceeds	2,922	2,922	29,488
Debt service	1	1	45
Commercial paper	-	-	393
Right-of-way leases	39	39	743
Miscellaneous			
Project related	-	-	198
Non-project related	-	-	7
Total revenues	<u>84,015</u>	<u>84,015</u>	<u>1,655,650</u>
<b>Expenditures:</b>			
Supplies and services:			
State Board of Equalization (SBOE) fees	881	881	13,198
Professional services:			
Project related	4,044	4,044	226,677
Non-project related	232	232	13,160
Administration costs:			
Project related	2,164	2,164	38,177
Non-project related :			
Salaries and Benefits	771	771	15,846
Other	1,114	1,114	23,073
Other:			
Project related	23	23	1,426
Non-project related	4	4	3,686
Payments to local agencies:			
Project related	23,541	23,541	526,059
Capital outlay:			
Project related	8,697	8,697	465,950
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	19,875
Interest on long-term debt and commercial paper	10,799	10,799	104,723
Total expenditures	<u>52,270</u>	<u>52,270</u>	<u>1,451,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,745</u>	<u>31,745</u>	<u>203,769</u>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	(446)	(446)	(12,487)
Transfers in:			
Project related	-	-	51,804
Non-project related	-	-	29,677
Bond proceeds	-	-	358,593
Total other financing sources (uses)	<u>(446)</u>	<u>(446)</u>	<u>427,587</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 31,299</u>	<u>\$ 31,299</u>	<u>\$ 631,356</u>

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of September 30, 2015**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Sept 30, 2015 (actual)	Year Ended Sept 30, 2015 (actual)	Period from Inception through Sept 30, 2015 (actual)	Period from October 1, 2015 through March 31, 2041 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
<b>Revenues:</b>					
Sales taxes	\$ 68,829	\$ 68,829	\$ 1,218,201	\$ 14,358,700	\$ 15,576,901
Operating interest	1,593	1,593	12,624	225,040	237,664
Subtotal	<u>70,422</u>	<u>70,422</u>	<u>1,230,825</u>	<u>14,583,740</u>	<u>15,814,565</u>
Other agencies share of M2 costs	14	14	379	-	379
Miscellaneous	-	-	7	-	7
Total revenues	<u>70,436</u>	<u>70,436</u>	<u>1,231,211</u>	<u>14,583,740</u>	<u>15,814,951</u>
<b>Administrative expenditures:</b>					
SBOE fees	881	881	13,198	215,467	228,665
Professional services	232	232	9,384	97,991	107,375
Administration costs :					
Salaries and Benefits	771	771	15,846	143,564	159,410
Other	1,114	1,114	23,073	204,596	227,669
Other	4	4	3,686	24,741	28,427
Capital outlay	-	-	31	-	31
Environmental cleanup	2,417	2,417	10,979	287,174	298,153
Total expenditures	<u>5,419</u>	<u>5,419</u>	<u>76,197</u>	<u>973,533</u>	<u>1,049,730</u>
Net revenues	<u>\$ 65,017</u>	<u>\$ 65,017</u>	<u>\$ 1,155,014</u>	<u>\$ 13,610,207</u>	<u>\$ 14,765,221</u>
	(C.2)	(D.2)	(E.2)	(F.2)	
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	2,922	2,922	29,488	25,760	55,248
Interest revenue from debt service funds	1	1	45	54	99
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>2,923</u>	<u>2,923</u>	<u>388,519</u>	<u>1,475,814</u>	<u>1,864,333</u>
<b>Financing expenditures and uses:</b>					
Professional services	-	-	3,776	12,340	16,116
Bond debt principal	-	-	19,875	1,788,652	1,808,527
Bond debt and other interest expense	10,799	10,799	104,723	1,406,306	1,511,029
Total financing expenditures and uses	<u>10,799</u>	<u>10,799</u>	<u>128,374</u>	<u>3,207,298</u>	<u>3,335,672</u>
Net bond revenues (debt service)	<u>\$ (7,876)</u>	<u>\$ (7,876)</u>	<u>\$ 260,145</u>	<u>\$ (1,731,484)</u>	<u>\$ (1,471,339)</u>



**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of September 30, 2015**  
**(Unaudited)**

Project	Description	Net Revenues through Sept 30, 2015	Total Net Revenues	Expenditures through Sept 30, 2015	Reimbursements through Sept 30, 2015	Net M2 Cost
	(G)	(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 45,526	\$ 581,973	\$ 2,435	\$ 2	\$ 2,433
B	I-5 Santa Ana/SR-55 to El Toro	29,078	371,720	3,814	1,439	2,375
C	I-5 San Diego/South of El Toro	60,732	776,377	59,368	14,504	44,864
D	I-5 Santa Ana/San Diego Interchange Upgrades	24,990	319,466	1,696	527	1,169
E	SR-22 Garden Grove Freeway Access Improvements	11,623	148,589	4	-	4
F	SR-55 Costa Mesa Freeway Improvements	35,451	453,196	6,742	23	6,719
G	SR-57 Orange Freeway Improvements	25,058	320,333	44,477	9,823	34,654
H	SR-91 Improvements from I-5 to SR-57	13,561	173,354	26,105	503	25,602
I	SR-91 Improvements from SR-57 to SR-55	40,343	515,727	12,067	912	11,155
J	SR-91 Improvements from SR-55 to County Line	34,115	436,108	6,915	5,294	1,621
K	I-405 Improvements between I-605 to SR-55	103,913	1,328,384	36,961	3,192	33,769
L	I-405 Improvements between SR-55 to I-5	30,967	395,865	3,003	44	2,959
M	I-605 Freeway Access Improvements	1,937	24,765	611	16	595
N	All Freeway Service Patrol	14,529	185,736	113	-	113
	Freeway Mitigation	24,833	317,452	43,836	1,688	42,148
	Subtotal Projects	496,656	6,349,045	248,147	37,967	210,180
	Net (Bond Revenue)/Debt Service	-	-	27,644	-	27,644
	<b>Total Freeways</b>	<b>\$ 496,656</b>	<b>\$ 6,349,045</b>	<b>\$ 275,791</b>	<b>\$ 37,967</b>	<b>\$ 237,824</b>
	<b>%</b>					<b>26.7%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 115,503	\$ 1,476,541	\$ 508,484	\$ 255,183	\$ 253,301
P	Regional Traffic Signal Synchronization Program	46,199	590,590	16,703	1,257	15,446
Q	Local Fair Share Program	207,903	2,657,740	193,635	77	193,558
	Subtotal Projects	369,605	4,724,871	718,822	256,517	462,305
	Net (Bond Revenue)/Debt Service	-	-	32,178	-	32,178
	<b>Total Street and Roads Projects</b>	<b>\$ 369,605</b>	<b>\$ 4,724,871</b>	<b>\$ 751,000</b>	<b>\$ 256,517</b>	<b>\$ 494,483</b>
	<b>%</b>					<b>55.4%</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of September 30, 2015**  
**(Unaudited)**

Project	Description	Net Revenues through Sept 30, 2015	Total Net Revenues	Expenditures through Sept 30, 2015	Reimbursements through Sept 30, 2015	Net M2 Cost
(G)		(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
	<b>Transit Projects (25% of Net Revenues)</b>					
R	High Frequency Metrolink Service	\$ 103,399	\$ 1,321,805	\$ 157,099	\$ 88,668	\$ 68,431
S	Transit Extensions to Metrolink	101,961	1,303,427	4,252	1,775	2,477
T	Metrolink Gateways	23,104	295,357	98,210	60,956	37,254
U	Expand Mobility Choices for Seniors and Persons with Disabilities	34,646	442,904	32,143	17	32,126
V	Community Based Transit/Circulators	23,094	295,226	1,083	99	984
W	Safe Transit Stops	2,549	32,586	41	26	15
	Subtotal Projects	288,753	3,691,305	292,828	151,541	141,287
	Net (Bond Revenue)/Debt Service	-	-	18,720	-	18,720
	<b>Total Transit Projects</b>	<b>\$ 288,753</b>	<b>\$ 3,691,305</b>	<b>\$ 311,548</b>	<b>\$ 151,541</b>	<b>\$ 160,007</b>
	<b>%</b>					<b>17.9%</b>
	<b>Measure M2 Program</b>	<b>\$ 1,155,014</b>	<b>\$ 14,765,221</b>	<b>\$ 1,338,339</b>	<b>\$ 446,025</b>	<b>\$ 892,314</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of September 30, 2015**  
**(Unaudited)**

Project	Description	Revenues through Sept 30, 2015 (H.1)	Total Revenues (I.1)	Expenditures through Sept 30, 2015 (J)	Reimbursements through Sept 30, 2015 (K)	Net M2 Cost (L)
	(G) (\$ in thousands)					
	<b>Environmental Cleanup (2% of Revenues)</b>					
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 24,617	\$ 316,291	\$ 10,979	\$ 292	\$ 10,687
	Net (Bond Revenue)/Debt Service	-	-	31	-	31
	<b>Total Environmental Cleanup</b>	<b>\$ 24,617</b>	<b>\$ 316,291</b>	<b>\$ 11,010</b>	<b>\$ 292</b>	<b>\$ 10,718</b>
	<b>%</b>					<b>0.9%</b>
	<b>Taxpayer Safeguards and Audits</b>					
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 18,273	\$ 233,654	\$ 13,198	\$ -	\$ 13,198
	<b>%</b>					<b>1.1%</b>
	Oversight and Annual Audits (1% of Revenues)	\$ 12,308	\$ 158,146	\$ 15,846	\$ 3,538	\$ 12,308
	<b>%</b>					<b>1.0%</b>



# *Information Items*





COMMITTEE TRANSMITTAL

**October 12, 2015**

**To:** Members of the Board of Directors  
**From:** Laurena Weinert, Clerk of the Board  
**Subject:** Metrolink Ridership and Revenue Annual Report

Transit Committee Meeting of October 8, 2015

**Present:** Directors Do, Jones, Katapodis, Murray, Pulido, Tait, and Winterbottom  
**Absent:** Director Shaw

**Committee Vote**

This item was passed by the Members present.

Directors Jones and Katapodis were not present to vote on this item.

**Committee Recommendation**

Receive and file as an information item.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Metrolink Ridership and Revenue Annual Report**

### **Staff Report**





**October 8, 2015**

**To:** Transit Committee

**From:** Darrell Johnson, Chief Executive Officer

**Subject:** Metrolink Ridership and Revenue Annual Report

### **Overview**

The Southern California Regional Rail Authority is a five-member joint powers authority that operates the 400-mile commuter rail system known as Metrolink. A report on Metrolink ridership, revenue, and on-time performance for service in Orange County covering fiscal year 2014-15 is provided for the Board of Directors' review.

### **Recommendation**

Receive and file as an information item.

### **Background**

Metrolink's five-agency membership includes the Los Angeles County Metropolitan Transportation Authority, the Orange County Transportation Authority (OCTA), the Riverside County Transportation Commission, the San Bernardino Associated Governments, and the Ventura County Transportation Commission. Metrolink operates 165 weekday trains on seven lines, serving 55 stations, and carries over 42,000 riders each weekday.

There are three lines that provide service to Orange County. The Orange County (OC) Line, running between Oceanside and Los Angeles Union Station, began in 1994, followed by the Inland Empire – Orange County (IEOC) Line, running between Oceanside and San Bernardino, in 1995, and the 91 Line, running from Riverside to Los Angeles via Fullerton, in 2002. The three lines serving Orange County provide a total of 54 trains (19 OC Line, 16 IEOC Line, nine 91 Line, and ten intracounty trains) each weekday, serving 11 Orange County stations and carrying an average of more than 16,500 daily passengers.

The Rail 2 Rail Program, which began in 2003, allows Metrolink monthly passholders the option of riding Amtrak Pacific Surfliner trains at no additional charge, provided that the passholder travels within the stations identified on the monthly pass. In Orange County, a valid Metrolink ticket or monthly pass also permits free transfers to local OCTA bus routes that directly serve a Metrolink station, including StationLink routes, which are timed to meet select Metrolink trains.

### ***Discussion***

This report provides an update on weekday and weekend ridership, revenue, and on-time performance for fiscal year (FY) 2014-15; quarterly reports have been provided during the FY.

### **Ridership and Revenue**

#### **Total Ridership and Revenue**

Systemwide Metrolink ridership totaled 11.8 million riders for FY 2014-15, which represents a 0.7 percent increase from the prior year actuals. Systemwide revenue for FY 2014-15 was \$83.7 million, which was 2.5 percent less than FY 2013-14, and 8.3 less than the budget.

The total FY 2014-15 ridership (weekday and weekend) for the three Metrolink lines serving Orange County, including Rail 2 Rail passengers, exceeded 4.5 million, an increase of 3.8 percent compared to FY 2013-14, but 11.6 percent less than budgeted. Annual revenue for these three lines totaled \$33.5 million, which is 0.1 percent higher than actuals from last year. Metrolink ridership and revenue are detailed in Attachment A.

#### **Weekday Ridership**

Combined average weekday ridership on the OC, IEOC, and 91 lines for FY 2014-15 was 16,676 passengers, including Rail 2 Rail. This represents an increase of 1.9 percent compared to the previous FY. Ridership has grown on all three Orange County lines: OC Line up 1 percent, IEOC Line up 2.6 percent, and 91 Line up 4.4 percent, compared to the previous FY.

Average weekday boardings by station for the fourth quarter of FY 2014-15 are listed below to show Metrolink passenger ridership distribution in Orange County, compared to FY 2013-14, and included graphically in Attachment B.

		Average Weekday Boardings		
	Orange County Station	FY 14	FY15	% Change
1	Anaheim	497	509	2.4%
2	Anaheim Canyon	333	308	-7.4%
3	Buena Park	559	595	6.4%
4	Fullerton	1,470	1,490	1.5%
5	Irvine	1,384	1,367	-1.1%
6	Laguna Niguel/Mission Viejo	326	328	0.7%
7	Orange	753	782	4.1%
8	San Clemente	130	129	-1.0%
9	San Juan Capistrano	170	157	-7.6%
10	Santa Ana	826	740	-10.5%
11	Tustin	1,120	1,110	-0.9%

## Notes:

1. Ridership estimates are based on ticket sales by origin station and do not reflect returns from corporate consignment sales.
2. Station boardings do not sum to total system ridership because:
  - a. Ridership estimates do not reflect transfers.
  - b. Ridership from tickets and passes without a defined destination station are counted only at the origin station.

## Weekend Ridership

Orange County Line weekend service began in 2006 with two roundtrips, and was increased in July 2012 to four roundtrips. Additionally, all trips were extended to serve Oceanside. At the same time, the IEOC Line increased from one roundtrip to two roundtrips between San Bernardino and Oceanside. Weekend trains operate year-round at these service levels, providing more travel options for Metrolink passengers. In July 2014, two weekend round trips were introduced to the 91 Line, between Riverside – Downtown and Los Angeles.

Combined average weekend ridership on the OC, IEOC, and 91 lines during FY 2014-15 was 6,275 passengers. This represents an increase of 13.3 percent compared to FY 2013-14. Average weekend ridership year over year on the OC Line was up 13.6 percent on Saturdays and 15.5 percent on Sundays. Average Saturday ridership on the IEOC Line is up 8.7 percent compared to FY 2013-14, and the Sunday ridership on the IEOC Line is up 14.2 percent compared to FY 2013-14. Weekend service on the 91 Line completed its first year of service at the end of FY 2014-15 with an average of 500 riders per day.

### Revenue

Passenger fare revenue covers roughly half of Metrolink operating expenses, with the remainder covered by member agency subsidies. FY 2014-15 revenue, compared to the previous FY, increased by 0.8 percent on the OC Line, and 1.8 percent on the 91 Line. IEOC Line revenue was down 2.6 percent compared to last year. Metrolink revenue for the three lines serving Orange County surpassed \$33.5 million, or 40 percent of the systemwide total of \$83.7 million, and systemwide revenue for FY 2014-15 was 2.5 percent below the same period last year. The OC Line consistently has the highest farebox recovery rate at 67.5 percent, exceeding the systemwide average of approximately 43 percent.

### On-Time Performance

On-time performance is an integral component of providing quality service. A Metrolink train is considered to be on time if it arrives within five minutes of the scheduled arrival at its end point. Metrolink's on-time performance goal is 95 percent.

Trains can be delayed for a variety of reasons, including equipment issues, unscheduled delays (or "meets") with other trains, delays from other operators utilizing the same tracks, construction or track maintenance, and incidents. Metrolink operated at a 93.2 percent systemwide on-time performance for FY 2014-15. The OC, IEOC, and 91 lines averaged 95.3, 90.5, and 91.1 percent on-time performance, respectively, for the same period. On-time performance is lower than usual due to increased delays from the implementation process for the Positive Train Control (PTC), including testing.

On-time performance for the three lines serving Orange County is shown in Attachment C.

**Metrolink Updates**

Metrolink items of interest include:

- Mobile ticketing is being developed and is expected to be deployed by the end of 2015 or early 2016.
- In June 2015, Metrolink launched PTC in revenue service demonstration on all lines.
- Staff is evaluating potential fare policy changes with the goal of optimizing revenue and ridership.
- Last year, Metrolink ordered 20 Tier 4 (low emission) locomotives and is in the process of exercising an additional option for 19 more, expected to be operational late 2016.
- The Perris Valley Line, a 24-mile extension of the 91 Line from the Metrolink Riverside Station to South Perris, is expected to open in December 2015; four new stations in Riverside County.
- September is Rail Safety Month, and Metrolink has promoted the rail safety message throughout the system, with an event at the Moorpark Station on September 14, 2015.
- Special Angels Express Metrolink service has been very successful this year, expected to exceed 52,000 boardings for 2015 season.

***Summary***

This report provides an update on Orange County commuter rail ridership, revenue, and on-time performance for FY 2014-15. Total average weekday ridership in Orange County is up 1.9 percent versus the previous FY 2013-14, while average weekend ridership has grown by 13.3 percent. Revenue for FY 2014-15 has increased on two out of three lines compared to FY 2013-14. The average rate of on-time performance for FY 2014-15 is 93 percent.

***Attachments***

- A. Orange County Metrolink Ridership and Revenue
- B. Metrolink Average Weekday Station Boardings
- C. Metrolink On-Time Performance

**Prepared by:**



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**Approved by:**



Jim Beil, P.E.  
Executive Director, Capital Programs  
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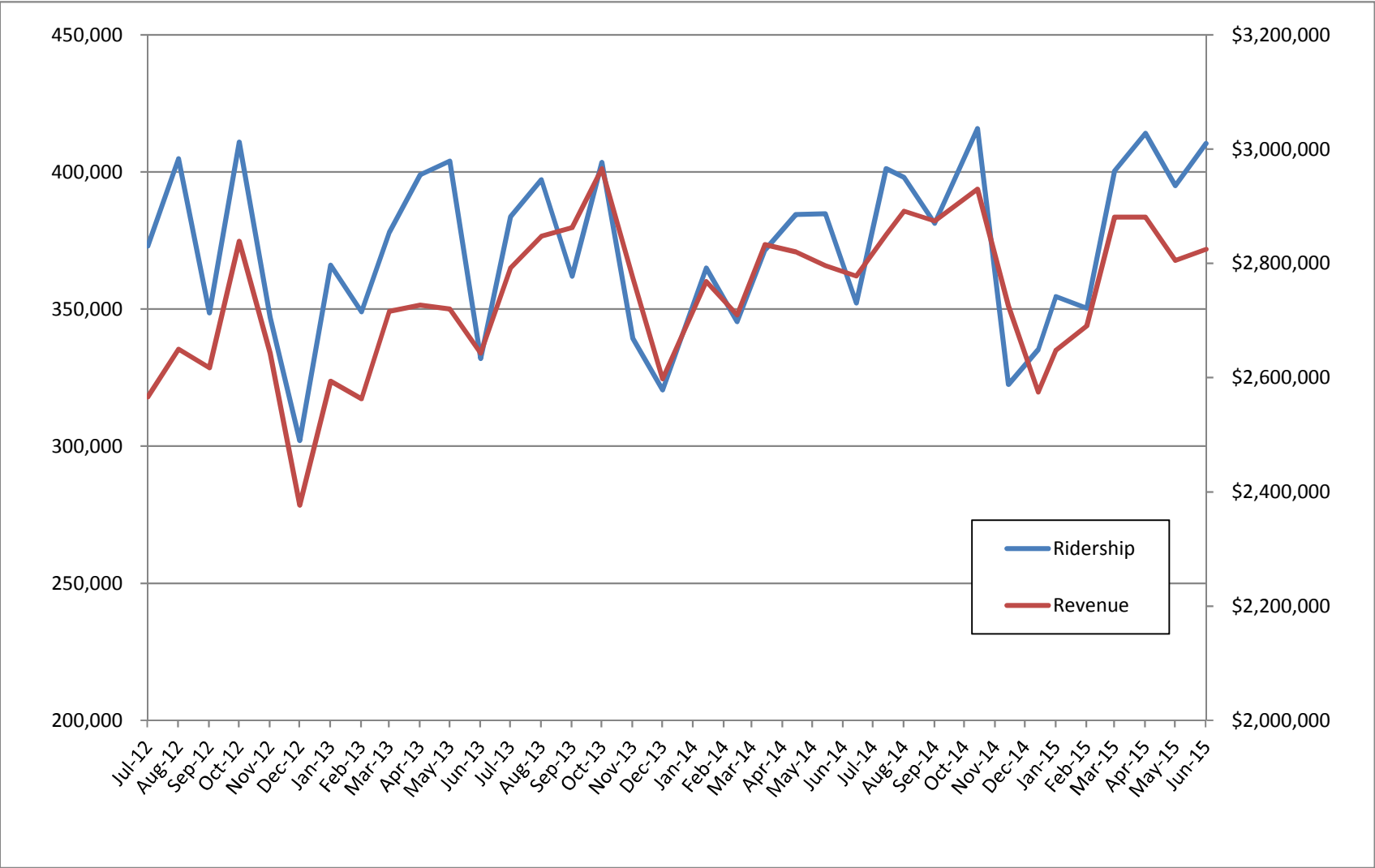


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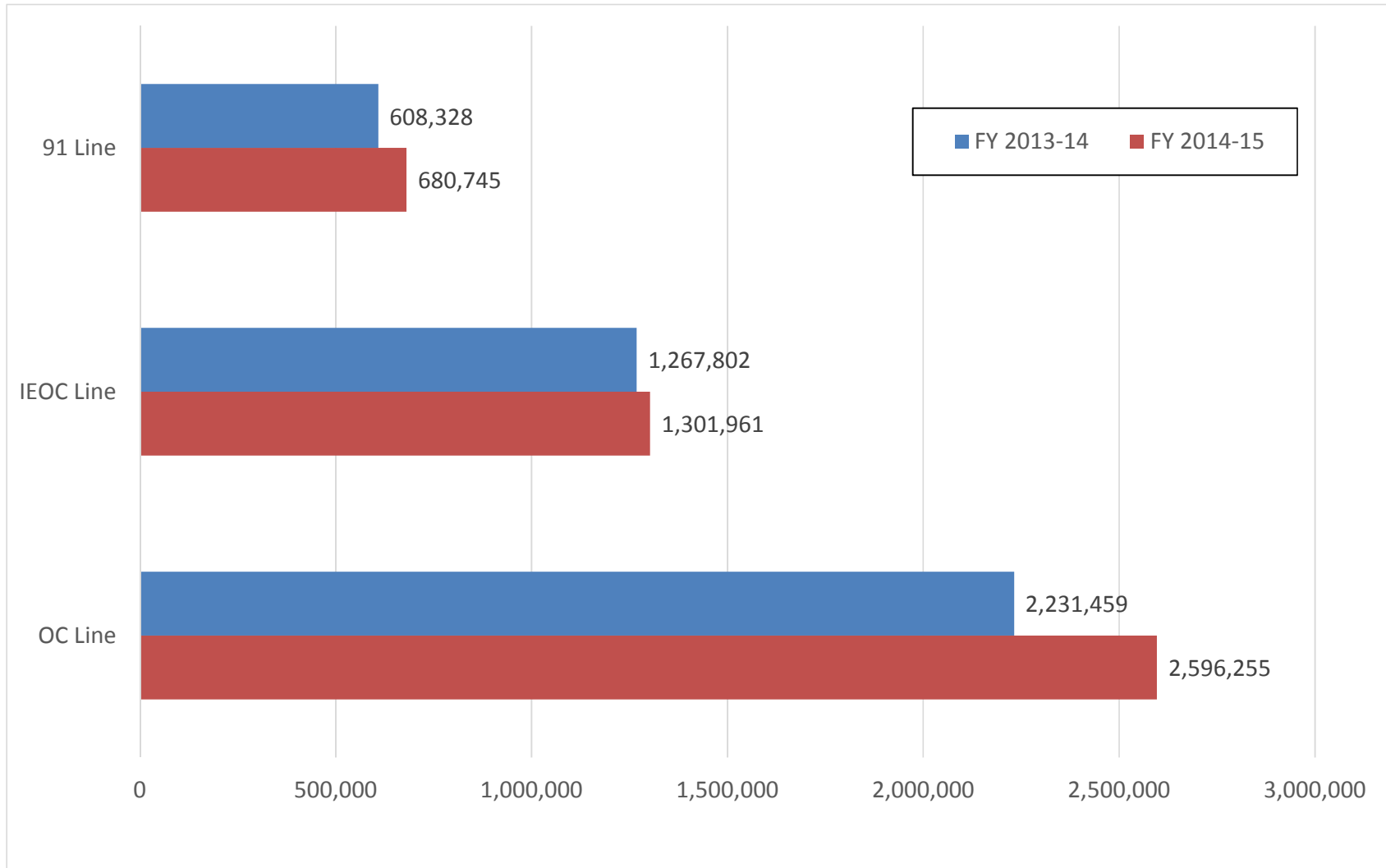
## **Metrolink Ridership and Revenue Annual Report**

### **Attachment A**

Orange County Metrolink  
Ridership and Revenue







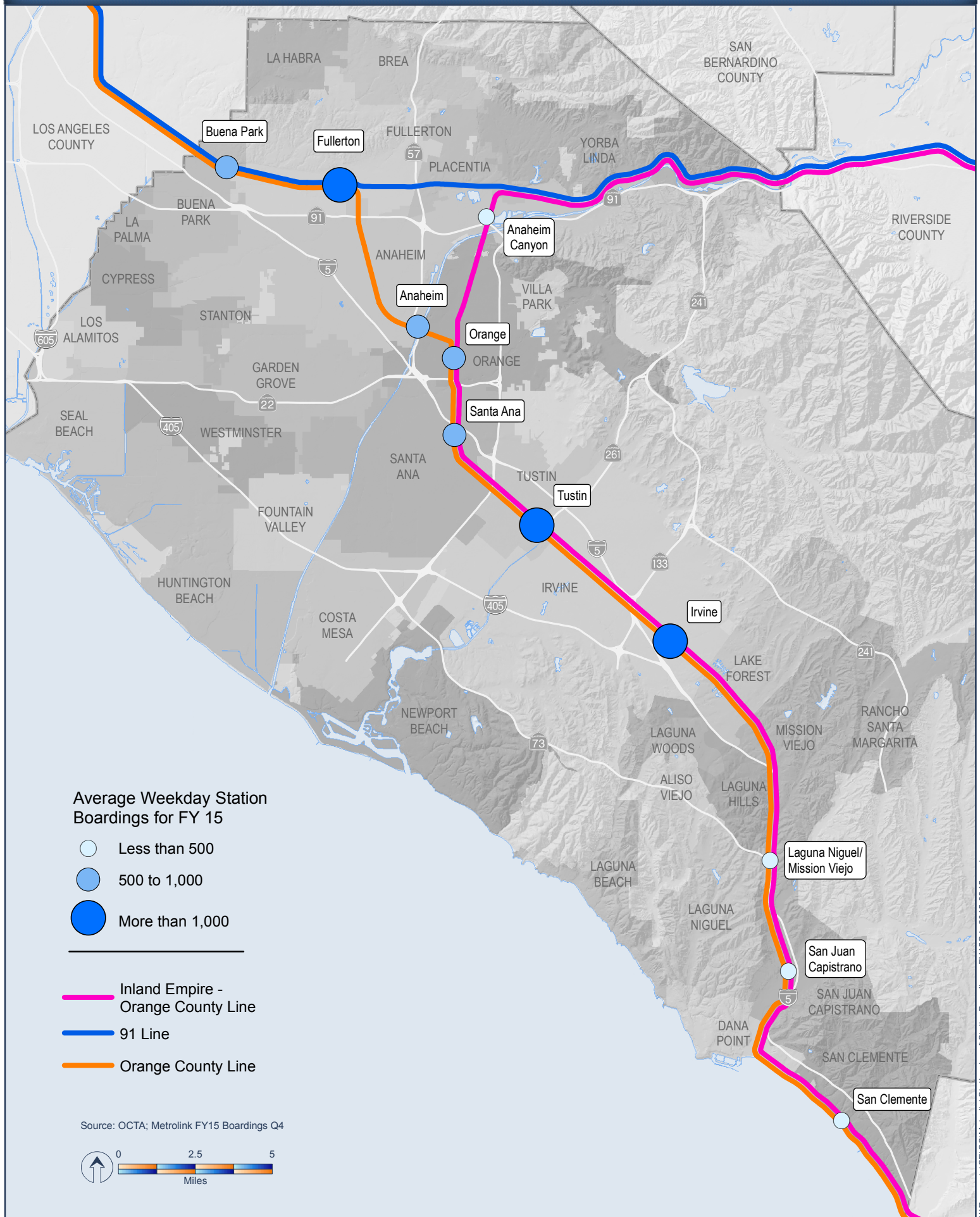


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## **Metrolink Ridership and Revenue Annual Report**

### **Attachment B**

# Metrolink Average Weekday Station Boardings





**ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Metrolink Ridership and Revenue Annual Report**

### **Attachment C**

# Metrolink On-Time Performance

