



OCTA

Orange County
Transportation Authority

APPROVED BUDGET EXECUTIVE SUMMARY

FISCAL YEAR 2009-2010



June 8, 2009

Chairman Peter Buffa and Members of the OCTA Board of Directors:

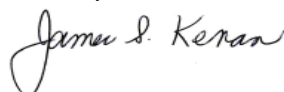
Under your policy direction, I present to you the fiscal year 2009-10 budget for the Orange County Transportation Authority (OCTA). This \$1.2 billion budget was carefully assembled in the midst of one of the most challenging economic periods in history. Revenue shortfalls precipitated by a drop in sales tax receipts and the elimination of transit assistance from the state require a significant reduction in bus service over the next year. Negative economic forces require that long-term plans related to Metrolink service and capital improvements be reconsidered. Despite these unfortunate economic circumstances, this budget is balanced and provides the resources required to continue to deliver multi-modal transportation solutions for the residents of Orange County.

Bus service, which has historically relied upon increasing sales tax receipts and assistance from the state has felt the most immediate impact of the current recession. This budget projects the third straight year of declining sales tax and the elimination of transit assistance from the state. In response to this dramatic decline in operating revenues, this budget includes a wage and hiring freeze for administrative employees, a 10 percent reduction in divisional budgets, deferral of several capital projects, and the utilization of economic stimulus dollars for operations. Despite making these reductions, OCTA anticipates to have an annual operating deficit greater than \$30 million. Therefore, efforts will be made to reduce operating costs by the equivalent of 400,000 revenue vehicle hours to preserve a sustainable level of service over the long-term.

The Measure M program continues its efficient closeout with the construction phases planned for both the I-5 Gateway and the I-405 West County Connectors (WCC) projects. However, the Measure M program is not immune to this economic downturn. With less Measure M 1/2-cent sales tax receipts expected, the contingency balance for the freeway mode will decrease and less funding will be available for local streets projects. However, hundreds of millions of dollars of previously designated funds will be used next year to continue the Metrolink Service Expansion Program and support construction activities for the I-5 Gateway Project. Tax-exempt commercial paper will be used to kick start various projects included in the Renewed Measure M Early Action Plan. Specifically, investments will be made on the Orange, San Diego, and Riverside County freeways.

Despite this very difficult economic period, this budget demonstrates OCTA's continued commitment to deliver a quality set of transportation solutions for the residents of Orange County.



















Sincerely,

A handwritten signature in cursive script that reads "James S. Kenan".

James S. Kenan
Interim Chief Executive Officer

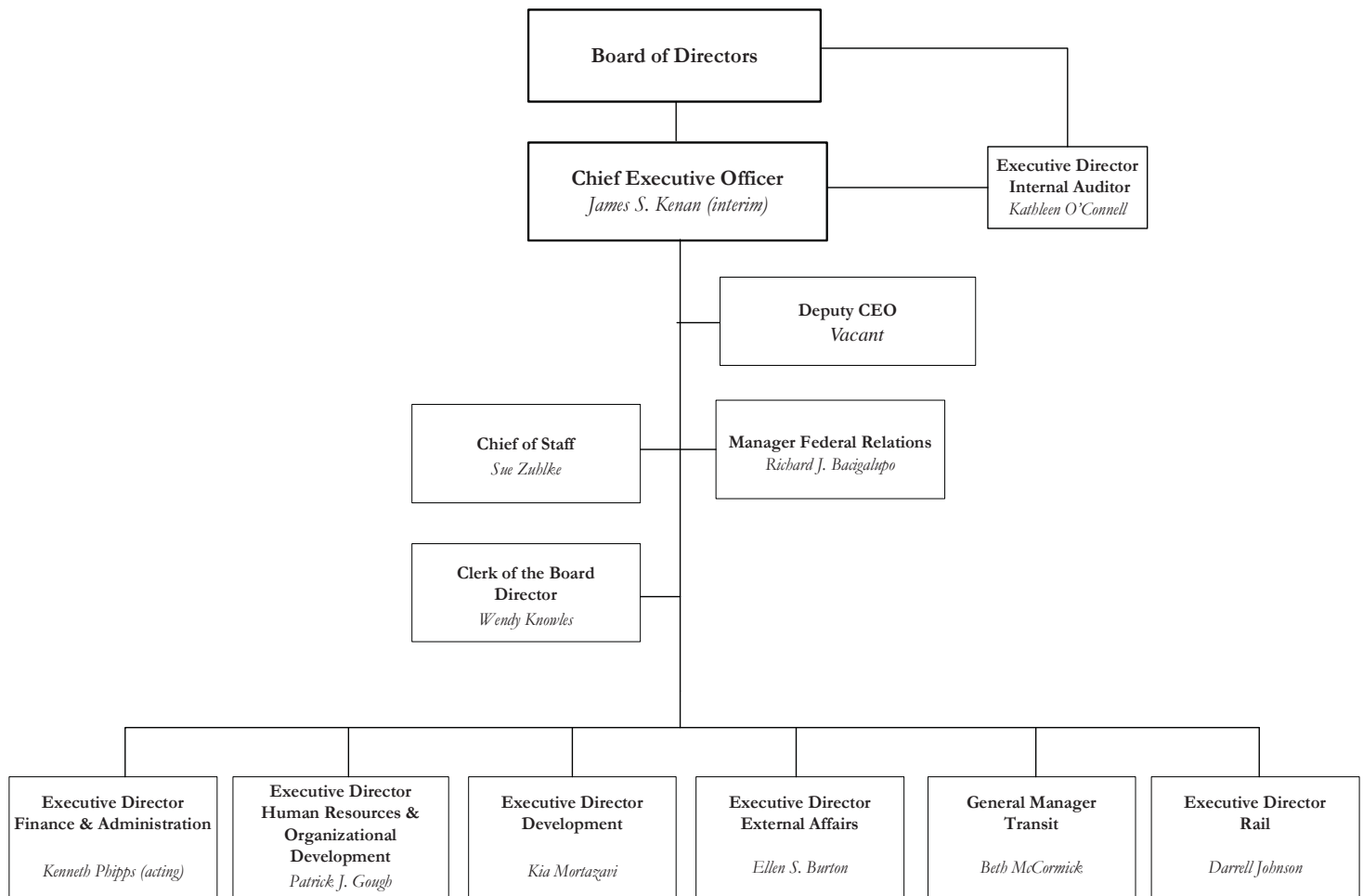
OCTA Board Of Directors

The Authority is governed by an eighteen-member Board of Directors consisting of five members of the Orange County Board of Supervisors, 10 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.

Peter Buffa Chairman Public Member					
Jerry Amante Vice-Chair Mayor City of Tustin		Patricia Bates Director Supervisor, District 5 County of Orange		Arthur C. Brown Director Mayor Pro Tem City of Buena Park	
Bill Campbell Director Supervisor, District 3 County of Orange		Carolyn V. Cavecche Director Mayor City of Orange		William J. Dalton Director Mayor City of Garden Grove	
Richard Dixon Director Council Member City of Lake Forest		Paul Glaab Director Council Member City of Laguna Niguel		Cathy Green Director Mayor Pro Tem City of Huntington Beach	
Alan Mansoor Director Mayor City of Costa Mesa		John Moorlach Director Supervisor, District 2 County of Orange		Janet Nguyen Director Supervisor, District 1 County of Orange	
Chris Norby Director Supervisor, District 4 County of Orange		Curt Pringle Director Mayor City of Anaheim		Miguel A. Pulido Director Mayor City of Santa Ana	
Gregory T. Winterbottom Director Public Member		Cindy Quon Governor's Ex-officio Member Director, Caltrans District 12			



Orange County Transportation Authority





Organization

OCTA was established by state law and began serving the public on June 20, 1991. The Authority is responsible for providing coordinated, effective, and accountable transportation planning and public transportation services within Orange County.

The former agencies and funds consolidated to form OCTA include:

- Orange County Transportation Commission
- Orange County Transit District
- Orange County Consolidated Transportation Services Agency
- Orange County Local Transportation Authority
- Service Authority for Freeway Emergencies
- Orange County Congestion Management Agency
- Service Authority for Abandoned Vehicles
- State Transit Assistance Fund
- Orange County Local Transportation Fund
- Orange County Unified Transportation Trust
- Transportation Development Reserve

OCTA works with federal, state, regional, and local agencies to plan, fund, implement, and maintain transportation programs and services throughout Orange County. The Board of Directors and staff work in close partnership with related agencies from all levels of government as the county's advocate for transportation improvements and on-going services. OCTA's partnerships have resulted in increased funding for road and highway improvements, expansion of fixed route bus service, and creation of commuter rail service, all of which expand the variety of transportation choices in Orange County.

To provide Orange County residents with the highest quality transportation programs and services, OCTA is committed to its organizational mission statement and operates within the framework of its core values.

Mission & Values

Mission Statement

Our mission is to enhance the quality of life in Orange County by delivering safer, faster, and more efficient transportation solutions.

OCTA Values

Our commitment to one another, our customers, and our values consist of integrity, a customer focus, can-do spirit, communication and teamwork/partnership. These values set the standards for our performance.

Integrity

- Do what we say we are going to do and deliver as promised
- Be accountable for our actions
- Apply the golden rule as we work with others
- Practice ethical behavior

Customer Focus

- Know our customers. Be courteous, friendly and responsive to their needs
- Treat others with care, consideration and respect
- Provide safe, timely, reliable, professional service

Can-Do Spirit

- Be proactive, take the initiative to do and make things better
- Do all we can to always improve what we do; strive to be "outstanding"
- Be creative and innovative in our approach to new challenges
- Take risks and learn from past mistakes
- Practice visionary and forward thinking

Communication

- Communicate openly, honestly and in a straightforward manner
- Strive to be responsive to the knowledge and information that others need
- Provide consistent, timely and reliable information to build trust in others

Teamwork/Partnership

- Build cooperative, supportive relationships across all lines of business
- Build and sustain relationships characterized by shared goals and success, shared knowledge and mutual respect
- Understand and adapt to the diverse background at OCTA

Chairman's Goals

In concert with OCTA's Mission and Values, the Chairman of the Board has laid out nine individual goals to achieve throughout the calendar year.

1. Advocate for Orange County to Maximize State and Federal Funds

By demonstrating project readiness and by partnering with Caltrans, the county and cities, increase advocacy work in Sacramento and Washington, D.C. to ensure Orange County receives its fair share of funds and has an effective voice in the economic stimulus and federal reauthorization process that will determine transportation funding.

2. Deliver Local Traffic Relief

Develop a program to assist cities to develop their local projects such as streets and intersections that are an OCTA priority for traffic congestion relief.

3. Continue Delivery of M2 Early Action Plan

Make progress on the transportation improvements under the Renewed Measure M Early Action Plan – freeways, roads, signal synchronization, railroad crossings, transit projects, environmental mitigation and water quality.

4. Obtain Regulatory Relief

Secure state and federal regulatory relief to advance infrastructure projects through the economic stimulus program.

5. Maximize Use of HOV Lanes / Consider HOT Lanes

Continue advancing continuous access between HOV lanes and general-purpose lanes by converting appropriate existing carpool lanes into HOT lanes and by building new general-purpose lanes.

6. Begin Strategic Regional Alliances

Strengthen regional relationships to advance goals, policy objectives and projects through strategic regional alliances.

7. Keep Promoting Our Core Transit Services

Promote use of bus and rail transit through innovative marketing and outreach programs.

8. Enhance New Environmental Partnerships

Expand partnerships with environmental groups including the Air Quality Management District.

9. Go Green

Identify ways to reduce the amount of paper in providing information for board and committee meetings as well as to OCTA employees and the general public.

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Fiscal Year 2009-10 Budget Overview

Local Bus

As a multi-modal transportation agency serving Orange County, OCTA's local bus service is one of the agency's core programs. OCTA's goal is to provide the citizens and visitors of Orange County with a, safe, reliable, and convenient service throughout the county that is sustainable over the long term. The level of bus service that OCTA provides is highly dependent upon the receipt of several major revenues sources.

These major revenues include the Local Transportation Fund ¼ percent sales tax, state funding, and passenger Fares. These revenues are primarily driven by the California and local economies and the availability of funds from the State. Unfortunately the international economic crisis has impacted each state in the nation and has also led to a significant decline in revenues for the State of California, which was facing a \$41.6 billion deficit over the next two years. As a result, the State legislature was forced to make significant spending cuts and increase taxes in order to close the revenue gap. As part of the reductions, the state transit assistance funds was eliminated resulting in a loss of \$26 million dollars to the bus program in fiscal year 2009-2010 compared to budgeted levels in 2008-2009. The sales tax receipts also declined with an additional \$18.9 million or 7.9 percent for this current fiscal year and another 4.3 percent decline or \$5.7 million anticipated next year. To further compound the problem, boardings are expected to decrease as unemployment figures in Orange County continue to climb. OCTA relies on fares to help offset the cost of providing the bus service.

In an effort to balance the operating plan for the bus program, the Authority took immediate actions to help mitigate the anticipated revenue shortfall. These actions included the implementation of a hiring freeze for 19 administrative positions, the suspension of wage increases for one year, and the suspension of some benefits for administrative staff and executive management. In addition, divisional budgets were reduced by 10 percent and capital projects were also deferred. These budget reductions partially narrow the budget gap, however, the OCTA Board made the decision to significantly scale back the existing service levels to realign operating costs with a dramatically lower revenue assumption. The service level reductions planned next year will total 400,000 revenue vehicle hours and will be cut equally over the next four service changes. Although these reductions will be inconvenient and painful for many OCTA's bus passengers, they are necessary to continue providing a sustainable level of service over the long term. As OCTA begins the difficult process of reducing the service levels, staff will focus on several key guiding principles.

- 1) Focus on serving as many people as possible and maintain

- the core service, 2) Provide access/connections to the core service, 3) Consider geographic equity, and 4) Use limited taxpayer dollars wisely.

In an effort to meet air quality mandates established by the Air Quality Management District, the baseline service will incorporate one new Bus Rapid Transit (BRT) corridor (Route 543), which is scheduled to commence in June 2010. BRT is a new approach to traditional bus travel that will only stop at key destinations to provide faster service in existing transit corridors. BRT buses will offer frequent service and have a distinct identity.

ACCESS

The ACCESS program provides complementary transit service to persons with disabilities as required by the Americans with Disabilities Act (ADA). Historically, service levels were running at double-digits rates and consuming a significant portion of the transit budget resources. The Growth Management Strategies implemented in 2005 have helped mitigate increasing service levels; however, OCTA is facing significant cost increases in this program for fiscal year 2009-10. As an alternative to providing mandated service, OCTA has focused on developing community partnerships to provide alternative transportation options for seniors and persons with disabilities over the last several years. This fiscal year, OCTA plans to deliver 613,000 revenue vehicle hours of primary ADA ACCESS service, dispatch more than 110,000 ADA taxi trips, and book more than 256,300 adult and senior services trips for eligible riders. As OCTA begins the process of implementing service reductions on the fixed route service, some savings are expected to be realized on ACCESS.

Express Service

OCTA currently operates a total of five express routes that provide stress-free commuting to various destinations within Orange County. OCTA recently expanded its express service to include three OC Express routes from Diamond Bar to Santa Ana, Chino to the Irvine Spectrum, and Riverside/Corona to South Coast Metro in central Orange County. These express routes were well received by the riding public and have laid the foundation for further expansion of this service. OCTA also has plans to include a sixth route that will travel from Riverside to the Anaheim Resort area (Route 792). This additional route will provide another convenient alternative for transit commuters traveling from our neighboring county.

Go Local

The Go Local program is a four-step process to plan and implement city-initiated transit extensions to OCTA's Metrolink commuter rail corridor. The Metrolink rail line

Fiscal Year 2009-10 Budget Overview (continued)

represents the backbone of transit in Orange County as two-thirds of Orange County's population and jobs are located within a four-mile radius of each of the county's eleven Metrolink stations.

The first phase of the Go Local program provided each of the 34 cities in Orange County a \$100,000 grant to study possible extensions to the Metrolink line. These extensions would link major activity and employment centers with a Metrolink station. Thirty-four cities participated in the initial needs assessment phase to evaluate viable transit options that would meet their needs and create a seamless transit network within their city and the region.

The second step of the Go Local Program is well under way with multiple cities submitting their requests for additional funds to further develop promising transit concepts that would link up destination centers within their respective communities to the nearest Metrolink station. In February 2008, the Board approved \$25 million for the programmatic development of the Go Local Program through Step Two. For this fiscal year, the cities of Anaheim and Santa Ana have submitted their project proposals and requested advancement into the Step Two phase for further study and planning. The Board has approved these two projects to move forward and has awarded them a combined amount of over \$11 million for project development with \$5.8 million budgeted for fiscal year 2009-2010. To support the development of both the fixed-guideway projects as well as the mixed-flow bus/shuttle concepts, OCTA is budgeting \$2.2 million for consultant services in fiscal year 2009-2010. OCTA is also budgeting \$10.2 million to support further development of fixed-guideway or mixed-flow bus/shuttle concepts. The total amount budgeted in fiscal year 2009-10 will equate to \$18.2 million.

The third step of this program will advance qualifying projects into the implementation phase, while the fourth step, will focus efforts on transforming existing Metrolink stations into major multi-modal transportation centers. These transportation centers would offer commuters travel by rail and also by bus to businesses and activity centers on weekdays and weekends.

Senior Mobility Program

Authorized by the OCTA Board of Directors in October 2001, OCTA's Senior Mobility Program (SMP) is designed to fill the gap between local fixed route buses and ADA paratransit, or ACCESS service, by providing local transportation services to seniors in participating cities in Orange County.

Under the program, participating cities are eligible to receive funds and vehicles from OCTA to help design and operate a transit program that best fits the needs of older adults in their communities. To date, 24 cities, Abrazar, the Vietnamese Community of Orange County, the Korean American Senior Association of Orange County, and Jewish Family Services of Orange County and have chosen to participate in the Senior Mobility Program.

Participating cities include: Anaheim, Brea, Buena Park, Costa Mesa, Garden Grove, Huntington Beach, Irvine, Laguna Niguel, Laguna Woods, La Habra, Lake Forest, Newport Beach, Placentia, Rancho Santa Margarita, San Clemente, Santa Ana, Seal Beach, Westminster and Yorba Linda.

Funding: OCTA, Orange County's Office on Aging and the individual cities participating contribute financially to the program. OCTA's share includes Transit Development Act (TDA) Article 4.5 funds to support up to 80 percent of the SMP. In addition to funding responsibilities, OCTA provides retired paratransit vehicles and technical support to participating cities and centers.

Metrolink Commuter Rail Service

The Metrolink Commuter Rail service is operated as a Joint Powers Authority (JPA) by the Southern California Regional Rail Authority (SCRRA). The JPA is comprised of the following five member agencies: Ventura, Los Angeles, San Bernardino, Riverside, and Orange. Each of the participating agencies contributes a proportional subsidy to SCRRA for operating the Metrolink service along their respective rail lines.

There are three lines which serve Orange County and provide a total of 44 trains each weekday, serving eleven city-owned Orange County stations. Total ridership for the three lines serving Orange County is projected to reach over 4 million for Fiscal Year 2009-10.

To demonstrate its continued commitment to improve Metrolink Commuter Rail Service, the OCTA board adopted the Metrolink Expansion Plan in November 2005. This directive set in motion an aggressive expansion of the Metrolink service in Orange County and focusing on increased service between Laguna Niguel/Mission Viejo and Fullerton. As part of the expansion, four new (two round trips) off-peak Inland Empire – Orange County (IEOC) trains began service between Oceanside and Riverside on January 3, 2006. In addition, on June 3, 2006, weekend service began on the Orange County (OC) line and year round weekend service program began on the IEOC line.

Fiscal Year 2009-10 Budget Overview (continued)

The Fiscal Year 2009-10 Budget includes \$22 million for the acquisition of property that will be required in order to construct the capital improvements required for the expansion of service. In an effort to accommodate the service expansion, over the last year and the upcoming fiscal years, OCTA is investing approximately \$161 million for the purchase of 52 rail cars, 7 cab cars, and 7 locomotives. Furthermore, OCTA is investing \$41.4 million for the grade crossing safety enhancements and quiet zone program as part of the Fiscal Year 2009-10 budget.

Renewed Measure M

The original Measure M ordinance was passed by the voters of Orange County back in 1990. This ordinance was a 20 year program for local transportation improvements funded by a half cent sales tax. For the last 17 years, Measure M has kept its promise by improving Orange County's freeways, streets and roads, and transit network expending over \$3.5 billion since its inception.

On November 7, 2006, the voters of Orange County chose to continue the Measure M half cent sales tax for another 30 years from 2011 through 2041. The Renewed Measure M Transportation Investment Plan will generate billions of dollars to address current and future transportation needs in Orange County. The Renewed Measure M Investment Plan will allocate 43 percent of funds to freeway projects, 32 percent to streets and roads, and 25 percent to transit projects.

In August 2007, the OCTA Board of Directors approved and released a Renewed Measure M Early Action Plan covering the years 2007 through 2012. Under this five-year plan, five Renewed Measure M freeway projects are planned to be advanced and under construction before revenues begin to be collected in 2011. The Early Action Plan was distributed to local jurisdictions and key stakeholders to outline detailed strategic plans, scope, sequencing, milestones, cost estimates, cash flow and funding allocations for the freeway and transit programs that are anticipated to be developed. A financial plan to provide funding for these projects prior to the April 1, 2011 was adopted by the OCTA Board of Directors on November 9, 2007, and \$400 million in tax exempt commercial paper was secured. With this funding stream in place, OCTA is moving full speed ahead to advance the projects as detailed by the Early Action plan.

Proposition 1B

In November 2006, California voters approved Proposition 1B, which provides \$19.9 billion to enhance transportation infrastructure statewide. There are several funding components contained within the Proposition 1B that will benefit OCTA

on a formula basis and help support many future capital projects. The funding elements in the proposition include the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) \$3.6 billion, the Corridor Mobility Improvement Account (CMIA) \$4.5 billion, and Transportation Corridor Improvement Fund (TCIF), which contains \$3 billion in funding. In Fiscal Year 2009-10, OCTA anticipates to receive a total of \$38.4 million in funding from several sources, which include: \$9.2 million in the PTMISEA account to offset the cost of the Compressed Natural Gas fueling station lease located in at the Irvine facility and to cover a portion of the contracted services radio replacement project. OCTA will receive \$3.1 million in Traffic Light Signal Prioritization funds for the on-call traffic engineering services line item. Furthermore, the budget includes \$5.6 million in Transit System Safety, Security and Disaster Response Account Program (TSSSDRA) for the following budget items; fixed route and contracted services radio replacement project, security services related to the video surveillance system, and LOSSAN fencing and grade crossing monitors.

American Reinvestment and Recovery Act of 2009

The American Reinvestment and Recovery Act of 2009 was passed by the 111th Congress and signed by the President on February 17, 2009. The purposes of this Act included the following: 1) The preservation and creation of jobs to promote economic recovery, 2) Assist those most impacted by the recession, 3) Provide investments needed to increase economic efficiency by spurring technological advances in science and health, 4) Investments in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits, 5) Stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

This Federal Economic Stimulus represents an overall investment of \$787 billion, with a Highway and Transit share totaling \$45.2 billion, and the State of California is expected to receive \$3.64 billion. Of this amount, the County of Orange is anticipated to receive a total of \$212 million. The OCTA has developed a series of eligible shovel-ready projects spanning across Highway, Bus, local city, and Rail projects that will sustain or create 4,500 jobs. The majority of the highway projects funds will be programmed to the SR-91 between Orange County and Riverside County. OCTA will be adding one new eastbound lane on the SR-91, between SR-241 and the SR-71. The total amount of stimulus funds for this project equates to \$71.4 million. Another major freeway project that will receive stimulus funds includes the

Fiscal Year 2009-10 Budget Overview (continued)

West County Connectors on the SR-22/I-405/I-605 Freeway, which is slated to receive a total of \$26.4 million. These funds will be utilized to link high occupancy vehicle (HOV) lanes, otherwise known as carpool lanes on the I-405 with those on the SR-22 and I-605. Furthermore, bus operations will benefit with the receipt of \$76 million to be used for preventative maintenance activities and facility improvements over the next two years. This includes salaries and benefits as well as outside services associated with preventative maintenance of the revenue vehicles fleet and the bus facilities. In addition, there are a series of local city projects that are slated to receive federal stimulus funds totaling another \$33 million.

Freeway Projects

West County Connectors

In November 2006, OCTA successfully completed the first phase of the SR-22 Improvement Project. This SR-22 Design-Build Project spans across 12 miles of freeway from the Costa Mesa (SR-55) freeway to the San Diego (I-405) freeway, and is a vital east-west route linking five major freeways and several arterial corridors in central Orange County.

With the first phase complete, OCTA began the second phase known as the West County Connectors in Fiscal Year 2007-08. This phase of the project spans a distance of 2.5 miles through the communities of Garden Grove, Westminster, Seal Beach, Rossmore, Los Alamitos, and Leisure World. The West County Connectors project will extend the carpool lanes from the SR-22/Valley View Street Interchange to the San Diego (I-405) and San Gabriel (I-605) freeways, add HOV direct connectors between SR-22/I-405/I-605 freeways, reconstruct the Valley View Street and Seal Beach Boulevard bridges, add soundwalls, and additional landscaping and hardscape elements. The project cost is expected to be \$400 million (in 2006 dollars), with the design and construction funded using \$200 million in Congestion Mitigation and Air Quality (CMAQ) and \$200 million in CMIA dollars.

I-5 Gateway

One last segment of the Santa Ana (I-5) Freeway in Orange County still needs improvement. This 2-mile section, from the Artesia (SR-91) Freeway to the Orange/Los Angeles County line, contains a classic bottleneck where five lanes transition down to three.

OCTA began construction on the I-5 Gateway Project in May 2006 to add one carpool, general purpose, and auxiliary lane in each direction of the freeway, reconstruct bridges on Stanton and Western Avenue, along with Beach and Artesia Boulevards, realign the railroad from Stanton Avenue to Artesia Boulevard, and build aesthetically treated retaining walls and replace landscaping.

OCTA continues to make significant progress with final completion of this project scheduled for mid 2010. The project cost is expected to be \$325 million with \$177.9 million being funded by Measure M, and the balance by state and federal sources for approximately \$147.1 million. Within the Fiscal Year 2009-10 Budget, approximately \$77 million is included for construction, right-of-way, utility relocation and construction management support.

SR-57 Northbound Freeway

In an effort to improve traffic flow along the northern section of the Orange Freeway (SR-57) freeway, OCTA, in cooperation with Caltrans, is proposing to add a lane to the northbound 57 between Orangethorpe Avenue in the City of Placentia and Lambert Road in the City of Brea. For Fiscal Year 2009-10, OCTA will be investing \$20 million in design, Right-of-Way (ROW) support services, ROW Capital, ROW utility relocation, construction, and construction management. The total project cost is estimated at \$140 million, with approximately \$70 million anticipated to be funded by CMIA program funds with Measure M funding the balance.

SR-91 Freeway

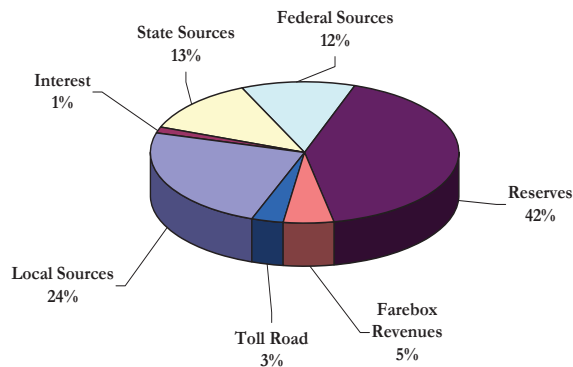
OCTA has four improvement projects taking place along the SR-91 Freeway including 1) the segment between the I-5 to the SR-57, which will add freeway capacity to the SR-91 westbound direction and make operational improvements to corresponding on-and off ramps, 2) the segment along the SR-57 to the SR-55 adding needed capacity and improving major and key interchanges, 3) adding capacity to SR-91, beginning at SR-55 to SR-241, and 4) adding an eastbound lane from SR-241 to SR-71 in Riverside County.

OCTA is working closely with Caltrans to meet these planned objectives. The primary improvement underway this year includes adding a lane to the eastbound SR-91, between the Eastern Toll Road (SR-241) in eastern Orange County and the Corona Expressway (SR-71) in western Riverside County to reduce traffic congestion. This segment of the freeway improvement is anticipated to receive ARRA funds of \$71.4 million. This fiscal year, OCTA plans to invest \$4.5 million for the plans, estimates and specifications for the segment between the I-5 and the SR-57.

Fiscal Year 2009-10 Budget Overview (continued)

Sources of Funds

Total sources of funds are a combination of \$708 million in revenue and the planned use of \$506 million in reserves. The proceeding discussion highlights each funding source within these categories.



Farebox Revenues

These revenues are derived from passenger fares generated from fixed route bus service and paratransit service, including senior and disabled fare subsidies. The farebox revenues represent one of the primary sources used by OCTA to offset the costs of operating bus service. Farebox revenues are projected at \$63.4 million in Fiscal Year 2009-10. In January 2009, OCTA implemented a systemwide fare adjustment due to the decline in the farebox recovery ratio and the necessity to ensure appropriate revenue levels to provide bus service to meet the demands of customers. This fare adjustment was necessary to maintain the state mandated farebox recovery ratio above the 20 percent minimum requirement.

Local Sources

It is anticipated that OCTA will receive \$290 million from local sources in Fiscal Year 2009-10. This revenue source largely consists of the Measure M one-half cent sales tax receipts estimated at \$234.7 million for Fiscal Year 2009-10. Additional local sources include property taxes, motor vehicle registration fees, advertising revenue and contributions for projects from local jurisdictions.

Interest Income

It is projected that OCTA will earn \$17 million in interest income on its investment portfolio in Fiscal Year 2009-10. A majority of funds available for investment are earmarked for Measure M projects and Metrolink Service Expansion capital improvements. Interest earnings are projected at a conservative earnings rate of 2 percent.

State Sources

It is expected that \$152 million will be received from state sources in fiscal year 2009-2010. The one-quarter cent Transportation Development Act (TDA) sales tax represent the main revenue source in this category and totals \$89.6 million. TDA revenues finance the operations and administration of the bus program.

State sources also include \$62 million in Proposition 1B, State Transit Improvement Program (STIP), and Gas Tax Revenues. Of the \$62 million, \$23 million represents the Gas Tax Revenue, \$34 million will be utilized for various projects such as the Fixed Route and Contracted Transportation Services Radio Replacement Project, Compressed Natural Gas Fueling Station, On-call Traffic Engineering Services, and several project study reports.

Federal Sources

Federal grant funds are allocated on a formula and competitive basis for various capital projects. Federal legislation, known as the Transportation Equity Act for the 21st Century (TEA-21), which was signed into law on June 9, 1998, has expired and has been replaced with the new transportation authorization passed by Congress on July 29, 2005.

OCTA anticipates receiving \$144 million from federal sources in fiscal year 2009-10. Of this amount, \$65 million is comprised of federal operating assistance grants associated with bus operations, capital cost of contracting and other transit program initiatives.

Furthermore, OCTA anticipates to receive \$79 million of federal capital assistance grants to fund the West County Connector project, Grade Separation project, and the environmental phase of the I-405 freeway project.

Toll Revenues

As owner of the 91 Express Lanes, OCTA will collect toll revenue and transponder fees. Toll revenues are estimated at \$42 million for Fiscal Year 2009-10, which includes tollroad fee income projected at \$8.3 million.

Reserves

In prior years, the Authority has set aside reserves for future capital and service requirements. OCTA will utilize \$506 million of reserves in Fiscal Year 2009-10. The LTA fund will use \$126 million for the Metrolink Service Expansion Plan, \$119 million will be drawn from the tax-exempt commercial paper program to advance Renewed Measure M Early Action Plan projects, \$77 million will be utilized for the Interstate 5 Gateway Project to LA County Line, and \$37 million for the combined transportation funding program.

Fiscal Year 2009-10 Budget Overview (continued)

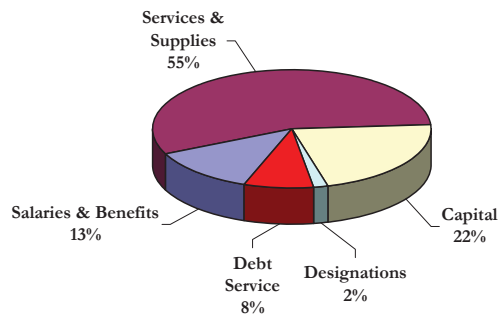
In addition, \$31 million of reserves will be utilized for the Bristol Street Widening, \$14 million for the Anaheim Regional Transportation Intermodal Center (ARTIC), \$14 million in Bus Operations fund reserves, and finally \$13 million in Go Local Step Two project development efforts.

Uses of Funds

The expenditures projected for Fiscal Year 2009-10 are \$1.2 billion, with \$19.5 million designated for future use. Appropriations are allocated in five categories and summarized below.

Salaries & Benefits

This category includes the cost for salaries and employee benefits. \$153 million will be expended in this category which represents a 10 percent decrease over the Fiscal Year 2008-09 Budget. This decrease reflects a partial reduction in the bargaining unit personnel as service reductions are implemented and a full-year impact of nineteen frozen administrative positions. Furthermore, this impact reflects a suspension of administrative special awards, merit increases, and the elimination of some administrative benefits.



Services & Supplies

These items include appropriations for the purchase of services (e.g., engineering, design, legal and audit services) and supplies (e.g., fuel, office supplies, training, and travel). Total budgeted services and supplies for Fiscal Year 2009-10 is \$675.8 million with \$420 million related to contributions to other agencies for the Metrolink Service Expansion program, Measure M Turnback and Combined Transportation Funding program, Bristol Street, Gas Tax, Go Local Step Two, and ARTIC.

Debt Service

Debt service requirements for Fiscal Year 2009-10 are \$99.3 million. Funds in this category are used to account for the accumulation of resources for, and payment of, the Authority's long-term debt obligations, including principal, interest, and related costs.

Capital & Fixed Assets

This category of expenses includes all capital equipment purchases (\$5,000 minimum and an initial useful life in excess of one year), vehicle procurements, freeway and capital construction projects, and right-of-way acquisitions totaling \$266 million. OCTA is investing \$76 million of capital dollars for the I-5 Gateway project, which includes primarily construction costs, right of way acquisition, and construction support services. OCTA will be investing \$30 million for environmental mitigation and open space as part of the Renewed Measure M. The Authority will also be investing \$32 million associated with the West County Connectors project for right of way and construction management services and \$18 million will be set aside for construction and right of way for the SR-57 Northbound Widening project. Furthermore, this budget includes capital investments of over \$40 million for the Metrolink Service Expansion program, parking and station improvements. OCTA will also move forward with capital investments related to the grade separations for \$24 million and grade crossing and quiet zones for an additional \$6.5 million.

Designation of Funds

Funds in this category are set-aside for future use. Fiscal Year 2009-10 has \$20 million in designations, of which \$10.5 million include toll revenues designated for repayment from internal borrowing and future SR-91 capital projects. In addition, OCTA has \$4.2 million earmarked as an annual contribution to the OCTD fixed asset reserve, and \$1.9 million related to debt service payments. A breakdown of the sources and uses of funds is provided on the proceeding page.

External Sources and Uses Summary*

Sources Summary			
Description	FY 2007-08 Actuals	FY 2008-09 Budget	FY 2009-10 Budget
5100 Passenger Fares	51,432,018	57,165,672	63,416,209
5300 Charges for Services	111	162,393	162,560
5500 Tollroad Revenue	46,235,467	46,981,492	41,894,561
6010 State Transit Assistance	0	37,498,288	1,429,224
6020 State Assistance	9,864,896	8,712,393	32,456,023
6030 Federal Operating Assist Grnts	27,258,306	29,682,028	64,920,962
6040 Federal Capital Assist Grants	89,586,970	57,692,668	79,272,520
6050 Reimb from other agencies	13,541,994	759,602	8,517,360
6055 Gas tax exchange	23,000,004	23,000,004	23,000,004
6100 Property taxes	11,177,686	11,462,235	11,359,957
6101 Taxes	421,487,696	449,272,378	352,574,003
6110 License Fees	508,489	473,590	524,799
6200 Interest Income	70,739,922	32,293,625	17,021,241
6300 Other Nonoperating Rev/Expense	20,732,087	10,658,879	9,524,067
6550 Proceeds sale of capital asset	2,169,096	2,146,696	2,146,696
Subtotal Revenues	\$ 787,734,741	\$ 767,961,943	\$ 708,220,186
Use of Reserves	79,478,099	289,882,574	505,556,710
Available Revenues / Reserves	\$ 867,212,839	\$ 1,057,844,517	\$ 1,213,776,896

Uses Summary			
Description	FY 2007-08 Actuals	FY 2008-09 Budget	FY 2009-10 Budget
7100 Wages, Salaries and Benefits	157,380,396	169,668,777	153,161,385
7300 Purchased Transportation Servs	40,054,770	44,008,704	59,106,442
7500 Professional Services	132,958,751	154,721,300	145,469,494
7540 Insurance Claims/premiums	6,221,911	10,793,389	10,860,241
7600 General and Administrative	15,154,803	16,009,501	16,029,801
7700 Maintenance Parts and Fuel	55,681,085	29,776,094	24,386,196
7800 Contributions to Other Agencies	166,882,475	305,503,665	419,927,703
8111 Interest expense	31,559,485	26,156,756	20,934,570
8112 Prin Pmt On Long Term Debt	71,290,000	75,355,000	78,405,000
9000 Capital Expenditures	101,820,686	199,548,172	265,977,113
Subtotal Expenses	\$ 779,004,363	\$ 1,031,541,358	\$ 1,194,257,945
Designations	88,208,476	26,303,159	19,518,951
Total Use of Funds	\$ 867,212,839	\$ 1,057,844,517	\$ 1,213,776,896

*Interfund transfers and management fees excluded. These revenues / expenses represent the internal transfer of funds and do not reflect expenditures made outside the Authority.

Transit Performance Indicators

OCTA tracks performance indicators by mode of service and at the route level. This information has become a valuable management resource and has helped bus operations staff in determining the effectiveness and efficiency of OCTA's bus service.

The chart below highlights the Fiscal Year 2009-10 approved bus service levels, projected boardings, operating cost and fare revenue by mode of service.

OCTD Fiscal Year 2009-10 Services & Cost Analysis

Performance Indicators	Fixed Route	Paratransit	Contract Fixed Route	System Total
Service Provided:				
Vehicle Hours (VH)	1,682,019	752,783	153,085	2,587,887
Vehicle Miles (VM)	22,773,539	12,185,749	2,714,682	37,673,970
Revenue Hours (RVH)	1,529,241	647,834	117,450	2,294,525
Revenue Miles (RVM)	18,901,872	9,910,557	1,711,401	30,523,831
Passenger Usage:				
Boardings	62,481,960	1,452,443	1,225,881	65,160,283
Boardings per VH	37.15	1.93	8.01	25.18
Boardings per VM	2.74	0.12	0.45	1.73
Boardings per RVH	40.86	2.24	10.44	28.40
Boardings per RVM	3.31	0.15	0.72	2.13
Operating Costs:				
Costs	\$ 201,164,745	\$ 49,881,078	\$ 9,466,458	\$ 260,512,280
Cost per VH	119.60	66.26	61.84	100.67
Cost per VM	8.83	4.09	3.49	6.91
Cost per RVH	131.55	77.00	80.60	113.54
Cost per RVM	10.64	5.03	5.53	8.53
Cost per Boarding	3.22	34.34	7.72	4.00
Fare Revenues:				
Revenue	\$ 57,147,024	\$ 5,147,974	\$ 1,121,211	\$ 63,416,209
Revenue per VH	33.98	6.84	7.32	24.51
Revenue per VM	2.51	0.42	0.41	1.68
Revenue per RVH	37.37	7.95	9.55	27.64
Revenue per RVM	3.02	0.52	0.66	2.08
Revenue per Boarding	0.91	3.54	0.91	0.97
Farebox Recovery Ratio	28.4%	10.3%	11.8%	24.3%

Note: Farebox recovery ratio is used to determine the amount of costs that are recovered from passenger fares. The Transportation Development Act requires transit agencies to achieve a 20 percent farebox recovery ratio in order to receive the maximum available sales taxes for public transit purposes.

Legislative Issues

Throughout the year, staff monitors the progress of legislation and proposed regulations that may affect state or federal transportation revenues and policies. Through staff analysis, advocacy, and lobbyists retained in Sacramento and Washington, D.C., OCTA seeks to influence the outcome of pending bills, budget requests, and regulations. The issues listed below are those that, at this time, may have the greatest potential impact on OCTA.

State Activities

State Transit Operations – The fiscal year (FY) 2008-2009 and FY 2009-2010 adopted budgets devastated state support for transit operations. With the requirements of AB 32 (Chapter 488, Statutes of 2006) and SB 375 (Chapter 728, Statutes of 2008), related to reduction of greenhouse gas emissions, beginning to take effect, state policies are directing an increase in transit service while cutting funding for this purpose.

Infrastructure Bonds – With the state of the credit market, the implementation of the Proposition 1B (2006) program will need to be monitored closely to ensure that the state's funding and bond issuance challenges do not impact project delivery as much as possible.

Los Angeles-San Diego (LOSSAN) Corridor Improvements – The LOSSAN regional agencies are currently evaluating how to enhance and coordinate intercity and commuter rail services in the corridor through an integration study. The affected agencies will collaboratively seek legislation to implement any service enhancement options that may emerge from the study.

SB 375 Clean-Up Legislation – This bill recognized the regional nature of analyzing greenhouse gas emissions by authorizing development projects consistent with a sustainable communities strategy to go through a streamlined environmental review process. In the Governor's signing message, it was specified that clean-up legislation is necessary to clarify that a programmatic approach is to be used to analyze greenhouse emissions for transportation projects. Not addressing this issue would create additional hurdles for meeting regional greenhouse gas emission reduction targets by extending the time needed to complete environmental analysis for transportation projects and creating further potential delays due to litigation challenges.

Goods Movement - The movement of goods to and from the ports of Los Angeles and Long Beach (POLA/LB) has been a major contributor to traffic congestion on Orange County highways, streets, and roads. Current revenue streams are not sufficient to fund the projects needed to mitigate the impacts of moving these goods. Additionally, existing state and local

infrastructure is unable to handle the increasing demands placed on it by the growth in goods moving through Southern California. Mitigation must be a key component of any system expansion plan.

Federal Activities

In Fiscal Year 2009-10, OCTA will focus on federal economic stimulus and annual appropriations for highway and transit infrastructure, homeland security, as well as federal support for additional infrastructure to mitigate the impacts to Orange County of goods movement. OCTA will also continue developing valuable relationships with the Democratic leadership of the 111th Congress and on strengthening relationships with the ranking Republican congressional leadership.

The recent economic crisis has generated opportunities to gain support for infrastructure as a means of creating needed jobs in the economy. In this regard, OCTA will support federal actions which accelerate funding for transportation infrastructure projects and thereby create additional jobs and economic activity in Orange County.

Congress will also be drafting a new authorization of the federal surface transportation bill to succeed (SAFETEA-LU), which passed in July 2005. SAFETEA-LU included a significant level of funding for OCTA and authorized funding for critical highway and transit projects. However, there are a number of vital infrastructure projects that continue to require authorization to address specific highway, rail, and transit needs throughout the county and Southern California region. OCTA will continue to seek authorization and funding for State Route 91 congestion relief projects, the Anaheim Regional Transportation Intermodal Center (ARTIC), fixed guideway projects in Anaheim and Santa Ana, additional funding for the four-county Alameda Corridor East project and other projects to address the impacts of freight movement through the county, as well as funding for applicable highway and transit programs authorized by SAFETEA-LU. The OCTA will also continue to support efforts to authorize and fund high-speed rail transportation from Los Angeles to Anaheim and Anaheim to Ontario Airport.

The Transportation-Treasury-Housing and Urban Development-Judiciary appropriations bill provides discretionary spending for the U.S. Department of Transportation and other federal agencies for Federal Fiscal Year 2010 beginning on October 1, 2009. The OCTA Board-adopted appropriations request list reflects OCTA's federal funding priorities for highways, goods movement, and transit projects during federal Fiscal Year 2010. The OCTA

Legislative Issues (continued)

will seek funding for seven transportation projects totaling \$38 million in the Fiscal Year 2010 transportation appropriations bill. In addition, OCTA will advocate for the funds needed to meet federal rail safety requirements and positive train control implementation for Metrolink. Each of these projects will benefit the entire Southern California region. They are all public projects and are the result of a public transparent selection process which will be accountable to OCTA's Board. The undertaking of these efforts is to return a fair share of federal tax revenues to Orange County for projects with a strong local match of funds.

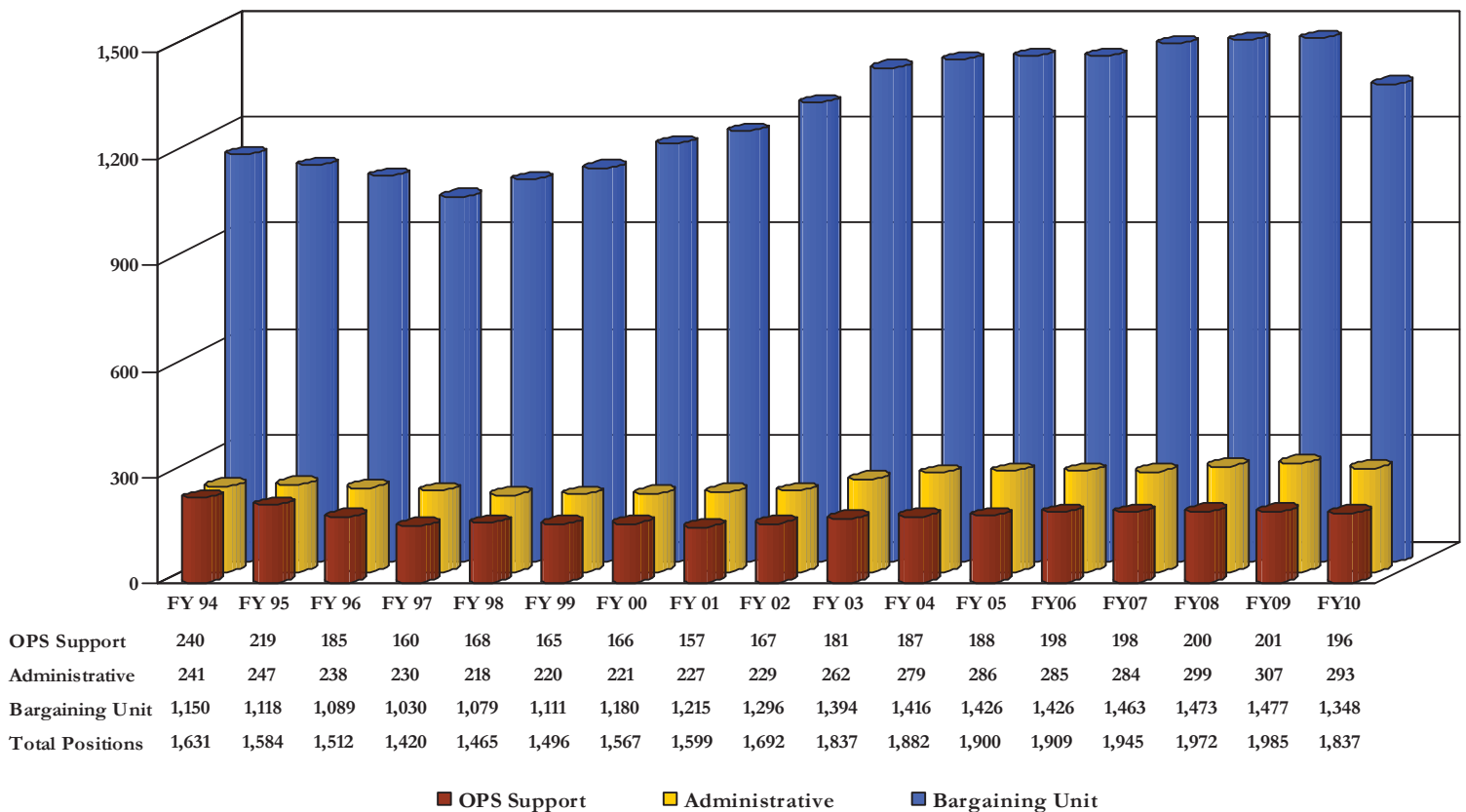
The seven projects are listed below:

<u>Highways</u>	(millions)
SR-91 Congestion Relief	\$ 5.0
I-405 Improvements	5.0
San Diego & Santa Ana Freeway (I-5) Segment Improvements	5.0
Santa Ana Freeway (I-5) Segment Improvements	5.0
<u>Streets and Roads</u>	
Bristol Street Widening	5.0
<u>Transit</u>	
Anaheim Regional Transportation Intermodal Center (ARTIC)	9.0
Commuter Rail Station Improvements	4.0
Total Funding for Fiscal Year 2009-10:	\$ <u>38.0</u>

Staffing Plan

OCTA's historical staffing is presented on the chart below from Fiscal Year 1994 thru 2009-2010. As the chart demonstrates, the OCTA has been in a position to increase the service levels over the last 12 years as cost containment strategies were implemented in combination with a robust economy. This growing economy led to increased sales tax receipts, which help fuel the increases in service.

However, due to the difficult economic environment that OCTA is facing, the Board made the decision to reduce service to be in alignment with a dramatically lower revenue assumption for fiscal year 2009-2010. This directive leads to a corresponding reduction in personnel for the bargaining unit employees as well as the implementation of a hiring freeze for vacant administrative positions.



Department Staffing

Division / Department	FY 2007-08 Approved Budget	FY 2008-09 Approved Budget	FY 2009-10 Proposed Budget	
			Proposed	Funded
<u>Executive Office</u>				
OC Taxicab Admin Program	3	3	3	3
Executive Office - CEO	7	5	4	4
Security Assessment	1	0	0	0
Disadvantage Bus. Enterprise	2	0	0	0
Chief of Staff & State Relations	3	6	6	6
Federal Government Relations	2	2	2	2
Motorist Services	1	1	1	1
Internal Audit	6	6	6	6
Subtotal Executive Office	25	23	22	22
<u>Finance & Administration</u>				
Exec Dir Finance & Admin	4	4	4	4
Acc'ting & Financial Reporting	29	28	27	23
Financial Planning & Analysis	13	13	13	12
Contracts Admin & Material Mgt	58	63	64	63
Information Systems	35	37	37	35
General Services	18	18	18	18
Treasury Department	2	2	2	2
Tollroad	2	3	3	3
Subtotal Finance & Administration	161	168	168	160
<u>External Affairs</u>				
Exec Dir External Affairs	5	5	6	6
Marketing	13	14	14	13
Customer Relations	14	14	14	13
OCTD Marketing	1	1	1	1
Public Communications	9	11	10	10
Subtotal External Affairs	42	45	45	43
<u>Human Resources & Org Develop.</u>				
Human Resources	22	22	20	18
Training and Development	3	3	4	4
Risk Management	6	7	7	7
Workforce Development	2	0	2	2
Labor & Employee Relations	3	5	5	5
Safety	6	6	6	6
Subtotal Human Resources & Org Develop.	42	43	44	42

Continued next page...

Department Staffing

Division / Department	FY 2007-08 Approved Budget	FY 2008-09 Approved Budget	FY 2009-10 Proposed Budget	
			Proposed	Funded
<u>Development</u>				
Executive Director Development	8	6	7	7
Dir Strategic Planning	3	3	4	4
Planning & Analysis	17	20	20	20
Capital and Local Programs	8	9	9	9
Highway Project Delivery	12	12	17	17
Subtotal Development	48	50	57	57
<u>Clerk of the Board</u>				
Clerk of the Board	5	5	5	5
Subtotal Clerk of the Board	5	5	5	5
<u>Transit</u>				
Transit Systems Development	0	1	1	1
Exec Dir Bus Operations	3	3	3	3
Fixed Route Operations	1,249	1,250	1,144	1,140
Community Trans. Services	14	13	14	12
Maintenance	339	342	320	318
Fixed Route Operations Support	17	17	17	16
Operation Analysis	3	4	4	4
Security Assessment	0	1	1	1
Subtotal Transit	1,625	1,631	1,504	1,495
<u>Rail</u>				
Rail	13	18	13	13
Subtotal Rail	13	18	13	13
Total Authority	1,961	1,983	1,858	1,837

Fiscal Year 2008-09 Accomplishment Highlights

Fiscal Year 2008-09 presented the Authority with great challenges and opportunities. The Authority is proud to have honored its commitment to the citizens of Orange County as set forth in the following achievements:

- Partnered with the Riverside County Transportation Commission to secure passage of legislation authorizing the extension of the 91 Express Lanes to Interstate 15.
- Secured passage of legislation that expands existing transit design-build authority to include homeland security, safety, and disaster preparedness projects.
- Secured passage of legislation that eliminates the four-foot buffer requirement between the high-occupancy vehicle lane on Costa Mesa Freeway (State Route 55) and the general-purpose lanes.
- Secured a fair share of federal economic stimulus funds for transportation coming to California.
- Established a more cooperative regional partnership with other transportation agencies and entities in Southern California in preparation for federal transportation reauthorization.
- Secured nearly \$112 million in grant revenues from federal, state and local sources, and expanded the grants program to include a variety of new potential grant revenue sources, including the areas of emergency cost recovery, environmental planning and mitigation, clean fuels, jobs access, and American with Disabilities Act (ADA) accessibility.
- Restructured 91 Express Lanes variable rate debt.
- Obtained Board approval to revise procurement policies and procedures.
- Initiated process changes to the drug and alcohol compliance program. Updated and distributed the new policy manual.
- Work in conjunction with the Accident Reduction Team, comprised of members of Transit, Maintenance, Training, and Transit Police Services, to complete implementation and ensure regular use of the Accident Reduction Plan Accident Reduction Plan.
- Created an additional orientation program for existing employees who had not previously attended NEO. The new program, entitled In-Depth Orientation (IDO), adapts the current orientation content and enhances employee information on key areas such as procurement/contracting, Measure M, and finances.
- Developed annually required Equal Employment Opportunity and Affirmative Action Plan.
- Effectively reduced the cost of administering Workers Compensation program by over \$272,445 for Fiscal Year 2008-09.
- Initiated the development of five new railroad grade separation projects valued at over \$300 million.
- Completed final design for the first Renewed Measure M Early Action Plan project, State Route 91 project between State Route 241 and State Route 71.
- Completion of the South Orange County Major Investment Study.
- Developed criteria for the land acquisition, restoration and management to be used as part of the Renewed Measure M Freeway Environmental Mitigation Program.
- Project Study Reports completed for Interstate 405 and State Route 55.
- Completed analysis of the State Route 91/State Route 241 Feasibility Study.
- Completed geological evaluations for the proposed Corridor B – Corona Expressway.
- Created and implemented a wide variety of communications and outreach programs in support of OCTA projects, services and initiatives.
- Expanded digital and web-based communications. Launched the ebusbook and the Renewed Measure M and economic stimulus web portals.
- Conducted public and local agency outreach to support Renewed Measure M Early Action Plan and I-5 Gateway and West County Connection construction projects.
- Grew the vanpool program from 213 to over 300 vanpools.
- Processed nearly 800,000 customer telephone calls via the (714) 636-RIDE call center and fulfilled 1.4 million itineraries via the “Just Click” online trip planner.
- Completed delivery and acceptance of more than 500 new alternative fueled vehicles.
- As a result of escalating fuel prices, achieved the highest ever number of fixed route boardings in the OCTA system recorded in one month, 6,361,193 in October 2008.
- Negotiated a new, three year agreement for the management and operation of ACCESS service and awarded a new contract for contracted fixed route, StationLink and express bus service.
- 100% design completed for Metrolink Service Expansion Track projects.
- 100% Design completed for Grade Crossing Safety Enhancement and Quiet Zone Program.
- Initiated construction of the Metrolink Service Expansion Program Track projects and the Grade Crossing Safety Enhancement and Quiet Zone Program.

Fiscal Year 2009-10 Goals & Objectives

Each year, divisions are challenged to identify goals and objectives attainable in the following fiscal year. The Fiscal Year 2009-10 Budget has identified and committed the necessary financial and operational resources to meet the following goals:

- Start construction of three Renewed Measure M Early Action Plan projects on SR-91 and SR-57.
- Start construction on the Interstate 405 West County Connectors projects.
- Advance the environmental clearance of ARTIC.
- Work with regional partners towards the implementation of the Los Angeles-San Diego-San Luis Obispo (LOSSAN) corridor study, including legislation.
- Work with a broad coalition on clean-up legislation for (SB) 375 including clarification that greenhouse gas analysis is to be conducted at the program level rather than project by project.
- Work with affected stakeholders to maintain a state role in transit operations funding.
- Increase advocacy in Washington D.C. to support the FY 2010 appropriations request and federal reauthorization legislation.
- Work with federal and state agencies to fund the Anaheim to Los Angeles and Anaheim to Ontario High-Speed Rail projects.
- Continue to explore opportunities to reduce paper while still making Board and Committee agendas available to Board Members and the public.
- Provide real time on-line public access to the Board meetings through OCTA's website.
- Maintain on-line Board and Committee agendas, minutes, staff reports, presentations, and associated attachments for staff and public access.
- Install additional transponder readers on lanes for disaster recovery.
- As part of the budget development and reporting process, develop, implement and report on a short-term operating and finance plan that ensures the long-term solvency of each program.
- As part of the Comprehensive Business Plan, revise long-term operating and capital plans related to the Metrolink Service Expansion Plan, Renewed Measure M Early Action Plan and the bus operations plan to match projected available revenues.
- Implemented a new employee injury investigation process by standardizing the investigation questions, adding corrective action plans, assigning responsibilities, and documenting acceptance by responsible base managers.
- Complete the Los Angeles-San Diego-San Luis Obispo Rail Corridor (LOSSAN) Strategic Assessment.
- Create and implement a mentor training program to oversee interns within the OCTA, as well as provide personal and professional growth opportunities for mid-level management.
- Prepare for negotiations of collective bargaining agreements covering coach operators and maintenance employees.
- Provide cost-effective insurance coverage to protect the Authority's assets.
- Completion of the Central County Major Investment Study.
- Finalized Policy for the Global Greenhouse Gas environmental procedures related to the California Environmental Quality Act. This was related to more restrictive air quality legislation recently passed by the State of California.
- OCTA Board-approval of the Conservation Strategic Implementation Plan.
- Initiate the Natural Communities Conservation Plan/Habitat Conservation Plan as part of the Renewed Measure M Freeway Environmental Mitigation Program.
- Deliver OCTA's Long Range Transportation Plan.
- Develop guidelines for implementation of Renewed Measure M street and road projects.
- Develop and implement a wide variety of communications and outreach programs in support of OCTA projects, services and initiatives.
- Continue to refine public information programs. Test various strategies and tactics to contain or reduce costs while providing effective communications.
- Grow the vanpool program by 10 percent.
- Participate in the regional 511 system and target 10 percent of Customer information Center for diversion to the Integrated Voice Response system.
- Implement two of three Bus Rapid Transit routes in June 2010, routes 543 and 560, to move toward compliance with regional air quality mandates.
- Proceed with planning efforts for Renewed Measure M transit projects including Transit Extensions to Metrolink (Go Local), Community Based Transit/Circulators, and Expansion of Mobility Choices for Seniors and Persons with Disabilities.
- Integrate several existing plans into a comprehensive Emergency Operations Plan for OCTA.
- Continue construction of the Metrolink Service Expansion and Grade Crossing Safety Enhancement and Quiet Zone Program.
- Begin project development on future LOSSAN Corridor Grade Separation Projects.

Orange County Profile

Orange County occupies 798 square miles and is located in Southern California - south of Los Angeles County, north of San Diego County, and west of Riverside and San Bernardino counties. Its prime location within the Los Angeles basin offers residents an ideal climate, access to mountains and coastlines, a diverse housing market, and excellent schools.

Thirty-four cities are within Orange County, which together with county unincorporated areas have a current population of nearly 3.1 million. It is projected that by the year 2015 the population will increase to nearly 3.5 million, an increase of 13 percent.

Orange County's economic success is partially attributed to the amenities provided to its residents such as prestigious financial centers, numerous shopping and entertainment centers, community colleges, a California State University campus, and a University of California campus. Also, Orange County offers many amusement parks, including Disneyland, Disney California Adventure and Knott's Berry Farm. Convenient air travel is provided through John Wayne Airport and countywide bus and rail services are provided by OCTA.

Public bus service was launched in 1972 in response to the county's growing population and increasing traffic congestion. Beginning with nine leased vehicles, Orange County's public bus service grew steadily through the 1970's and 1980's. In 1990, Orange County voters passed Measure M, which provided additional sales tax revenues for freeways, regional and local street and road projects, and public transit projects.

Most recently, OCTA requested a 30-year extension of the existing Measure M sales tax, for approximately \$12 billion (in 2005 dollars), which was approved by the Orange County voters in November 2006. This Measure M renewal will allow OCTA to continue making transportation improvements that benefit the local economy.

Economic & Financial Condition

For the second year in a row, Orange County has seen a drop in payroll employment, with construction, financial activities, and manufacturing sectors taking the brunt of the losses. Job growth for 2008 was estimated at -1.6%, and the forecast for 2009 is still negative at -0.6%. Payroll job losses are the major factor explaining weak personal income growth. Job losses in Orange County have totaled over 47,000 from 2008 through the first quarter of calendar year 2009.

The slump in the real estate market has induced a broad-based weakness in the overall economy, so the future of the real estate market will affect the future of the economy as well.

As job growth and the housing market continue to decline, taxable sales growth rates are expected to drop as well. While the long term effects of the real estate market are uncertain, the near term results are lay offs and fewer loans available to homebuyers.

In fiscal year 2008-09, taxable sales were anticipated to grow at a rate of 3.4 percent over the previous years levels, however, with the significant downturn in the economy due to the international economic crisis, these receipts are expected to trend negatively by approximately 8 to 9 percent, amounting to losses of \$19 million for bus operations and \$39.4 million for Measure M. Furthermore, with the State of California facing its own historical budget gap, the State Transit Assistance program was reduced this fiscal year, further reducing ongoing revenues for the bus program by \$26 million.

By evaluating historical data on international trade, taxable sales, employment, and other economic data, forecasters try to project future trends in the economy. California State University, Fullerton (CSUF), Chapman University, and University of California, Los Angeles (UCLA) produce economic forecasts utilized by OCTA. UCLA publishes forecasts for California and the nation. CSUF and Chapman University provide forecasts on the nation and the Orange County economy.

Fiscal Year 2009-10 Budget Overview

The purpose of the Reader's Guide is to provide the reader with a general overview of the budget process and to offer a simple guideline to navigate through the budget document.

Basis of Accounting

OCTA's accounting records are maintained in full accordance with Generally Accepted Accounting Principles (GAAP) as established by the Government Accounting Standards Board (GASB). The basis for budgeting is also in accordance with GAAP except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (e.g., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded when payment is due.

Those revenues susceptible to accrual are sales taxes collected and held by the state at year-end on behalf of OCTA, intergovernmental revenues, interest revenue, and fines and fees. Property taxes are considered available if they are collected within 60 days after year-end.

In applying the "susceptible to accrual" concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to OCTA; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criterion are met.

Budget Preparation

Every year, OCTA develops its staffing, operating and capital plans for the upcoming fiscal year. The product of this effort is an approved fiscal year budget. The budget outlines the expected funding sources and expenditures that represent OCTA's yearlong commitment to transportation projects and services.

Altogether, budget preparation takes approximately nine months. Work typically begins in November with revenue projections and culminates in June with a Public Hearing and Board approval of the budget. The following outlines the major steps and dates involved:

November & December - Preliminary revenue estimates are projected, budget targets are given to Divisions, and budget system training materials are prepared.

January - Staff training manuals are distributed and training sessions are conducted. Appropriation plans are submitted by each division and scrutinized by the Financial Planning & Analysis (FP&A) Department staff.

February & March - Budget requests are analyzed by FP&A and revenue projections are reviewed and adjusted as appropriate. Projected revenues are compared to estimated expenditures to refine the budget. A comprehensive presentation of the proposed expenditure plan is reviewed with Executive Management. Under the direction of the Chief Executive Officer FP&A prepares the proposed budget and accompanying documents.

April & May - The proposed budget is printed and distributed to Board Committee members, Executive Management, Departmental budget users, and members of the press and public. Staff conducts a Budget Workshop with the Board of Directors. Executive management and FP&A staff meet individually with Board members as necessary. FP&A staff attends each standing committee meeting during this period to further review and explain budget details. FP&A staff ensures that the public hearing on the budget is properly noticed in area newspapers.

June - The Board of Directors conducts a public hearing relating to the proposed budget. After public comment has occurred, the public hearing is closed. Traditionally, the Board approves the budget immediately following the public hearing. The Gann Appropriations Limit is prepared and submitted to the Board of Directors for approval.

July - FP&A staff prepares approved budget documents for distribution.

Budget Controls

OCTA maintains budget control through the formal adoption of an operating budget for the general, special revenue, enterprise, internal service, capital projects, debt service, and trust funds. The operating budget is prepared in conformity with generally accepted accounting principles except certain multi-year contracts for which the entire amount of the contract is budgeted and encumbered in the year of execution. The approved budget can be amended by the Board of Directors to alter both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Division/department heads are authorized to approve appropriation transfers within major objects,

Fiscal Year 2009-10 Budget Overview (continued)

except in the capital outlay category where transfers are only allowed within asset category. Major objects are defined as Salaries & Benefits, Services & Supplies, and Capital Outlay. Appropriation transfers between major objects require Board approval. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations for budgeted funds, is at the major object level. With the exception of accounts that have been encumbered, appropriations lapse at year-end.

The Authority is prohibited from employing more full-time equivalent (FTE) positions than approved by the Board of Directors (BOD). Before they can be filled, staff positions must be approved by the BOD during the annual budget process or in a separate budget amendment. The BOD approves positions at the "Job Family" level. Positions can be filled at any salary grade within an approved "Job Family," following an analysis by Human Resources. "Job Family" refers to a group of titles which have similar work content at varying levels of responsibility. For example: Financial Analyst, Associate; Financial Analyst; Financial Analyst, Senior; and Financial Analyst, Principal represent the "Financial Analyst" Job Family. Positions can be filled outside of the "Job Family" as long as the filled position is at or below the salary grade budgeted. Union positions classified in the "long-term leave" category can be replaced at the discretion of the CEO.

Financial Reporting

OCTA accounts for its operations by using separate funds to manage and report financial activities. The General Fund finances most administrative and planning functions. Enterprise funds are used to account for operation of the Orange County Transit District, the 91 Express Lanes, and the Orange County Taxicab Administration Program. Special Revenue and Capital Project Funds are used to account for revenue sources restricted by regulation or Board policy. Expendable trust funds account for money set-aside in special accounts by the Board to subsidize such services as bus operations.

Following approval, the budget is incorporated into the accounting system, where the budget is compared with actual performance throughout the fiscal year. The budget is an evolving document that will change as economic and business conditions warrant. Changes to the budget will take the form of budget transfers or Board approved amendments. The quarterly budget forecasting process conducted by staff ensures the budget is on track and accurately reflects Board approved activities, projects, and programs.

Budget Format

The Fiscal Year 2009-10 budget is presented in four volumes. The primary document, the "Orange County Transportation Authority's Fiscal Year 2009-10 Budget," is organized by division and outlines projected revenues and appropriations. An "Executive Summary" is an abridged version of the previous document and consists of summarized organizational and financial information.

Detailed justifications for line item controlled services and capital/fixed assets are provided in two additional volumes.

Chapter 1 - Budget Message

The budget message provides an overview of the budget development process within a constrained financial environment along with highlights of the major initiatives and challenges for OCTA. This section also highlights budgetary awards received by OCTA for the current fiscal year.

Chapter 2 - Services

This chapter provides a brief overview of each program and service provided by the OCTA. These programs include Measure M, Bus Transit, ACCESS, 91 Express Lanes, Metrolink, Service Authority for Freeway Emergencies, Freeway Service Patrol, Service Authority for Abandoned Vehicles, and the Orange County Taxi Administration Program.

Chapter 3 - Financial Reports

This chapter details a balanced budget and the financial viability of the OCTA on both an external and internal budget reporting basis. The external fund reports do not include activity related to interfund transfers or allocable management fees.

Chapters 4-11 - Division Budgets

In each of the following eight chapters, OCTA's divisions are detailed in the following:

- Division Organization chart
- Sources & Uses of funds illustrated in a chart (not all Divisions will have sources to report)
- A brief narrative of the Division's primary responsibilities
- List of Division accomplishments for the current fiscal year and goals for the upcoming fiscal year
- Total Division staffing by department and by job family
- Financial reports which include the following:
Sources and Uses, Revenues and Reserves,
Expenses and Designations
- Line item controlled services and capital are detailed by department

Fiscal Year 2009-10 Budget Overview (continued)

Chapter 12 - Appendix

The appendix includes a brief description of each of OCTA's funds along with a glossary of key terms.

Financial Planning Policy

The Orange County Transportation Authority has established a set of financial policies to guide the agency in prudently managing taxpayer's dollars in an effort to deliver a variety of transportation programs and services.

In an effort to ensure the long-term stability of OCTA's transportation programs and services, the Authority developed the Comprehensive Business Plan (CBP) which is a financially constrained 20-year blueprint that utilizes conservative economic assumptions.

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. The CBP validates the feasibility of proposed program and service levels, anticipates a variable economic environment, and identifies and proposes policy direction. The business plan is an evolving document that is updated annually in response to the ever-changing social, political, and economic environment. The CBP also lays the foundation for the annual budget development process.

In order to achieve OCTA's long-term goals, the budget team begins the budget development process by forecasting revenues utilizing the assumptions derived within the CBP. In addition, all budget requests are reviewed and analyzed to confirm they are in line with the CBP and within available funding levels to produce a balanced budget. Once the budget is adopted by the Board, the budget team tracks the performance of the actuals in comparison to the approved budget and reports the progress to Executive Management and to the Board on a quarterly basis.

OCTA's Debt Policy

The Orange County Transportation Authority is responsible for providing leadership and creating transportation choices for Orange County commuters. OCTA's mission is to enhance the quality of life in Orange County by delivering safer, faster, and more efficient transportation solutions.

In an effort to fulfill this vision, OCTA issues short and long-term debt on an as-needed basis. OCTA's Treasurer is responsible for the sale of debt for the specific OCTA entities that are legally authorized to issue and guarantee debt: OCLTA, OCTD, SAFE, and the 91 Express Lanes. OCTA's main objectives in the sale of debt are to:

- Obtain the lowest possible cost of funds for each of OCTA's borrowing programs,
- Obtain the highest possible credit ratings that allow sufficient flexibility,
- Minimize risk exposure to variable rate debt and/or derivatives, and
- Maintain the required secondary market disclosure with the rating agencies, institutional and retail investors.

This Comprehensive Debt Management Policy contains the policies and the procedures that govern all debt sales. All participants performing services on OCTA's debt sales must comply with the policies and procedures and are expected to consistently perform at a level which provides maximum benefit to OCTA. The Treasurer, after consultation with and approval by OCTA's Finance and Administration Committee, reserves the right to remove any participant from an OCTA transaction or underwriting pool at any time for substandard performance or failure to abide by OCTA's Comprehensive Debt Management Policy. The Treasurer actively manages all phases of each financing. All decisions related to each transaction are subject to the Treasurer's approval.

OCTA was recognized by the California Society of Municipal Finance Officers for excellence in both Operational Budgeting and Public Communication Budgeting for Fiscal Year 2008-09 (page ES-22).

California Society of Municipal Finance Officers

Certificate of Award
For

Excellence in Operating Budgeting

Fiscal Year 2008-2009

The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to

Orange County Transportation Authority

For meeting the criteria established to achieve the EXCELLENCE AWARD in the OPERATING BUDGET CATEGORY.

February 17, 2009



Viki Copeland

Viki Copeland
CSMFO President

Pamela Arends-King

Pamela Arends-King, Chair
Budgeting & Financial Reporting

California Society of Municipal Finance Officers

**Certificate of Award
For**

Excellence in Public Communications

Fiscal Year 2008-2009

The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to

Orange County Transportation Authority

For meeting the criteria established to achieve the EXCELLENCE in the PUBLIC COMMUNICATIONS CATEGORY.

February 17, 2009



Viki Copeland

Viki Copeland
CSMFO President

Pamela Arends-King

Pamela Arends-King, Chair
Budgeting & Financial Reporting



OCTA Fast Facts



Orange County Transportation Authority

The Orange County Transportation Authority (OCTA) began in 1991 with the consolidation of seven separate transportation agencies. OCTA is the county's primary transportation agency and enhances the quality of life in Orange County by delivering safer, faster and more efficient transportation solutions.

An 18-member Board of Directors governs OCTA. The Board consists of 5 county supervisors, 10 city members, 2 public members and the Caltrans District 12 Director as a non-voting member.

OCTA Programs & Services

Measure M: OCTA administers Measure M, a package of transportation improvements promised to voters in 1990 when they approved a special half-cent sales tax. Under Measure M, 43 percent of funds go to improve freeways, 32 percent to improve streets and roads, and 25 percent for bus and rail services. The current Measure M Plan expires in 2011. On November 7, 2006, Orange County voters approved the Renewed Measure M Plan, ensuring transportation improvements for another 30 years to 2041.

Bus System: OCTA operates buses in a 798 square-mile area serving more than 3 million residents. OCTA provides local, community, rail connector, express and paratransit services.

OCTA delivers safer, faster and more efficient transportation solutions for Orange County.

Freeways: OCTA assists with planning and funding for all freeway improvements. The Garden Grove Freeway (SR-22) Improvement Project added continuous access carpool lanes, auxiliary lanes, widened bridges and improved interchanges. By using the innovative design-build method, these improvements were delivered more than two years earlier than they would have been using traditional construction methods. The Santa Ana Freeway (I-5) Gateway Project to eliminate the bottleneck through Buena Park is 50 percent completed.

Streets and Roads: OCTA administers a variety of funding programs for cities to widen streets, improve intersections, coordinate signals and rehabilitate pavement. OCTA also administers regional street and road improvement projects.

Commuter Rail: OCTA funds and supervises Metrolink rail service in Orange County. OCTA's three Metrolink lines—the Orange County Line, the Inland Empire-Orange County Line and the 91 Line—have more than 4 million boardings per year.

Commuter Solutions: OCTA's Commuter Solutions can help you find an alternate way to work including bus transit, Metrolink commuter rail, or the 91 Express Lanes. OCTA offers carpool matching and can help commuter groups form vanpools for travel to Orange County work sites. Commuter Solutions also can help employers discover new ways to retain employees and increase productivity.

Motorist Services: OCTA provides emergency call boxes through the Service Authority for Freeway Emergencies (SAFE), offers emergency assistance and towing services with the Freeway Service Patrol (FSP) and removes abandoned vehicles through the Service Authority for Abandoned Vehicles (SAAV).

OCTAP: OCTA operates the Orange County Taxi Administration Program (OCTAP). OCTAP issues taxi business, driver and vehicle permits on behalf of the County and its 34 cities.

91 Express Lanes: OCTA also owns and operates the four-lane, 10-mile toll road from the Orange/Riverside County line west to the SR-55. The 91 Express Lanes helps drivers save time on their daily drive.



Measure M Fast Facts



Orange County's Half-Cent Sales Tax



Measure M is delivering transportation solutions

Promises Made, Promises Kept

Measure M is a package of transportation projects promised to voters in 1990 when they approved a special half-cent sales tax. The Measure M program devotes 75 percent of funds to freeway and street transportation solutions and 25 percent to bus and rail services. Measure M includes more than a dozen safeguards to ensure the program is delivered as promised. The current Measure M Plan expires in 2011.

Freeways

Freeway improvement is the cornerstone of the Measure M program. Measure M delivered the reconfiguration of the El Toro Y where I-5 and the San Diego Freeway (I-405) meet, and the Riverside (SR-91), Orange (SR-57), Costa Mesa (SR-55) and Santa Ana/San Diego (I-5) freeway improvements.

In 2007, the Garden Grove Freeway (SR-22) Improvement Project reached a milestone with the opening of new lanes, including the county's first continuous access high occupancy vehicle lanes, from the Costa Mesa Freeway (SR-55) to Valley View Street. A design-build project located in the heart of Orange County, the SR-22 project modernized and increased capacity on the county's key east-west corridor.

The I-5 Gateway Project began in 2006. As the final leg of I-5 improvements in the Measure M plan, it will complete the overhaul of the I-5 from the Los Angeles County line to San Clemente.

Streets and Roads

Local streets receive 21 percent of Measure M funds. Measure M accounts for approximately 50 percent of the money

cities use to fix potholes, coordinate traffic signals and repair and maintain streets. Cities receive these funds through a formula based on population, sales tax and street miles, and through a competitive process in which cities submit proposals for improvement projects. So far, Measure M has made possible more than \$1 billion in local street improvements.

Measure M also devotes 11 percent of funds to making major arterial streets, such as Beach Boulevard, Katella Avenue and Imperial Highway, work more efficiently as "Smart Streets" with more lanes, dedicated turn lanes, coordinated signals and better functioning intersections.

Transit

Measure M pays for Metrolink commuter rail service, which serves 11 stations in Orange County. The OCTA Board of Directors approved a \$382.5 million expansion plan for Metrolink service that includes Metrolink Weekends service and high-frequency weekday service—beginning in early 2010 between Fullerton and Laguna Niguel/Mission Viejo. Since 1991, bus fares have been discounted for seniors and persons with disabilities thanks to Measure M.

Next Steps

On November 7, 2006, nearly 70 percent of Orange County voters approved the continuation of Measure M for another 30 years. The Renewed Measure M Plan will ensure transportation improvements to 2041. Renewed Measure M, like the original Measure M Plan, will deliver needed freeway, street and road, and

transit improvements to increase mobility and improve the quality of life for all Orange County residents. For detailed plan information on Renewed Measure M, visit www.octa.net.

Measure M Results

PROJECTS	Completed	Underway
I-5	✓	
I-5/I-405 Widening	✓	
SR-55	✓	
SR-57	✓	
SR-91	✓	
Rail Right-of-Way Purchase	✓	
Metrolink: OC to LA	✓	
Metrolink: Riverside to OC	✓	
Fare Stabilization	✓	
Transitways	✓	
Regional Road Projects		✓
Local Streets		✓
SR-22	✓	
I-5 Gateway Project		✓
Rail Transit		✓



Renewed Measure M Fast Facts



Continuing Orange County's Transportation Investment



Voting for Improvements

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 almost \$12 billion* to improve transportation in Orange County over a 30-year period beginning in 2011.

The Renewed Measure M Transportation Investment Plan is designed to reduce traffic congestion and enhance overall mobility. Improvements in the plan include upgrading most freeways, fixing major freeway interchanges and maintaining streets and roads. Other benefits to be delivered are synchronizing traffic signals countywide, building a visionary rail transit system, and protecting our environment from the street runoff that pollutes Orange County waterways and beaches.

As with the current Measure M program, taxpayer safeguards will assure the program is delivered as promised.

Freeways

Orange County freeways will receive 43 percent of net revenues—\$4.8 billion. Relieving congestion on the Riverside/Artesia Freeway (SR-91) is the centerpiece of the freeway program. Other projects include improving

Interstate 5 (I-5) in southern Orange County and the San Diego Freeway (I-405) in western Orange County.

Streets and Roads

Orange County has more than 6,500 lane miles of aging streets and roads, many in need of repair and rehabilitation. Renewed Measure M will allocate 32 percent of net revenues—\$3.6 billion—to streets and roads. These funds will help fix potholes, improve intersections, synchronize traffic signals countywide, and make the existing network of streets and roads safer and more efficient.

Transit

Of the net revenues raised by Renewed Measure M, 25 percent—\$2.8 billion—will be allocated to improve Orange County's rail and bus service. These will be used to fund transit extensions to the Metrolink corridor, reduce bus fares for senior citizens and persons with disabilities, and to establish local bus circulators.

Environmental Programs

Under Renewed Measure M, at least \$243.5 million* will be available to mitigate the environmental impacts of freeway improvements. A Master Agreement between the OCTA and state and federal resource agencies will provide higher-value

environmental benefits such as habitat protection, wildlife corridors and resource preservation in exchange for streamlined project approvals for the freeway program as a whole. More than \$237 million* is also available under the Environmental Cleanup Program to implement street and highway related water quality improvement projects.

Next Steps

In August 2007, the OCTA Board of Directors approved and released a Renewed Measure M Early Action Plan covering the years 2007 to 2012. Under this five-year plan, five Renewed Measure M freeway projects will be under construction before revenues begin to be collected in 2011 and many other projects will be advanced as well.

The Early Action Plan has been distributed to local jurisdictions and key stakeholders. Detailed strategic plans outlining scope, sequencing, milestones, cost estimates, cash flow and funding allocation for the freeway and transit programs are being developed. A financial plan to provide funding for projects prior to the April 1, 2011 start of Renewed Measure M was adopted by the OCTA Board of Directors on November 9, 2007.

For detailed information on Renewed Measure M, visit www.octa.net.

*2005 dollars

08014FSRM0308



Bus Transit Fast Facts



About OCTA's Countywide Fixed-Route Bus System



Orange County's first bus system began in 1972 with five leased buses. Known as the Orange County Transit District (OCTD), the system transported nearly 1 million passengers during the 1972-1973 fiscal year. Today, the Orange County Transportation Authority (OCTA) operates a countywide network of local, community, rail-connector and express routes with over 6,500 bus stops along 80 routes. Every weekday OCTA buses take an average of 220,000 to and from work, school and wherever they need to go.

Every weekday OCTA buses take an average of 220,000 riders where they need to go.

Improving Technology

In an effort to continuously improve its bus system, OCTA is replacing diesel-powered buses with cleaner-burning compressed natural gas (CNG) buses. The CNG buses will help lower emissions, reduce fuel costs and provide a smoother ride for passengers. OCTA also operates clean-burning Liquefied Natural Gas (LNG) buses, which also help reduce emissions and improve air quality.

Funding

OCTA's bus system receives funding from five distinct sources: the OCTD, the Local Transportation Fund (LTF), State Transit Assistance Fund (STAF), Bus Operations Fund (BOF) and Gasoline Tax Fund.



For more Information

OCTA offers numerous bus services for new and existing customers. You can get fare, route and schedule information, buy passes and plan bus trips online at www.octa.net. OCTA's "Just Click" Bus Trip Planner is easy to use. Just enter your starting point, destination and when you want to go. The Trip Planner will take it from there and give you all the necessary details for your bus trip. Or you can get help from our Customer Information Center (CIC) by calling (714) 636-RIDE.

Highlights (Jan. - Dec. 2008)

Operations

First year of service	1972
Number of bases	5

System

Number of routes	80
Number of vehicles	650
Number of bus stops	6,500+

2008 Report* (Jan - Dec.)

Passenger Boardings	68,861,740
Vehicle Revenue Hours	1,937,931
Vehicle Revenue Miles	24,036,110

* Source: Monthly Operating Summary Reports

Customer Information**

Satisfied with service	82%
Use bus 4-7 days/week	73%
Use bus to get to work	50%

** Bus Customer Satisfaction Survey, November 2007



ACCESS Fast Facts



Paratransit Bus Service

ACCESS is the Orange County Transportation Authority's (OCTA) shared-ride paratransit service. It's available for people unable to use regular, fixed-route bus service because of functional limitations caused by a disability.

ACCESS offers service for eligible people unable to use regular bus service because of a disability.

Who is eligible?

OCTA has a formal certification process that follows the Americans with Disabilities Act (ADA) guidelines and eligibility criteria. All applicants are evaluated using an in-person assessment before eligibility is granted.

What does it cost?

The one-way ACCESS fare is \$2.70 for a standard curb-to-curb trip where the passenger meets and exits the ACCESS vehicle without need for an escort at either end of the trip. If an escort is needed, the door service fare is an additional \$5.00 each time a customer is escorted to/from the door.

If an ACCESS passenger wants to travel with a companion, the companion may ride for the standard ACCESS fare of \$2.70. Space for companions is limited

and must be requested when the reservation is made. ACCESS can only guarantee space for one companion.

If an ACCESS passenger is certified to travel with a Personal Care Attendant, the attendant may ride along at no cost when traveling with an eligible rider.

What services are provided?

- **Standard Service:** Curb-to-curb service for riders certified by ACCESS.
- **Door Service:** An additional service where the driver escorts the passenger to or from the vehicle at either end of the trip.
- **Subscription Service:** Regular service for eligible ACCESS customers who take the same trip on a regular basis, for instance to work or school.
- **Same-Day Taxi Service:** Taxi service provided on the same day as requested.

How is ACCESS Funded?

OCTA's public transit system is funded by a combination of local and state funds. Measure M, the half-cent sales tax approved by Orange County voters in 1990 for transportation improvements, helps reduce ACCESS and fixed-route bus fares for seniors and persons with disabilities.

FY2008 Highlights

ACCESS buses	265
ACCESS trips	1.2 million
ACCESS certified passengers	26,350

Contact Information

For ACCESS eligibility information:
Please call (714) 560-5956

To schedule a ride:

Certified individuals can schedule a ride from one to three days in advance by calling (877) 628-2232 or for TDD, call (800) 564-4232 during ACCESS reservation hours:

Monday–Friday	7 a.m. – 5 p.m.
Saturday, Sunday and Holidays	8 a.m. – 5 p.m.

ACCESS service is available seven days a week in the same areas and during the same hours as fixed-route bus service.

Same-Day Taxi Service is available

Monday–Friday	7 a.m. – 5 p.m.
Saturday, Sunday and Holidays	8 a.m. – 5 p.m.

For more information, visit our Web site at www.octa.net or call (714) 560-5956.



Go Local Fast Facts



City-Initiated Transit Extensions to Metrolink Rail



Measure M brings commuter-rail service to Orange County

The Go Local program is a four-step process to plan and implement city-initiated transit extensions to OCTA's Metrolink commuter rail line. The Metrolink rail line is the backbone of transit in Orange County. Two-thirds of Orange County's population and jobs are within a four-mile radius of each of the county's 11 Metrolink stations. Because of this proximity of potential commuter rail users, OCTA plans to increase Metrolink service in the coming years.

Step 1

The first phase of Go Local provided each of the 34 cities in Orange County a \$100,000 grant to study possible extensions to the Metrolink line. These extensions will link major activity and employment centers with a Metrolink station. Many cities partnered together to explore connecting a Metrolink station with a broader region.

Step 2

During this phase, cities compete for additional funding to further develop the most promising projects. Proposed projects are evaluated against 12 well-defined criteria including:

- Traffic congestion relief
- Local funding commitments and the availability of right of way
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections

Thus far, more than 25 bus and shuttle projects and two fixed-guideway systems have been approved to move into step two.

In step two, OCTA will work with the cities to further refine their proposed projects. Project details will be explored over the next one to two years. This will include detailed planning such as:

- Mapping out route locations
- Determining the cost to operate the system
- Determining anticipated ridership

This is an important step to ensure that new bus/shuttle systems will connect seamlessly with OCTA's existing bus system.

Step 3

Construction and implementation will begin on the projects during the third step of the program. In this step, cities compete for \$1 billion in funds from Renewed Measure M.

Step 4

Once Go Local programs are operating, OCTA will perform necessary upgrades to the rail corridor to ensure that all connections work seamlessly.

Program Funding

The Go Local program is funded by Measure M, Orange County's half-cent sales tax for transportation improvements. Measure M was originally approved by Orange

County voters in 1990 and expires in 2011. On November 7, 2006, Orange County voters approved the Renewed Measure M Transportation Investment Plan by a 69.7 percent majority, which will ensure transportation improvements for another 30 years until 2041.

The Go Local program is designed to compliment the planned Metrolink service expansion that will provide more frequent service between Fullerton and Laguna Niguel/Mission Viejo beginning 2010.



Additional Information

For more information, please call Laura Teel at (714) 560-5697 or visit www.octa.net.



SMP Fast Facts



Senior Mobility Program

The Orange County Transportation Authority's Senior Mobility Program (SMP) provides transportation services to seniors in 18 participating cities, and participation is entirely voluntary. Four non-profit organizations also participate in this program, offering transportation alternatives for seniors in addition to local fixed-route buses or ADA paratransit (ACCESS) services. Current programs provide seniors with trips to community centers, congregate meal programs, medical appointments and shopping centers using small buses or through taxi voucher programs.

Under the program, participating cities and organizations are eligible to receive funds and vehicles from OCTA to help design and operate a transit program that best fits the needs of older adults

in their communities. The SMP was developed after a successful three-year pilot program that included six cities and one senior center.

Funding

The Senior Mobility Program has an estimated \$28 million in funding through 2011. OCTA supports up to 80 percent of the program through the use of Transit Development Act Article 4.5 funds. The amount allocated to each program increases over time based on senior population growth and the Consumer Price Index. The Office on Aging contributes Older Americans Act Title IIIB funds—used to provide nutrition transportation—which are passed through OCTA to some cities. This gives cities the ability to

assume senior nutrition transportation responsibilities as part of their SMP. Simply stated, OCTA's role is largely to fund the programs and provide technical assistance. It is up to the city or organization to design a service that best fits the needs of their communities.

For additional senior transportation options, contact the Office on Aging at (800) 510-2020 or visit their website at www.officeonaging.ocgov.com.



Participants

CITIES		NON-PROFIT ORGANIZATIONS	
Anaheim	714.535.7171	Abrazar, Inc.	714.893.3581
Brea	714.990.7766	Jewish Family Services of Orange County	949.435.3460
Buena Park	714.236.3870	Korean-American Senior Association	714.530.6705
Costa Mesa	949.645.2356 ext. 23	Vietnamese Community of Orange County	714.558.6009
Huntington Beach	714.374.1742		
Irvine	949.724.7433		
La Habra	562.905.9664		
Laguna Niguel	949.425.5151		
Laguna Woods	949.639.0512		
Lake Forest	949.461.3450		
Newport Beach	949.644.3244		
Placentia	714.986.2332		
Rancho Santa Margarita	949.635.1800 ext. 402		
San Clemente	949.361.8254		
Santa Ana	714.647.6540 or 714.647.5306		
Seal Beach	562.431.2527 ext. 317		
Westminster	714.895.2878		
Yorba Linda	714.961.7181		



Metrolink Fast Facts



Orange County's Rail Service



Measure M, your half-cent sales tax, helps fund Orange County Metrolink service

Metrolink is Southern California's rail system linking residential communities to employment and activity centers. Formed in 1991, Metrolink is operated by the Southern California Regional Rail Authority (SCRRA)—a joint powers authority of five member agencies representing the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. The Orange County Transportation Authority (OCTA) is one of the five member agencies and administers Orange County Metrolink activities.

*Orange County's three Metrolink lines had a combined ridership of more than 4 million during fiscal year 2008.**

Orange County's Three Lines

Three Metrolink lines serve Orange County, stretching over 68 miles with 11 stations. (See station listings at right.) The Orange County (OC) Line provides service from Oceanside to Los Angeles Union Station. The Inland Empire-Orange County (IEOC) Line has service from San Bernardino and Riverside to Oceanside. The 91 Line provides service from Riverside to Los Angeles via Fullerton and Buena Park. Together these three lines provide 44 weekday trains with an average of 15,000 boardings every weekday.*

*Including Rail 2 Rail passengers.

Weekend Service

In summer 2006, OCTA launched new Saturday and Sunday service on the OC and IEOC lines called Metrolink Weekends. Today, Metrolink Weekends service offers seven Saturday round trips and six Sunday round trips for your weekend enjoyment. For more information about Metrolink Weekends, visit www.octa.net or metrolinktrains.com.

Service Expansion

The OCTA Board of Directors approved the Metrolink Service Expansion Plan (MSEP) in October 2005. The MSEP will increase the frequency of weekday Metrolink service between Fullerton and Laguna Niguel/Mission Viejo.

To accommodate additional service, stations will be upgraded, parking added, track capacity increased, and grade crossings enhanced. Construction for the expanded service is expected to be completed by 2011.

The new MSEP service will be phased in beginning in mid-2010. To complement the MSEP, OCTA is working with cities to plan and develop transit extensions to the Metrolink rail system under the Go Local Program.

Funding

Metrolink service and operations are funded through the Commuter Urban Rail Endowment (CURE). The Metrolink capital budget is funded through a combination of local, state and federal funding sources. The MSEP and Go Local Program are

made possible through funding from the Measure M and Renewed Measure M transportation improvement plans.

Orange County Stations

Anaheim Station (OC Line) 2150 E. Katella Ave. • Anaheim 92806
Anaheim Canyon Station (IEOC Line) 1039 N. Pacificcenter Dr. • Anaheim 92806
Buena Park Station (OC & 91 Lines) 8400 Lakeknoll Dr. • Buena Park 90621
Fullerton Station (OC & 91 Lines) 120 E. Santa Fe Ave. • Fullerton 92832
Irvine Station (OC & IEOC Lines) 15215 Barranca Pkwy. • Irvine 92618
Laguna Niguel/Mission Viejo Station (OC & IEOC Lines) 28200 Forbes Rd. • Laguna Niguel 92677
Orange Depot (OC & IEOC Lines) 194 N. Atchison St. • Orange 92866
San Clemente North Beach Station (OC & IEOC Lines) 1850 Avenida Estacion • San Clemente 92672
San Juan Capistrano Station (OC & IEOC Lines) 26701 Verdugo St. • San Juan Capistrano 92675
The Depot at Santa Ana (OC & IEOC Lines) 1000 E. Santa Ana Blvd. • Santa Ana 92701
Tustin Station (OC & IEOC Lines) 2975 Edinger Ave. • Tustin 92780



91 Express Lanes Fast Facts



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 in 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 and created mobility problems as the region and corresponding transportation demands grew. Evidence of that growth was supported by the fact that total vehicle volume on the 91 Express Lanes grew from 5.7 million in 1996 to 13.5 million in fiscal year 2007-08.

To mitigate growing concerns over congestion, the Orange County Transportation Authority (OCTA) acquired the 91 Express Lanes franchise rights in January 2003. This eliminated the non-compete provision, clearing the way for future enhancements that will increase capacity and improve traffic flow along the SR-91 corridor.

The 91 Express Lanes is an important element in ensuring that traffic flows more smoothly between Orange and Riverside counties. The 91 Express Lanes toll policy,

known as congestion management pricing, adjusts toll rates based on the number of vehicles on the toll road to maintain a "free flow" commute at all times. Motorists pay tolls through the convenient use of windshield mounted FasTrak™ transponders that automatically deduct fees from a pre-paid account. Depending on the time of day, commuters reported saving 30 minutes on average on their drive time by using the 91 Express Lanes.

Funding

OCTA purchased the 91 Express Lanes from CPTC for \$207.5 million, including \$72.5 million in cash and the assumption of \$135 million in taxable bonds.

In November 2003, OCTA refinanced the taxable debt on the 91 Express Lanes. As a mark of financial stability and a testament to the importance of the toll road to the community, the 91 Express Lanes became the first stand-alone toll facility to receive "A" category bond ratings, and has continued to receive strong ratings from Moody's, Standard and Poor's, and Fitch Ratings.

For more information, please visit the 91 Express Lanes website at www.91expresslanes.com, or call (951) 278-9191.

Highlights (Fiscal Year 2007-08)

Year OCTA acquired	2003
Length of toll road (in miles)	10
Total vehicle volume (in millions)	13.5
Total customer accounts	117,888
Transponders assigned to accounts	176,149
Total operating revenues	\$46.2 million





Motorist Services Fast Facts



FSP, SAFE & SAAV

FSP

The Freeway Service Patrol (FSP) assists stranded motorists on Orange County freeways and highways. FSP is



a congestion management component within the Services Authority for Freeway Emergencies (SAFE) program. The FSP program began in 1992, in cooperation with the California Department of Transportation (Caltrans) and the California Highway Patrol (CHP).

The goal of the FSP program is to reduce traffic congestion by quickly removing disabled vehicles and those involved in minor accidents from freeways. FSP tow trucks help get stranded motorists back on the road with a jump start, a gallon of gas, by changing a flat tire or repairing a cooling system hose. All services are free and help keep busy freeways moving. FSP tow trucks operate during peak traffic periods and during midday hours along Orange County freeways.

The Orange County Transportation Authority (OCTA) manages the FSP program. The CHP provides dispatch and field services whenever law enforcement is required.

FSP Funding

Caltrans implemented the statewide FSP program and developed the corresponding

Local Funding Allocation Plan to distribute funds to all jurisdictions with an FSP program. In addition to the funding allocation plan, Caltrans requires all local FSPs to provide a 25 percent match. Current Caltrans funding for OCTA's FSP program is approximately \$3 million and OCTA's match is \$770,000.

SAFE

The SAFE program pioneered the implementation of an emergency telephone network on our major roadways. This network consists of solar-powered cellular telephone call boxes at one-half mile intervals along freeways, highways, toll roads and expressways in most densely populated regions of California. The call boxes allow a motorist to report road hazards, mechanical breakdowns, traffic accidents and other incidents to a private call answer center.

The first SAFE call box program in California was established in Orange County. Today, our county call box system is the fourth largest in the state. The system began operation in 1987. The approximately 600 call boxes are equipped with full two-way communication by voice and by typewritten message to assist speech- and hearing-impaired individuals.

OCTA administers and installs all call boxes in Orange County. OCTA also maintains the call box system within the county.

SAAV

The Service Authority for Abandoned Vehicles (SAAV) handles unsightly abandoned vehicles along local streets. The Orange County SAAV program was established in 1991 and was the first program of its kind in California.

Abandoned vehicles can create hazardous conditions for pedestrians and motorists, and in some instances, increase traffic congestion. Thanks to the SAAV program, abandoned vehicles and any associated problems are both removed. Since it began, the SAAV program has removed approximately 332,600 abandoned vehicles from local Orange County streets and roads.

SAFE and SAAV Funding

The SAFE and SAAV programs are funded by a \$1 annual fee on each vehicle registration collected by the Department of Motor Vehicles. OCTA allocates funds received for the SAAV program to all 34 cities and to the County of Orange for unincorporated areas.

Annual program costs are limited to the amount of revenue collected from vehicle registration fees and any interest earned.



OCTAP Fast Facts



Orange County Taxi Administration Program



The Orange County Transportation Authority (OCTA) began regulating taxi operations in January 1998 on behalf of participating Orange County cities through the Orange County Taxi Administration Program (OCTAP). OCTAP simplified Orange County taxicab regulations with centralized permitting of cab companies, drivers and vehicles. Previously, each city regulated cab companies, resulting in a complex system, minimal standards and inadequate service for passengers. Now that regulatory functions are carried out by a single entity, customer service and industry standards have improved.

Funding

OCTAP does not generate any revenue from its services. The cost of administering the OCTAP program is covered by permits and licensing fees.

Oversight

Two committees guide OCTAP policies. The OCTAP Steering Committee is comprised of one member from each participating city, a representative from the tourist industry, and two taxicab industry representatives. This

*OCTAP is improving
taxi industry standards
and customer service.*

committee guides OCTAP on policy issues. The OCTAP Public Safety Committee is comprised of a law enforcement representative from each participating city. This committee guides OCTAP on issues relevant to public safety. Both committees meet quarterly.

FY2008 Highlights

Program established	1998
Permitted taxi companies registered	26
Permitted taxi cabs	818
Permitted taxi cab drivers	1,317

Participating Agencies:

- County of Orange
- All 34 cities

OCTAP Functions

Issue company, vehicle and driver permits
Conduct vehicle inspections
Monitor insurance requirements
Meet with agencies, law enforcement and cab companies
Coordinate with Safety and Steering committees
Report illegal taxicab activities
Conduct public outreach on taxi service
Coordinate education efforts with law enforcement



Vanpool Fast Facts



Orange County's Vanpool Program

What is a Vanpool?

It's a group of commuters who voluntarily participate in a vanpool service and commute to work in a vanpool. The vanpool group shares the cost of the service, or the employer may subsidize all or part of the costs.

What is the Vanpool Program?

Through private vanpool companies, OCTA will subsidize qualified vanpools \$400/ month. Payment is made directly to the vanpool company and will appear on your monthly invoice for payment as a credit.

OCTA's Vanpool Program provides assistance to commuters working in Orange County who live in Los Angeles, Orange, Riverside or San Bernardino counties.

Vanpools must be available to any rider who shares the commuting characteristics of the members (work hours, origin and destination) when seats are available.

Who Qualifies?

Any vanpool that:

- Applies and is accepted by OCTA
- Is open to the public
- Starts with 80% and maintains 60% monthly ridership levels
- Uses a vanpool operator under contract with OCTA
- Originates in Orange, Riverside, San Bernardino, or Los Angeles counties
- Maintains eligibility
- Reports information as required

Who are the Operators?

Probably the same vanpool company you're working with today. Contact your vanpool provider or OCTA to find out if your vanpool is eligible.



How to Apply

Applications are available through OCTA or your vanpool company. Read the OCTA Vanpool Program Guidelines and complete an application. The driver and each passenger in the vanpool must sign a participation agreement. Submit your application and agreements to OCTA or your vanpool company for processing.

When to Apply

Apply when your group is formed. Support from OCTA will not be available until after you are approved by OCTA. You may begin vanpooling at any time however, the OCTA subsidy will

not be available to offset any vanpool costs incurred prior to approval of your application.

Reporting Requirements

You will be required to submit a monthly report provided by OCTA. The report reflects the actual use of the van by each passenger and your expenses for fuel, car washes, road tolls and parking every month.

As riders join and leave your vanpool, you will need to report their first day or their last day to ride. All your riders are required to sign a participation agreement provided by OCTA to qualify as a rider.

For more information please contact: Sandy Boyle at 714.560.5893 or Gloria Cumpian at 714.560.5495, or contact us by e-mail at vanpool@octa.net.



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