

OVERVIEW

FY 2018-19 Approved Budget (In Millions)

| | |
|-----------------------|------------------|
| Operating budget | \$764.5 |
| Capital budget | 484.8 |
| Long Term commitments | 56.6 |
| TOTAL | \$1,305.9 |

FY 2018-19 Accomplishments

- Began construction in earnest on the I-405 Improvement Project (Project K), the largest project within the M2 Freeway Program. K-rails have been installed to protect construction crews, lanes have been restriped to accommodate the working areas, and some bridges have been demolished to make way for newer, wider bridge overcrossings.
- Held a successful bond offering for approximately \$400 million in revenue to support the continued costs of Measure M2 Project K.
- Began construction on the I-5 project between State Route 55 (SR-55) and State Route 57 (SR-57) (Project A) to improve traffic flow in this portion of the Interstate 5 (I-5) freeway. Caltrans is the lead agency for the project and is working with OCTA to complete this important segment of central Orange County mobility.
- Completed construction of the Orange transportation center parking structure; a five-level parking structure for transit and general-purpose use in the City of Orange.
- Awarded the OC Streetcar Construction contract to Walsh Construction, with a bid of \$220.5 million. Construction for the project officially began on November 30, 2018 with a ground-breaking ceremony.
- The 91 Express Lanes network transitioned to 6C technology successfully, by issuing updated transponders to comply with the new California Toll Operators Committee (CTOC) standards.
- Multiple construction activities have commenced such as pavement restriping, tree removal, and grading for the expansion of the 405 Express Lanes.
- Deployed new FSP service funded through Road Repair and Accountability Act funds as a service expansion on State Route 57 and State Route 91. The new service started on December 1, 2018.
- Implemented a new micro-transit pilot program, "OC Flex," in two zones, which includes service to area within Huntington Beach, Westminster, Aliso Viejo, Laguna Niguel, and Mission Viejo.
- Implemented a new Bravo! 529 route at the February 2019 service change that travels from the Fullerton Park and Ride to Golden West Transportation Center.

FY 2019-20 Approved Budget (In Millions)

| | |
|-----------------------|------------------|
| Operating budget | \$798.4 |
| Capital budget | 667.8 |
| Long Term commitments | 59.0 |
| TOTAL | \$1,525.2 |

STRATEGIC PLAN FRAMEWORK

FY 2019-20 Board Strategic Initiatives

- Deliver Capital Projects
- Champion Fiscal Responsibility
- Develop Regional Transportation Plans
- Strengthen Regional Partnerships
- Implement OC Bus 360° Vision
- Reinforce a Culture of Safety

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

OCTA Vision

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

Mission Statement

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

OCTA Goals

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

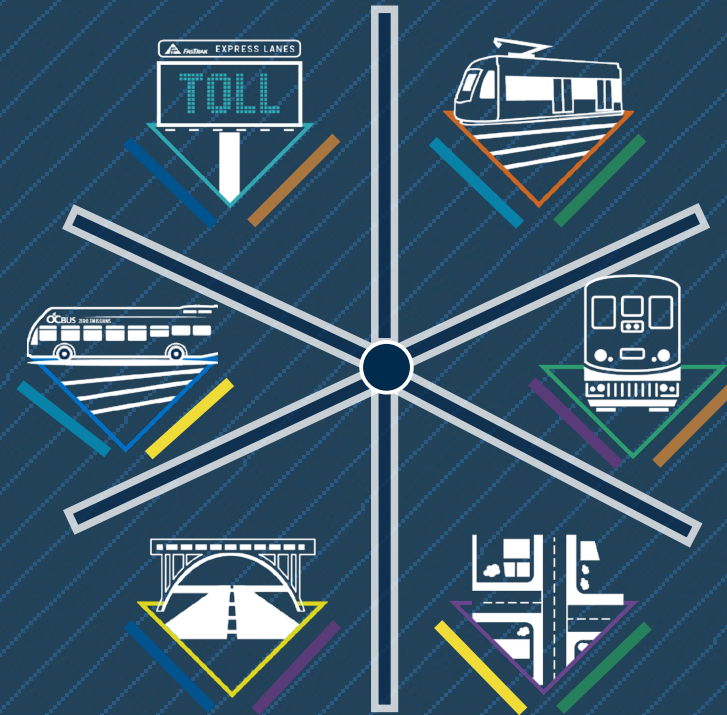
OCTA Values

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



ORANGE COUNTY TRANSPORTATION AUTHORITY
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APPROVED BUDGET FISCAL YEAR 2019-20



ORANGE COUNTY TRANSPORTATION AUTHORITY

CEO MESSAGE

Dear Orange County Residents:

Consistent with the Orange County Transportation Authority's (OCTA) vision, mission, values, and in accordance with the Board of Directors' (Board) Strategic Initiatives, I present to you the fiscal year (FY) 2019-20 budget for OCTA. The FY 2019-20 budget is balanced at \$1.5 billion and commits the necessary resources to continue delivering on OCTA's promises to the residents of Orange County.

The budget incorporates the Board-adopted forecasting methodologies for both of the sales tax measures administered by OCTA. The Measure M2 (M2) Program, the ½ cent voter-approved sales tax for transportation improvements, is projected to grow by 2.5 percent. The Local Transportation Fund (LTF), the ¼ cent sales tax, which funds over 50 percent of the Bus Program's operating expenditures, is projected to grow by 2.1 percent.

Under the M2 Program, funds will continue to improve freeways, streets and roads throughout Orange County, as well as fund multiple transit programs. Included in the proposed budget is \$366 million to help fund freeway improvement projects on Interstate 405, Interstate 5, State Route 55, State Route 57, and State Route 91. Approximately \$159 million is budgeted to improve streets and roads, including \$58 million to fund the Local Fair Share Program, \$57 million for the Regional Capacity Program, and \$34 million for Regional Traffic Signal Synchronization. In addition, the budget also includes \$49 million for ongoing construction of the OC Streetcar.

In FY 2019-20, the budget to support the Bus Program is \$605 million. The budget includes bus purchases of 299 40-foot buses, 116 22-foot buses, 12 iShuttle buses, and five 40-foot electric buses. It also includes efforts to continue OC Bus 360°, which aims to improve bus service and increase efficiency of the transit system. The budget maintains existing bus service levels at 1.6 million service hours and fares will remain the same for the seventh year in a row. In addition, the on-demand OC Flex microtransit service continues serving two zones with 23,000 service revenue hours.

The FY 2019-20 budget demonstrates OCTA's continued commitment to provide an effective, efficient, and innovative multi-modal transportation network to enhance quality of life and keep the residents and commuters of Orange County moving.

Sincerely,

Darrell E. Johnson
Chief Executive Officer

PROGRAMS

Measure M2 (M2)

On November 7, 2006, the voters of Orange County chose to extend the Measure M1 half cent sales tax for another 30 years from 2011 through 2041. Measure M2 (M2), administered by the Orange County Transportation Authority (OCTA), will generate billions of dollars to improve transportation in Orange County. M2 is designed to reduce traffic congestion and enhance overall mobility. Improvements in the plan include improving key freeways, upgrading major interchanges, and adding capacity and maintaining streets and roads. M2 allocates 43 percent of funds to freeway projects, 32 percent to streets and roads, and 25 percent to transit projects.

Rail

Rail service for Orange County Transportation Authority centers on Metrolink, Southern California's commuter rail system linking residential communities to employment and activity centers. Formed in 1991, Metrolink is operated by the Southern California Regional Rail Authority (SCRRA) — a Joint Powers Authority of five member agencies representing the Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

OC Streetcar

Expected to begin operations in 2022, OC Streetcar will link the Santa Ana Regional Transportation Center (SARTC), which provides regional rail, OCTA bus, and intercity and international bus services, to a new multimodal hub at Harbor Boulevard/Westminster Avenue in Garden Grove. The OC Streetcar will serve the historic downtown Santa Ana and Civic Center which includes government offices, federal, state and local courthouses, unique restaurants and shops, an artists' village, several colleges, and a variety of community enrichment organizations.

Express Lanes

Express Lanes provide commuters with a reliable travel option compared to the adjacent general-purpose lanes. They have a variable toll rate depending on traffic demand, with the purpose of maximizing throughput in the corridor and keeping the lanes free flowing. The 91 Express Lanes is a four-lane, 18-mile toll road in Orange and Riverside counties. Located in the median of SR-91 between the State Route 55 (SR-55)/SR-91 interchange and the SR-91/I-15 interchange, the toll road is jointly managed by OCTA and the RCTC. The I-405 Express Lanes stretches from SR-55 to I-605 and is anticipated to open in the year 2023.

Motorist Services

Motorist Services includes the Service Authority for Freeway Emergencies Program (SAFE), and the Orange County Taxi Administration Program (OCTAP). The SAFE Program is comprised of Freeway Services Patrol (FSP), Call Box Network, and Orange County 511 Service, all designed and operated to assist motorists on Orange County's network of freeways. OCTAP is responsible for regulating all taxicab companies, vehicles, and drivers operating in Orange County.

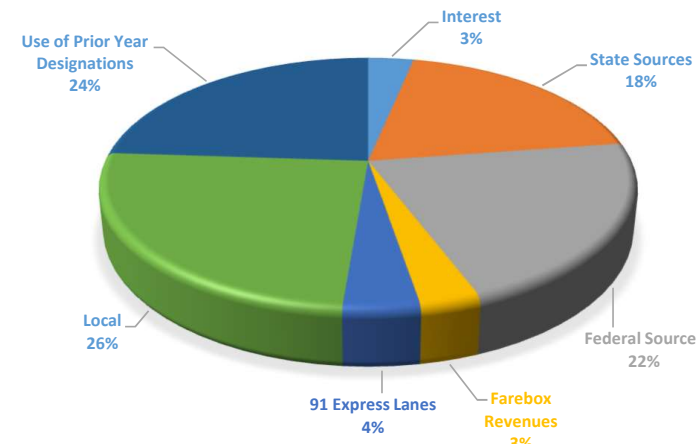
Bus Operations

The Bus Operations program delivers fixed route, express, StationLink rail feeder and complementary paratransit bus services for Orange County residents. The fixed route network provides bus service on 41 local lines, seven community lines, six inter/intracounty express lines, six StationLink rail feeder lines, and three Bravo (Limited Stop) lines. OCTA paratransit services provide demand response bus service to persons with developmental and physical disabilities as required by the federal Americans with Disabilities Act, as well as bus service to transport elderly persons.

SOURCES OF FUNDS

In FY 2019-20, OCTA anticipates receiving \$1,159.8 million in revenue and \$365.4 million in use of prior year designations for a total of \$1,525.2 million in available funding for all programs and projects. The majority of the revenue is derived from the M2 ½ cent sales tax (Local Transportation Authority) and Transportation Development Act ¼ cent sales tax.

Total Revenues & Reserves: \$1.5 billion



Sources of Funds for Fiscal Years 2017-18 through 2019-20 (In Millions)

| Revenue by Category | FY 2017-18 Actuals | FY 2018-19 Approved | FY 2019-20 Approved |
|--------------------------------|--------------------|---------------------|---------------------|
| Interest | 16.3 | 25.4 | 49.9 |
| State Sources | 280.6 | 263.6 | 295.8 |
| Federal Sources | 120.9 | 307.0 | 328.4 |
| Farebox Revenues | 45.0 | 48.1 | 47.9 |
| 91 Express Lanes | 57.9 | 57.7 | 60.5 |
| Local | 358.2 | 366.3 | 377.3 |
| Use of Prior Year Designations | 104.3 | 237.8 | 365.4 |
| TOTAL REVENUES BY TYPE | 983.2 | 1,305.9 | 1,525.2 |

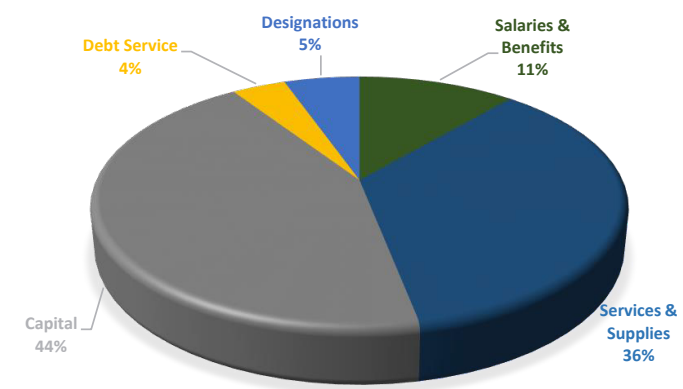
Revenue by Fund

| Revenue by Fund | FY 2017-18 Actuals | FY 2018-19 Approved | FY 2019-20 Approved |
|---|--------------------|---------------------|---------------------|
| 405 Express Lanes | 43.2 | 73.9 | 65.5 |
| 91 Express Lanes | 60.1 | 75.5 | 116.2 |
| APTA | - | 0.0 | - |
| ARBA Trust Fund | 2.1 | 2.8 | 2.0 |
| Commuter and Urban Rail Endowment | 6.0 | - | - |
| Commuter Rail | 63.0 | 75.7 | 62.4 |
| General Fund | 8.1 | 12.4 | 17.6 |
| Internal Service Fund-PL and PD | 1.1 | 5.8 | 0.5 |
| Internal Service Fund-Workers' Compensation | 0.6 | 1.0 | 1.2 |
| Local Transportation Authority Measure M2 | 403.8 | 526.5 | 621.7 |
| Local Transportation Fund | 165.3 | 170.9 | 176.7 |
| Measure M2 Bond Debt Service | 6.6 | 13.5 | 6.0 |
| Orange County Taxi Administration Program | 0.6 | 0.3 | 0.4 |
| Orange County Transit District | 176.1 | 161.0 | 383.2 |
| Orange County Unified Transportation Trust | 0.1 | 0.2 | 0.2 |
| Scholarship Fund | 0.0 | 0.0 | 0.0 |
| Service Authority for Freeway Emergencies | 6.5 | 7.0 | 8.2 |
| State Transit Assistance Fund | 32.8 | 35.6 | 46.8 |
| Transit Development Capital Project | 7.1 | 143.7 | 16.5 |
| TOTAL REVENUES BY FUND | 983.2 | 1,305.9 | 1,525.2 |

USES OF FUNDS

The FY 2019-20 budget is built upon the program and service objectives set by the Board of Directors. OCTA's combined staffing, operating and capital budgets total \$1,525.2 million. The approved appropriation plan includes \$1,442.5 million in expenditures and \$82.7 million in designations. The budget represents the Authority's ongoing commitment to deliver a quality set of transportation solutions for residents of Orange County within the revenues available.

Total Expenses & Designations: \$1.5 billion



Uses of Funds for Fiscal Years 2017-18 through 2019-20 (In Millions)

| Expense by Category | FY 2017-18 Actuals | FY 2018-19 Approved | FY 2019-20 Approved |
|-------------------------------|--------------------|---------------------|---------------------|
| Salaries & Benefits | 151.8 | 166.0 | 172.4 |
| Services & Supplies | 399.6 | 518.1 | 543.4 |
| Capital | 135.7 | 484.8 | 667.8 |
| Debt Service | 35.6 | 56.6 | 59.0 |
| Designations | 260.4 | 80.3 | 82.7 |
| TOTAL EXPENSES BY TYPE | 983.2 | 1,305.9 | 1,525.2 |

Expense by Fund

| Expense by Fund | FY 2017-18 Actuals | FY 2018-19 Approved | FY 2019-20 Approved |
|---|--------------------|---------------------|---------------------|
| 405 Express Lanes | 42.2 | 71.9 | 62.2 |
| 91 Express Lanes | 56.5 | 58.3 | 62.7 |
| APTA | 0.0 | 0.0 | 0.0 |
| ARBA Trust Fund | 2.1 | 2.8 | 2.0 |
| Commuter and Urban Rail Endowment | 5.9 | - | - |
| Commuter Rail | 57.2 | 97.0 | 83.8 |
| General Fund | 79.9 | 91.8 | 100.5 |
| Internal Service Fund-PL and PD | 5.1 | 10.4 | 3.8 |
| Internal Service Fund-Workers' Compensation | 6.4 | 6.8 | 6.2 |
| Local Transportation Authority Measure M2 | 347.3 | 413.9 | 547.9 |
| Local Transportation Fund | 4.4 | 4.6 | 4.7 |
| Measure M2 Bond Debt Service | 38.3 | 44.4 | 44.1 |
| OC Streetcar | - | 0.1 | 0.0 |
| Orange County Taxi Administration Program | 0.4 | 0.2 | 0.2 |
| Orange County Transit District | 320.3 | 311.9 | 549.8 |
| Orange County Unified Transportation Trust | 0.1 | 0.2 | 0.2 |
| Scholarship Fund | 0.0 | 0.0 | 0.0 |
| Service Authority for Freeway Emergencies | 5.6 | 7.5 | 8.3 |
| State Transit Assistance Fund | 1.9 | - | - |
| Transit Development Capital Project | 9.6 | 184.3 | 48.8 |
| TOTAL EXPENSES BY FUND | 983.2 | 1,305.9 | 1,525.2 |

HISTORY

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

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

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

Governing Board

The Orange County Transportation Authority is governed by an 18-member Board of Directors consisting of five members of the Orange County Board of Supervisors, ten city council members selected by the cities in the supervisorial district in which they represent, two public members selected by the other 15 board members, and serving in a non-voting capacity is a representative appointed by the Governor of California. OCTA is managed by a Chief Executive Officer, who acts in accordance with the direction, goals, and policies articulated by the Board of Directors.

Organization

OCTA's organizational structure is comprised of seven divisions:

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

Employees

| Employees | FY 2017-18 Approved | FY 2018-19 Approved | FY 2019-20 Approved |
|-------------------------------|---------------------|---------------------|---------------------|
| Executive Office | 25.5 | 30.0 | 30.0 |
| Finance and Administration | 160.0 | 160.0 | 160.0 |
| External Affairs | 45.5 | 44.5 | 44.5 |
| Human Resources and Org. Dev. | 47.0 | 49.0 | 50.0 |
| Operations | 986.5 | 991.5 | 985.0 |
| Planning | 42.0 | 43.0 | 43.0 |
| Capital Programs | 40.0 | 35.0 | 34.0 |
| TOTAL | 1,346.5 | 1,353.0 | 1,346.5 |