Comprehensive Business Plan

Fiscal Year 2010-11

OCTA

Orange County Transportation Authority

Table of Contents


550
OCTA


43
COSTA MES
TRIANGLE SQ


OCTA

March 28, 2011

To Chair Patricia Bates & members of the OCTA Board of Directors:

I am pleased to present the proposed Fiscal Year 2010-11 Comprehensive Business Plan for the Orange County Transportation Authority (OCTA). This business plan provides the OCTA Board of Directors and the citizens of Orange County with a comprehensive summary of OCTA's transportation plans and commitments consistent with OCTA's mission to "develop and deliver transportation solutions to enhance quality of life and keep Orange County moving."

The proposed Fiscal Year 2010-11 Comprehensive Business Plan is a financially constrained business planning tool providing a 20 year cash flow for each of OCTA's transportation programs, and serves as the baseline for developing the fiscal year 2011-12 annual budget. The plan details a comprehensive, multi-modal approach ensuring the financial viability of each of OCTA's programs and is consistent with the goals of the recently-approved Strategic Plan, and with the assumptions of Destination 2035, which is the recently-approved Long-Range Transportation Plan.

The proposed Fiscal Year 2010-11 Comprehensive Business Plan ensures that OCTA's core goals and objectives can be met over a 20 year horizon, which will allow the OCTA to continue to deliver on the transportation solutions that will ensure the citizens of Orange County maintain the quality of life and economic productivity they have come to expect and enjoy, and that the OCTA can continue to deliver on promises made to the voters.

Sincerely,

Will Kempton
Chief Executive Officer

The Authority is governed by an eighteen-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 fifteen 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.

Patricia Bates
Chair
Supervisor, District 5
County of Orange

Paul Glaab
Vice-Chair
Mayor Pro Tem
City of Laguna Niguel

Jerry Amante
Director
Mayor
City of Tustin

Don Bankhead
Director
Mayor Pro Tem
City of Fullerton

Peter Buffa
Director
Public Member

Bill Campbell
Director
Supervisor, District 3
County of Orange

Carolyn V. Cavecche
Director
Mayor
City of Orange

Larry R. Crandall
Director
Councilman
City of Fountain Valley

William J. Dalton
Director
Mayor
City of Garden Grove

Don Hansen
Director
Mayor Pro Tem
City of Huntington Beach

Peter Herzog
Director
Mayor
City of Lake Forest

John Moorlach
Director
Supervisor, District 2
County of Orange

Shawn Nelson
Director
Supervisor, District 4
County of Orange

Janet Nguyen
Director
Supervisor, District 1
County of Orange

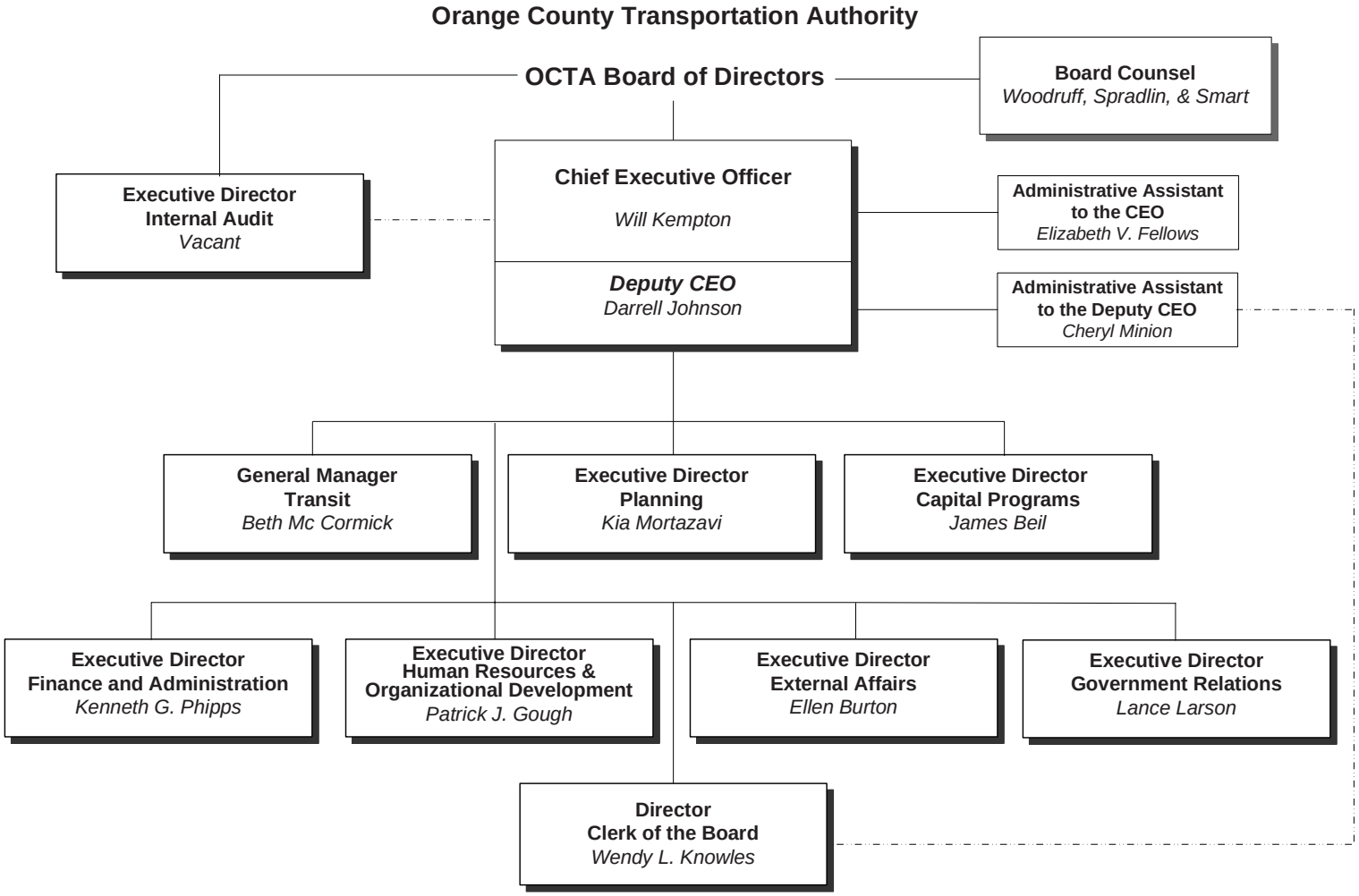
Miguel A. Pulido
Director
Mayor
City of Santa Ana

Tom Tait
Director
Mayor
City of Anaheim

Gregory T. Winterbottom
Director
Public Member

Cindy Quon
Governor's Ex-officio Member
Director, Caltrans District 12

Organizational Chart



OCTA Vision

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

OCTA Mission

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

The Board of Directors has developed five goals to guide OCTA in achieving this vision and mission. These goals represent each aspect of the organization and encompass every division and employee of the 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.

Purpose of the Comprehensive Business Plan
The Comprehensive Business Plan (CBP) is a business planning tool designed to assist the OCTA in implementing its strategic goals and objectives. The CBP encapsulates OCTA's programs and outlines their goals and objectives, as articulated by the Board of Directors. This is accomplished within the framework of sound business practices to provide an effective and efficient multi-modal transportation network to the residents of Orange County. Through the use of financial modeling and divisional input and review, a comprehensive study of economic influences and programmatic needs and objectives are incorporated into a business planning document to ensure the financial viability of each of OCTA's program over a twenty-year horizon.

The business plan is an evolving document that is updated annually in response to the ever-changing social, political, and economic environment. The CBP lays the foundation for the annual budget process and is consistent with the goals of the recently approved Strategic Plan, and with the assumptions of Destination 2035, which is the recently approved Long-Range Transportation Plan.

Overview of Programs
As an organization, OCTA is comprised of seven distinct programs with unique characteristics and objectives; however, these programs work together to accomplish OCTA's Authority-wide mission, "To develop and deliver transportation solutions to enhance quality of life and keep Orange County moving." The programs include: Bus Operations, Rail, Measure M, Renewed Measure M, the 91 Express Lanes, Non-Program Specific Projects & Expenditures, and Motorist & Taxicab Services.

Bus Operations
The Bus Operations program represents OCTA's core business unit, which delivers fixed route, express, StationLink rail feeder and complementary paratransit bus services for Orange County residents.

The fixed route network provides bus service on 40 local lines, 14 community lines, 10 inter/intra-county express lines, and 13 StationLink rail feeder lines. The local lines operate along major arterials comprising a "grid" network, and have high passenger volumes that require the use of higher capacity 40-foot and 60-foot buses. Community lines may use smaller buses to accommodate roadway constraints or lower passenger demand, and provide connections to the local lines. Express service provides limited-stop, freeway-based service to major employment areas in Orange County and surrounding areas. StationLink rail feeder service provides connector services for the Metrolink commuter rail system allowing Metrolink commuters to reach employment centers.

OCTA paratransit services provide demand response bus service to persons with developmental and physical disabilities as required by the federal Americans with Disabilities Act (ADA), as well as bus service to transport elderly persons to destinations such as nutrition programs, adult programs, and health care providers.

Rail
The Metrolink program is a premier regional rail system operated as a Joint Powers Authority (JPA) by the Southern California Regional Rail Authority (SCRRA). Five member agencies participate in the JPA serving the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. OCTA is responsible for participating and providing the funding necessary to operate the three lines that cross Orange County. These lines include: the Orange County (OC) Line, the Inland Empire-Orange County (IEOC) Line, and the 91 Line. These routes service rail commuters between Orange, Los Angeles, San Diego, San Bernardino, and Riverside Counties.

Measure M (M1)
In November 1990, Orange County voters approved M1, a 20-year program for local transportation improvements funded by a one-half cent sales tax. The goal of M1 was to create a balanced multi-modal transportation system to provide congestion relief on existing freeways, streets and roads, and development of a state-of-the-art rail transit system.

OCTA has delivered on the promises made to the voters with more than $4 billion of improvements made while leveraging over $1.2 billion in local, state, and federal funding. OCTA was able to deliver 192 lane miles of additional freeway capacity, modernize and improve 170 intersections and 38 interchanges, provide $1.3 billion dollars to improve streets and roads, and implement Metrolink service.

M1 sales tax collections will expire on March 31, 2011 and sunset activities have begun to close out M1 as sales tax collections are set to begin on April 1, 2011 for Renewed Measure M.

Renewed Measure M (M2)
In November 2006, Orange County voters approved the renewal of the M1 one-half cent sales tax, which will continue investment of local tax dollars in Orange County's transportation infrastructure from April 2011 through March 2041. The M2 Transportation Investment Plan is a 30-year, $11.8 billion program that reflects the varied interests and priorities inherent in the diverse communities of Orange County. The Plan includes continued investment aimed at:

- Expanding and improving Orange County's freeway system
- Maintaining and improving the network of streets and roads in every community
- Expanding the Metrolink rail service through the core of Orange County with future connections with nearby communities and regional rail systems
- Providing additional transit service for seniors and persons with disabilities
- Providing funds to clean runoff that leads to beach closures

91 Express Lanes
The 91 Express Lanes is a four-lane, 10-mile toll facility extending from the Costa Mesa Freeway/State Route 55 on the west to the Orange/Riverside County line on the east. Authorized as one of four public-private toll road projects by the State of California the lanes were built at a cost of $135 million and opened in 1995 by the California Private Transportation Company (CPTC).

The CPTC had an agreement with the State of California Department of Transportation (Caltrans) that included a non-compete provision that created a 1.5-mile protection zone along each side of the Riverside Freeway. This zone prohibited improvements along the corridor for 30 years in order to satisfy bondholder requirements for a secure revenue stream. This created mobility problems as the region and corresponding transportation demands grew. In January 2003, the OCTA acquired the 91 Express Lanes from the CPTC in order to clear the way for future improvements along the 91 Corridor. Since the acquisition of the toll lanes, and with the elimination of the non-compete provision, improvements are moving forward on the 91 Corridor.

The 91 Express Lanes continue to be an important element in ensuring that traffic flows more smoothly between Orange and Riverside counties. Depending on the time of day, commuters can save an average of 30 minutes on their drive time by using the 91 Express Lanes.

Planning & Capital Projects
The majority of major freeway, street and roads, and transit projects are funded primarily through the M1 and M2 programs. OCTA has also committed to a handful of projects not funded through the M1 or M2 programs. These projects are funded using other local, state and federal sources. These projects include the Bristol Street Widening Project, and the projects that will provide continuous access striping for High Occupancy Vehicle Lanes. In addition, OCTA continues to support further efforts to develop and improve bicycle and pedestrian facilities.

Motorist & Taxicab Services
The Motorist and Taxicab Services program consists of three business units: the Service Authority for Freeway Emergencies (SAFE), the Service Authority for Abandoned Vehicles (SAAV), and the Orange County Taxicab Program (OCTAP).

SAFE provides the Freeway Callbox System and Freeway Service Patrol (FSP) services, both of which are designed to assist motorists in emergency situations and reduce traffic congestion. SAFE also provides funding toward the Southern California 511 Program. This system allows the traveling public to access information on highway conditions, traffic speeds, transit, and commuter services via a toll free number with an interactive voice response system and the internet.

SAAV assists the cities and county in removing potentially hazardous and unsightly abandoned vehicles from Orange County's streets and roads. Providing these critical services to the public reduces accidents, mitigates traffic congestion, and improves air quality by reducing auto emissions.

OCTAP provides a regulatory function for taxicab services for 34 local cities and has established a uniform regional approach for this program in Orange County.

Bus Operations

Introduction
Orange County began transit operations in the fall of 1972 through establishment of the Orange County Transit District by state legislation with eight local fixed routes. Today, service has grown to 77 bus routes and annual boardings exceed 51 million.

Bus services are tailored to various market demands and needs. These services include local fixed route, express, StationLink rail feeder and complementary paratransit bus service. The fixed route network provides bus service on 40 local lines, 14 community lines, 10 inter/intra-county express lines, and 13 StationLink rail feeder lines. The local lines operate along major arterials comprising a "grid" network, and have high passenger volumes that require the use of higher capacity 40-foot and 60-foot buses. Community lines may use smaller buses to accomodate for roadway constraints or lower passenger demand, and provide connections to the local lines. The express service provides limited-stop, freeway-based service to major employment areas in Orange County and surrounding areas. StationLink rail feeder service provides connector services for the Metrolink commuter rail system allowing Metrolink commuters to reach employment centers.

OCTA also provides special needs transportation services under three program elements, federal Americans with Disabilities Act (ADA) ACCESS paratransit service, non-ADA taxi and special agency services, and community transportation programs. ACCESS provides demand response bus service to persons with developmental and physical disabilities as required by the ADA. OCTA offers non-ADA same day taxi service to ACCESS-eligible customers and subsidizes trips to adult day-care programs on alternative transportation services. In addition, OCTA funds and administers community transportation services offered through the Senior Mobility Program and federal grant programs.

Fixed Route Service
A Transit System Study is currently underway to evaluate the service delivery models for both fixed route and paratransit services. A Strategic Plan has also been developed for the entire agency. As issues from these two efforts emerge, OCTA will work to integrate pertinent recommendations and suggestions.

In order to provide a reliable and sustainable level of bus service throughout the county, OCTA decreased service by a total of 383 thousand revenue vehicle hours (RVH) in 2008-09 and 2009-10 in response to dramatically decreasing revenues. To continue on a sustainable path, OCTA will mitigate operating costs by increasing contract service levels up to 30 percent of the total fixed route service and by limiting expansion of fixed route service. As transit operations staff attrits, directly operated service will be converted to contract service.

Figure 1 (see following page) illustrates the planned annual RVH projected through 2030-31. In order to attain the 30 percent goal, OCTA will increase contract service RVH from the current level of 132 thousand to 462 thousand by 2014-15.

Figure 2 (see following page) illustrates the estimated annual boardings through 2030-31. OCTA anticipates an increase in boardings over the long-term due to general growth in both population and the economy but this will be mitigated by scheduled fare increases every four years. Boardings are anticipated to grow moderately to approximately 55.8 million by 2030-31.

Local Bus Service
Local bus service represents the majority of transit options offered throughout Orange County. Currently, 40 bus routes operate along the major arterials comprising a "grid" network. There are currently 14 local community routes in the system.

Express Service
Express routes operate Monday through Friday during peak hours targeting longer distance home-to-work commuters. Service operates primarily on freeways, utilizing the HOV network where possible, to offer customers travel times comparable to travel by automobile.

Rail Feeder Service
Rail feeder services were introduced to transport commuter rail passengers between Metrolink train stations and employment destinations in Orange County. StationLink buses travel over a defined route with limited stops to major employment centers. A total of 13 StationLink routes operate weekdays during the

Figure 1 - Fixed Route Revenue Vehicle Hours ($ thousands)

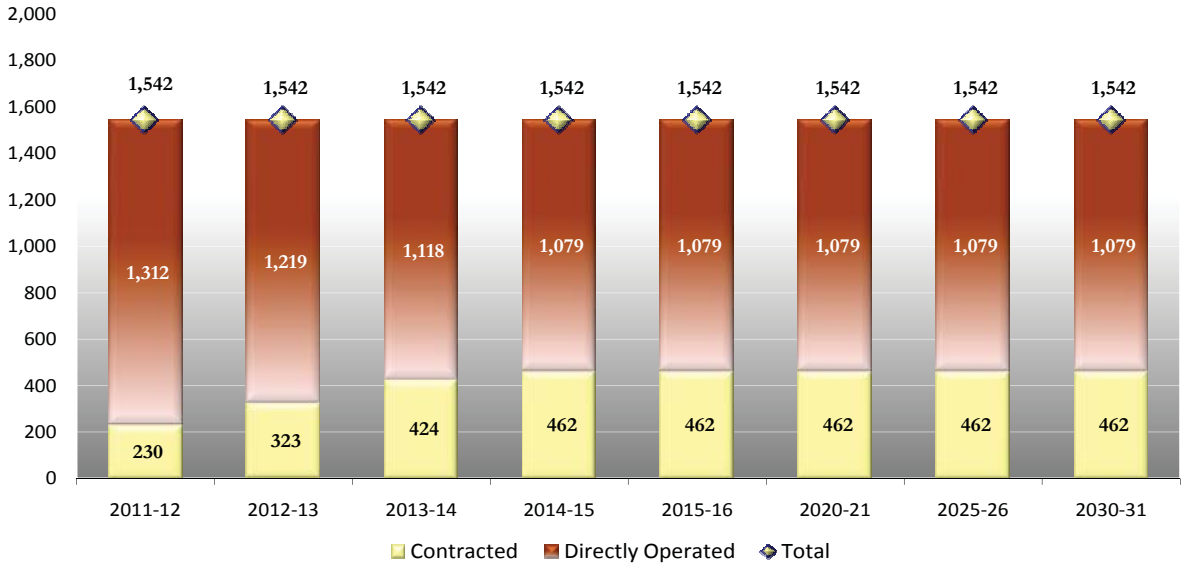
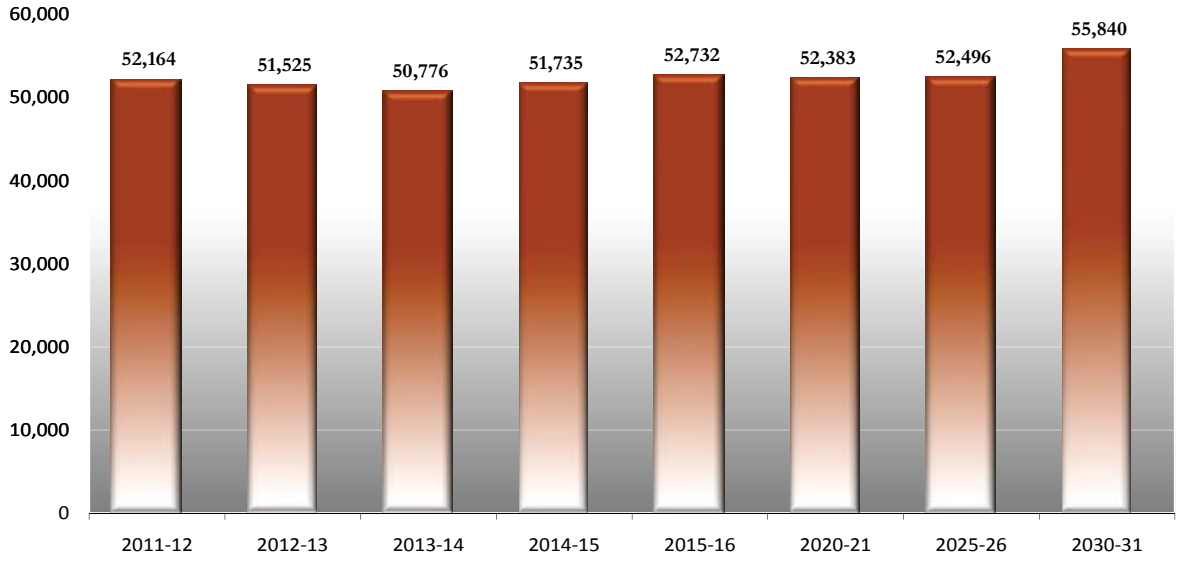


Figure 2 - Fixed Route Boardings (# thousands)



morning and evening commute periods. Metrolink passengers may board StationLink routes with a valid Metrolink ticket for no additional charge. OCTA receives a partial reimbursement from Metrolink for valid transfers.

Paratransit

As a provider of public fixed route transit services, OCTA is required by the ADA to provide complementary paratransit services, known as ACCESS, for individuals whose disabilities prevent them from using regular transit service. In addition, OCTA funds and administers other special needs transportation programs to help reduce the demand and cost of ACCESS service.

Implementation of a Growth Management Plan reduced the double digit growth experienced in the first half of the decade. However, with an aging population, growth rates are expected to be 3 percent annually over the long-term. OCTA forecasts ACCESS service levels to increase by 69 thousand RVH or 13.1 percent from 2010-11 through 2014-15. ACCESS currently accounts for 26 percent of the total fixed route and paratransit RVH provided by OCTA, but is expected to grow to 38 percent by 2030-31. Figure 3 illustrates the projected ACCESS RVH through 2030-31.

ACCESS Service

OCTA's complementary ADA paratransit services are provided by Veolia Transportation. These contracted services are operated from OCTA's Irvine Construction Circle facility. Trips provided by Veolia account for approximately 72 percent of all paratransit trips. Veolia sub-contracts with a taxi service to provide ACCESS trips during peak periods which helps OCTA keep the size of the ACCESS fleet from increasing significantly. In addition, these supplemental taxi services are currently being utilized to increase efficiency during non-peak periods, in an effort to decrease total ACCESS costs and increase total system efficiency. The use of supplemental taxi services is one of a variety of cost mitigation measures being employed.

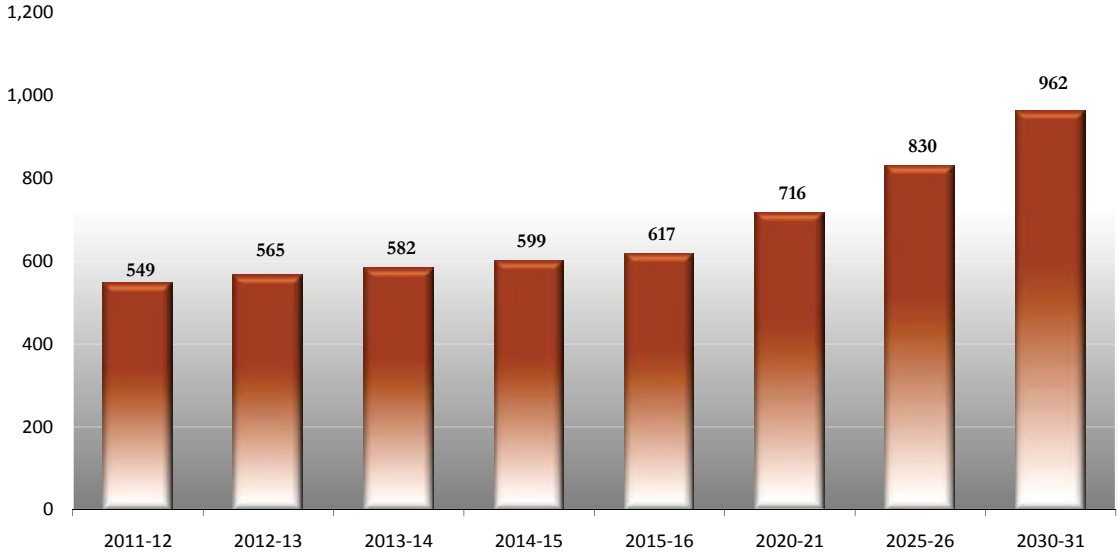
Non-ADA Taxi and Special Agency Services

A critical component of the Growth Management Plan was the development of less costly services. Unlike standard ACCESS service, these services are coordinated with adult day-care agencies or community centers and taxi companies. OCTA offers a non-ADA same-day taxi service which allows ACCESS eligible customers to schedule a partially subsidized taxi trip, significantly reducing OCTA's cost per trip. Under Special Agency Services, agencies are subsidized by OCTA and provide services comparable to those of standard ACCESS services at a significantly lower cost per hour or cost per trip. As operating costs for ACCESS services increase, staff is diligently working to develop new services and encourage use of these programs.

Community Transportation Programs

OCTA also supports the development of community-based transportation services for seniors, persons with disabilities and persons of low income. Under the Senior Mobility Program, OCTA currently provides funding to 20 cities and four non-profit organizations to support local senior transportation services. In addition, OCTA administers grant funds under the Federal Transit Administration's Section 5316 Job Access Reverse Commute (JARC) and Section 5317 New Freedom programs. More than $7

Figure 3 - ACCESS Revenue Vehicle Hours (# thousands)



million in federal and local match funding supports a variety of projects including: mobility management programs, travel training, volunteer driver programs, and new transportation services which benefit the JARC and New Freedom populations.

Transit Staffing

The time line for attaining the 30 percent contract service conversion goal was developed using historical attrition rates of coach operators and maintenance staff. Figure 4 presents the projected staffing levels for 2011-12 through 2030-31. Coach operators, supervisory personnel, mechanics, bus service workers and administrative staff are represented in the table.

Capital Expenditures

Capital

Bus purchases and replacement of critical infrastructure components are costly. A single 40-foot bus powered by compressed natural gas can cost approximately $500,000. An essential component of running a fiscally responsible operation is ensuring capital requirements are satisfied. Timely replacement of capital ensures stable operations and decreases expenses associated with maintenance of equipment that has operated beyond its useful life. Adherence to a capital replacement cycle is a paramount concern, as it helps to maintain the high equipment standards OCTA employs and save for the subsequent costs on an annual basis.

A sinking fund is utilized to plan and account for capital replacement purchases. Ensuring the organization has the funds required to replace capital assets allows the OCTA to eliminate or reduce financing costs associated with purchases and accrue interest earnings on the cash balance. Under the current set of assumptions the sinking fund balance in 2030-31 is $57.8 million. This is a sufficient funding level and will allow the OCTA to maintain the current capital replacement and purchase cycle.

Fixed Route

Currently, OCTA's active bus fleet consists of 537 vehicles. Figure 5 details the fuel type and average age of OCTA's large bus fixed route active fleet. Assuming a useful life of 14 years, the next significant bus purchases will occur beginning in 2013-14 with 70 CNG buses and ending with a total of 228 buses by 2016-17.

Figure 5 - Directly Operated Fleet Age by Fuel Type

Fuel Type	Average Age (Years)
Compressed Natural Gas (CNG)	1.5
Liquified Natural Gas (LNG)	8.3
Diesel	8.5
Average Age	5.8

Figure 4 - Projected Transit Staffing Plan (# Employees)

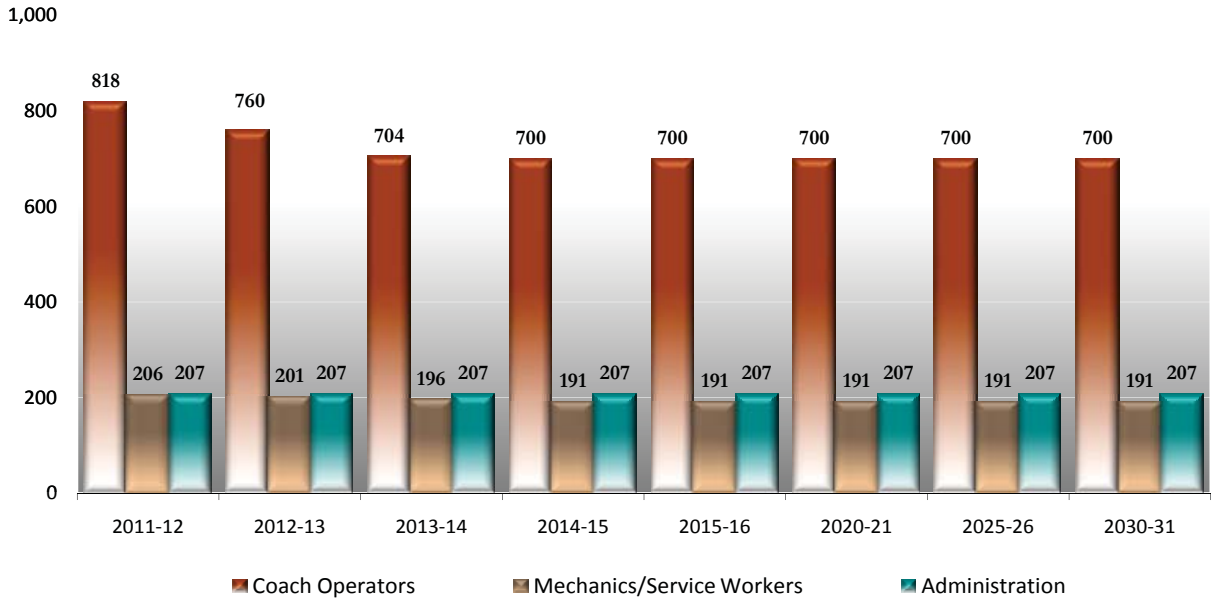


Figure 6 - Fixed Route Fleet Size (# buses)

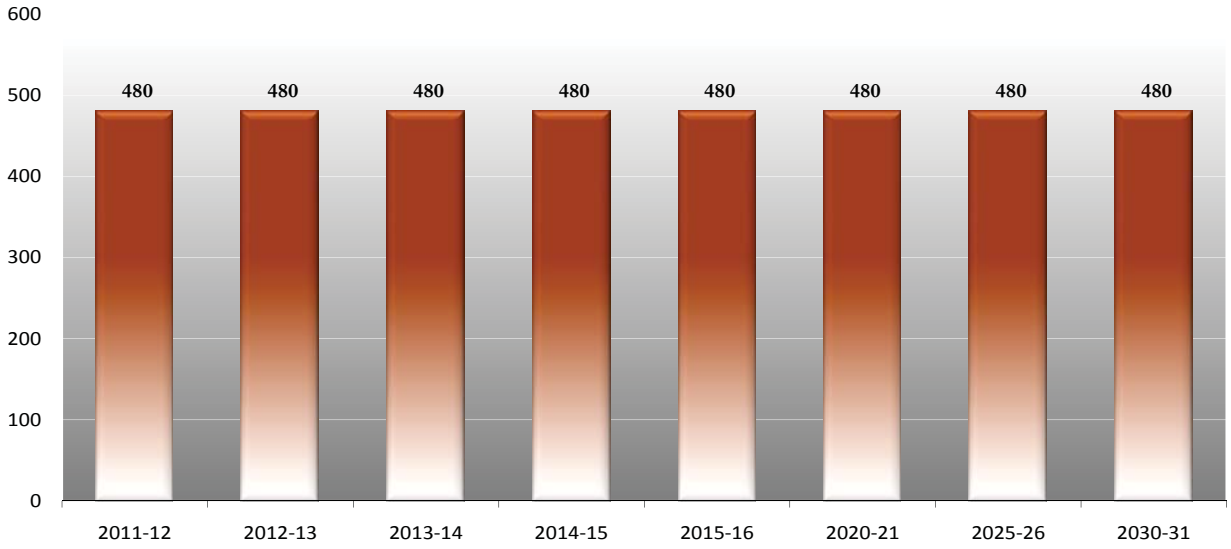
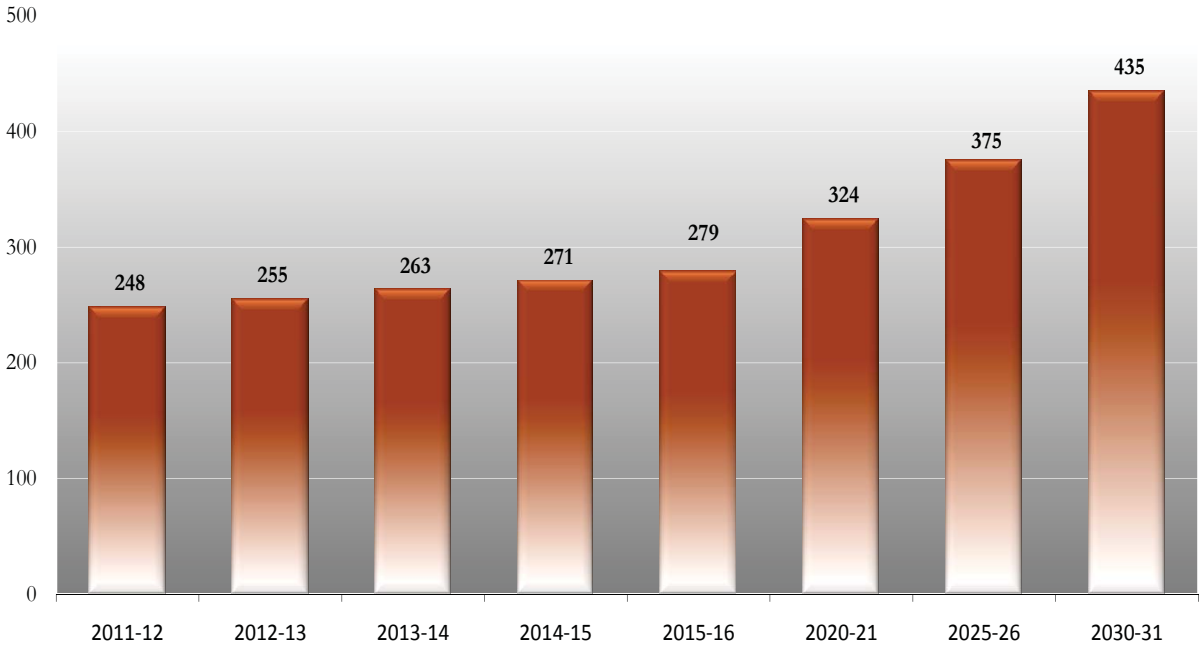


Figure 7 - Paratransit Fleet Size (# buses)



ACCESS

The current paratransit active fleet consists of 248 vehicles, which represents 30 percent of OCTA's active fleet. RVH are used to project the required number of vehicles necessary to operate this service. Since demand for paratransit service has continued to grow, OCTA has explored a variety of alternative methods of service delivery. As demand for the service increased over the last year, trips were diverted to the current subcontracted taxi service. This diversion helped to mitigate the growth rate of the fleet. This and other strategies are being evaluated for use over the next five years to manage the anticipated growth in ACCESS demand and subsequent fleet size.

Infrastructure

Capital expenditures in the Orange County Transit District (OCTD) Fund include a variety of expenses such as: ADA bus stop and facility modifications, revenue vehicles, and support and miscellaneous equipment. The funding for these costs is comprised of both grant and local sources. Grant funding includes sources from federal, state, and local agencies that typically cover up to 80 percent of the asset cost. The local portion, or 20 percent match, is paid from the OCTD Capital Replacement Fund. Since the beginning of the recession, OCTA has used 5307 funds for traditional operating purposes to a greater extent than in prior years. This has expedited the receipt of 5307 funds and allowed for recording of these funds earlier. 2011-12 through 2015-16 expenditures are summarized in Figure 8.

Figure 8 - Fixed Asset Replacement Schedule (millions)

Asset Category	2011-12	2012-13	2013-14	2014-15	2015-16
Facility Modifications	$8.1	$2.9	$3.5	$2.2	$1.5
Vehicle Modifications	4.3	0.0	20.8	12.9	0.0
Small Bus	0.0	2.7	0.9	7.7	17.7
Regular Large Bus	0.0	0.0	38.6	39.6	55.7
Support Equipment	30.3	0.2	0.0	0.0	0.0
Total Capital Purchase	$42.7	$5.8	$63.9	$62.5	$75.0

Bus Operations Revenue

Bus Operations is dependent upon external revenue sources to supplement farebox revenue and help offset operating expenditures for fixed route and paratransit services. These revenue sources are comprised of: the Local Transportation Fund (LTF), State Transit Assistance Fund (STAF), gasoline tax exchange revenues, Bus Operations Fund (BOF), federal operating grants, Local Transportation Authority (LTA) fare stabilization funding, advertising, property tax, contributions from other agencies, and interest earnings on cash balances.

The major funding sources that allow OCTA to provide transportation services to Orange County residents are comprised of two forms of sales tax revenues: the LTF, a one-quarter cent state sales tax signed into law as part of the TDA in 1971, and the STAF, derived from sales taxes on diesel fuel and appropriated by the State Legislature on an annual basis.

The growth rate of sales tax revenue is dependent upon the state of the economy and any fluctuations can have a significant impact over the life of the plan. Therefore, this business plan will be revisited annually to ensure service levels are appropriately planned to meet revenue projections. Figure 9 illustrates the revenue sources projected through 2015-16.

Figure 9 - Bus Operations Revenue Sources (millions)

Sources	2011-12	2012-13	2013-14	2014-15	2015-16
Sales Tax Revenue	$ 122.3	$ 131.8	$ 138.8	$ 145.4	$ 151.8
Passenger Fares	50.2	54.6	58.7	60.0	61.2
Federal Grant 5307	47.7	52.6	69.7	71.8	76.3
State Transit Assistance	19.2	19.8	20.4	21.0	21.6
Property Tax Revenue	10.8	11.8	11.9	12.0	12.2
Gas Tax Exchange	10.0	23.0	-	-	-
Miscellaneous Revenues	5.1	3.8	3.8	2.1	2.0
Advertising Revenue	3.8	4.1	4.3	4.5	4.7
Alternative Fuel Credit	2.5	-	-	-	-
Renewed Measure M	2.3	2.4	2.6	2.7	2.8
Rail Feeder	1.7	1.8	1.8	1.9	1.9
Total	$ 275.6	$ 305.7	$ 312.1	$ 321.3	$ 334.4

The recession had a significant impact on all transit revenues. Some of the most significant declines have been in local sales taxes, STAF, and farebox revenues. Total local sales tax revenues (LTF) decreased by approximately 12.97 percent from 2008-09 to 2009-10, but the outlook is improving. The CBP currently incorporates the revised 2010-11 forecast, which is significantly better than anticipated at the onset of the fiscal year. With the new projections, sales taxes are projected to come in 6.1 percent higher than the 2009-10 receipts if recent economic trends continue.

Just as sales tax revenues have decreased, so have fuel tax revenues available for STAF funding. The CBP anticipates STAF revenues of approximately $21.8 million in 2010-11, decreasing to $21.0 million in 2014-15. As the state legislature re-evaluates the methodology for distribution of these funds, the viability of STAF as a long term operating revenue is uncertain as fiscal challenges at the state level persist. If OCTA does not receive STAF revenues in 2011-12, the funding loss would likely lead to a fare increase and additional service reductions.

As the federal budget deficit grows exponentially, the need to balance the budget via tax increases and spending cuts becomes more urgent. A significant source of funding for operations comes from Section 5307 Federal Formula Grant funds, approximately $59.4 million is projected for 2010-11. Congress is considering a variety of proposals that address the deficit, a proposal that is currently working its way through Congress would reduce 5307 funds available to OCTA by approximately $4 million. A 5307 reduction could also necessitate a fare increase or additional service reductions in the immediate future. The policy shift is likely to constrain future CBP scenarios and reduce available 5307 funds to 2007-08 levels in the base year.

Boardings across the fixed route system have decreased by 17 percent from 2008-09 to 2009-10. The decline in boardings had a significant impact on fare revenues. For every lost boarding, revenue decreased by approximately $0.87. Fare revenues diminished from $48.8 million in 2008-09 to $46.6 million in 2009-10, a loss of 4.6 percent. As the economy grows, fare revenues are anticipated to stabilize and will continue to be augmented by fare increases every four years beginning in 2012-13, eventually reaching $64.9 million in 2019-20. Boardings are projected to remain relatively flat because growth in boardings is mitigated by the regularly scheduled fare increases.

Transit Related Programs

Expand Mobility Choices for Seniors and Persons with Disabilities

Over the next 30 years, the population of people age 65 and over is projected to increase 110 percent. The demand for transit and specialized transportation services for seniors and persons with disabilities is anticipated to increase proportionally. In order to meet the demand, approximately $417 million in funds has been allocated to expand mobility choices for seniors and persons with disabilities as part of the M2 program. The project will meet the growing transportation needs of seniors and persons with disabilities by allocating approximately $139 million to each of the following programs:

- Stabilize fares and provide fare discounts for bus service and ACCESS service
- Supplement funding for existing county wide senior non-emergency medical transportation services
- Continue and expand local community services for seniors through the existing Senior Mobility Program
  - The amount allocated to each participant increases over time based on senior population and is limited by available funds
  - Currently, 20 cities and four eligible community nonprofit organizations operate Senior Mobility Programs

Community Based Transit Circulators

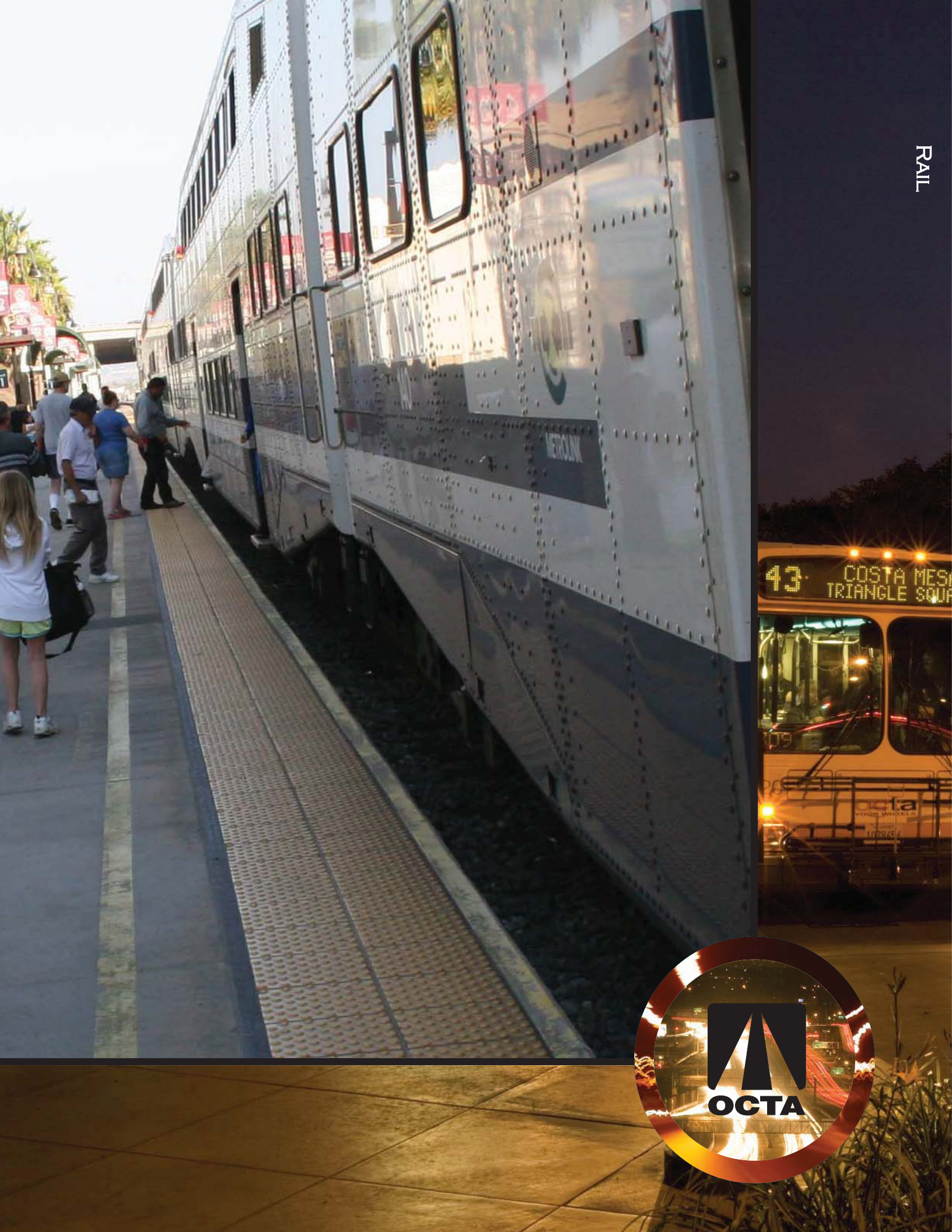
Approximately $278 million in funds have been allocated for community based transit circulators as part of the M2 program. The project will establish a competitive program for local jurisdictions to develop local bus transit circulators, shuttles and bus trolleys that complement regional bus and rail services and meet needs in areas not adequately served in regional transit. Projects will need to meet performance criteria for ridership, connection to bus and rail services, and financial viability to be considered for funding. Additionally, all projects will be competitively bid, and cannot duplicate or compete with existing transit services. Guidelines are currently being developed.

Safe Transit Stops

Approximately $31 million in funds have been allocated for safe transit stops as part of the M2 program. The program will provide for improvements at 100 of the busiest transit stops across the County. Improvements being considered include ADA enhancements and installation of: solar lights, real time passenger information displays, and ticket vending machines.

Cash Flow Statement - Bus Operations

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	$	**91.9**	**113.1**	**154.6**	**174.9**	**156.6**	**198.5**	**195.4**	**108.0**
Cash flows from operating activities:									
Sources of funds:									
Sales Tax Revenue		122.3	131.8	138.8	145.4	151.8	189.2	232.2	285.0
Passenger Fares		50.2	54.6	58.7	60.0	61.2	76.7	93.4	111.5
State Transit Assistance Fund		19.2	19.8	20.4	21.0	21.6	24.8	28.3	32.1
Property Tax Revenue		10.8	11.8	11.9	12.0	12.2	12.8	13.4	14.1
Gas Tax Exchange		10.0	23.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous Revenues		5.1	3.8	3.8	2.1	2.0	2.2	2.4	2.7
Advertising Revenue		3.8	4.1	4.3	4.5	4.7	5.8	7.1	8.8
Alternative Fuel Tax Credit		2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources of funds	$	**223.9**	**248.9**	**238.0**	**244.9**	**253.3**	**311.6**	**376.9**	**454.2**
Cash flows from operating activities:									
Uses of funds:									
Salaries and Benefits		113.0	115.0	114.5	117.4	121.1	141.1	163.8	192.8
Purchased Transportation Services		60.8	71.0	80.4	86.5	89.9	108.4	131.5	161.6
Administrative Service Expense		36.0	37.2	38.5	39.7	41.0	48.0	56.4	66.6
Maintenance, Parts and Fuel		19.4	20.2	20.3	20.7	21.1	27.1	35.9	48.0
Professional Services		12.1	12.7	13.2	13.7	14.2	16.9	20.3	24.6
General and Administrative		4.5	4.7	4.9	5.0	5.2	6.2	7.5	9.1
Other Operating Expense		1.6	1.7	1.7	1.8	1.9	2.6	3.7	6.0
Total Uses of funds	$	**247.4**	**262.5**	**273.5**	**284.8**	**294.3**	**350.3**	**418.9**	**508.6**
Net cash provided by operations	$	**(23.5)**	**(13.7)**	**(35.5)**	**(39.9)**	**(41.0)**	**(38.7)**	**(42.1)**	**(54.4)**
Cash flows from non-capital financing activities:									
Operating grants									
Federal Formula Grant 5307		47.7	52.6	69.7	71.8	76.3	63.4	70.2	77.7
Operating transfers in									
Renewed Measure M		2.3	2.4	2.6	2.7	2.8	3.5	4.3	5.3
Rail Feeder		1.7	1.8	1.8	1.9	1.9	2.2	2.5	2.9
Net cash provided by noncapital financing activities	$	**51.7**	**56.9**	**74.1**	**76.3**	**81.1**	**69.1**	**77.0**	**85.9**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		33.6	0.0	38.6	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		(42.7)	(5.8)	(63.9)	(62.5)	(75.0)	(52.5)	(20.2)	(21.9)
Net cash used by capital and related financing activities	$	**(9.1)**	**(5.8)**	**(25.3)**	**(62.5)**	**(75.0)**	**(52.5)**	**(20.2)**	**(21.9)**
Cash flows from investing activities:									
Interest on investments		2.1	4.0	7.0	7.7	7.1	8.5	8.5	4.9
Net cash provided by investing activities	$	**2.1**	**4.0**	**7.0**	**7.7**	**7.1**	**8.5**	**8.5**	**4.9**
Net increase/decrease in cash	$	**21.2**	**41.5**	**20.3**	**(18.3)**	**(27.8)**	**(13.5)**	**23.3**	**14.5**
Available Cash	$	**113.1**	**154.6**	**174.9**	**156.6**	**128.7**	**185.0**	**218.7**	**122.5**


RAIL
43
COSTA MES
TRIANGLE SQU
OCTA

Background

Metrolink's five-agency membership includes the Orange County Transportation Authority (OCTA), the Los Angeles County Metropolitan Transportation Authority, the Riverside County Transportation Commission, the San Bernardino Associated Governments, and the Ventura County Transportation Commission. Metrolink operates 144 daily trains on seven lines, serving 55 stations, and carries more than 38,000 riders per day.

Service Levels

There are three lines that provide service to Orange County. The Orange County (OC) Line service began in 1994, followed by the Inland Empire – Orange County (IEOC) Line in 1995, and the 91 Line in 2002. The three lines serving Orange County provide a total of 42 trains each weekday serving 11 Orange County stations. Figure 1 highlights current service levels.

In 2006, the OC and IEOC lines began offering service on weekends, year-round. Service levels peaked in 2008-09 with 44 weekday trips and 12 weekend trips. However, on February 15, 2010, due to budget constraints, the number of OC Line weekend trains was reduced from eight trains on Saturday and Sunday to four trains. At the same time, IEOC Line weekend service was reduced from six trains on Saturday and four trains on Sunday to two trains each day. Two additional IEOC trains are added on Saturdays and Sundays during the summer months. Two low-performing midday weekday IEOC trips were also discontinued in February 2010.

The Rail 2 Rail Program, which began in 2003, allows Metrolink monthly pass holders the option of riding Amtrak Pacific Surfliner trains at no additional charge, provided the passholder travels within the designated stations identified on the monthly pass. In Orange County, a valid Metrolink ticket or pass also permits free transfers to local OCTA bus routes that directly serve a Metrolink station, including all StationLink routes, which provide connecting bus service to major employment centers. There are currently 13 StationLink routes serving 11 Orange County Metrolink stations.

Figure 1 - Metrolink Service Levels

Service/Line	# Trips/Day	
Weekday Service		
91 Line	9	
IEOC Line	14	
OC Line (service to LA)	19	
Sub-total	**42**	
Weekend Service	**Sat**	**Sun**
IEOC Line	2	2
OC Line (service to LA)	2	2
Sub-total	**4**	**4**

* Service levels as of December 2010

Ridership and Passenger Fare Revenue

Combined annual ridership for the three lines serving Orange County (including Rail 2 Rail) grew from 3.55 million in 2005-06 to 3.9 million in 2009-10. Figure 2 on the following page shows combined revenue and ridership figures. The OC Line continues to carry the most passengers of the three lines serving Orange County. Figure 3 on the following page shows ridership by line. In 2009-10 ridership for the OC Line declined by 6 percent and system-wide Metrolink ridership experienced declines of 6.8 percent in comparison to 2008-09. The economic recession is the primary cause for the decline. The recession has also led to increasing unemployment rates and resulted in a significant weakening of ridership demand. Although ridership losses have been unprecedented for Metrolink, the situation is not unique. Like Metrolink, other commuter rail agencies around the state and the nation have experienced double-digit ridership losses as a result of the economic downturn. Low gasoline prices coupled with a shrinking employment base were the primary factors for Metrolink's ridership decline in 2009-10.

Passenger fare revenue provides for roughly half of Metrolink operating expenses, with the remainder covered by member agency subsidies. Total fare revenue for the three lines serving Orange County (including Rail 2 Rail) grew from $18.78 million in 2005-06 to $24.09 million in 2009-10. Figure 2 on the following page shows combined revenue and ridership figures. However in 2009-10, revenue has decreased by 6.1 percent compared to 2008-09. System-wide Metrolink revenue continues to decline due to the ongoing economic recession and factors described earlier for ridership.

In the first quarter of 2010-11, the combined annual ridership decreased by 3.8 percent compared to the same quarter in 2009-10. First quarter passenger fare revenues of $6.5 million are 7.4 percent higher than the same quarter last year. Revenue has increased on all three lines serving Orange County compared to the same quarter last year due to the 6 percent fare increase in July 2010 and changes to fare structure; 7.5 percent on the OC Line, 7.6 percent on the IEOC Line, and 6.7 percent on the 91 Line compared to the same quarter last year.

Metrolink Service Expansion Plan

In November 2005, the Orange County Transportation Authority adopted the Metrolink Service Expansion Program (MSEP) to operate additional train service between the Fullerton Transportation Center and Laguna Niguel/Mission Viejo Metrolink Station. The adopted program included rail infrastructure improvements required to operate the service.

The primary focus of the Metrolink Service Expansion Program is the implementation of additional train service between the Laguna Niguel/Mission Viejo and Fullerton stations along the OC Line. The number of weekday train trips along the OC Line

Figure 2 - Combined Annual Ridership and Fare Revenue for Orange County Lines (in millions)

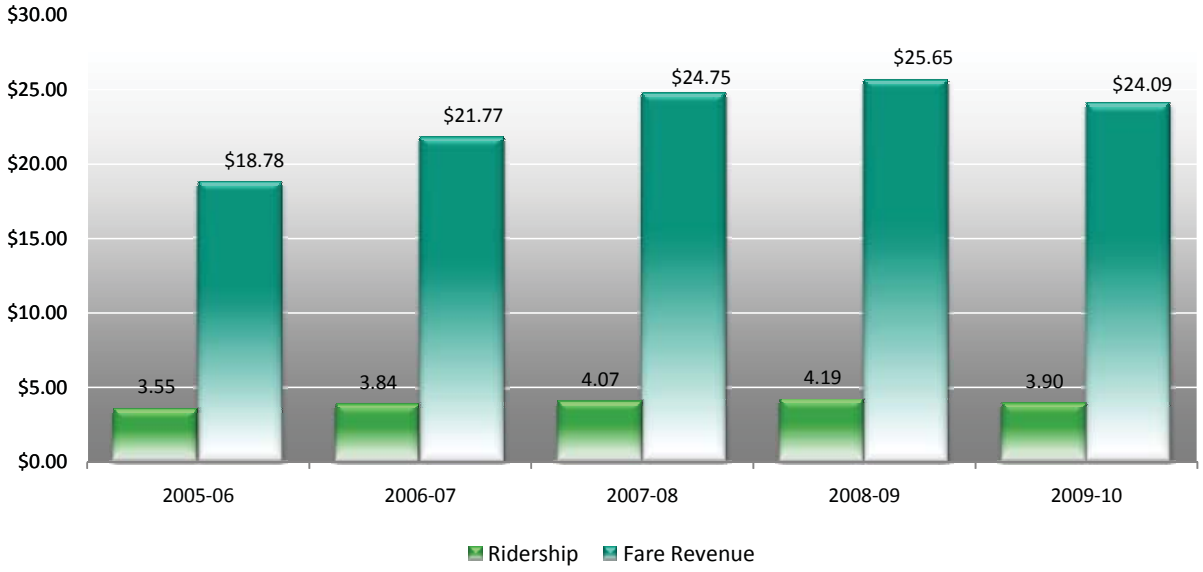
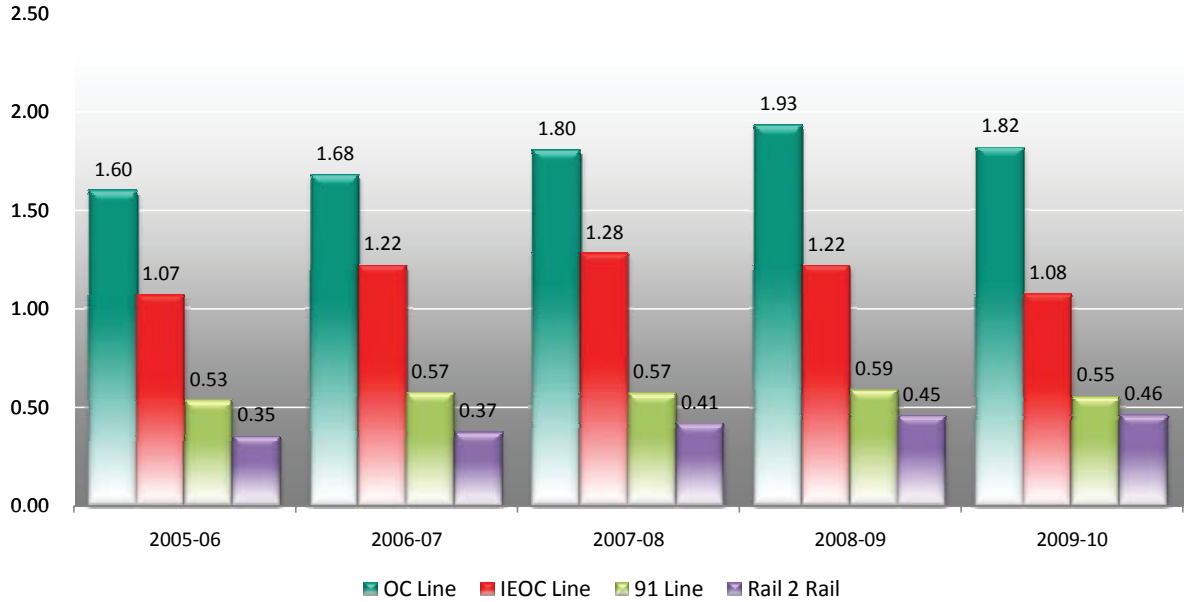


Figure 3 - Annual Ridership by Line (in millions)



is expected to increase from 19 trips per day to 25 when new service is added starting in 2010-11. The new service will alter the perception of the OC Line, allowing it to serve not only as the long and short distance commuter service, but also as a viable intracounty transportation alternative linking Laguna Niguel, Irvine, Tustin, Santa Ana, Orange, Anaheim and Fullerton. The MSEP service initiation is anticipated to occur in the fourth quarter of 2010-11 commensurate with the completion of the necessary infrastructure improvements to operate the service and based on ridership demand.

In an effort to promote this service and improve connectivity between bus and rail service in Orange County, the Orange County Transportation Authority is working with the Southern California Regional Rail Authority (SCRRA) to develop a new intra-county transit pass. The new intra-county pass will be valid on local bus routes as well as Metrolink trains operating between the 11 Orange County Metrolink stations from Buena Park to San Clemente. Implementation of this pass is intended to encourage new ridership and augment fare revenue.

Metrolink Funding

Measure M

Operations

Metrolink operations are funded primarily by sales-tax revenue generated from Measure M. The cost of operating the Metrolink service is allocated to member agencies on an annual basis, dependent upon level of service. Figure 4 lists the projected annual operating subsidy to be paid to the SCRRA by OCTA for Metrolink services between 2010-11 and 2014-15.

Figure 4 - Metrolink Annual Operating Subsidy

	2010-11	2011-12	2012-13	2013-14	2014-15
Subsidy *	$18.75	$19.38	$20.64	$21.17	$23.00

* Cost in millions

Based on current assumptions and planned service increases, operating costs will increase in 2010-11 due to the implementation of Metrolink Service Expansion and increased insurance and fuel prices. Measure M funds are expected to cover the cost of Metrolink operations through a minimum of March 31, 2011 when the Measure M program sunsets. Any remaining balance of Measure M funds will be utilized for ongoing operations beyond March 31, 2011.

Capital Expenditures

Accommodating the increased level of train service under the MSEP program requires a significant capital investment in new rolling stock, station improvements, and track improvements. The Board has authorized a $420 million capital investment to provide the necessary improvements to accommodate increased rail service, with Measure M providing the primary source of revenue. Although sharp declines in sales-tax receipts have reduced the anticipated revenues to fund this program, the infusion of Proposition 1B funds, Proposition 116 funds, and State Transportation Improvement Program funds have kept the MSEP capital program funded.

Measure M2

On November 7, 2006, Orange County voters approved the renewal of Measure M, which will continue the investment of local tax dollars in Metrolink for 30 years from April 1, 2011 through March 31, 2041. Funding from Renewed Measure M (M2) for the Metrolink program totals approximately $1.2 billion dollars (year of expenditure dollars).

Operations

The first priority for the use of M2 funds will be to ensure adequate funding for Metrolink operations through 2041. Based on current revenue and expenditure assumptions it is anticipated that the maximum number of weekday trips will be 59 trips. That level of trips is considerably less than the original MSEP goal of 76 weekday trips, but is a consequence of the economic downturn which has led to an anticipated loss of 40 percent of M2 revenues.

Capital Program

Once operating costs are met, the balance of the M2 funds will be utilized to fund the Metrolink capital program. Based on current sales tax revenue forecasts it is anticipated that after completion of the capital expenditures for the MSEP there will be limited funding available for future capital expenditures after operating costs are met. As a result, OCTA will likely have to rely on a combination of local and external funding sources to meet capital requirements in the future.

In August 2007, the Board approved an implementation strategy for the grade crossing safety enhancement program and quiet zone improvements at 50 grade crossings in Orange County. In partnership with the SCRRA, construction began in August 2009, and is expected to take slightly more than two years to complete. Construction for all 50 railroad crossings in the eight participating cities is anticipated to be completed by the end of 2011.

OCTA has also agreed to implement the Sand Canyon Grade Separation Project along the Metrolink corridor in the City of Irvine. This project is funded with a mix of City of Irvine, M1, M2, Proposition 1B, and Proposition 116 funds. The M2 program, which provides funding for more frequent Metrolink service between Fullerton and Laguna Niguel (Project R), also includes a provision for grade separations.

Staff intends to actively coordinate and integrate the Capital Action Plan with two key planning documents that are currently

under development. The Long-Range Transportation Plan (LRTP) is a vision document that captures the M2 program of projects, other OCTA projects and services, and local land use plans that will collectively form the Sustainable Community Strategy and respond to greenhouse gas reduction statutes.

Other Funding Sources

In addition to Measure M and Measure M2 funding, OCTA has been successful in identifying other funding sources that include: Proposition 116, State Transportation Improvement Program (STIP), and Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA), Congestion Mitigation and Air Quality (CMAQ) for various capital projects such as the parking structures, MSEP, Metrolink Fiber Optics, positive train control (PTC), grade crossings, grade separations, and rolling stock.

Metrolink Related Programs

Go Local Program

With two-thirds of Orange County's jobs and population within a four-mile radius of the county's eleven Metrolink stations, OCTA is making a significant investment in the Metrolink service. In February 2006, the OCTA Board of Directors approved the Go Local program that will help broaden the reach of the Metrolink system by providing a link between stations and major destinations. The program established a four-step competitive process in which local jurisdictions take the lead in defining, planning, and implementing transit extensions that branch from Metrolink stations to outlying communities and activity centers. The role of OCTA is to provide expertise in transit operations and federal funding processes and coordinate city efforts to ensure the local extensions work seamlessly as a future countywide transit network.

The first step of Go Local provided each city with a $100,000 grant to study possible Metrolink extensions. In step two, cities are further developing the proposed projects with detailed planning and alternative analysis.

Initial concepts were approved to move forward by the OCTA Board of Directors in 2008 based on factors including their regional benefits, local funding commitment and ability to link a Metrolink station with cities' major population centers. There are thirty five bus and shuttle concepts and two fixed-guideway projects included as part of the program.

Bus and Shuttle

Step two service planning for the bus and shuttle projects was completed in March 2011. Prior to competing for step three funding, projects will be included in OCTA's Transit System Study to determine how they can integrate and compliment service already provided by OCTA. The Transit System Study is anticipated to be completed by summer 2011.

Fixed-Guideways

The cities of Anaheim and the joint Santa Ana and Garden Grove proposals for fixed-guideway projects were each awarded $5.9 million in May 2008 to complete an alternatives analysis and state and federal environmental clearance as part of Go Local step two. The environmental phase for both projects is anticipated to be completed by the end of 2012. Projects were awarded additional funding in November 2010 through federal grant funds and Project S to complete necessary engineering work. Projects are being developed consistent with Federal Transit Administration New/Small Starts planning requirements to ensure eligibility for such funding sources.

It is anticipated that the fixed guideway projects will require substantial funding beyond what the current M2 revenue allocation provides. Current estimates for the two projects total approximately $976 million. Expenditures would occur between fiscal year 2010-11 and fiscal year 2017-18 over which period the total revenue allocation would be $171 million. Additionally it is anticipated that rubber tire alternatives will also compete for the same funds.

The Go Local Program was programmed with $30 million of Measure M funds to initiate the program. Through step one of the Go Local Program, all 34 Orange County cities received a $100,000 grant for a total use of $3.4 million to study possible transit extensions linking major activity and employment centers with a Metrolink station. The programmed M1 funds will be used for further project planning as part of step two.

$1.2 billion is allocated to the Go Local program through Measure M2. The funds (designated as Transit Extensions to Metrolink) are anticipated to serve as the primary local funding source for steps three and four of the program. In step three, cities will compete for local, state and federal funding to implement their projects, which have qualified from previous steps in the process. In step four, OCTA will perform necessary upgrades to the rail corridor to ensure that all connections work seamlessly.

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

The program to Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High Speed Rail Systems will provide the local improvements that are necessary to connect future high-speed rail systems to stations on the Orange County Metrolink route. One of the individual elements within the program was to connect the high-frequency commuter rail service to future high speed rail lines. The State of California is currently underway with the environmental clearance and preliminary engineering for a high-speed rail system linking northern and southern California. Phase 1 of the state-wide system is planned to terminate in Orange County in the City of Anaheim. In addition, various 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.

In 2006, OCTA purchased a 13.5 acre parcel in the City of Anaheim for the future development of a multi-modal transportation facility, through the Measure M1 Regional Gateways Program. As part of the Measure M2 program, $278 million dollars has been allocated to the program to Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High Speed Rail Systems. Through a competitive call for projects, the Anaheim Regional Transportation Intermodal Center was awarded $44.6 million and $99.2 million of Measure M1 and M2 respectively. ARTIC is fully funded through this combination of Measure M, state and federal funds for a total project budget of $183 million.

The California High Speed Rail Authority (CHSRA) is currently underway with the project level environmental clearance of the state-wide HSR system. In 2007, OCTA entered into an agreement with the CHSRA to provide $7 million in Measure M1 funds towards the environmental clearance of the Los Angeles to Orange County segment of the HSR system. This effort is planned to be complete in mid-2012. As part of that effort, the CHSRA is including a complete analysis of a shared track alternative which will minimize the impacts to Orange County residents while still providing for higher speed train travel.

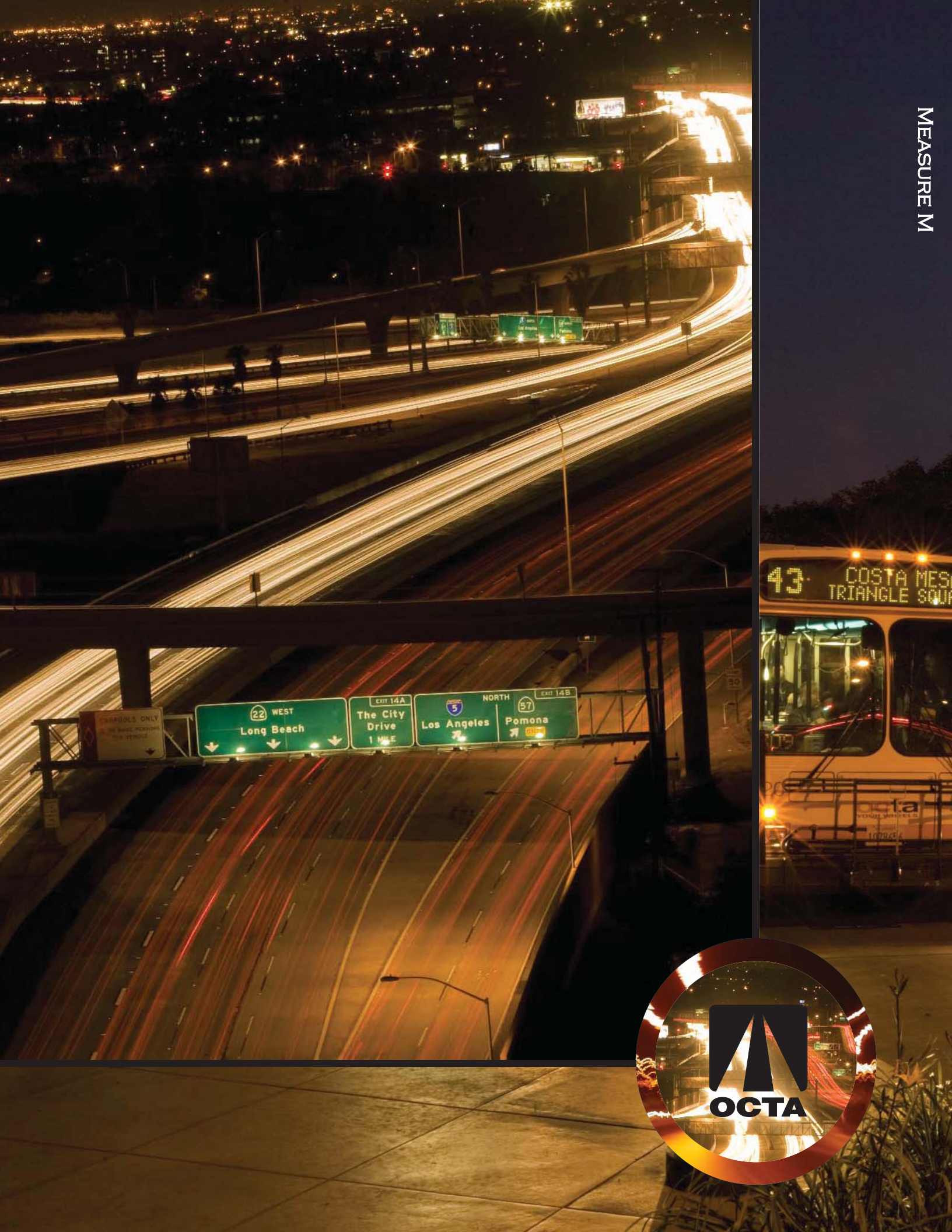
The CHSRA Board of Directors determined that the initial operating segment of HSR will be built between Fresno and Bakersfield consistent with the Federal Railroad Administrations guidelines for federal funds. This initial segment will then be expanded to reach both Northern and Southern California.

Cash Flow Statement - Rail

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	$	**196.4**	**118.0**	**99.2**	**62.8**	**60.0**	**43.4**	**31.1**	**53.8**
Cash flows from operating activities:									
Sources of funds:									
Miscellaneous revenue		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Sources of funds	$	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Cash flows from operating activities:									
Uses of funds:									
Subsidy to SCRRA		19.4	20.6	21.2	23.0	23.3	26.2	29.6	33.6
Management Fee Expense		1.2	1.3	2.2	1.4	1.4	1.6	1.8	2.1
Professional Services		4.0	3.2	4.4	3.3	3.4	3.8	4.3	4.9
General and Administrative		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Expenses		1.7	1.8	18.7	1.9	1.9	2.2	2.5	2.9
Total Uses of funds	$	**26.3**	**26.9**	**46.5**	**29.6**	**30.0**	**33.8**	**38.1**	**43.4**
Net cash provided by operations	$	**(26.3)**	**(26.8)**	**(46.4)**	**(29.5)**	**(29.9)**	**(33.7)**	**(38.1)**	**(43.3)**
Cash flows from non-capital financing activities:									
Operating grants		5.3	5.4	5.6	5.8	5.9	6.8	7.9	9.1
Operating transfers in									
Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Renewed Measure M		1.1	16.6	19.7	20.8	21.8	28.2	36.3	45.1
Other		0.6	0.6	0.6	0.7	0.7	0.8	0.9	1.0
Net cash provided by noncapital financing activities	$	**6.9**	**22.7**	**25.9**	**27.2**	**28.4**	**35.8**	**45.0**	**55.2**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		87.6	54.2	55.1	26.1	3.3	3.3	2.4	2.4
Acquisition/construction of capital assets		(146.4)	(68.7)	(70.9)	(25.6)	(2.9)	(3.2)	(3.5)	(3.8)
Tax Exempt Commercial Paper (TECP)/Bond proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal & interest paid on TECP/Bonds		(3.4)	(3.4)	(3.3)	(3.3)	(3.3)	(3.3)	(2.4)	(2.4)
Other Capital Expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used by capital and related financing activities	$	**(62.2)**	**(17.9)**	**(19.1)**	**(2.8)**	**(2.9)**	**(3.2)**	**(3.5)**	**(3.8)**
Cash flows from investing activities:									
Interest on investments		3.1	3.2	3.2	2.4	2.3	1.7	1.3	2.3
Net cash provided by investing activities	$	**3.1**	**3.2**	**3.2**	**2.4**	**2.3**	**1.7**	**1.3**	**2.3**
Cash to Accrual Reconciling Items	$	**2.0**	**3.0**	**4.0**	**5.0**	**6.0**	**11.0**	**16.0**	**21.0**
Net increase/decrease in cash	$	**(78.4)**	**(18.8)**	**(36.5)**	**(2.7)**	**(2.0)**	**0.6**	**4.8**	**10.4**
Available Cash	$	**118.0**	**99.2**	**62.8**	**60.0**	**58.0**	**44.0**	**35.8**	**64.2**

*Revenue and expenses for the Go Local Transit Extensions and Regional Gateways Projects are included in the cash flow statement of the M2 Program.


MAP NOT TO SCALE
VENTURA COUNTY
LOS ANGELES COUNTY
SAN BERNARDINO COUNTY
RIVERSIDE COUNTY
ORANGE COUNTY
SAN DIEGO COUNTY
PACIFIC OCEAN
Goleta
Santa Barbara
Carpinteria
Ventura
Montalvo
Oxnard
Camarillo
Moorpark
Simi Valley
Chatsworth
Newhall
Northridge
Lancaster
Palmdale
Vincent Grade/ Acton
Santa Clarita
Via Princessa
Sylmar/San Fernando
Sun Valley
Downtown Burbank
Glendale
LA Union Station
Van Nuys
Burbank-Bob Hope Airport
Cal State L.A.
El Monte
Baldwin Park
Covina
Pomona (North)
Claremont
Montclair
Upland
Rancho Cucamonga
Fontana
Rialto
San Bernardino
Industry
Downtown Pomona
E. Ontario
Pedley
Riverside-Downtown
Riverside-La Sierra
W. Corona
N. Main Corona
Placentia Future Station
LAX Airport
Montebello/Commerce
Commerce
Norwalk/Santa Fe Springs
Buena Park
Fullerton
Anaheim
Anaheim Canyon
Orange
Santa Ana
Tustin
Irvine
Laguna Niguel/ Mission Viejo
John Wayne Airport
San Juan Capistrano
San Clemente
San Clemente Pier
Limited Service
Oceanside
Solana Beach
San Diego
SPRINTER
To Escondido
metrolinktrains.com
METROLINK
METROLINK ROUTES
Antelope Valley Line
Inland Empire-Orange County Line
Orange County Line
Riverside Line
San Bernardino Line
Ventura County Line
91 Line (Riverside-Fullerton-LA)
Rail Transfer Station
Metrolink/Amtrak Shared Station
Amtrak Pacific Surfliner
Metro Rail/Metro Bus
Effective February 15, 2010


MEASURE M
22 WEST
Long Beach
EXIT 14A
The City
Drive
1 MILE
NORTH
5
Los Angeles
57
Pomona
EXIT 14B
43
COSTA MES
TRIANGLE SQU
OCTA

Introduction
In November 1990, Orange County voters approved Measure M (M1), a 20-year program for local transportation improvements funded by a one-half cent sales tax. The goal of M1 was to create a balanced multi-modal transportation system to provide near-term congestion relief on existing freeways, streets and roads, and longer-term development of a state-of-the-art rail transit system.

The Orange County Transportation Authority has delivered on the promises made to the voters. Overall, more than $4 billion of improvements were made and over $1.2 billion in local, state, and federal funding was leveraged.

Freeways	$1.75 billion
Streets and Roads	$1.30 billion
Transit	$1.02 billion
Total	$4.07 billion

All freeway projects were delivered as promised. In fact, one additional freeway project was added and completed. Approximately $700 million was expensed on 170 intersections and 38 freeway interchanges. Local Agencies received $600 million and transit fares were stabilized for seniors and persons with disabilities. Lastly, commuter rail service was implemented.

Sunset Activities
M1 sales tax collections ended on March 31, 2011. A series of sunset activities are underway to officially close out the M1 program. Final M1 sales tax revenue figures will be finalized in July 2011. An analysis of final revenue forecasts versus final net project costs shows that there will be unspent M1 funds on March 31, 2011. An approach for the proposed use of M1 balances has been developed based on the following principles:

- Ordinance requirements
- Funding parameters
- Prior Board actions
- Augmentation of Measure M2 (M2) funding

Revenues
Based on the latest revenue forecasts, estimate of costs at completion, committed projects, and prior Board actions, the overall anticipated M1 balance is anticipated to be the following:

Freeways	$38 million
Streets and Roads	$10 million
Transit	$86 million
Total	$134 million

Freeways
The remaining balance of $38 million in the freeway mode will be used to fund a portion of M2's Project G – the widening of the Orange Freeway (State Route 57) and to advance the design phase of M2's Project C – San Diego Freeway (Interstate 5) improvements between Avenida Pico and Pacific Coast Highway. The utilization of M1 funds for these projects will offset the planned uses of M2 freeway funds. In addition, funds for the I-5 Gateway project closeout and West County Connectors project will be received in M1.

Streets and Roads
The Board previously authorized the use of M1 streets and roads funding for the initial M2 call for streets and roads projects. The remaining balance of $10 million in the M1 streets and roads program will augment the first M2 competitive call for projects for the streets and roads program. Applications for the call for projects were submitted on January 28, 2011. Pending review of the applications and preparation of recommendations in consultation with the Technical Advisory Committee, Board action is expected in June 2011.

Transit Mode
The Board previously approved the use of M1 transit funds for OCTA's share of ongoing Metrolink operating costs and capital improvements necessary for the Metrolink Service Expansion Plan. Once final sales tax collections are received, an operating transfer will be made from M1 into the Commuter Urban Rail Endowment fund to support ongoing operations.

Local Transportation Authority (LTA) Debt Service Program
The LTA Debt Service Program was established to account for the accumulation of resources for, and repayment of Measure M long-term debt, including principal, interest, and related expenses. The Authority bonded against future sales tax revenue to raise sufficient funds to undertake projects soon after the passage of Measure M.

The last debt service principal and interest payment for the M1 program was made in February 2011. This last payment closed out the debt service portion of the M1 program.

Cash Flow Statement for Measure M

(millions)		2011-12	2012-13	2013-14	2014-15
Beginning Balance	**$**	**42.1**	**28.2**	**5.0**	**2.0**
Sources of funds:					
Sales Tax Revenue (Net of SBOE and Admin. Fees)		0.0	0.0	0.0	0.0
Bonded Funds (Net Proceeds)		0.0	0.0	0.0	0.0
Other Revenues (Private,Local, State, & Fed.Funding)		9.4	0.0	0.0	0.0
Interest		2.3	1.0	0.2	0.0
Total Sources of funds	**$**	**11.7**	**1.0**	**0.2**	**0.0**
Debt Service					
Gross Debt Service on Bonds		0.0	0.0	0.0	0.0
TECP Interest / Redemption		0.0	0.0	0.0	0.0
Total Debt Service Payments		0.0	0.0	0.0	0.0
Program Expenditures					
Freeway Mode		6.9	6.6	3.2	2.0
Transit Mode		0.0	0.0	0.0	0.0
Senior and Disabled Fare Stabilization		0.0	0.0	0.0	0.0
Local Streets & Roads Mode		0.0	0.0	0.0	0.0
Regional Streets & Roads Mode		18.7	17.8	0.0	0.0
Total Program Expenditures		25.6	24.3	3.2	2.0
Net cash provided by operations	**$**	**(13.9)**	**(23.3)**	**(3.0)**	**(2.0)**
Available Cash	**$**	**28.2**	**5.0**	**2.0**	**0.0**

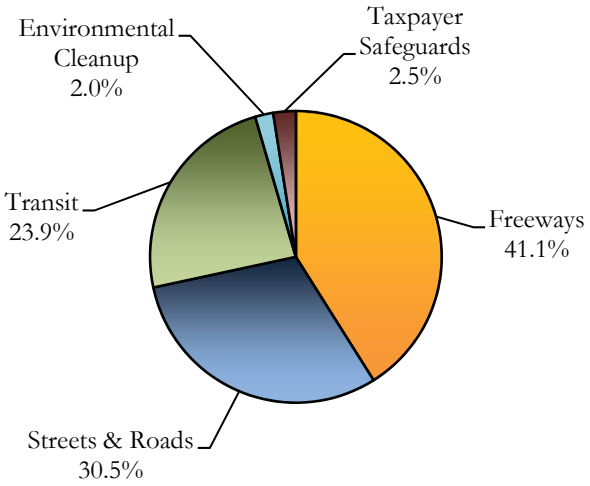
MEASURE M2

OCTA

Background
On November 7, 2006, nearly 70 percent of Orange County voters renewed the Measure M one-half cent sales tax for transportation improvements. The half-cent sales tax, administered by the Orange County Transportation Authority (OCTA), will provide approximately $15 billion* to improve transportation in Orange County over a 30-year period beginning in 2011.

Program Overview
The Measure M2 Transportation Investment Plan (M2) is designed to reduce traffic, upgrade key freeways, fix major freeway interchanges, maintain streets and roads, synchronize traffic signals countywide, build a visionary rail transit system, and protect the environment from the oily street runoff that pollutes Orange County beaches. The plan calls for the $15 billion dollars* to be allocated as demonstrated in Figure 1.

Figure 1 - M2 Investment Allocation by Mode



Early Action Plan
In August 2007, the OCTA Board of Directors approved the M2 Early Action Plan (EAP). The goal of the plan was to advance M2 projects during 2006-07 through 2011-12 prior to commencement of sales tax collections. A financial plan to provide funding for these projects was adopted by the OCTA Board of Directors on November 9, 2007, and $400 million in tax exempt commercial paper was secured. Despite an economic recession that has led to an approximate 40 percent reduction in program revenue, OCTA made significant progress implementing the plan through aggressively seeking additional grant funding and a competitive construction market.

Capital Action Plan
In July 2010 the Board approved the comprehensive Capital Action Plan (CAP). The CAP expands the scope of the EAP to include other priority OCTA capital projects. These projects will include freeway improvement projects, transit capital projects, and rail transit projects. These and other critical capital projects will now be captured in a more comprehensive capital program document that will ensure coordinated project delivery, and decision making with respect to resource management, funding and procedures.

Plan of Finance
In November 2010, the OCTA Board of Directors approved the issuance and sale of M2 sales tax revenue bonds to fund various program expenditures over the next three years. The bond proceeds will be used to repay $75 million of the outstanding tax-exempt commercial paper program and to fund approximately $268 million in project expenditures through 2012-13.

The Freeway Program will receive $53 million in bond proceeds for Freeway Environmental Mitigation expenditures. Another $95 million will be used for Grade Separation expenditures within the Streets and Roads Program. The Transit Program will receive $120 million to fund expenditures related to High Frequency Metrolink Service, Metrolink Gateways, and Transit Extensions to Metrolink.

Freeway Program
Approximately 41.1 percent of M2 revenue will be invested in new freeway construction, which represents the greatest investment in the M2 program at approximately $6 billion dollars*. Relieving congestion on the Riverside/Artesia Freeway (SR-91) is the centerpiece of the freeway program and will include new lanes, new interchanges and new bridges. Other major projects will make substantial improvements on Interstate 5 (I-5) in southern Orange County and the San Diego Freeway (I-405) in western Orange County. Under the plan, the intersection of the I-5, Garden Grove Freeway (SR-22), and the Orange Freeway (SR-57), known as the Orange Crush, will be improved and upgraded. Additionally, major traffic chokepoints on almost every Orange County freeway will be remedied. The anticipated schedule and cost for M2 freeway projects is shown in Figure 2 on the top of next page.

It is anticipated that Project K, which will provide improvements to the Interstate 405 freeway between the Interstate 605 freeway and State Route 55 freeway, will require substantial funding beyond what the current M2 revenue allocation provides. Current build alternatives range from $1.3 billion to $1.7 billion with an M2 revenue allocation of approximately $600 million. OCTA will seek additional funding sources to augment M2 funds.

M2 also includes a freeway Environmental Mitigation Program (Mitigation Program), which provides programmatic mitigation in exchange for streamlined project approvals and greater certainty in the delivery of the 13 freeway projects. The Mitigation Program is designed to streamline the permit process through partnership with the California Department of Transportation

*Year of expenditure dollars

Figure 2 - Freeway Projects (millions)

Project	Contribution M2	Contribution State/Fed/ Other Local	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Interstate 5 Corridor											
Pico to Pacific Coast Hwy	$ 277	$ 1									
Ortega Interchange	$ 3	$ 82									
SR-73 to I-405	$ 559	$ -									
SR-55 to SR-57	$ 46	$ -									
State Route 55 Corridor											
I-405 to I-5	$ 273	$ -									
State Route 57 Corridor											
Katella to Lincoln	$ 6	$ 35									
Orangethorpe to Yorba Linda	$ 9	$ 41									
Yorba Linda to Lambert	$ 9	$ 41									
State Route 91 Corridor											
I-5 to SR-57	$ 38	$ 35									
Tustin Avenue to SR-55	$ -	$ 88									
SR-55 to SR-241	$ -	$ 86									
SR-241 to SR-71	$ -	$ 58									
Interstate 405 Corridor											
SR-55 to I-605	$ 600	$ 5									

Legend: **Environmental** **Final Design** **Construction**

(Caltrans), California Department of Fish and Game (CDFG), and United States Fish and Wildlife Service (USFWS). A master agreement was executed between OCTA, Caltrans, CDFG, and USFWS in early 2010. The master agreement set the framework for development of the conservation planning effort that will yield the permits for the freeway projects, which is underway.

Concurrent with the conservation planning effort, OCTA has developed the framework for the acquisition and restoration of properties. In September 2010, the Board authorized expenditure of approximately $5.5 million towards restoration project activities from the first tranche of funding, and it is anticipated another $5 million will be available for restoration activities in 2011-12 from the second tranche. In November 2010, the Board authorized expenditure of approximately $42 million for acquisition of properties with high biological value. This funding allocation for acquisition was inclusive of the first two tranches of funding.

Figure 3 - Allocation of M2 Streets & Roads Funds

Program	$	%
Local Fair Share Program	2,505	56%
Signal Synchronization Program	557	13%
Regional Capacity Program	1,392	31%
Total	4,454	100%

Streets and Roads Projects

Orange County has more than 6,500 lane miles of aging streets and roads, many in need of repair and rehabilitation. M2 will allocate 30.5 percent of revenues - $4.5 billion* - to streets and roads. These funds will help fix potholes, improve intersections, synchronize traffic signals county wide, and make the existing network of streets and roads safer and more efficient.

The Local Fair Share Program will receive 18 percent of net revenues and will assist cities and the County of Orange in keeping up with the rising cost of repairing the aging street system. Cities will also have the opportunity to use these funds for other local transportation needs such as residential street projects, traffic and pedestrian safety near schools, signal priority for emergency vehicles, etc. Since the program is designed to augment, rather than replace, existing transportation expenditures, cities will be required to meet a set of guidelines on an annual basis to receive the funds. Once a city has met the guidelines the funds are distributed on a formula basis which accounts for population, street mileage, and amount of sales tax collected in each jurisdiction. As a precursor to award M2 grant funding to cities, OCTA is assessing similar grants provided under M1.

The Regional Traffic Signal Synchronization Program targets over 2,000 signalized intersections across the County for coordinated operation. The goal is to improve the flow of traffic by developing

*Year of expenditure dollars

Figure 4 - Grade Separation (millions)

Project	Contribution M2	Contribution State/Fed/ Other Local	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Raymond Avenue	$ 12	$ 64									
State College Boulevard	$ 74	$ -									
Placentia Avenue	$ 57	$ 21									
Kraemer Boulevard	$ 54	$ 16									
Orangethorpe Avenue	$ 12	$ 105									
Tustin Avenue/Rose Drive	$ 13	$ 90									
Lakeview Avenue	$ 61	$ 9									
Sand Canyon Avenue	$ 50	$ 2									

Legend: Environmental | Final Design | Construction

and implementing regional signal coordination programs that cross jurisdictional boundaries. When completed this program can increase the capacity of the street grid and reduce the delay by over six million hours annually.

The Regional Capacity Program, in combination with local matching funds, provides a funding source to complete the Orange County Master Plan of Arterial Highways. The program also provides for intersection improvements and other projects to improve street operations and reduce congestion. The program allocates funds through a competitive process and targets projects that help traffic the most by considering factors such as degree of congestion relief, cost effectiveness and project readiness.

On April 10, 2008, the California Transportation Commission approved programming $183 million to Orange County under the Trade Corridors Improvement Program for seven railroad grade separation projects in Fullerton and Placentia. This amount is matched with $74 million of federal funding and $160 million of local funding. The local funding will come primarily from the Regional Capacity Program within M2, with $95 million of bond proceeds being utilized to advance projects to meet the timelines required under the state program. The anticipated schedule and cost for M2 grade separation projects is shown in Figure 4.

Transit Projects

Of the revenues raised by M2, 23.9 percent - $3.5 billion* - will be allocated to expand and improve Orange County's rail and bus service. Approximately $2.8 billion of the transit funds will be allocated to High Frequency Metrolink Service, Transit Extensions to Metrolink, and Metrolink Gateways. Additionally, $727 million will be used to Expand Choices for Seniors & Persons with Disabilities, Community Based Transit/Circulators, and Safe Transit Stops.

The High Frequency Metrolink Service Program will increase rail services within the County and provide frequent Metrolink service north of Fullerton to Los Angeles. M2 funds will be the primary source of operating funds for rail service throughout the life of M2. See the Rail section for more details on this program.

The Transit Extensions to Metrolink Program will establish a competitive program for local jurisdictions to broaden the reach of the rail system to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. 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.

Figure 5 - Allocation of M2 Transit Funds (millions)

Program	$	%
High Frequency Metrolink Service	1,246	36%
Transit Extensions to Metrolink	1,229	35%
Metrolink Gateways	278	8%
Expand Choices for Seniors & Persons with Disabilities	418	12%
Community Based Transit/Circulators	278	8%
Safe Transit Stops	31	1%
Total	3,480	100%

Development is underway for two fixed-guideway projects, as well as several mixed-flow bus/shuttle projects as part of the Go Local/Transit Extension to Metrolink Program. The detailed planning efforts associated with these projects are funded through M1, in preparation for the implementation phase which will be competitively awarded through M2. More details on this program can be found in the Rail section under Go Local Program/Transit Extension to Metrolink.

*Year of expenditure dollars

The Metrolink Gateways Program will provide funds for local improvements necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

In April 2009, the Board approved the use of $82.3 million of M2 funds toward completion of Phase 1 of the Anaheim Regional Transportation Intermodal Center (ARTIC). Phase 1 is the initial phase of the project and consists of the relocation of the existing Anaheim Metrolink station to the ARTIC site, including the necessary infrastructure improvements to the tracks, platforms, roadway, parking, and utilities to accommodate the new facility. The total Phase 1 project cost is $178.9 million and is fully funded via M2 funds, combined with a mix of other local, state, and federal funds. An environmental review of the project was completed in November 2010. The station is expected to be operational in calendar year 2013. Bond proceeds in the amount of $120 million are anticipated for these projects. More details on this program can found in the Rail section under Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High Speed Rail Systems Program.

Over the next 30 years, the population of people age 60 and over is projected to increase by 110 percent. The Expand Mobility Choices for Seniors and Persons with Disabilities Program will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities.

Development work and allocation of funds for transit fare discounts and improved services for seniors and persons with disabilities has begun under M2. Policy framework and funding guidelines were approved by the Board in February 2011.The development and execution of cooperative agreements for the Senior Mobility and Senior Non-Emergency Medical Transportation programs with participating agencies, are underway. Receipt of revenue will commence in April 2011.

The Community Based Transit/Circulators Program will establish a competitive program for local jurisdictions to develop bus transit services such as community based circulators, shuttles and bus trolleys that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. Projects will need to meet performance criteria, be financially viable, be competitively bid, and cannot duplicate or compete with existing transit services. The Transit System Study currently underway will provide recommendations on leveraging Go Local and partnership funding to ensure sustainable implementation of new community based circulator services.
The Safe Transit Stops Program provides for passenger amenities at 100 of the busiest transit stops across the County. The stops will be designed to ease transfers between bus lines and provide passenger amenities such as improved shelters, lighting, current information on bus and train timetables and arrival times, and transit ticket vending machines.

Environmental Cleanup Projects
Approximately 2 percent of M2 revenue, which represents approximately $300 million dollars*, will be dedicated to an environmental cleanup program that is designed to supplement, not supplant, existing transportation-related water quality programs. Development of program guidelines for the water quality program is currently underway and on schedule. The M2 Environmental Cleanup Allocation Committee (Allocation Committee) makes recommendations to the Board on the allocation of funds for water quality improvements.

During the first quarter of 2010, the Allocation Committee recommended approval of the draft funding guidelines. The recommended program includes a two-tier funding approach to projects. The development of the funding guidelines for the Tier 1 Grant Program, a localized capital program for best management practices (BMPs) for catch basins, has been completed. The Board authorized a Call for Projects for Tier 1 Grant Programs in February 2011, with the onset of funding in summer 2011. The Tier 2 Grant Program, a regional scale, capital intensive, comprehensive pollution mitigation project, will require additional planning and research. This will include modeling to help determine the most strategically effective areas and types of investments necessary to reduce transportation-related runoff impacts within Orange County. Planning and research for the development of BMP implementation strategies related to the development of the funding guidelines for the Tier 2 Grant Program are currently being developed, with a call for projects in spring 2012.

Taxpayer Safeguards and Audits
Approximately 1 percent of M2 revenue, which represents approximately $150 million dollars, is set aside for audits, safeguards, and taxpayer protection. Additionally, by state law, 1.5% of the gross sales tax generated by M2 must be paid to the California State Board of Equalization for collecting the countywide one-half percent sales tax that funds the M2 program.

*Year of expenditure dollars

Cash Flow Statement - Renewed Measure M

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	**$**	**255.1**	**259.5**	**227.4**	**212.0**	**223.2**	**200.5**	**33.1**	**38.3**
Sources of funds:									
Sales Tax Revenue		240.6	255.8	269.5	282.3	294.8	368.6	453.1	556.8
Tax Exempt Commercial Paper (TECP)/Bond Proceeds		0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0
Interest		5.1	7.2	8.7	8.6	7.4	5.7	1.3	1.5
Other Revenues (Private,Local, State, & Fed.Funding)		209.0	221.8	185.9	138.7	84.9	0.0	0.0	0.0
Total Sources of funds	**$**	**454.7**	**484.9**	**484.1**	**429.6**	**387.1**	**374.3**	**454.4**	**558.4**
Debt Service									
Gross Debt Service on TECP/Bonds		24.3	24.4	24.4	25.8	25.8	78.1	75.6	75.6
Total Debt Service Payments		**24.3**	**24.4**	**24.4**	**25.8**	**25.8**	**78.1**	**75.6**	**75.6**
Program Expenditures									
Freeway Projects		158.2	166.2	149.3	143.7	228.1	201.9	129.7	177.3
Streets & Roads Projects		183.3	203.8	207.8	172.4	127.1	106.5	128.5	158.0
Transit Projects		73.3	110.6	105.5	63.4	66.1	81.4	99.2	120.9
Environmental Cleanup		5.0	5.3	5.6	5.8	6.1	7.6	9.3	11.4
Taxpayer Safeguards & Audits		6.2	6.6	7.0	7.3	7.6	9.5	11.6	14.3
Total Program Expenditures		**426.0**	**492.6**	**475.1**	**392.6**	**434.9**	**406.8**	**378.3**	**481.9**
Net cash provided by operations	**$**	**4.4**	**(32.1)**	**(15.4)**	**11.2**	**(73.6)**	**(110.5)**	**0.6**	**0.9**
Available Cash	**$**	**259.5**	**227.4**	**212.0**	**223.2**	**149.6**	**90.0**	**33.7**	**39.2**

*Year of expenditure dollars


91 Express Lanes
OCTA
OCTA

OCTA'S 10-Mile Toll Road

The 91 Express Lanes is a four-lane, 10-mile toll road extending from the Orange/Riverside County line west to the Costa Mesa Freeway (SR-55). The 91 Express Lanes project was authorized as a toll road by the State of California legislature in 1989. Built at a cost of $135 million, the toll road opened on December 27, 1995.

The California Private Transportation Company (CPTC) was the original owner of the 91 Express Lanes. An agreement with the State of California Department of Transportation (Caltrans) included a non-compete provision that created a 1.5-mile protection zone along each side of the Riverside Freeway (SR-91). This zone prohibited improvements along the corridor for 30 years in order to satisfy bondholder requirements for a secure revenue stream. This created mobility problems as the region and corresponding transportation demands grew. Evidence of that growth was supported by the fact that total traffic volume on the 91 Express Lanes grew from 7.59 million in 1996-97 to 12.66 million in 2009-10. Figure 1 on the following page shows historical traffic volumes for the Express Lanes.

To mitigate growing concerns over congestion, the Orange County Transportation Authority (OCTA) acquired the 91 Express Lanes franchise rights from CPTC in January 2003. The purchase was enabled by Assembly Bill (AB) 1010 (Correa), which eliminated the non-compete provision, clearing the way for future enhancements that will increase capacity and improve traffic flow. The franchise rights currently terminate on December 26, 2030.

On September 30, 2008 the governor approved Senate Bill (SB) 1316 (Correa) as an update to the provisions of AB 1010. SB 1316 authorizes OCTA to assign its franchise rights, interests and obligations in the Riverside County portion to the Riverside County Transportation Commission (RCTC), thereby allowing RCTC to add two toll lanes and a regular lane in each direction on the SR-91 from the Orange County line to Interstate 15. RCTC's project will extend the 91 Express Lanes by an additional thirteen miles. The bill also authorizes the terms of the franchise to expire no later than December 31, 2065. Extension of the franchise rights will require future OCTA Board of Directors approval.

As a result of the passage of SB 1316, coordination with RCTC is required in order to address a wide variety of issues including: construction, operations, the splitting of revenues, and cost sharing. The two agencies are meeting on a periodic basis to discuss these issues and are drafting a cooperative agreement. In addition, third-party agreements with various vendors will need to be negotiated and drafted.

Toll Policy

In May 2003, the OCTA Board of Directors underscored its commitment to mobility by endorsing a policy allowing 91 Express Lanes users with three or more persons per vehicle to ride free, except for the hours between 4 p.m. to 6 p.m., Monday through Friday, in the eastbound direction, where they pay 50 percent of the posted toll rate.

The OCTA Board of Directors also approved a "congestion management" toll pricing policy in July 2003. The objective of the policy is to use pricing to optimize the number of vehicles that can safely travel on the toll road at free-flow speeds during all hours, including peak hours.

The toll policy uses trigger points defined as a percentage of maximum and minimum optimal capacity, along with constant monitoring of hourly, daily and directional traffic volumes, to adjust tolls up or down. The toll rates are increased when volumes have grown to the point where the traffic flow could become unpredictable and are decreased in order to stimulate demand and encourage use of the 91 Express Lanes.

Commended for the toll policy, the 91 Express Lanes was honored with the International Bridge, Tunnel and Turnpike Association's 2008 Toll Excellence Award for toll way administration. The revolutionary toll policy creates value for the customer by meeting demands while managing congestion. The benefit to the customers is a safe, fast, reliable commute.

Transponders and Accounts

Since the 91 Express Lanes is a fully electronic toll facility, motorists pay tolls through the convenient use of windshield mounted FasTrak™ transponders that automatically deduct toll charges from a prepaid account. At the end of 2009-10, there were 114,138 active customer accounts, with 170,458 transponders assigned to those accounts.

The 91 Express Lanes is and will continue to be an important element in ensuring that traffic flows more smoothly between Orange and Riverside counties. Depending on the time of day, commuters reported saving more than 30 minutes on their drive time by using the 91 Express Lanes.

Revenue

Operations

Revenues for the 91 Express Lanes can be divided into two categories: toll revenues and non-toll revenues. Toll revenues comprise the majority of the revenue generated by the 91 Express Lanes. Toll revenues include the tolls collected from 91 Express Lanes patrons using the toll facility, in addition to tolls collected from customers of other toll agencies that use the 91 Express Lanes. Toll revenue projections are provided by Stantec. In 2014-15, toll revenue is anticipated to decrease by 21 percent due to the addition of the 5th lane on the SR-91 corridor which will encourage patrons to use the general purpose lanes. The average long term rate of growth for toll road revenues beyond 2014-15 is 5.5 percent.

The largest component of non-toll revenues is comprised of account maintenance fees, account minimum fees, and convenience account fees. Violation processing fees income represents another large component of non-toll revenues. Other non-toll revenues include plate read fees, lost and stolen transponder fees, and miscellaneous fees. Historical toll road revenues are provided in Figure 2 on the following page.

Capital

The internal capital reserve account was created as a fund for OCTA to deposit revenues into on an annual basis. This fund will be used for future capital expenditures on the 91 Express Lanes. After paying for operating expenditures, debt service, and reserves, state law allows remaining funds to be used for general improvements to SR-91.

Expenditures

Expenses include: operating expenses, capital expenditures, reserve set-asides and debt payments (e.g. senior debt service and subordinated debt repayment). There are two types of reserve set-asides, those that are required by the senior bond indenture and the internal capital reserve fund established by OCTA's Board of Directors. Historical capital and operating expenses are provided in Figure 3 on the following page.

Operations

An important component of 91 Express Lanes operations is maintaining the toll lanes and the technology supporting the toll road operation. OCTA contracts with Cofiroute USA which provides management and operational services for the 91 Express Lanes. Cofiroute is responsible for: running and assisting with traffic breaks, removing debris from the lanes, responding to customer queries, notifying customer issues, managing and responding to crises from the traffic management center, assisting disabled vehicles, and managing the systems for continued revenue collection. Other expenses include credit card processing fees and toll road account servicing.

Figure 1 - Historical Traffic Volumes (in millions)

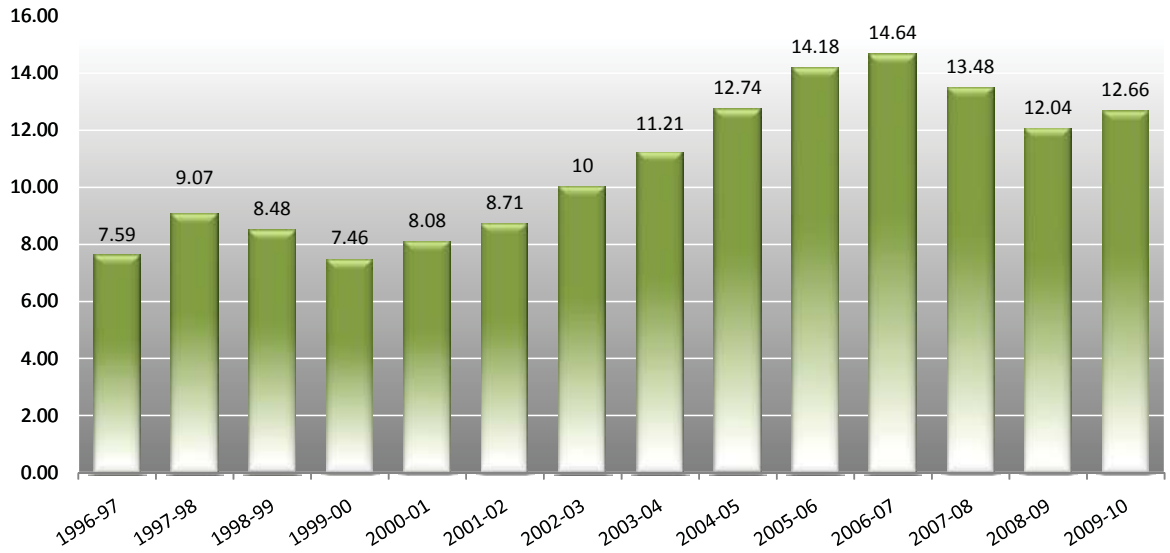


Figure 2 - Toll Road Revenues (in millions)

Figure 3 - Toll Road Capital and Operating Expenses (in millions)

Routine maintenance is scheduled on every third Sunday (weather permitting) and performed by Caltrans. Routine maintenance consists of sweeping, replacement of channelizers and other repairs which can only be performed while the lanes are closed due to the need for crew safety. Closures are kept to a minimum and scheduled for non-peak traffic times.

Capital

91 Express Lanes Improvements

OCTA worked with Cofiroute Global Mobility and Sirit Corporation to replace the existing electronic toll and traffic management system (ETTM) and equipment. The system identifies and captures vehicle information for customer account billing or violation processing. Project management and upgrades to the ETTM are scheduled to take place every seven years, beginning with costs of $5 million in 2014-15 and $2 million for a partial upgrade beginning in 2018-19. The services and upgrades will further improve the reliability, accuracy and documentation of toll transactions.

The 91 Express Lanes pavement has been in place since the lanes were constructed in 1995. In 2006-07, OCTA completed the Pavement Maintenance Project when the pavement was found to have exhibited some surface loss with hairline cracks developing at a few locations. As part of the project, pavement cracks were filled and sections of the road were re-paved and re-sealed to reduce the rate of roadway deterioration. Since the pavement's design life was estimated to be 20 years, pavement analysis will need to be conducted in order to assess whether an overlay or replacement is needed. The pavement upgrade and resurfacing is anticipated to cost $5 million in 2011-12, $22 million in 2021-22, and $10 million in 2030-31.

Other capital expenditures include: upgrades to the back office and account management software, facilities upgrades to the customer service center, variable message/price signs, a phone system upgrade and miscellaneous expenses such as computers, printers, equipment, and guard rails.

SR-91 General Purpose Lanes Implementation

OCTA, in concert with Caltrans and RCTC, issues an annual SR-91 Implementation Plan to establish a program of projects eligible for funding by potential excess 91 Express Lanes toll revenue and other funds. The Plan describes projects and transportation benefits, anticipated implementation schedules by milestone year, and costs for major projects from now through 2030. Figure 4 shows the list of projects and cost estimates based on the SR-91 Implementation Plan approved by the Board in June 2010. Projects are organized by readiness and logical sequencing; however, full funding for all projects has not been secured.

The total cost for the first set of projects is about $149 million and is proposed to be completed by 2013. One of these projects

Figure 4 - 91 Express Lanes Projects

No.	Project Summary (Implementation Year)	Cost ($M)
	By Year 2013	
1	Eastbound Lane Addition from SR-241 to SR-71 (2010)	51.2
2	Widen SR-91 between SR-55 and SR-241 by Adding a 5th GP Lane in Each Direction (2013)	98.0
	Subtotal	**149.2**
	By Year 2015	
3	SR-71/SR-91 Interchange Improvements (2015)	123.5
4	Initial CIP: Widen SR-91 by One GP Lane in Each Direction East of County Line, CD Roads and I-15/SR-91 Direct South Connector, Extension of Express Lanes to I-15 and System Interchange Improvements (2015)	1,300
5	SR-91 WB Lane at Tustin Avenue (2015)	91.5
6	SR-241/SR-91 HOV/HOT Connector (2015)	440.0
	Subtotal	**1,955**
	By Year 2023	
7	Metrolink Short-Term Expansion Plan (2016)	35.4
8	Express Bus Improvements Orange County to Riverside County (2016)	9.5
9	Metrolink Service and Station Improvements (2020)	335.0
10	SR-91 between SR-57 and SR-55 (2023)	425.0
	Subtotal	**804.9**
	Post-2025 to 2030	
11	Fairmont Boulevard Improvements (Post-2025)	76.8
12	Ultimate CIP: Widen SR-91 by One GP Lane in Each Direction from SR-241 to SR-71, I-15/SR-91 Direct North Connector, Extension of Express Lanes on I-15 and SR-91 Improvements East of I-15 (Post-2025)	TBD
13	Elevated 4-Lane Facility (MIS Corridor A) from SR-241 to I-15 (TBD)	2,720
14	Irvine-Corona Expressway (ICE) 4-Lane Facility from SR-241/SR-133 to I-15/Cajalco Road (TBD)	8,855
15	Anaheim to Ontario International Airport High Speed Rail (Post-2030)	TBD
	Subtotal	**11,652+**

is the widening of SR-91 between the SR-55 to SR-241 by adding one general purpose lane in each direction. Construction is scheduled to commence in 2010-11 and to be completed in 2013-14. This project requires close coordination with Caltrans in order to minimize impacts to operations. In addition, the relocation of the toll gantry equipment will be required. The second set of projects is proposed to be completed by 2015. This group includes four projects, with a total cost of approximately $1.95 billion.

A third group of projects are scheduled for implementation by 2023 and are anticipated to cost up to $804 million. The first two projects in this group, proposed for implementation by 2016, include a short-term Metrolink expansion plan and Express Bus improvements between Orange County and Riverside County. Additional Metrolink service and station improvements and an eastbound SR-91 lane between the Orange Freeway SR-57 and SR-55 complete the group. OCTA, Caltrans, and RCTC will be initiating preliminary planning activities to define the scope and costs for these projects and to advance readiness when local, state, or federal funding becomes available. Consequently, there may be opportunities to advance these projects if additional funding is made available.

The final set of projects proposed for implementation after 2025 focus on longer lead times. These proposed projects require a significant amount of planning, public input, design work, funding, and potential changes in policy decisions.

Debt Service

OCTA purchased the 91 Express Lanes from CPTC for $207.5 million, including $72.5 million in cash from internal reserves and the assumption of $135 million in taxable bonds. In November 2003, OCTA refinanced the 91 Express Lanes taxable bonds with tax-exempt bonds. The issuance was in the amount of $195.3 million.

The bonds were issued in two series, a fixed rate transaction and a variable rate transaction. The Authority sold $95.3 million Ambac Assurance Corporation (Ambac) insured fixed rate bonds. The other series of bonds were sold as variable rate demand bonds (VRDBs), in the amount of $100 million. The VRDBs were also insured by Ambac.

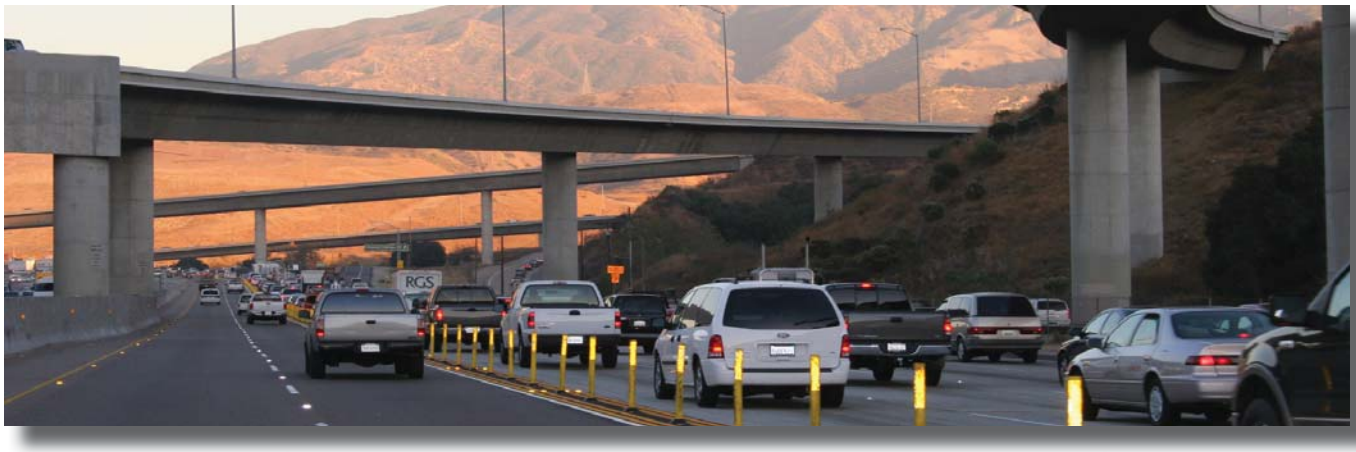
In an effort to remove the variable interest rate exposure OCTA entered into floating-to-fixed interest rate swaps with two counterparties, Lehman Brothers (Lehman) and Bear Stearns. Lehman was responsible for $75 million and Bear Stearns was responsible for $25 million. The swaps synthetically fixed the interest rate on the VRDBs to 4.06 percent.

Municipal Market Events in 2008

In 2008 Ambac was downgraded by the three rating agencies which impacted billions of dollars of VRDBs that were re-priced weekly. As a result of these downgrades, investors lost confidence in Ambac's credit position which translated into higher interest costs for OCTA's 91 Express Lanes $100 million VRDBs. To mitigate these higher interest costs, OCTA entered into a two-year fixed-rate private placement with the Orange County Treasurer in December 2008 for the VRDBs. In December 2010 OCTA entered into another private placement agreement with the Orange County Treasurer for the VRDBs. The final maturity of this transaction is August 15, 2013.

Also in 2008, Bear Stearns was sold to JP Morgan and Lehman Brothers Holdings declared bankruptcy. JP Morgan assumed the $25 million interest rate swap from Bear Stearns. The Lehman Brothers Holding swap had been previously assigned (prior to 2008) to a Lehman subsidiary, Lehman Brothers Commercial Bank, which was subsequently renamed to Woodlands Commercial Bank (Woodlands).

The outstanding interest rate swap with JP Morgan is functioning as designed. The transaction with Woodlands was not functioning as planned since Lehman Brothers Holdings filed for bankruptcy in September 2008. Woodlands stopped remitting their counterparty payments to OCTA commencing October 1, 2008. In response, OCTA ceased making payments to Woodlands beginning February 15, 2009. In March 2011, OCTA terminated the Woodlands swap.



Cash Flow Statement - 91 Express Lanes

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	$	**12.6**	**10.4**	**10.3**	**11.0**	**10.9**	**10.0**	**10.3**	**10.8**
Cash flows from operating activities:									
Sources of funds:									
Toll Revenue		34.9	37.7	40.7	32.1	33.4	42.2	55.5	77.0
Miscellaneous revenue		6.9	7.0	7.0	7.0	7.1	7.3	7.4	7.6
Total Sources of funds	$	**41.8**	**44.6**	**47.7**	**39.2**	**40.5**	**49.5**	**62.9**	**84.6**
Cash flows from operating activities:									
Uses of funds:									
Salaries & Benefits		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management Fee Expense		2.3	2.4	2.4	2.5	2.6	3.0	3.5	4.0
Professional Services		8.8	9.0	9.2	9.5	9.8	11.4	13.2	15.4
General and Administrative		1.6	1.6	1.7	1.7	1.8	2.1	2.4	2.8
Other Operating Expenses		4.3	4.4	4.6	4.7	4.9	5.6	6.5	7.6
Total Uses of funds	$	**17.0**	**17.4**	**18.0**	**18.5**	**19.0**	**22.1**	**25.6**	**29.7**
Net cash provided by operations	$	**24.8**	**27.2**	**29.7**	**20.7**	**21.5**	**27.4**	**37.3**	**54.9**
Cash flows from non-capital financing activities:									
Operating grants		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers in		0.0	0.0	0.0	7.0	0.0	9.4	5.0	16.7
Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Renewed Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers out		(3.0)	(3.0)	(3.0)	0.0	(3.0)	0.0	0.0	0.0
Net cash provided by noncapital financing activities	$	**(3.0)**	**(3.0)**	**(3.0)**	**7.0**	**(3.0)**	**9.4**	**5.0**	**16.7**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		(14.0)	(14.9)	(18.2)	(16.0)	(7.4)	(24.4)	(30.1)	(58.7)
Bond proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal & interest paid on bonds / COPS		(10.8)	(10.8)	(9.4)	(13.3)	(13.3)	(13.3)	(13.3)	(13.3)
Net cash used by capital and related financing activities	$	**(24.8)**	**(25.6)**	**(27.6)**	**(29.3)**	**(20.8)**	**(37.7)**	**(43.4)**	**(72.0)**
Cash flows from investing activities:									
Interest on investments		0.9	1.2	1.6	1.6	1.6	1.5	1.6	0.6
Net cash provided by investing activities	$	**0.9**	**1.2**	**1.6**	**1.6**	**1.6**	**1.5**	**1.6**	**0.6**
Cash to Accrual Reconciling Items	$	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net increase/decrease in cash	$	**(2.1)**	**(0.2)**	**0.7**	**(0.1)**	**(0.7)**	**0.7**	**0.5**	**0.2**
Available Cash	$	**10.4**	**10.3**	**11.0**	**10.9**	**10.2**	**10.6**	**10.8**	**10.9**

Non-Program Specific Projects & Expenditures

OCTA

Background
The majority of significant freeway, street and roads, and transit projects are funded primarily through the M1 and M2 programs. OCTA has also committed to a handful of projects not funded through the M1 or M2 programs. These projects are funded using other local, state, and federal sources and include the Bristol Street widening, continuous access striping for high occupancy vehicle lanes, and bicycle and pedestrian facilities. In addition, OCTA has a cooperative agreement with the City of Irvine for Proposition 116 replacement funds.

Bristol Street Widening
In 1990, the City of Santa Ana (City) originally cleared a 3.9-mile Bristol Street widening project from Memory Lane to Warner Avenue. Portions of this segment have already been widened and improved by the City with additional travel lanes, landscaped center medians, etc. The remaining intervals are to be designed and constructed in line with available funding. The widening project consists of four phases with a total estimated cost of $236.6 million. OCTA has committed $125 million of Gas Tax Subvention revenues towards funding the first two phases of the project.

Project Phasing:

Phase I: McFadden to Pine	0.6 miles
Phase II: Third to Civic Center	0.3 miles
Phase III: Civic Center to 17th	0.6 miles
Phase IV: Warner to St. Andrew	0.5 miles

HOV Continuous Access
This project involves the restriping of the pavement markings separating the general purpose lanes from the high occupancy vehicle (HOV) lanes to allow continuous access along the freeway. The current HOV separation striping limits access to the HOV lanes to specified points along the freeway, roughly one mile apart. This project will convert the HOV separation striping along all Orange County freeways to open, continuous access striping. This would allow vehicles to enter and exit the HOV lanes at any point along the freeway. Although, limited HOV access striping would remain at major freeway-to-freeway interchanges to restrict last-minute HOV lane changes within the vicinity of the interchanges.

Currently there are two HOV Continuous Access Projects that OCTA is leading, the SR-55 and the I-5/I-405. The project costs and funding (in millions) are as follows:

SR-55 HOV Continuous Access	
Orange County Unified Transportation Trust:	$1.5
I-5/I-405 HOV Continuous Access	
Orange County Unified Transportation Trust:	$2.5
TBD:	$13
Total:	$17

OCTA staff is currently in the process of locating available funding for the remaining $13 million of the I-5/I-405 HOV Continuous Access Project.

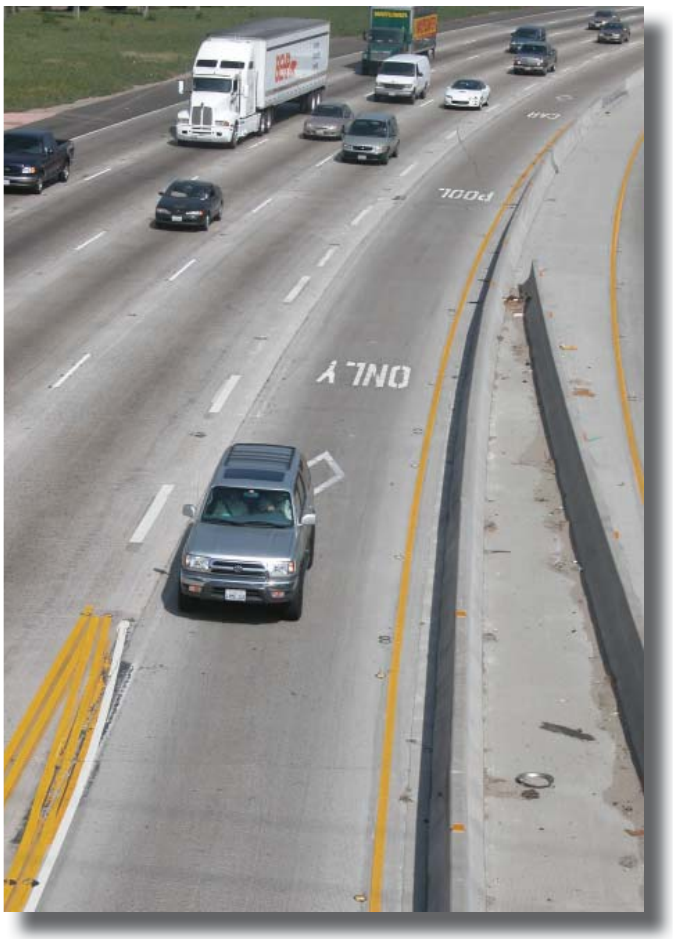
Bicycle and Pedestrian Facilities
OCTA continues to support development of bicycle and pedestrian facilities within Orange County. OCTA currently has approximately $3.5 million in prior year Article 3 funds allocated for development of bicycle and pedestrian facilities within the County. Additionally, one percent of annual Federal Formula grant funding is eligible to be utilized to further this effort.

Cooperative Agreement with the City of Irvine for Proposition 116 Replacement Funds

In January 2009, the City and the OCTA entered into an agreement to transfer $121.3 million of Proposition 116 funds to OCTA. The funds were part of a $125 million earmark the City of Irvine received through the Proposition 116 Clean Air and Transportation Act in 1990. By statute, the Legislature could reallocate funds to other passenger rail projects if the funds were not encumbered (allocated) prior to July 1, 2010. The OCTA Board of Directors approved a program of projects meeting the directive of the legislation for intercity and commuter rail benefits, and the CTC approved allocations for the $121.3 million by the July 1, 2010 deadline.

As part of the January 2009 agreement between the City and OCTA, the City received a credit of $121.3 million for OCTA's use of the Proposition 116 funds. The credit was to be applied to the City's local match requirements for projects submitted by the City and approved by the Board under M2 competitive transit programs such as Project S (Transit Extensions to Metrolink) and Project V (Community Based Transit/Circulators).

In 2010 the City requested that OCTA consider using other sources of funding to meet the match credit. An agreement was reached and OCTA will provide funding to the City on an annual basis for: (1) iShuttle operations/bus maintenance; (2) bus purchases/leases; and (3) support costs up to a maximum annual obligation. Total funding over a 30-year period would be limited to $121.3 million, but the type of funding (local, state, or federal) would be determined annually through the OCTA budget process. Implementation of the agreement would occur through letter agreements executed each year. As part of the agreement, OCTA may also provide to the City four additional 27-foot clean fuel buses for operation of expanded iShuttle service to the Irvine Spectrum area. The value of the four buses would be deducted from the first five years of funding in equal increments. Conversely, the City may opt to purchase vehicles with the OCTA revenue stream or use local City funds.



Motorist & Taxicab Services

OCTA

Freeway Service Patrol Beats

September 19, 2007

W:\Requests\PDCS\TRMS\Callboxes\CallboxLocations\mxd\FSPBeats_2007-0919.mxd

Introduction
Motorist Services consists of three programs:

- Service Authority for Freeway Emergencies (SAFE)
  - Freeway Call Box Program
  - Freeway Service Patrol (FSP)
  - Southern California 511
- Service Authority for Abandoned Vehicles (SAAV)
- Orange County Taxi Administration Program (OCTAP)

SAFE
SAFE is comprised of the callbox, the FSP, and the Southern California 511 programs. SAFE programs were authorized in California by statute in 1985 to enable counties to generate revenue for the purpose of purchasing, installing, operating, and maintaining a system of motorist aid call boxes. The revenue is collected from a $1 fee on all non-exempt registered vehicles along with an additional $2 fee on certain commercial vehicles registered in Orange County. In 1992, the California Legislature enacted a statute creating the FSP program. Subject to annual appropriations, the FSP program receives funding from the State Highway Account that requires a 25 percent local match. Excess revenue from the vehicle registration fee collected for the call box program provides the 25 percent local match for the FSP program and funds a share of the Southern California 511 program.

Freeway Callbox Program
The callbox program consists of a network of approximately 645 solar powered cellular-based telephones along 197 centerline miles of highway and toll roads throughout the County. OCTA is responsible for the acquisition, installation, and maintenance of the callboxes. The Transportation Corridor Agencies (TCA) reimbursed OCTA for the cost of acquiring and installing callboxes on the toll roads. A private firm under contract with OCTA receives the calls and routes assistance requests to the Califonia Highway Patrol (CHP) or FSP.

With the proliferation of cellular phones, callbox usage in Orange County has steadily declined from 5,177 calls per month in 1999-00 to approximately 345 calls a month in 2009-2010. Due to the decline in usage, the number of callboxes was reduced by about half during 2005-06. This reduction resulted in increased spacing between callboxes from one-quarter mile to one and one-quarter miles on freeways and from a half-mile to one mile on the toll roads. Figure 1 highlights the history of annual call volumes over the past 11 fiscal years.

FSP Program
The FSP is a traffic congestion management program designed for the rapid removal of disabled motorists' vehicles from traffic lanes and shoulders, as well as timely response to accidents and other incidents that require removal of debris on the freeways. The FSP is a partnership between the California Department of Transportation (Caltrans), the California Highway Patrol, and the Orange County Transportation Authority. Private tow truck companies operate the service under contract to OCTA. Each tow truck driver patrols an assigned freeway segment during program service hours, stopping to assist motorists. The driver offers assistance such as: changing a flat tire, offering a free gallon

Figure 1 - Safe Call Box Calls

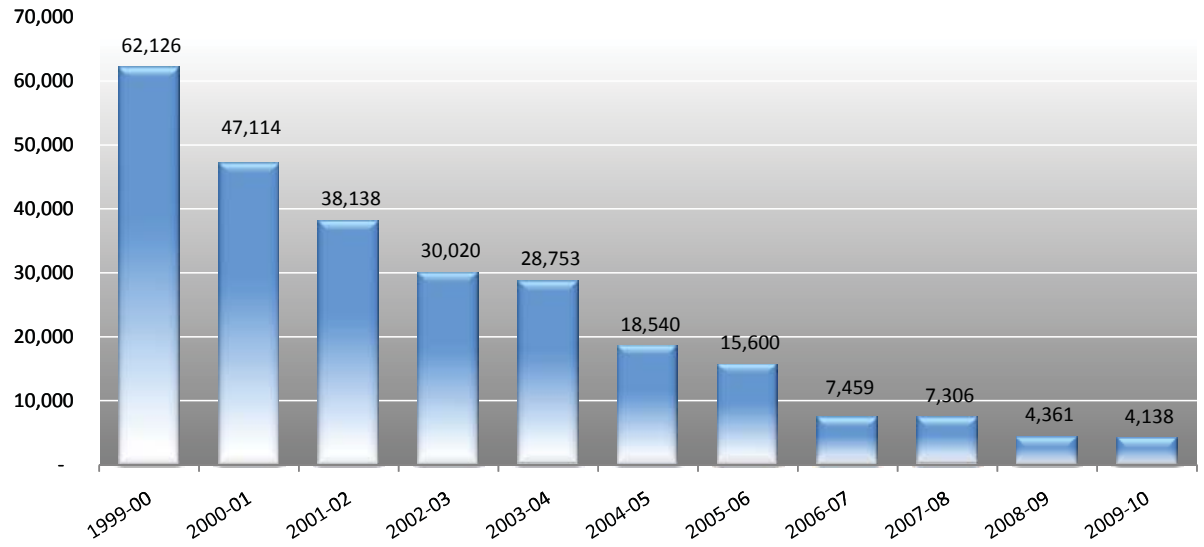
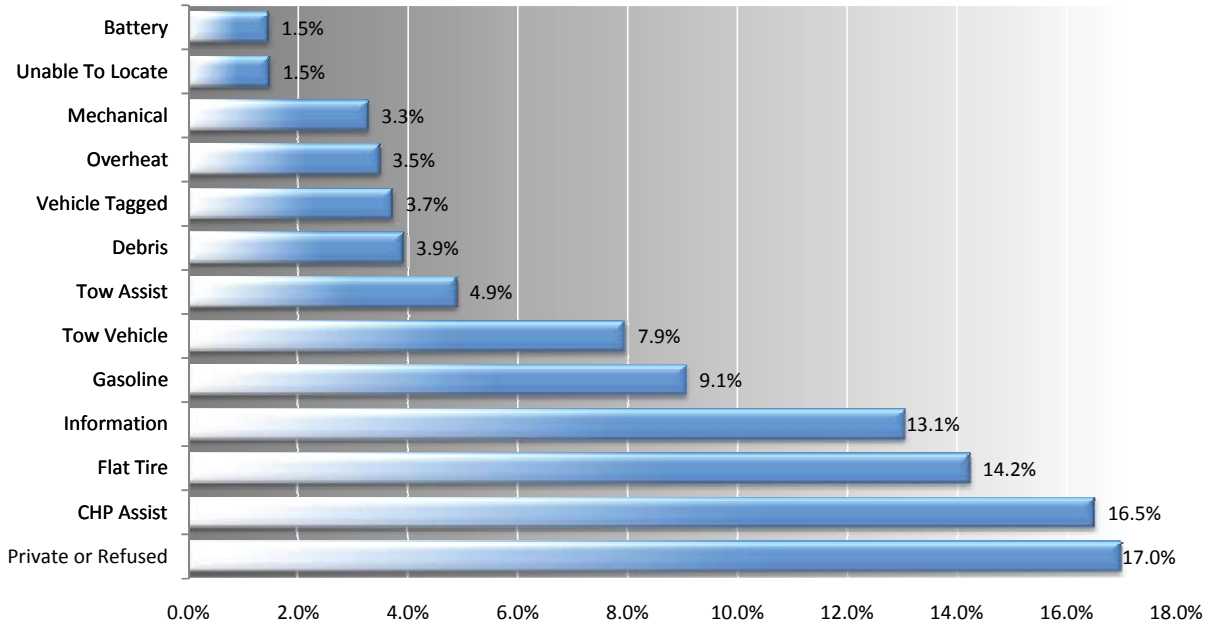


Figure 2 - FSP - Assists By Type



of gas, or taping a coolant hose. OCTA's FSP tow trucks provided nearly 61,000 assists in 2009-10. Figure 2 gives a breakdown of assists by type for 2009-10.

2009-10 FSP Assists By Type

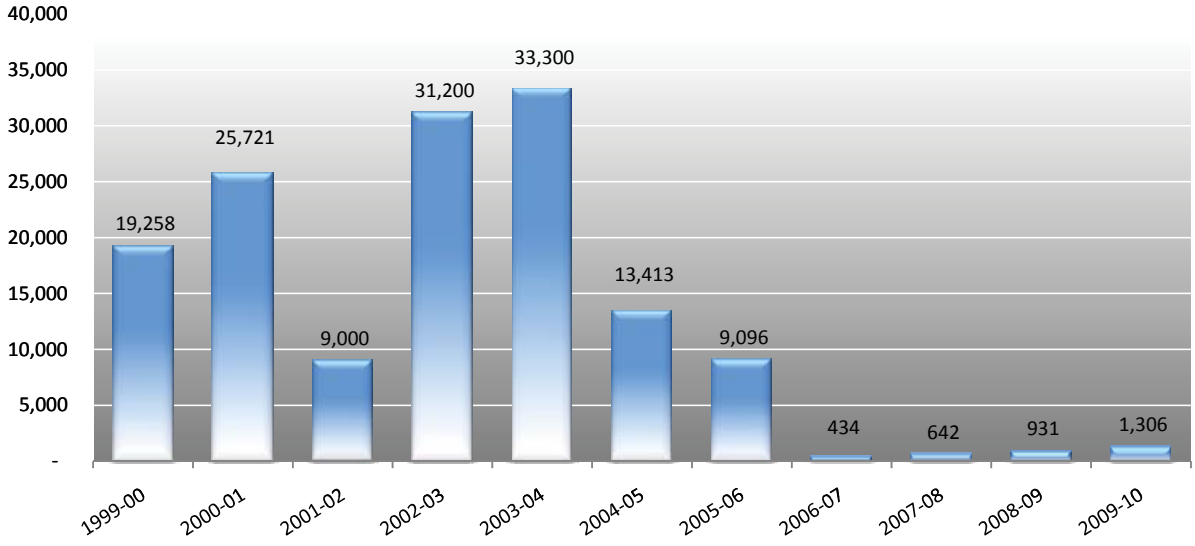
The number of FSP programs funded statewide has increased from 13 to 15 agencies and therefore, Caltrans funding has decreased slightly over the last year. Allocation of funding is based on freeway miles, traffic congestion, and population within each jurisdiction. Additionally, the economic downturn has resulted in slightly lower revenue from the vehicle registration fee. The current level of funding from these traditional revenue streams is insufficient to maintain the current peak hour service plus the midday service added in December 2003, which was partially funded with Mobile Source Air Pollution Reduction Review Committee grant funds, and weekend service added in December 2006 at the request of CHP. The current level of FSP tow truck coverage is shown in Figure 3.

The 34 trucks operated during peak hours, the five trucks operated midday, and the two trucks operated on the weekend deliver about 73,800 hours of service per year along Orange County's freeways. The current cost to operate this level of service is $4.8 million annually, exclusive of Motorist Services staff salaries. On November 7, 2006 voters approved the Renewed Measure M plan (M2), which had a FSP component allocating $150 million in 2005 dollars to the program over a 30-year period until 2041. This additional funding will ensure program solvency and growth.

Figure 3 - Freeway Service Patrol Route Coverage

Beat	Location	Peak Hour No. of Trucks	Midday No. of Trucks	Weekend No. of Trucks
220-222	SR-22 from I-405 to SR-55	3		
223	Interchange of I-5, SR-57, and SR-22		1	
224	Interchange of I-5, SR-55, and SR-22		1	
405-407	I-405, L.A. County Line to Santa Ana River	3		
408-411	I-405, Santa Ana River to I-5	4		
500	Interchange of I-5 and SR-91		1	
501-502	I-5 from SR I-133 to L.A. County Line	2		
503-504	I-5 Chapman to Tustin Ranch Road	2		
505-506	I-5, Tustin to Avery	2		
507-510	I-5, Avery to San Diego County Line	4		
511-512	I-5, Alicia Pkwy. to Christianitos Rd.			2
551-552	SR-55 from SR-91 interchange to Warner Ave.	2		
553-554	SR-55 from Warner Av to the End of the Freeway	2		
550	Interchange of I-4-5 and SR-73		1	
570-572	SR-57, L.A. County Line to I-5/SR-22/SR-57 Interchg.	3		
573	Interchange of SR-57 and SR-91		1	
910-913	SR-91 from SR-57 to L.A. County Line	4		
914-916	SR-91 State College to Riverside County Line	3		
	Total Trucks	34	5	2

Figure 4 - SAAV - Vehicle Abatements Reported



Southern California 511

Southern California 511 is the motorist aid and traveler information system for Los Angeles, Orange, and Ventura counties. This system allows the traveling public to access information on highway conditions, traffic speeds, transit, and commuter services via a toll free number with an interactive voice response system and the internet.

In 1999, the United States Department of Transportation petitioned the Federal Communications Commission (FCC) to designate a nationwide three-digit telephone number for traveler information. At the time, there were over 300 different telephone numbers providing some sort of highway or public transportation-related information to the public.

On July 21, 2000, the FCC designated 511 as the national travel information number. The FCC ruling leaves nearly all of the implementation issues to the states and local agencies. The ruling did not have a federal mandate regarding how to fund the national system. That would also be left to the states and local agencies.

The Los Angeles County Metropolitan Transportation Authority in partnership with OCTA, the Ventura County Transportation Commission, Caltrans, and CHP developed the 511 system which was launched as a beta system June 10, 2010. The system currently averages about 4,200 calls per day plus about 500 website visits.

SAAV

The SAAV program assists cities and the County in removing potentially hazardous and unsightly abandoned vehicles from Orange County's streets and roads. AB 4114 (Chapter 1684, Statutes of 1990) authorized the formation of countywide service authorities to address the increasing problem of unsightly and hazardous abandoned vehicles. AB 4114 also authorized the Department of Motor Vehicles (DMV) to assess a $1 annual fee on vehicle registrations to finance local vehicle abatement programs. The State designated OCTA as the recipient of SAAV funds on behalf of Orange County. State funds are apportioned to each participating jurisdiction based on population and the number of abated vehicles.

Abatements declined sharply in 2006-07 due to an interpretation by CHP that vehicles had to be crushed or dismantled to qualify as an abatement. CHP has since withdrawn that interpretation and cities have been notified that destruction of the abandoned vehicle is no longer necessary. Figure 4 shows the number of vehicles abated since fiscal year 1999-00.

Legislation authorizing the $1 registration fee for SAAV was scheduled to terminate in May 2002; however, in August 2001, Senate Bill 106 (Chapter 175, Statutes of 2001) authorized the extension of SAAV programs in 10 year increments. Each 10-year extension requires an affirming resolution by a majority of cities representing the majority of the population and a two-thirds vote from the County Board of Supervisors. Currently, SAAV has

obtained the necessary resolutions to ensure continuance of the program through April 2012. Continuation of the program will require action by cities and the County Board of Supervisors.

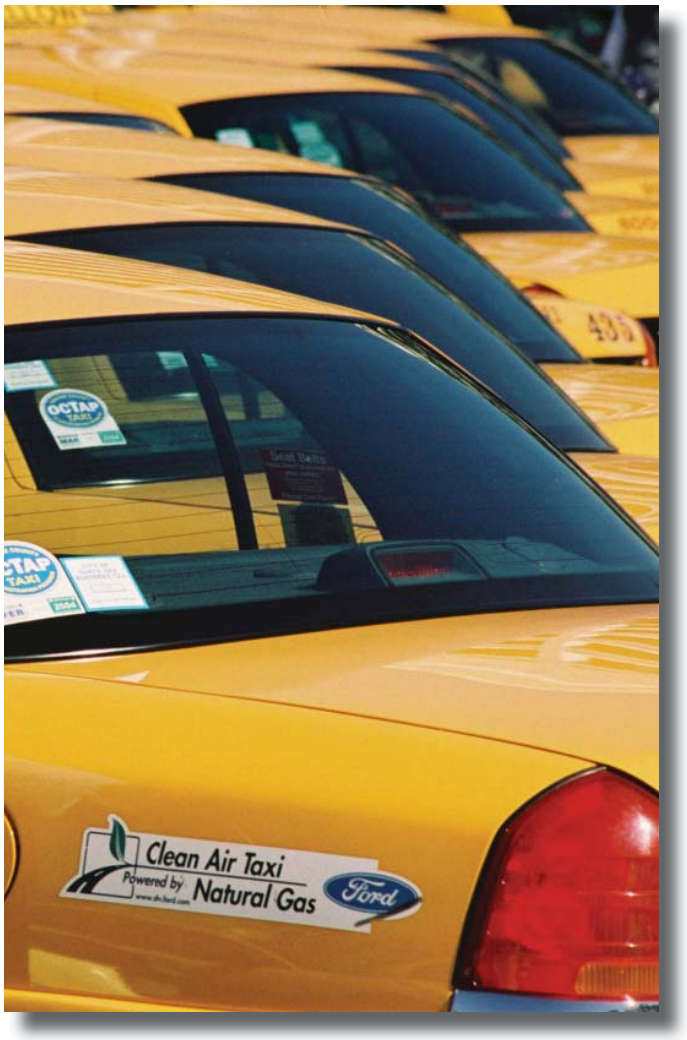
The SAAV program currently has a fund balance of approximately $2.9 million. In accordance with statute, if the fund balance is greater than one year of revenue collected from the $1 DMV registration fee, the fee is to be suspended. Since this fee generates about $2.5 million per year, a request has been made to suspend the $1 fee for 2011-12. The County and the cities will continue to receive SAAV program funds to be paid from the program fund balance.

OCTAP

OCTA administers the Orange County Taxi Administration Program, which regulates countywide taxicab service in all 34 participating Orange County cities and the County of Orange. OCTAP is responsible for the issuance of taxicab business, driver, and vehicle permits. OCTAP issues permits to approximately 27 taxicab companies, 885 taxicabs, and 1,259 drivers. OCTA recovers all program costs primarily through a fee assessment for each type of permit application.

OCTA began administering the regulation of taxi operations in January 1998 on behalf of the participating Orange County cities, and the County of Orange through OCTAP. OCTAP simplified the Orange County taxicab regulations with centralized permitting of cabs, companies, and drivers. This resulted in an improvement in customer services and industry standards.

Through educational programs, OCTAP coordinates with member agencies to promote taxicab safety and service in Orange County. OCTAP coordinates and participates in countywide enforcement efforts and conducts background investigations and vehicle inspections, while local law enforcement agencies maintain responsibility for regulatory compliance within their jurisdiction.



Cash Flow Statement - SAFE

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	$	5.4	6.6	8.6	10.7	12.9	22.5	33.3	45.3
Cash flows from operating activities:									
Sources of funds:									
FSP Revenues		5.8	6.0	6.2	6.4	6.6	7.7	8.9	10.4
Callbox		2.6	2.7	2.7	2.7	2.7	2.8	2.9	3.0
Miscellaneous revenue		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources of funds	$	8.4	8.7	8.9	9.1	9.3	10.5	11.8	13.3
Cash flows from operating activities:									
Uses of funds:									
Salaries and Benefits		0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Management Fee Expense		0.4	0.4	0.4	0.4	0.4	0.5	0.6	0.7
Professional Services		6.9	6.3	6.5	6.7	6.8	7.7	8.7	9.9
General and Administrative		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Uses of funds	$	7.3	6.7	6.9	7.1	7.3	8.2	9.3	15.6
Net cash provided by operations	$	1.2	1.9	2.0	2.0	2.0	2.2	2.5	(2.3)
Cash flows from non-capital financing activities:									
Operating grants		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers in									
Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Renewed Measure M		2.8	2.9	3.1	3.2	3.4	4.2	5.2	6.3
Operating transfers out		0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Net cash provided by noncapital financing activities	$	2.8	2.9	3.1	3.2	3.4	4.2	5.2	11.3
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal & interest paid on bonds / COPS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used by capital and related financing activities	$	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flows from investing activities:									
Interest on investments		0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Net cash provided by investing activities	$	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Cash to Accrual Reconciling Items	$	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Net increase/decrease in cash	$	4.0	5.0	5.2	5.4	5.5	6.6	7.8	9.3
Available Cash	$	9.4	11.6	13.8	16.1	18.4	29.1	41.1	54.6

Cash Flow Statement - SAAV

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	**$**	**3.2**	**0.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from operating activities:									
Sources of funds:									
DMV Fees		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous revenue		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources of funds	**$**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from operating activities:									
Uses of funds:									
Salaries and Benefits		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management Fee Expense		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional Services		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General and Administrative		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Expenses		2.5	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Total Uses of funds	**$**	**2.6**	**0.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net cash provided by operations	**$**	**(2.5)**	**(0.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from non-capital financing activities:									
Operating grants		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers in									
Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Renewed Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers out		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by noncapital financing activities	**$**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal & interest paid on bonds / COPS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used by capital and related financing activities	**$**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from investing activities:									
Interest on investments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities	**$**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash to Accrual Reconciling Items	**$**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net increase/decrease in cash	**$**	**(2.5)**	**(0.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Available Cash	**$**	**0.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Cash Flow Statement - OCTAP

(millions)		2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
Beginning Balance	$	**0.4**	**0.4**	**0.4**	**0.4**	**0.5**	**0.5**	**0.6**	**0.8**
Cash flows from operating activities:									
Sources of funds:									
Company Permits		0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Vehicle Permits		0.3	0.4	0.4	0.4	0.4	0.5	0.6	0.7
Driver Permits		0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Appeal Fee		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources of funds	$	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**	**0.8**	**0.9**	**1.1**
Cash flows from operating activities:									
Uses of funds:									
Salaries and Benefits		0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.7
Management Fee Expense		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0
Professional Services		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
General and Administrative		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Uses of funds	$	**0.5**	**0.6**	**0.6**	**0.6**	**0.6**	**0.7**	**0.9**	**0.8**
Net cash provided by operations	$	**0.0**	**(0.0)**	**0.0**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.3**
Cash flows from non-capital financing activities:									
Operating grants		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers in									
Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Renewed Measure M		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating transfers out		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by noncapital financing activities	$	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from capital and related financing activities:									
Capital grants/other capital revenues		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition/construction of capital assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal & interest paid on bonds / COPS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used by capital and related financing activities	$	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash flows from investing activities:									
Interest on investments		0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Net cash provided by investing activities	$	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash to Accrual Reconciling Items	$	**0.0**	**0.0**	**1.0**	**2.0**	**3.0**	**8.0**	**13.0**	**18.0**
Net increase/decrease in cash	$	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**
Available Cash	$	**0.4**	**0.4**	**0.4**	**0.5**	**0.5**	**0.5**	**0.6**	**1.1**