



OCTA

Orange County
Transportation Authority

APPROVED BUDGET EXECUTIVE SUMMARY

FISCAL YEAR 2010-2011





June 14, 2010

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CHIEF EXECUTIVE OFFICE

Will Kempton
Chief Executive Officer

Chairman Jerry Amante and Members of the OCTA Board of Directors:

Under your policy direction, I present to you the fiscal year 2010-11 budget for the Orange County Transportation Authority (OCTA). This \$1.2 billion budget has been crafted as we begin to emerge from the most severe economic decline in the agency's history. OCTA has experienced unprecedented reductions in sales tax revenue, loss of the state support for transit operations, and plummeting ridership because of the recession. As a result, the Board has taken several actions and implemented often difficult measures to ensure OCTA remains a responsible steward of limited taxpayer dollars and delivers long-term sustainable transportation solutions for the residents of Orange County. This balanced budget reflects OCTA's successful navigation of troubling financial times and represents a clear path to a sustainable future.

I am pleased to report that this budget anticipates no further cuts in bus service following two straight years of reductions. Stabilizing the bus service is a direct result of the Board's management of the fiscal crisis – including service reductions, hiring and compensation freezes, benefit reductions, and the elimination of a number of administrative positions. In addition, beginning to emerge are initial signs of financial recovery with a projected growth in sales tax, infusion of state funding for transit and increases in 91 Express Lanes ridership.

A significant milestone will be realized in the coming budget year with the sunset of the original Measure M (M1). OCTA will conclude a successful program of delivering more than \$4 billion in transportation improvements to Orange County residents. The final major M1 freeway project – the I-5 Gateway project – is set for completion in the fall and will bring relief to thousands of daily commuters. As Measure M has delivered on its promises, the collection of sales tax under Measure M2 will officially get under way during the latter part of the budget year.

Three significant freeway projects will also begin construction this year as work kicks off on adding a lane to two stretches of the Orange Freeway (SR-57), and the West County Connectors project, which will provide a direct link between carpool lanes on the Garden Grove Freeway (SR-22) and the San Diego Freeway (I-405). In addition, the M2 environmental mitigation program will begin and Metrolink users will see the long-awaited rail service expansion get rolling between Laguna Niguel/Mission Viejo and Fullerton.

OCTA's recent challenges have been significant, but even greater has been the resolve of the Board, management and employees to find ways to sustain and enhance our transportation network. This budget demonstrates those efforts and will serve as a financial roadmap to better times ahead.

Sincerely,

Will Kempton
Chief Executive Officer

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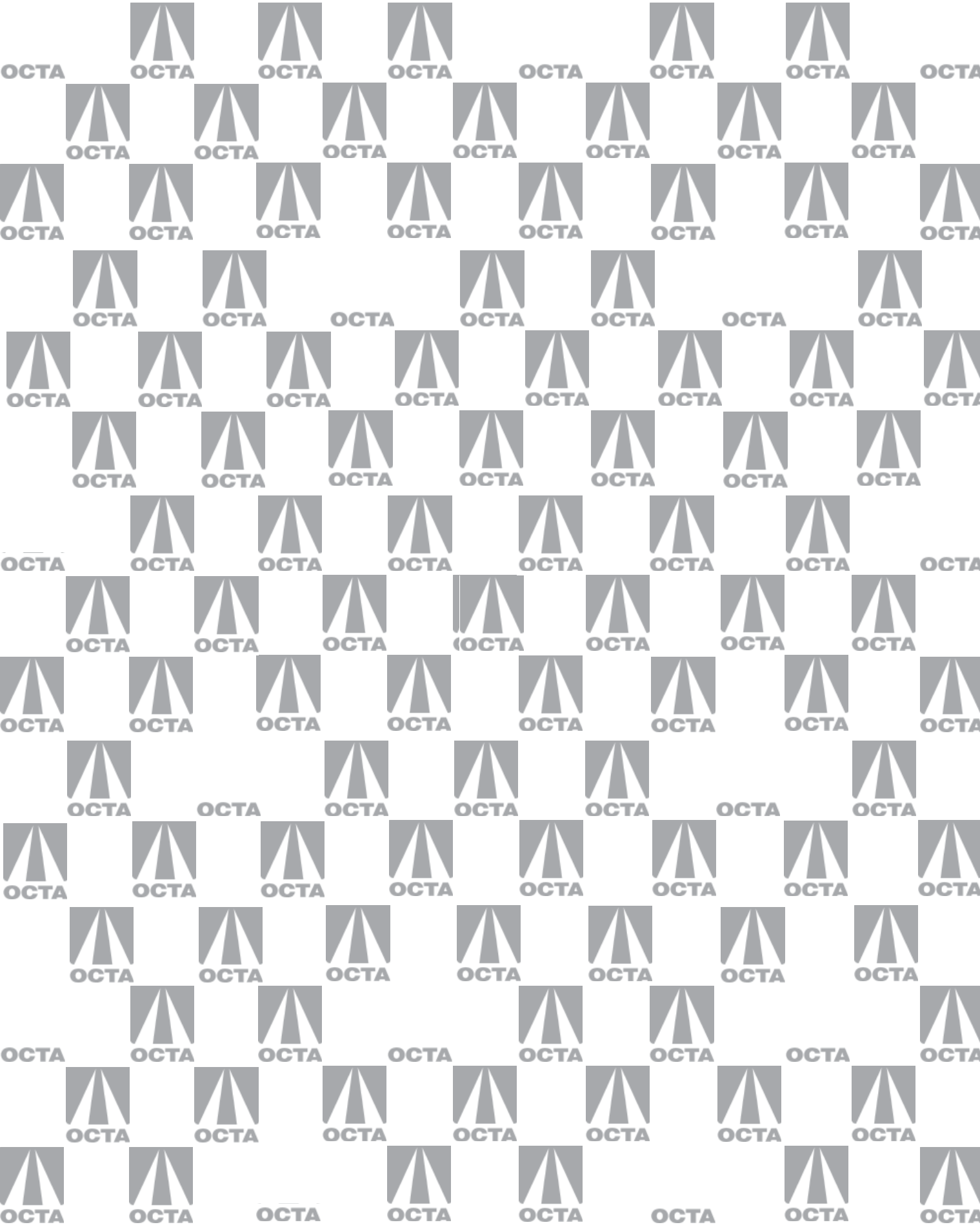
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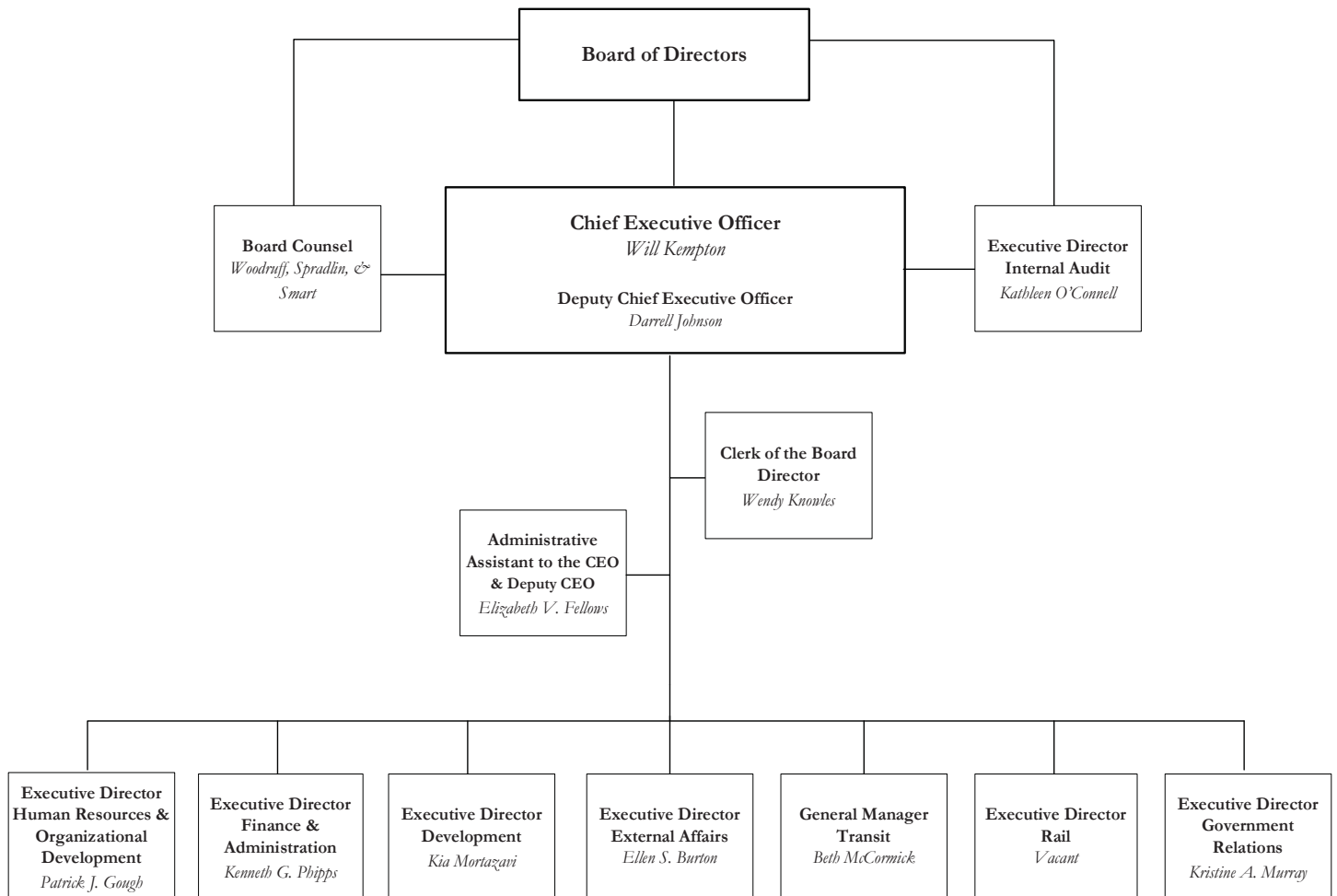
OCTA Board Of Directors

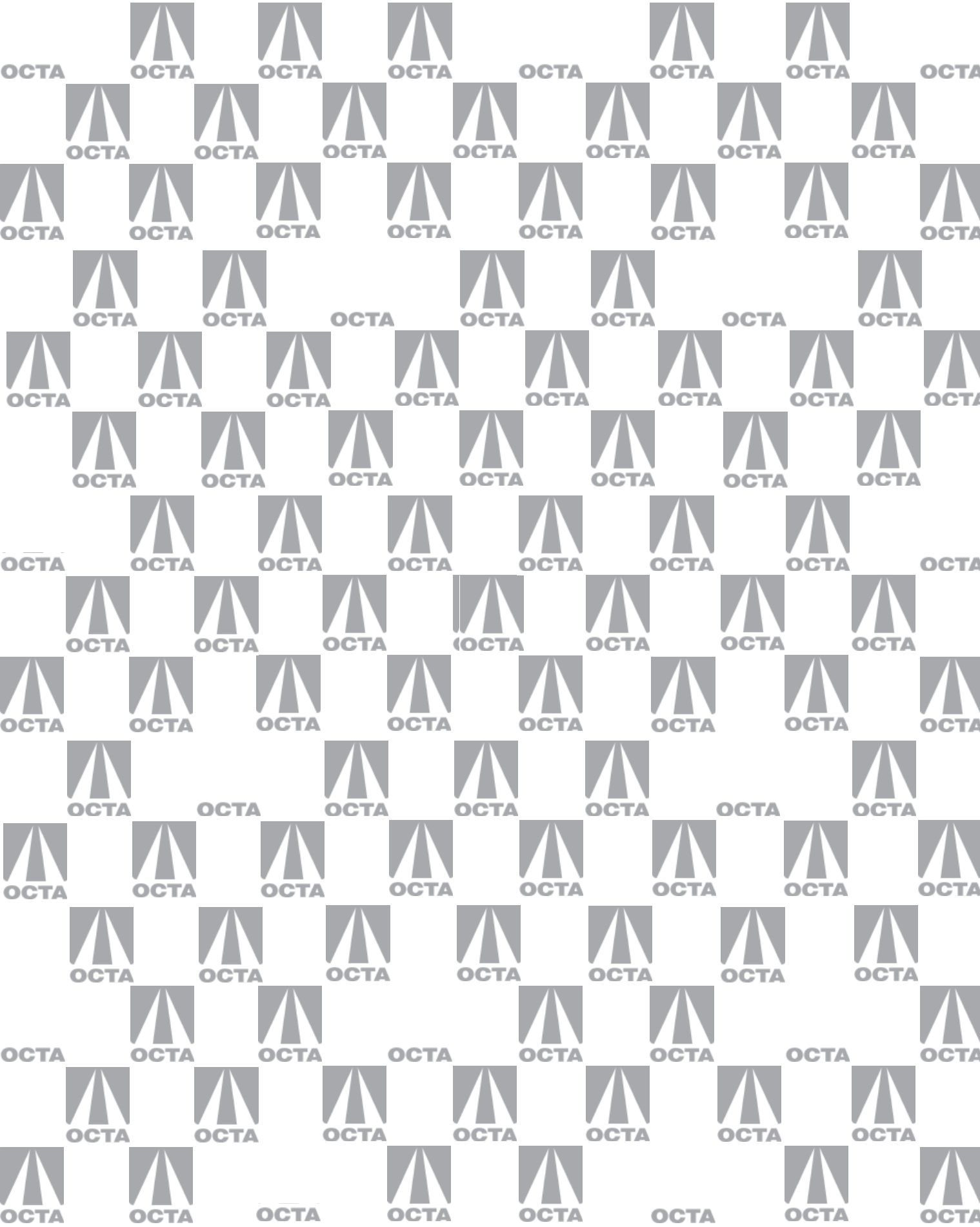
The Authority is governed by an eighteen-member Board of Directors consisting of five members of the Orange County Board of Supervisors, 10 city council members selected by the cities in the supervisorial district in which they represent, two public members selected by the other fifteen board members, 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.

Jerry Amante Chairman Mayor City of Tustin					
Patricia Bates Vice-Chair Supervisor, District 5 County of Orange		Arthur C. Brown Director Mayor City of Buena Park		Peter Buffa Director Public Member	
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 Mayor Pro Tem City of Lake Forest		Paul Glaab Director Council Member City of Laguna Niguel		Don Hansen Director Council Member City of Huntington Beach	
Allan 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	
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. Since its inception, 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 Strategic Initiatives

In concert with OCTA's Mission and Values, the Chairman of the Board has laid out ten strategic initiatives to achieve throughout the calendar year.

1. Grow Workplace Excellence & Efficiency

Perform employee-driven administrative review of internal operations from an efficiency perspective and develop an organizational succession plan. Take steps to ensure OCTA retains and develops employees, remaining a workplace of choice.

2. Transition seamlessly to M2

Working closely with Orange County cities, ensure successful completion of Measure M program, including I-5 Gateway Project, and lead final preparations to ensure transition to Measure M2.

3. Stabilize Bus Operations

Implement measures to ensure a long-term sustainable level of bus service including necessary reductions, cost-saving steps, legislative efforts and operational efficiencies.

4. Enhance Rail Service & Safety

Launch the MetroLink Service Expansion and improve coordination of all LOSSAN Corridor rail services. Continue implementation of Grade Crossing Safety Enhancement and Quiet Zone Program and break ground on the Orangethorpe Corridor Grade Separation Program.

5. Laying Tracks for the Future

Secure state and federal funding for the Anaheim to Los Angeles segment of the California High-Speed Rail Project, and partner with the city of Anaheim on completing environmental clearance for ARTIC.

6. Complete Central County Major Investment Study

Approve a locally preferred strategy that lays the foundation for multi-modal transportation improvements over the next three decades.

7. Maximize Strategic Collaboration

Join with local, state and federal stakeholders and other government agencies to advance common goals, policy objectives and develop projects of mutual benefit.

8. Secure OC 's Fair Share

Continue advocacy work in Washington, D.C. and Sacramento to ensure Orange County has an effective voice in future economic stimulus packages and the reauthorization process, and receives its fair share of transportation funding.

9. Enhance Customer Experience

Explore and implement programs to encourage transit ridership through customer-friendly initiatives like integrated fare media, mobile device applications and 511 traveler information system.

10. Implement and Explore HOV/HOT Lane Improvements

Maximize the efficiency of Orange County's carpool lanes by continuing to convert existing lanes to continuous access where possible. Explore high-occupancy toll lanes as a means to fund additional general-purpose lanes and increase capacity.

Reader's Guide

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 certain 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 is 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 year long commitment to transportation projects and services.

Altogether, budget preparation takes approximately seven months. Work typically begins in December 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:

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 subject to successive internal review to ensure conformance with established budget targets set by Executive Management.

February & March - Projected revenues are refined and compared to estimated expenditures to ensure a balance budget. Budget requests are further reviewed by an internal budget committee appointed by the CEO consisting of the Deputy CEO, and the Executive Directors of Finance and Administration and Human Resources and Organizational Development. A comprehensive presentation of the proposed expenditure plan is reviewed with Executive Management. Under the direction of the Chief Executive Officer, Financial Planning & Analysis prepares the proposed budget and accompanying documents.

April & May - The proposed budget is printed and distributed to Board Committee members, Executive Management, 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 comments have 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. Financial Planning and Analysis staff prepares the approved budget documents for distribution by the beginning of July.

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 arise. Division/department heads are authorized

Reader's Guide (continued)

to approve appropriation transfers within major objects. 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 analysis process conducted by staff ensures the budget is on track and accurately reflects Board approved activities, projects, and programs.

Budget Format

The Fiscal Year 2010-11 Approved budget is presented in three documents. The primary document, the "Orange County

Transportation Authority's Fiscal Year 2010-11 Budget," is organized with an Executive Summary, Services, Financial Reports, Fund Budgets, Division Budgets, and a Appendix. Detailed justifications for line item controlled services and capital/fixed assets are provided in two additional volumes.

Executive Summary

The Executive Summary provides a macro view of the annual budget, with the Chairman's Initiatives and OCTA's mission and core values. An overview of the budget development process, methodology, policies, economic and legislative issues facing OCTA is included. Furthermore, this section provides a brief overview of each program and service provided by the OCTA. These programs include Measure M, Bus Operations, 91 Express Lanes, Metrolink, Service Authority for Freeway Emergencies, Freeway Service Patrol, Service Authority for Abandoned Vehicles, and the Orange County Taxi Administration Program.

Financial Reports

This section 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.

Fund Budgets

This section includes each of OCTA's funds organized by Fund Group. A brief narrative of the fund is included along with the sources and uses, revenues and reserves, and expenses and designations.

Division Budgets

OCTA's divisions are outlined as follows:

- Division Organization chart
- Division staffing illustrated in charts
- 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
- Division and Department Expenses
- Line item controlled services and capital are detailed by department

Appendix

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

Reader's Guide (continued)

Financial Planning Policy

The OCTA 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 periodically 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.

Fiscal Year 2010-11 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 cent sales tax, state funding, and passenger fares.

During fiscal year 2009-10, OCTA was significantly impacted by the economic recession with a decline in sales taxes, passenger fares, and the loss of State Transit Assistance. In this next year, OCTA is anticipating sales tax will increase slightly, bus ridership will stabilize, and transit revenues will be received from the State of California, all signifying the beginning of an economic recovery.

The service plan for the countywide bus system will include no changes to current service levels. This is consistent with the plan approved by the Board on November 9, 2009 that only reduced 150,000 revenue vehicle hours in March 2010 instead of the previously planned 300,000 revenue vehicle hour reduction approved in the FY 2009-10 Budget.

Fortunately, State funding has been recently reinstated and OCTA expects to receive \$22 million next budget year, a full year earlier than assumed, and an ongoing revenue stream of \$19 million annually. Furthermore, the extension of the Alternative Fuel Tax Credit for one year and an increase in flexibility of federal formula grant funds have allowed OCTA to manage through this difficult economic period. Consistent with the November 9, 2009 plan, the proposed budget also includes a 25 percent fare increase in January 2011 and the elimination of \$14 million in recurring expenses. The reduction in expenses has been achieved primarily through the elimination of dozens of administrative positions and significantly reduced amounts of overtime. Additionally, to help keep expenses in line with budget targets, no compensation increases have been incorporated into the FY 2010-11 Proposed Budget. All of these factors will allow OCTA to remain on course to deliver a sustainable level of bus service into the future.

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 increasing at double-digits rates and consuming a significant portion of the transit budget resources. The Paratransit

Growth Management Strategies implemented in 2005 have helped mitigate increasing service levels. To address significant cost increases, new efforts are being implemented to adjust the service delivery model by utilizing more taxi trips. Furthermore, efforts are underway to reassess contracted services and identify opportunities for additional cost reductions. OCTA also continues its focus on developing community partnerships to provide alternative transportation options for seniors and persons with disabilities. As a result of these cost saving efforts, OCTA plans to deliver 587,000 revenue vehicle hours of primary ADA ACCESS service this fiscal year, a four percent reduction from fiscal year 2009-2010. The number of ADA taxi trips will more than double, from 80,000 to approximately 192,000 trips during the fiscal year, which is expected to result in nearly \$1.2 million in cost savings. In addition, nearly 200,000 adult and senior services trips for eligible riders will be delivered through alternative transportation providers, resulting in approximately \$2 million in savings as compared to providing these services utilizing 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.

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 system represents the backbone of rail 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 system. These extensions would link major activity and employment centers with a Metrolink station. Step One concluded in late 2008.

Step Two is currently underway for both fixed guideway and bus/shuttle concepts. The fixed-guideway program has two Board-approved Go Local fixed-guideway projects, from the City of Anaheim and the Cities of Santa Ana and Garden Grove. Both teams are undergoing step two efforts to complete detailed planning including alternatives analysis (AA), selection of a locally preferred alternative and state/federal environmental clearance for their respective fixed-guideway projects. Step two of the fixed-guideway program is expected to be completed in late 2011. Project development

Fiscal Year 2010-11 Budget Overview (continued)

activities are funded through the Board's award of \$6 million to each city, with a total of \$5.7 million budgeted for fiscal year 2010-2011. To support the development of the fixed-guideway projects, OCTA is budgeting \$1.3 million for consultant services in fiscal year 2010-2011. The total amount budgeted in fiscal year 2010-11 will equate to \$7.0 million.

Bus/Shuttle is moving forward with 30 bus/shuttle concepts submitted by 13 cities/teams. The Board approved 22 concepts submitted by 12 cities/teams under Measure M2 Project V for community-based shuttles/circulators. OCTA is currently working with a bench of consultants to conduct detailed service planning for all Go Local and Project V concepts. This effort includes an evaluation of passenger demands and needs, system performance, resource requirements, and capital and operating cost estimations. Detailed service planning is scheduled to conclude in December 2010. Total costs for Go Local and Project V service planning are estimated at \$1.7 million, with participating cities contributing 10% of the actual cost. A total of \$1.125 million is budgeted for consultant services in fiscal year 2010-2011.

The third step of the Go Local 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 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, 20 cities and four non-profit agencies, including Abrazar, Inc., the Vietnamese Community of Orange County, the Korean American Senior Association of Orange County, and Jewish Family Services of Orange County, have chosen to participate in the Senior Mobility Program.

Participating cities include: Anaheim, Brea, Buena Park, Costa Mesa, Garden Grove, Huntington Beach, Irvine, Laguna Hills, 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. Beginning April 2011, Measure M2 will provide future funding for this program.

Jobs Access Reverse Commute (JARC) and New Freedom Program

The Federal Transit Administration (FTA) provides funding for transportation programs to serve persons of low income, seniors and persons with disabilities under the Section 5316 Job Access Reverse Commute (JARC) and Section 5317 New Freedom programs. In June 2009, a competitive application process concluded with the OCTA Board of Directors awarding nearly \$7.3 million in JARC and New Freedom funding to 12 programs.

Agencies receiving JARC and New Freedom funding are implementing transportation and mobility management programs which address gaps and barriers in service identified in the 2008 Orange County Public Transit-Human Services Transportation Coordination Plan. Agencies approved for funding include: Abrazar, Inc., Acacia Adult Day Services, Alzheimer's Family Services, Cal State Fullerton Auxiliary Services, City of Laguna Woods, County of Orange/Office on Aging, Dayle McIntosh Center, Irvine Unified School District, Jewish Family Services of Orange County, North Orange County Community College District, St. Anselm's Cross Cultural Community Center, and the Vietnamese Community of Orange County. Implementation of agency programs began in October 2009.

Of the nearly \$7.3 million awarded in June 2009, JARC funding totaled \$3.02 million and New Freedom funding totaled \$4.25 million. Under both the JARC and New Freedom programs, capital expenses are funded at 80 percent and operations expenses are funded at 50 percent with grant recipients responsible for the remaining funds.

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

Fiscal Year 2010-11 Budget Overview (continued)

city-owned Orange County stations. Total ridership for the three lines serving Orange County is projected to reach over 4 million for Fiscal Year 2010-11.

In addition to the on-going Metrolink operations, OCTA is making a number of investments with the most notable the positive train control system that will help to monitor and control train movement providing increased safety and mitigate accidents. Furthermore, upgrades will be made to the existing SCRRRA communications using fiber optics.

Metrolink Service Expansion Program

To demonstrate its continued commitment to improve Metrolink Commuter Rail Service, the OCTA board adopted the Metrolink Service Expansion Program (MSEP) in November 2005. This directive set in motion an aggressive expansion of the Metrolink service in Orange County focusing on increased service between Fullerton and Laguna Niguel/Mission Viejo. 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. The fiscal year 2010-11 budget includes investments in right-of-way acquisition, infrastructure improvements, stations expansions and rail cars and locomotives to accommodate the 12 additional weekday trips planned as part of the MSEP. In addition, OCTA will be investing in grade crossing safety enhancements and a quiet zone program.

Measure M

The original Measure M (M1) 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 ending in 2011. The sales tax was allocated with 43 percent dedicated to improve Freeways, 32 percent to Local Streets & Roads, and 25 percent for Transit projects. Since its inception, M1 has kept its promise expending over \$4 billion. The freeway improvements have been the cornerstone of the M1 program responsible for delivering the reconfiguration of the El Toro Y where the I-5 and the San Diego Freeway (I-405) meet. In addition, M1 provided much needed improvements on the Riverside (SR-91), Orange (SR-57), Costa Mesa (SR-55) and the Santa Ana/San Diego (I-5) freeways. 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.

Orange County cities have benefited from receiving 21 percent of M1 funds for local streets and roads. These funds represent approximately 50 percent of the money used by the cities to cover the costs to fix potholes, coordinate traffic signals and repair and maintain streets through a competitive process. At the conclusion of the ordinance, more than \$1 billion in local street improvements will have been delivered. M1 has also devoted 11 percent of funds to making major arterials 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.

In addition, M1 has contributed funds to pay for the Metrolink commuter rail services, and the OCTA Board of Directors approved the expansion plan for Metrolink service. Furthermore, the transit component of the M1 has also provided bus fare discounts for seniors and persons with disabilities. As M1 comes to a successful conclusion, OCTA will continue delivering transportation improvements to Orange County with the beginning of Measure M2.

Measure M2

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 (EAP) covering the years 2007 through 2012. Under this five-year plan, five M2 freeway projects were planned to be advanced and under construction before revenues begin to be collected in 2011. The EAP 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 were anticipated to be developed. A financial plan to provide funding for these projects was adopted by the OCTA Board of Directors on November 9, 2007, and \$400 million in tax exempt commercial paper was secured. With this funding stream in place, OCTA planned to move ahead to advance the projects as detailed by the EAP.

As economic conditions related to revenues have worsened, project schedules and policy decisions have required adjustments since the adoption of the EAP. OCTA has taken a

Fiscal Year 2010-11 Budget Overview (continued)

fresh look at various policy considerations surrounding several key objectives. The key objectives were developed with an anticipated long-term revenue stream that was developed using forecasts provided by three universities, (University of California, Los Angeles, California State University, Fullerton, and Chapman University). Major reductions in sales tax receipts since the development of the EAP have required each objective to be reviewed and adjusted for financial feasibility. Some of the more notable adjustments have been awarding Project T funds (converting Metrolink stations to regional gateways) toward Phase I of the Anaheim Regional Transportation Intermodal Center (ARTIC). The total project costs for the ARTIC is \$178.9 million and will be fully funded via Project T funds combined with other local, state, and federal funds. The State Route 57 (SR-57) project will be funded using Tax Exempt Commercial Paper (TECP) as opposed to the \$22 million of Measure M1 dollars originally allocated to the project.

The decline in sales tax receipts has also impacted the environmental mitigation program as the Board reduced the amount of EAP funds allocated for property acquisition and restoration from \$80 million to \$55 million. While OCTA faces challenges from the economic downturn, elements of the EAP have been adjusted to keep the projects on course and to reflect the new financial realities.

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 2010-11, OCTA anticipates to receive a total of \$33 million in funding, which include: \$27.7 million in the PTMISEA account to offset the cost of the Metrolink Service Expansion Program infrastructure improvements (\$22.2 million), and to cover the cost of land acquisition related to the Irvine Construction Circle and Garden Grove bases for \$5.5 million. OCTA will receive \$1.5 million in Traffic Light Signal Prioritization funds for the on-call traffic engineering services line item. Furthermore, the budget includes \$3.7 million in Transit System Safety, Security and Disaster Response Account Program (TSSSDRA) for the following budget items; On-board video surveillance system, fire suppression systems and security upgrades.

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 high occupancy vehicles (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 \$150 million in Congestion Mitigation and Air Quality (CMAQ), \$200 million in CMIA dollars, and \$50 million from the American Recovery and Reinvestment Act of 2009.

I-5 Gateway

One last segment of the Santa Ana (I-5) Freeway in Orange County still needs improvement. This project represents the last remaining M1 Freeway Project. 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 fall 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 2010-11 Budget, approximately \$37.8 million is included for construction, right-of-way, utility relocation and construction management support.

Fiscal Year 2010-11 Budget Overview (continued)

SR-57 Northbound Freeway

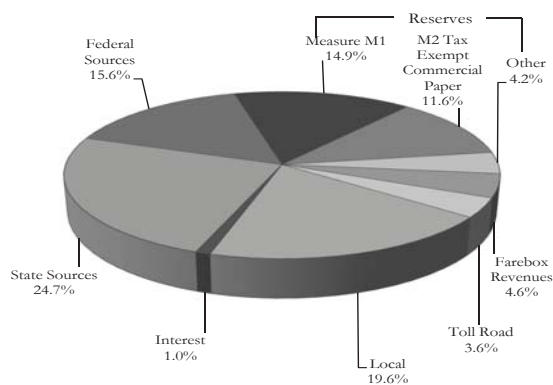
In an effort to improve traffic flow along the northern section of the Orange Freeway (SR-57) freeway, OCTA, in cooperation with Caltrans, is proposing to add a lane to the northbound 57 between Orangethorpe Avenue in the City of Placentia and Lambert Road in the City of Brea. The project will be delivered in two segments 1) Orangethorpe Avenue to Yorba Linda Blvd and 2) Yorba Linda Blvd to Lambert. For Fiscal Year 2010-11, OCTA will begin construction on each segment. The construction and construction management is anticipated to be \$50 million. Right-of-Way (ROW) support services, ROW Capital, ROW utility relocation, and design will total \$5.7 million. The total project cost is estimated at \$142 million, with funding provided with Corridor Mobility Improvement Account (CMIA) Program funds and Measure M2 funds.

SR-91 Freeway

OCTA has various 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) adding capacity to SR-91, beginning at SR-55 to the State Route 241, and 3) the SR-91/SR-241 Toll Road Connector. OCTA is working closely with Caltrans to meet these planned objectives. This fiscal year, OCTA plans to invest over \$10 million for the plans, estimates and specifications, surveying, right of way capital, and planning studies to continue efforts in relieving congestions along the SR-91 corridor.

Sources of Funds

Total sources of funds are a combination of \$802.9 million in revenue and the planned use of \$356.2 million in reserves for a total of \$1,159.1 million. 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 \$53.1 million in Fiscal Year 2010-11. The budget currently assumes a 25 percent fare increase in January 2011.

Local Sources

It is anticipated that OCTA will receive \$227.2 million from local sources in Fiscal Year 2010-11. The majority of the local sources comes from the 1/2 cent sales tax receipts collected by the Measure M1 and M2 ordinances (\$213.4 million). M1 sales tax collection ends in March 2010 and M2 sales tax will commence in April 2010, lasting for 30 years. Additional local sources includes the gas tax revenues, property tax, advertising revenue and contributions for projects from local jurisdictions.

Interest Income

It is projected that OCTA will earn \$11.4 million in interest income on its investment portfolio in Fiscal Year 2010-11. 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 1.5 percent.

State Sources

It is expected that \$286.2 million will be received from state sources in fiscal year 2010-11. The one-quarter cent Transportation Development Act (TDA) sales tax \$74.6 million and the State Transit Assistance Fund (STAF) \$22 million, represent the two main revenue sources that help to finance the operations and administration of the bus program. The California Legislature had suspended the STAF program in fiscal year 2009-10, however, after successful advocacy efforts, OCTA expects to receive \$22 million in fiscal year 2010-11 and \$19.25 million annually thereafter.

State sources also include \$92.1 million in Proposition 116 funds and \$33 million in Proposition 1B funds. The Proposition 116 funds will be used primarily for the Metrolink Service Expansion Program infrastructure improvements, grade crossing and quiet zone program, the installation of fiber optics, and a positive train control system. Proposition 1B funds will also be used for infrastructure improvements associated with the MSEP along with the acquisition of property at the Garden Grove and Irvine Construction Circle bases. The balance of State sources will be utilized for various transit projects.

Fiscal Year 2010-11 Budget Overview (continued)

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 \$181 million from federal sources in fiscal year 2010-11. Of this amount, \$94.2 million is comprised of federal operating assistance grants associated with bus operations, capital cost of contracting and other transit program initiatives. Also included in the budget is \$86.8 million of federal capital assistance grants to fund the rolling stock associated with the Metrolink Service Expansion Program and \$19.4 million of Congestion and Mitigation Air Quality funds to help fund the West County Connectors project and the Santa Ana Station improvements. OCTA will also receive Federal Highway Administration funds of \$31 million for Grade Separation projects.

Toll Revenues

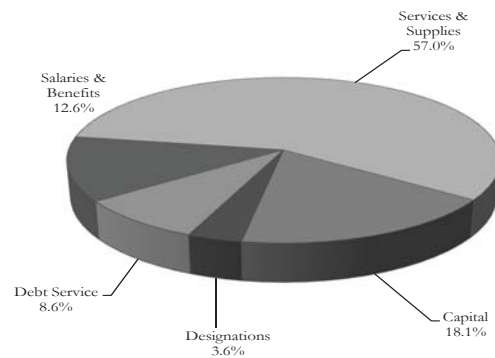
As owner of the 91 Express Lanes, OCTA collects toll revenue and transponder fees. Toll revenues are estimated at \$44 million for Fiscal Year 2010-11, which includes toll road fee income projected at \$7.3 million.

Reserves

In prior years, the Authority has set aside reserves for future capital and service requirements. OCTA will utilize \$356.2 million of reserves in Fiscal Year 2010-11. The LTA fund will use \$173.1 million for the Metrolink Service Expansion Plan, I-Gateway, Station Improvements, Anaheim Regional Transportation Intermodal Center project, Go Local City Initiated and fixed guideways projects. \$134.9 million will be drawn from the tax-exempt commercial paper program to advance Renewed Measure M Early Action Plan projects. In addition, \$29.9 million of reserves will be utilized from the Commuter and Urban Endowment (CURE) to cover Metrolink operations and capital improvements. This fiscal year will include the last draw on reserves (\$13.4 million) from the Bus Operations fund since it was created following the Orange County bankruptcy.

Uses of Funds

The expenditures projected for Fiscal Year 2010-11 are expected to reach \$1,117 million, with \$42.1 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. \$146.6 million will be expended in this category which represents a 4 percent or \$7 million decrease over the Fiscal Year 2009-10 Budget. This lower salary and benefit budget reflects the continuation of a wage freeze for administrative employees, which includes no merit increases or special awards. The fiscal year 2010-11 salary and benefits budget also reflects the reduction of 156 coach operators, 36 mechanics and base support personnel. In addition, 47 administrative positions have also been reduced in an effort to right-size the organization as service levels have been cut by 20 percent since the peak in 2008. Included in the budget is the addition of 2 new administrative positions, one position to oversee the High Speed Rail project, and one position to increase the level of code enforcement associated with the Orange County Taxi Administration Program. The overall cost savings recognized in the salaries and benefit budget are partially offset by increases in health care and pension costs. OCTA will be taking a comprehensive look at the health care benefits offered to employees and will be working on identifying opportunities to contain costs.

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 2010-11 is \$661 million with \$420 million related to contributions to other agencies for the Metrolink Service Expansion program and on-going operations, Measure M Turnback and Combined Transportation Funding program, Renewed Measure M Local Fair Share and Regional Capacity, Bristol Street, ARTIC, Gas Tax, and Go Local Step Two.

Fiscal Year 2010-11 Budget Overview (continued)

Debt Service

Debt service requirements for Fiscal Year 2010-11 are \$100 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. This fiscal year will represent the final principal and interest payment made for the Measure M Debt obligation.

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 \$209.6 million. OCTA is investing \$34.7 million of capital dollars in the last Measure M freeway project, the I-5 Gateway project, which includes primarily construction costs, right-of-way acquisition, and construction support services. OCTA will also be investing \$25.5 million for environmental mitigation for the M2 freeway program. Furthermore, this budget includes capital investments of over \$62 million related to grade separations and grade crossing and quiet zones. Lastly, approximately \$30.5 million will be invested in various Metrolink Service Expansion program related projects such as parking and station improvements.

Designation of Funds

Funds in this category are set-aside for future use. Fiscal Year 2010-11 has \$42.1 million in designations, of which \$28.9 million is for future capital projects and \$8.8 million related to toll revenues designated for repayment from internal borrowing and future SR-91 capital projects. A breakdown of the sources and uses of funds is provided on the proceeding page.

External Sources and Uses Summary*

Sources Summary			
Description	FY 2008-09 Actuals	FY 2009-10 Budget	FY 2010-11 Budget
5100 Passenger Fares	54,206,150	63,416,209	53,064,238
5300 Charges for Services	0	162,560	401,609
5500 Tollroad Revenue	43,704,888	41,894,561	44,002,195
6010 State Transit Assistance	0	1,429,224	0
6020 State Assistance	26,581,947	32,456,023	127,688,813
6030 Federal Operating Assist Grnts	54,059,699	64,920,962	94,226,345
6040 Federal Capital Assist Grants	59,485,979	79,272,520	86,898,612
6050 Reimb from other agencies	8,543,033	8,517,360	2,172,489
6055 Gas tax exchange	23,000,004	23,000,004	23,000,004
6100 Property taxes	11,295,363	11,359,957	10,679,355
6101 Taxes	363,658,905	352,574,003	338,162,161
6110 License Fees	548,833	524,799	540,767
6200 Interest Income	41,546,794	17,021,241	11,411,005
6300 Other Non-operating Rev/Expense	11,171,716	9,524,067	10,166,536
6550 Proceeds sale of capital asset	2,149,038	2,146,696	536,674
Subtotal Revenues	\$ 699,952,348	\$ 708,220,186	\$ 802,950,803
Use of Reserves	185,939,979	505,556,710	356,183,834
Total Sources	\$ 885,892,327	\$ 1,213,776,896	\$ 1,159,134,637

Uses Summary			
Description	FY 2008-09 Actuals	FY 2009-10 Budget	FY 2010-11 Budget
7100 Wages, Salaries and Benefits	163,206,796	153,161,385	146,356,342
7300 Purchased Transportation Servs	42,916,158	59,106,442	56,256,859
7500 Professional Services	97,080,475	145,469,494	143,200,856
7540 Insurance Claims/premiums	6,923,980	10,860,241	10,926,120
7600 General and Administrative	13,462,816	16,009,801	12,409,727
7700 Maintenance Parts and Fuel	26,166,353	24,406,196	18,637,178
7800 Contributions to Other Agencies	173,768,919	419,927,703	419,662,895
8111 Interest expense	28,837,740	20,934,570	17,198,421
8112 Prin Pmt On Long Term Debt	75,355,000	78,405,000	82,795,000
9000 Capital Expenditures	56,983,272	265,977,113	209,575,017
Subtotal Expenses	\$ 684,701,509	\$ 1,194,257,945	\$ 1,117,018,415
Designations	201,190,819	19,518,951	42,116,222
Total Uses	\$ 885,892,327	\$ 1,213,776,896	\$ 1,159,134,637

*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 2010-11 approved bus service levels, projected boardings, operating cost and fare revenue by mode of service.

Performance Indicators		Fixed Route	Contracted Fixed Route	ACCESS	ADA/Non-ADA Taxi Service	with Outside Agencies	System Total
Service Provided	Vehicle Hours (VH)	1,605,477	113,617	694,460			2,413,554
	Vehicle Miles (VM)	21,634,472	2,079,368	11,245,469			34,959,310
	Revenue Hours (RVH)	1,460,167	84,484	587,000			2,131,651
	Revenue Miles (RVM)	17,957,768	1,252,766	8,873,125			28,083,659
Passenger Usage	Boardings	51,235,835	891,137	1,130,917	123,800	222,951	53,257,888
	Boardings per VH	31.91	7.84	1.63			22.07
	Boardings per VM	2.37	0.43	0.10			1.52
	Boardings per RVH	35.09	10.55	1.93			24.98
	Boardings per RVM	0.35	1.41	7.85			0.53
Operating Costs	Costs	\$182,671,682	\$8,774,907	\$48,467,424	\$3,310,968	\$3,307,729	\$246,532,710
	Cost per VH	\$113.78	\$77.23	\$69.79			\$102.15
	Cost per VM	\$8.44	\$4.22	\$4.31			\$7.05
	Cost per RVH	\$125.10	\$103.86	\$82.57			\$115.65
	Cost per RVM	\$10.17	\$7.00	\$5.46			\$8.78
	Cost per Boarding	\$3.57	\$9.85	\$42.86	\$26.74	\$14.84	\$4.63
Fare Revenues	Revenue	\$47,127,670	\$1,007,002	\$4,930,540			\$53,065,212
	Revenue per VH	\$29.35	\$8.86	\$7.10			\$21.99
	Revenue per VM	\$2.18	\$0.48	\$0.44			\$1.52
	Revenue per RVH	\$32.28	\$11.92	\$8.40			\$24.89
	Revenue per RVM	\$2.62	\$0.80	\$0.56			\$1.89
	Revenue per Boarding	\$0.92	\$1.13	\$4.36			\$1.00
Farebox Recovery Ratio		25.8%	11.5%	10.2%			21.5%

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 – While previous adopted budgets devastated state support for transit operations, mid-year budget actions in fiscal year (FY) 2009-2010 worked to restore some funding 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, maintaining this funding is vital to ensure the successful implementation of these efforts.

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. In addition, it is critically important to support efforts to provide flexibility in project implementation, allowing local agencies to partner in new and unique ways with the state to continue to move projects forward.

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. It is necessary to continue to work with other transportation stakeholders to continue to pursue the needed changes.

Implementation of SB 375 and AB 32 – As these efforts move forward, working with the California Air Resources Board, the Strategic Growth Council, and other industry stakeholders toward a realistic and economically feasible implementation is a key focus for FY 2010-2011.

Federal Activities

In Fiscal Year 2010-11, 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 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 sunset on September 30, 2009. 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 2011 beginning on October 1, 2010. The OCTA Board-adopted appropriations request list reflects OCTA's federal funding priorities for highways, goods movement, and transit projects during federal Fiscal Year 2011. The OCTA will seek funding for nine transportation projects totaling \$52 million in the Fiscal Year 2011 transportation appropriations bill. In addition, OCTA will advocate for the funds needed to meet federal rail safety requirements and positive train

Legislative Issues (continued)

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.

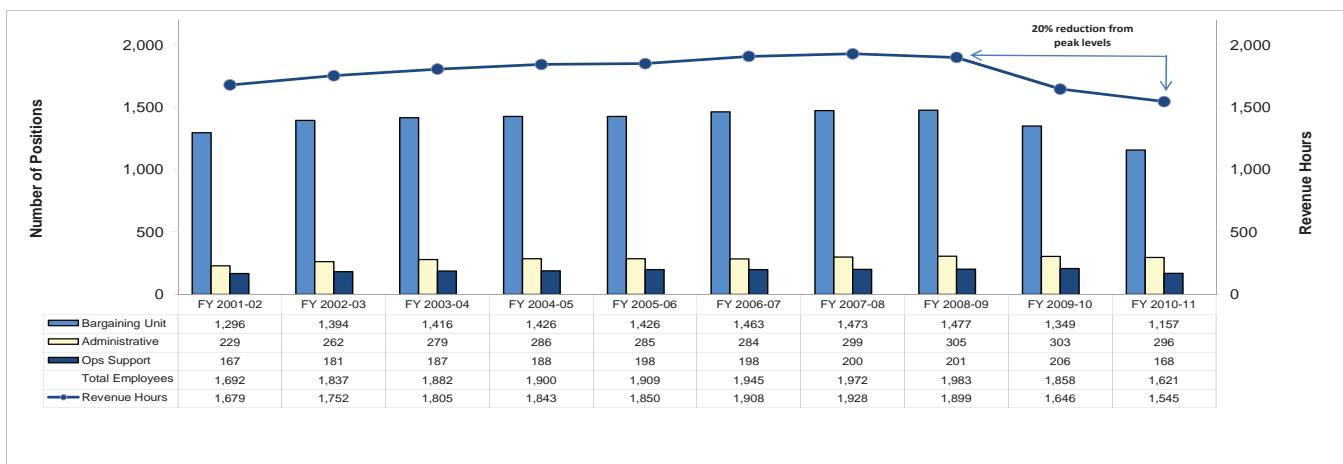
The nine projects are listed below:

<u>Highways</u>	(millions)
SR-91 Congestion Relief	\$5.0
San Diego (I-405) Improvements	\$5.0
Santa Ana Freeway (I-5) Segment Improvements	\$5.0
<u>Streets and Roads</u>	
Bristol Street Corridor Widening	\$5.0
<u>Transit</u>	
Anaheim Regional Transportation Intermodal Center (ARTIC)	\$9.0
Grade Separations in North Orange County	\$5.0
Go Local – Anaheim Fixed Guideway	\$4.0
Go Local – Santa Ana Fixed Guideway	\$4.0
Positive Train Control	\$10.0
Total Funding for Fiscal Year 2010-11:	<u><u>\$52.0</u></u>

Staffing Plan

OCTA's historical staffing and revenue vehicle hours (RVH) is presented on the chart below. As the chart demonstrates, the OCTA had been increasing service levels and staffing at a steady rate while experiencing a strong economy. Service levels had peaked in June 2008 with RVH reaching 1.93 million. However, OCTA along with many transportation properties were significantly impacted as one of the most severe economic recessions in history unfolded. OCTA, which had experienced positive growth in sales tax and passenger fares for years, was now faced with rapidly declining revenues and the loss of State Transit Assistance from the state.

By November 2008, the Board was directing staff to reevaluate service levels and implement a series of RVH cuts to maintain a sustainable level of service. The first service reduction was implemented on December 2008, with an additional four more reductions taking place through March 2010. During this period a total of 383 thousand RVH or 20 percent of the service was eliminated. As a result of these service reductions, union and administrative staffing levels also were right sized appropriately.



Department Staffing

Division / Department	FY 2008-09 Approved Budget	FY 2009-10 Approved Budget	FY 2010-11 Proposed Budget
<u>Executive Office</u>			
Executive Office - CEO	8	7	4
Internal Audit	6	6	6
Subtotal Executive Office	14	13	10
<u>Finance & Administration</u>			
Exec Dir Finance & Admin	4	4	4
Accounting & Financial Reporting	28	27	24
Financial Planning & Analysis	13	13	12
Contracts Admin & Material Mgt	63	64	60
Information Systems	37	37	36
General Services	18	18	18
Treasury Department	2	2	2
Tollroad	3	3	3
Subtotal Finance & Administration	168	168	159
<u>External Affairs</u>			
Exec Dir External Affairs	5	6	4
Marketing	14	14	11
Customer Relations	14	14	14
OCTD Marketing	1	1	1
Public Communications	11	10	8
Rideshare	0	0	1
Subtotal External Affairs	45	45	39
<u>Human Resources & Organizational Development</u>			
Human Resources	22	20	19
Training and Development	3	4	4
Risk Management	7	7	7
Workforce Development	0	2	2
Labor & Employee Relations	5	5	5
Safety	6	6	6
Subtotal Human Resources & Organizational D	43	44	43

Continued next page...

Department Staffing

Division / Department	FY 2008-09 Approved Budget	FY 2009-10 Approved Budget	FY 2010-11 Proposed Budget
<u>Clerk of the Board</u>			
Clerk of the Board	5	5	5
Subtotal Clerk of the Board	5	5	5
<u>Transit</u>			
OC Taxicab Admin Program	3	3	4
Motorist Services	1	1	2
Transit Systems Development	1	1	0
Exec Dir Bus Operations	3	3	3
Fixed Route Operations	1,240	1,098	937
Community Trans. Services	13	14	10
Maintenance	342	320	276
Fixed Route Operations Support	17	17	9
Operation Analysis	14	50	41
Security Assessment	1	1	1
Subtotal Transit	1,635	1,508	1,283
<u>Government Relations</u>			
Director, Government Relations	0	0	4
State Relations	3	3	3
Federal Government Relations	2	2	2
Subtotal Government Relations	5	5	9
<u>Planning</u>			
Executive Director Planning	2	2	2
Dir Strategic Planning	3	4	4
Planning & Analysis	20	20	22
Capital and Local Programs	9	9	9
Subtotal Planning	34	35	37
<u>Capital Programs</u>			
Exec Director Capital Programs	4	5	5
Rail	18	13	14
Highway Project Delivery	12	17	17
Subtotal Capital Programs	34	35	36
Total Authority	1,983	1,858	1,621

Fiscal Year 2009-10 Accomplishment Highlights

The Orange County Transportation Authority was able to accomplish many important goals despite the challenges that were faced with the downturn in the economy and significant loss of revenues. The Authority is proud to have honored its commitment to the citizens of Orange County as set forth in the following achievements:

- Advocated for the passage of AB (3x20), which implemented the federal government's economic stimulus package which ultimately brought a greater share of funds to Orange County and protected this region's share of Proposition 1B funds
- Obligated all American Recovery and Reinvestment Act (ARRA) transit capital grant funds three-months prior to FTAs deadline, which allowed stimulus funds to be used quickly to assist in sustaining jobs and help economic recovery
- Secured over \$167 million in grant revenues from federal, state and local sources, including \$77 million in ARRA stimulus funds, and in addition to over \$3 million in competitive and unanticipated grant revenues to support a variety of OCTA programs and projects
- Established new OCTA grant programs called for by Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU), including New Freedom Initiative and Jobs Access Reverse Commute funding programs
- Led and completed the development of the 2009 Title VI Triennial Report, which documented the Authority's compliance with the Civil Rights Act and required to receive federal grant revenues
- Started construction of the first M2 Early Action Plan project located on the Riverside Freeway (State Route 91)
- Developed initial studies and agreement to advance M2 Environmental Mitigation Program and M2 Water Quality Program
- Prepared M2 Guidelines for local agency eligibility and competitive grants
- Developed an implementation plan to provide continuous access to high-occupancy vehicle (HOV) lanes along the Costa Mesa Freeway State Route 55
- Developed an accelerated delivery schedule for five railroad grade separation projects along the Orangethorpe Avenue rail corridor
- Developed alternatives to ensure availability of \$121 million of Proposition 116 funding for Orange county rail project in light of state budget crisis
- Developed funding options to advance OCTA projects funded through Proposition 1B or Proposition 116 in light of state funding crisis
- Successful commencement of the infrastructure improvement work for the Metrolink Service Expansion Program
- Successful commencement of the rail grade crossing quiet zone and safety improvement program
- Completion of the Orange Station pedestrian undercrossing
- Continued progress toward environmental clearance of ARTIC and full funding agreement
- Continued progress of Go Local Step 2, fixed guideway projects; both are currently in the alternatives analysis phase
- Managed a \$900 million dollar fixed income portfolio which included the monitoring of four private sector investment managers
- Adopted the Authority's 2010 Annual Investment Policy
- Developed long-term financing strategy for M2 program
- Prepared the 2010 Comprehensive Business Plan
- Prepared the Fiscal Year 2010-11 Annual Budget which is balanced and is consistent with the CBP and Board approved goals, policies and procedures
- Maximized the Authority's revenues by effectively administering all revenue programs (5307 grant program, 5309 grant program, TDA, Property Tax, ARRA, etc)
- Updated the Information Technology Strategic Plan which aligns technology to the business units, outlines major investments and sets the direction of information technology within OCTA
- Conducted enterprise wide security awareness training. This important training is required as a major milestone for compliance in major security regulations such as PCI, HIPAA and California's SB 1386. The training also allowed OCTA to open social media sites to staff.
- Microsoft Office 2007 was deployed across the Authority's PCs
- The Authority's Server Operating System and directories were upgraded to Windows 2008 and the Exchange server was upgraded to the 2007 version
- Completed past Chairman Buffa's project to automate, digitize and "green" our Board Agenda process
- Developed and implemented departmental policies and procedures compliant with United States government auditing standards. Underwent OCTA's first quality assurance (peer) review
- Implemented the 511 Traveler Information System.
- Conducted a financial review of the Freeway Service Patrol program resulting in the recovery of more than \$500,000

Fiscal Year 2010-11 Goals & Objectives

Each year, divisions are challenged to identify goals and objectives attainable in the following fiscal year. The Fiscal Year 2010-2011 Budget has identified and committed the necessary financial and operational resources to meet the following goals:

- Facilitate federal efforts to increase federal stimulus funding for high priority Orange County projects; increase authorization for use of federal transit funding for operations, secure extension of the Alternative Fuel Tax credit, netting Orange County more than \$4 million annually, secure federal investment in Positive Train Control implementation
- Maximize the receipt of federal funds in the Fiscal Year 2011 federal appropriations process for high priority, Orange County infrastructure projects
- Bring various transportation interests in Orange County and California together to coordinate federal transportation reauthorization
- Complete a series of advocacy trips to Washington D.C., in concert with other regional transportation entities, to support the FY 2011 appropriations request and federal legislative platform goals
- Pursue over \$110 million in state and federal grant revenues to further OCTA projects and programs
- Explore new grant revenue sources for Orange County in support of OCTA's top priority projects and programs
- Coordinate efforts to return the Orange County Council of Governments to good standing as a state and federal grant recipient
- Implement strategies to advance M2 projects
- Start construction on three grade separation projects along the Orangethorpe railroad corridor
- Complete construction of first Early Action Plan Freeway Project and start construction of a second freeway project on the Riverside Freeway (SR- 91)
- Start construction on the Costa Mesa Freeway (SR- 55)
- Issue M2 call for street projects
- Begin implementation of signal synchronizations along Brookhurst Street, Orangethorpe Avenue, El Toro Road, and Edinger Avenue/Irvine Center Drive/Moulton Parkway
- Initiate property acquisition for M2 Freeway Environmental Program
- Prepare 2010 Long-Range Transportation Plan in concert with required sustainable community strategy required by SB-375
- Restructure \$100 million in 91 Express Lanes variable rate bonds
- Implement long-term financing strategy for the M2 program and issue required debt instruments
- Work with Riverside County Transportation Commission officials and staff on plans to extend the 91 Express Lanes to Interstate 15
- Replace variable message signs on the SR-91
- Replace Electronic Toll and Traffic Management system hardware on the SR-91
- Secure Board approval of the 2010 Comprehensive Business Plan and use the assumptions from the base year as the starting point for the Fiscal Year 2011-12 Budget
- Secure Board approval of the 2011-12 Annual Budget without an unplanned use of reserves, which is also consistent with the CBP and Board approved goals, policies and procedures
- Maximize the Authority's revenues by effectively administering all revenue programs (5307 grant program, 5309 grant program, TDA, Property Tax, ARRA, etc)
- Negotiate collective bargaining agreement covering coach operators and maintenance employees
- Ensure active city involvement as OCTA completes the closeout of the M1 program and that 100 percent of local jurisdictions are adequately prepared to be found eligible for the implementation of M2 programs and funding
- Administer and work with the Orange County Council of Governments and other stakeholders to implement a collaborative process for meeting SB 375 requirements that ensures the development of a Sustainable Community Strategy and Long Range Transportation Plan for Orange County
- Actively coordinate with the High-Speed Rail Authority and local communities to ensure project impacts in Orange County cities are addressed
- Facilitate federal efforts to increase federal stimulus funding for high priority Orange County projects; increase authorization for use of federal transit funding for operations, secure extension of the Alternative Fuel Tax credit, netting Orange County more than \$4 million annually, secure federal investment in Positive Train Control implementation
- Maximize the receipt of federal funds in the Fiscal Year 2011 federal appropriations process for high priority, Orange County infrastructure projects
- Deliver draft recommendations produced through the system-wide transit study, and continue to support Go Local
- Conduct analysis of alternative operational models and service policy changes for ACCESS service to ensure future sustainability
- Implement new service model which expands use of taxis in ACCESS service to include all service on weekends and during weekday hours from 6:00 PM through 10:00 PM

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.

In 2006, OCTA requested and received voter approval for a 30-year extension of the existing Measure M sales tax. This Measure M renewal will allow OCTA to continue making transportation improvements that benefit the local economy.

Economic & Financial Condition

While the State of California continues to see high rates of unemployment, Orange County is performing better than other regions of the state. Orange County's unemployment rate of 10.2% in January 2010 is among the lowest counties in the state, and significantly lower compared to 13.2% for the State of California. Also, the year-over-year percentage changes in Orange County's payroll employment are improving. The California Employment Indicator Index, as shown by Chapman University, still forecasts further job losses for the first three quarters of 2010, however, positive job growth is shown for the fourth quarter of 2010.

The real estate sector is showing improvements for 2010. Housing affordability, new housing permits, and inventory of resale homes are projected to have a positive effect on the market. Underwriting standards for loans are still projected to have a negative effect, but showing signs of improvement. Resale housing prices are projected to increase by 5 percent in 2010, compared to -12.2 percent in 2009. The inventory of unsold homes is also decreasing compared to last year.

In 2009-10, taxable sales were anticipated to decrease at an average rate of -11.2 percent less than previous year's levels. However, OCTA forecasts an increase of 1.1 percent growth in fiscal year 2010-11. This is a conservative forecast in comparison to the 6.1 percent blended rate provided by the three local universities which include California State University, Fullerton (CSUF), Chapman University, and University of California, Los Angeles (UCLA).

Furthermore, OCTA is seeing additional indicators that suggest the economy is stabilizing. A few examples include the State Transit Assistance Fund being reinstated, increase toll lane usage on the 91 Express Lanes, back to back job gains during the first quarter, the extension of the Alternative Fuel Tax Credit for an additional year, and the allocation of Proposition 1B and 116 funds by the California Transportation Commission.

Gann Appropriation Limit

In November 1979 the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The Proposition created Article XIII B of the State Constitution, placing limits on the amount of revenue that can be spent by public agencies from the “proceeds of taxes.” Proposition 4 became effective for Fiscal Year 1980-81, but the formula for calculating the limits was based on Fiscal Year 1978-79 (base year) revenues.

In 1980, the State Legislature added Section 9710 to the Government Code, providing that the governing body of each local jurisdiction must establish, by resolution, an appropriations limit for the following year. The appropriation limit for any fiscal year is equal to the previous year’s limit adjusted for population changes and changes in the California per capita personal income.

The Local Transportation Authority (LTA or Measure M) and the OCTA General Fund representing the functions of the Orange County Transportation Commission (OCTC), now a part of OCTA, are subject to the requirements of Article XIII B. Both agencies receive tax revenues, the LTA from the ½ cent local sales tax and the OCTA General Fund from ¼ cent State sales tax allocations for administration and planning and programming of the Local Transportation Fund (LTF), which is itself exempt from the Gann limits on the spending of certain tax revenues. Appropriation limits are calculated for and applied to both legal entities and are reviewed as part of OCTA’s annual financial audit.

In accordance with the requirements of the Article XIII B implementing legislation, the Board of Directors approved OCTA Resolution No. 2010-50 and LTA Resolution No. 2010-51 on June 28, 2010, establishing appropriations limits for the OCTA General Fund at \$8,249,449 and the Local Transportation Authority (LTA or Measure M Fund) at \$1,251,429,005 respectively. The total amount authorized to be expended by the OCTA General Fund and LTA Fund from tax proceeds and interest from tax proceeds is \$3,511,089 and \$218,351,402, respectively. Both appropriations fall within the limits set by the Gann Initiative.

Based on historic trends and future projections, it appears that the OCTA’s and LTA’s use of the proceeds of taxes (as defined by Article XIII B) will continue to fall below the Gann appropriations limits. The projected gap between the Authority’s projected use of “proceeds of taxes” and the Gann appropriations limits remains significant over the next decade.

The resolutions and calculations for the Fiscal Year 2010-11 appropriation limits are on the following pages:

Gann Resolution

**RESOLUTION OF THE
ORANGE COUNTY TRANSPORTATION AUTHORITY GENERAL FUND
ESTABLISHING APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2010-11**

WHEREAS, Article XIII B of the California Constitution and Sections 7900 through 7913 of the California Government Code require the establishment of an appropriations limit; and

WHEREAS, appropriations limits are applicable to funds received from the proceeds of taxes and interest earned on such proceeds.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Orange County Transportation Authority/General Fund hereby determines that pursuant to Section 7902b of the California Government Code, the appropriations limit for the Orange County Transportation Authority/General Fund for Fiscal Year 2010-11 is \$8,249,449.
2. The total amount authorized to be expended by the Orange County Transportation Authority/General Fund during Fiscal Year 2010-11 from the proceeds of taxes, including interest earned from the investment of the proceeds of taxes, is \$3,511,089.
3. The appropriations limit for Fiscal Year 2010-11 exceeds proceeds of taxes for Fiscal Year 2010-11 by \$4,738,360.

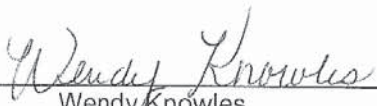
ADOPTED, SIGNED, AND APPROVED this 28th day of June 2010.

AYES: Chairman Amante, Vice Chair Bates, Directors Brown, Cavecche, Dalton, Glaab, Hansen, Moorlach, Nelson, Pringle, and Winterbottom

NOES: None

ABSENT: Directors Campbell, Dixon, Mansoor, Nguyen, and Pulido

ATTEST:


Wendy Knowles
Clerk of the Board


Jerry Amante, Chairman
Orange County Transportation Authority

OCTA Resolution No. 2010-50

Gann Resolution

**RESOLUTION OF THE
ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY/MEASURE M
ESTABLISHING APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2010-11**

WHEREAS, Article XIII B of the California constitution and Sections 7900 through 7913 of the California Government Code require the establishment of an appropriations limit; and

WHEREAS, appropriations limits are applicable to funds received from the proceeds of taxes and interest earned on such proceeds.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Orange County Local Transportation Authority/Measure M hereby determines that pursuant to Section 7902b of the California Government Code, the appropriations limit for the Orange County Local Transportation Authority/Measure M for Fiscal Year 2010-11 is \$1,251,429,005
2. The total amount authorized to be expended by the Orange County Local Transportation Authority/Measure M during the Fiscal Year 2010-11 from the proceeds of taxes, including interest earned from the investment of the proceeds of taxes, is \$218,351,402.
3. The appropriations limit for Fiscal Year 2010-11 exceeds proceeds of taxes for Fiscal Year 2010-11 by \$1,033,077,603.

ADOPTED SIGNED AND APPROVED this 28th day of June 2010.

AYES: Chairman Amante, Vice Chair Bates, Directors Brown, Cavecche, Dalton, Glaab, Hansen, Moorlach, Nelson, Pringle, and Winterbottom

NOES: None

ABSENT: Directors Campbell, Dixon, Mansoor, Nguyen, and Pulido

ATTEST:


Wendy Knowles
Clerk of the Board


Jerry Amante, Chairman
Orange County Local Transportation Authority

OCLTA Resolution No. 2010-51

Board Approval of the Fiscal Year 2010-2011 Budget

**RESOLUTION OF THE BOARD OF DIRECTORS FOR
THE ORANGE COUNTY TRANSPORTATION AUTHORITY
APPROVING AN OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2010-11**

WHEREAS, the Chief Executive Officer and staff have prepared and presented to the Board of Directors a proposed operating and capital budget in the amount of \$1.2 billion for Fiscal Year 2010-11;

WHEREAS, said Chief Executive Officer and staff did conduct a public workshop before the Board of Directors on May 10, 2010, in the Board Chambers, at which time the proposed budget was considered;

WHEREAS, a public hearing was conducted on June 14, 2010, at which the public was invited to express its views and objections to said budget; and;

WHEREAS, the original of said proposed budget will be revised to reflect each and all of the amendments, changes, and modifications which the Board of Directors, up to the time of the approval of this resolution, believes should be made in said proposed budget as so submitted and to correct any non-substantive errors or omissions.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Orange County Transportation Authority as follows:

1. The operating and capital budget of the Orange County Transportation Authority and all affiliated agencies for the Fiscal Year July 1, 2010 through June 30, 2011, is hereby approved, a copy of which is on file with the Clerk of the Board.
2. The Clerk of the Board shall certify to the passage and approval of this resolution, and it shall thereupon be in full force and effect.

ADOPTED SIGNED AND APPROVED this 14th day of June 2010.

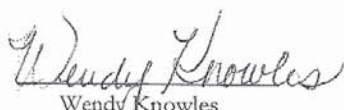
AYES: Chairman Amante, Vice Chair Bates, Directors Brown, Buffa, Campbell, Cavecche, Dalton, Hansen, Mansoor, Nguyen, Pringle, and Winterbottom

NOES: None

ABSTAIN: None

ABSENT: Directors Dixon, Glaab, Moorlach, and Pulido

ATTEST:


Wendy Knowles
Clerk of the Board


Jerry Amante, Chairman
Orange County Transportation Authority

OCTA Resolution No. 2010-49



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 Measure M2 Plan (M2), ensuring transportation improvements for another 30 years to 2041. M2 will devote 43 percent of funds to freeway projects, 32 percent to street and road projects, and 25 percent to transit projects.

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.

Freeways: OCTA assists with planning and funding for all Orange County freeway improvements. The Santa Ana Freeway (I-5) Gateway Project began construction in 2006. The four-year project is widening the

remaining two miles of the I-5 in Orange County from the Riverside Freeway (SR-91) to the Los Angeles County line. The I-5 Gateway Project is the final link in the original Measure M's ambitious freeway improvement program and is scheduled to be completed in summer 2010.

M2 will bring more freeway improvements to Orange County. The M2 Early Action Plan has begun with improvements slated for the Orange Freeway (SR-57), Riverside Freeway (SR-91), Interstate 405 (I-405) and additional segments of the I-5.

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.

Planning: OCTA also conducts long range planning to improve travel in Orange County. As part of this planning, OCTA will initiate a Major Investment Study (MIS). The goal of the MIS is to determine a recommended "locally preferred strategy" (LPS). When approved by the OCTA Board of Directors, the LPS will help guide transit, street and freeway enhancements and address travel demand.

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.

Share the Ride: OCTA has a number of commuting options to help you get to work faster, easier and cheaper, with less stress and with less impact on the environment. OCTA can help you travel by bus, Metrolink rail or the 91 Express Lanes. OCTA offers carpool matching and can help commuter groups form vanpools for travel to Orange County work sites. OCTA's Share the Ride program also helps employers discover new ways to retain employees and increase productivity.

Motorist Services: Through the Service Authority for Freeway Emergencies (SAFE), OCTA administers, installs and maintains all motorist aid call boxes in Orange County and provides competitively bid, contracted tow truck service for motorists with disabled vehicles with the Freeway Service Patrol (FSP). OCTA also administers the Service Authority for Abandoned Vehicles (SAAV), which removes abandoned vehicles from Orange County streets and roads.

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 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 (M2) will ensure transportation improvements to 2041. M2, like the original Measure M Plan, will devote 43 percent of funds to freeway projects,

32 percent to street and road projects, and 25 percent to transit projects. For detailed plan information on M2, visit www.octa.net.

Measure M Results

PROJECTS	Completed	Under way
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		✓



Measure M2 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 Measure M2 Transportation Investment Plan (M2) 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 M2 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. M2 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 M2, 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 M2, 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 water quality improvement projects.

Next Steps

In August 2007, the OCTA Board of Directors approved and released an M2 Early Action Plan covering the years 2007 to 2012. Under this five-year plan, five M2 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 M2 was adopted by the OCTA Board of Directors on November 9, 2007.

For detailed information on M2, visit www.octa.net.

*2005 dollars



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.

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 four distinct sources: the OCTD, the Local Transportation Fund (LTF), 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 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 (Dec. 2009)

Operations	
First year of service	1972
Number of bases	5
System	
Number of routes	80
Number of vehicles	473
Number of bus stops	6,500+

2009 Report* (Jan - Dec.)

Passenger Boardings	57,019,666
Vehicle Revenue Hours	1,797,737
Vehicle Revenue Miles	22,367,970

* 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.

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.

FY2009 ACCESS Highlights

Buses	252
Trips	1.3 million
Certified Passengers	26,016

ACCESS Contact Information

For ACCESS eligibility information:

Please call (714) 560-5956

To schedule a ride for ACCESS or Same-Day Taxi Service:

Certified individuals can schedule an ACCESS ride from one to three days in advance or a Same-Day Taxi ride by calling (714) 560-5888, (949) 857-7188 or (877) 628-2232. 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.

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

Thus far, 30 bus and shuttle concepts and two fixed-guideway projects have moved forward into step two. Projects were selected based on 12 factors including:

- Regional benefits
- Local funding commitment
- Cost-effectiveness
- Ease and simplicity of connections
- Proximity of jobs and population centers
- Ability to link a Metrolink station with cities' major population centers

In step two, OCTA is working with the cities to further refine their proposed projects. Project details will be explored over the next year. 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 will compete for funds from Measure M2 (M2).

Step 4

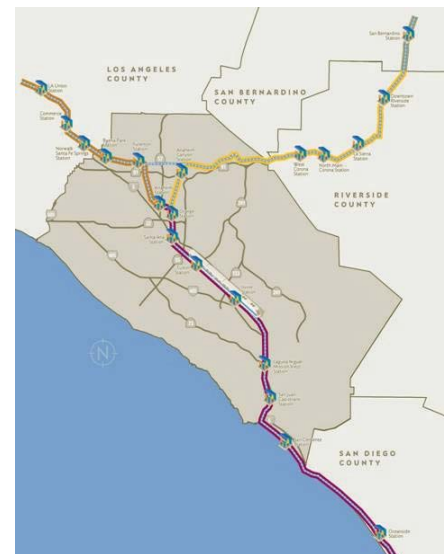
Once Go Local programs are operating, OCTA will perform additional upgrades to Metrolink stations to ensure passengers can connect seamlessly with the various transit services.

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. In 2006, Orange County voters approved Measure M2 by a 69.7 percent majority, which will

ensure transportation improvements for another 30 years until 2041.

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



Additional Information

For more information, please call Laura Scheper 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 19 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			
Anaheim	714.535.7171	Laguna Niguel	949.425.5151
Brea	714.990.7766	Laguna Woods	949.639.0512
Buena Park	714.236.3870	Lake Forest	949.461.3450
Costa Mesa	949.645.2356 ext. 23	Newport Beach	949.644.3244
Garden Grove	877.777.0988	Placentia	714.986.2332
Huntington Beach	714.374.1742	Rancho Santa Margarita	949.635.1800 ext. 402
Irvine	949.724.7433	San Clemente	949.361.8254
La Habra	562.905.9664	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
NON-PROFIT ORGANIZATIONS			
		Abrazar, Inc.	714.893.3581
		Jewish Family Services of Orange County	949.435.3460
		Korean-American Senior Association	714.530.6705
		Vietnamese Community of Orange County	714.558.6009



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 2009.**

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. Saturday and Sunday round trips are available 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 late 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 Measure M2 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 12.5 million in fiscal year 2008-09.

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 2008-09)

Year OCTA acquired	2003
Length of toll road (in miles)	10
Total vehicle volume (in millions)	12.0
Total customer accounts	114,556
Transponders assigned to accounts	171,485
Total operating revenues	\$43.7 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 Service 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.

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 645 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. The SAAV program removes approximately 1,000 abandoned vehicles from local Orange County streets and roads each year.

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.

FY2009 Highlights

Program established	1998
Permitted taxi companies registered	27
Permitted taxi cabs	846
Permitted taxi cab drivers	1,325

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 Jones at 714.560.5495, or contact us by e-mail at vanpool@octa.net.





**Orange County
Transportation Authority**

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