

# ***Presentation Overview***

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- I. Introduction
- II. 91 Express Lanes
- III. Measure M2 Program
- IV. Orange County Economy
- V. Chief Executive Officer's Report
- VI. Sales Tax Collections
- VII. Debt and Investments

Appendix

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# I. Introduction

# ***Presentation Participants***

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**Paul  
Glaab**

Board of  
Directors  
Chairman



**Bill  
Campbell**

Finance and  
Administration  
Committee  
Chairman



**Don  
Hansen**

Director



**Michael  
Hennessey**

Director



**Will  
Kempton**

Chief  
Executive  
Officer



**Ken  
Phipps**

Executive  
Director,  
Finance and  
Administration



**Kirk  
Avila**

Treasurer /  
General  
Manager

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Sperry Capital --- Jim Martling

# Orange County Transportation Authority

- ❑ OCTA is a multi-modal transportation agency created in 1991 with the consolidation of seven separate agencies
- ❑ Governed by an 18-member Board of Directors consisting of 5 county supervisors, 10 city members, 2 public members and the Director of the Department of Transportation District 12 (Caltrans) as a non-voting member
- ❑ OCTA serves Orange County residents and commuters by providing:
  - Countywide bus and paratransit service
  - Metrolink commuter rail
  - Freeway improvements
  - Streets and Roads improvements
  - 91 Express Lanes
  - Motorist aid services
  - Taxi program regulation



# ***OCTA Board of Directors***

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Paul Glaab  
*City of Laguna Niguel*  
**Chairman**

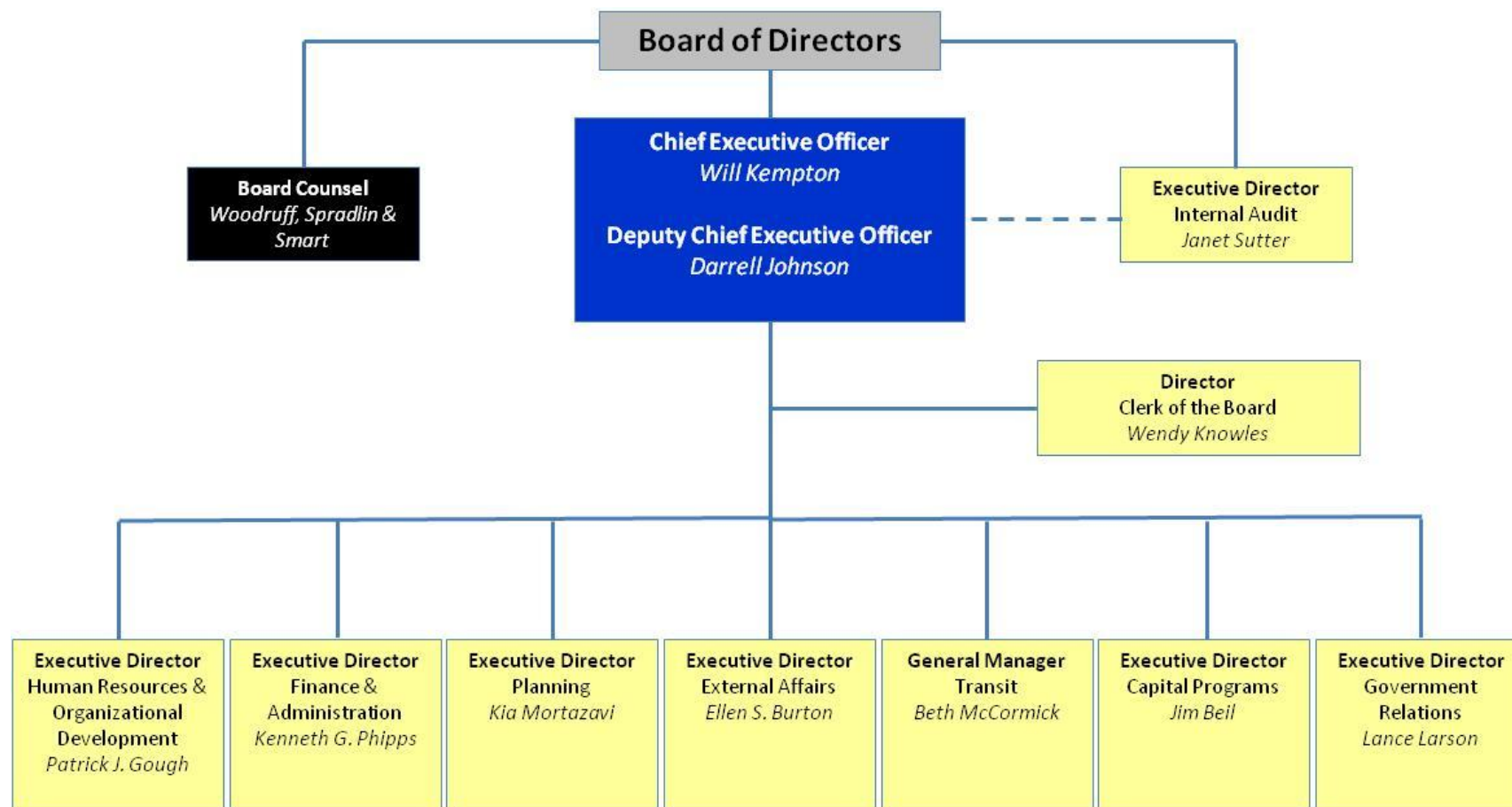


Gregory Winterbottom  
*Public Member*  
**Vice-Chair**

Jerry Amante	<i>City of Tustin</i>
Don Bankhead	<i>City of Fullerton</i>
Patricia Bates	<i>5th District Supervisor</i>
Bill Campbell	<i>3rd District Supervisor</i>
Carolyn Cavecche	<i>City of Orange</i>
Larry Crandall	<i>City of Fountain Valley</i>
William Dalton	<i>City of Garden Grove</i>
Lorri Galloway	<i>City of Anaheim</i>
Don Hansen	<i>City of Huntington Beach</i>
Michael Hennessey*	<i>Public Member</i>
Peter Herzog	<i>City of Lake Forest</i>
John Moorlach	<i>2nd District Supervisor</i>
Shawn Nelson	<i>4th District Supervisor</i>
Janet Nguyen	<i>1st District Supervisor</i>
Miguel Pulido	<i>City of Santa Ana</i> <i>Interim Governor's</i> <i>Ex-Officio Member</i>
Brent Green*	

\* New Member

# Executive Management Team



## *Chairman's Strategic Initiatives for 2012*

- ❑ Improve passenger rail service
- ❑ Create ridership programs
- ❑ Expedite capital project delivery
- ❑ Build collaborative relationships
- ❑ Pursue external funding opportunities
- ❑ Optimize street and bikeway networks
- ❑ Select I-405 locally preferred strategy
- ❑ Support sustainability initiatives
- ❑ Enhance efficiency and effectiveness



## ***Executive Summary***

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- ❑ Orange County economy has bounced back strongly over the past year by generating new jobs resulting in the lowest unemployment rate in three years
- ❑ After three consecutive years of decline, sales tax collections rebounded in FY 2010-11 and continue to show positive growth in the current fiscal year
- ❑ Proposed FY 2012-13 Budget totals \$1.07 billion and contains key investments in various freeway projects, grade separation projects, transit, commuter rail, and street and roadway improvements
- ❑ Board of Directors will take action in 2012 on advancing various freeway projects including the I-405
- ❑ After a year of fluctuating fuel prices, strengthening local economy, and lower ridership due to the impacts of capacity improvement projects in the SR-91 corridor, recent traffic volumes on the 91 Express Lanes are showing positive growth in comparison to the prior year
- ❑ Debt service coverage ratios remain strong for the Measure M2 and 91 Express Lanes programs



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## II. 91 Express Lanes

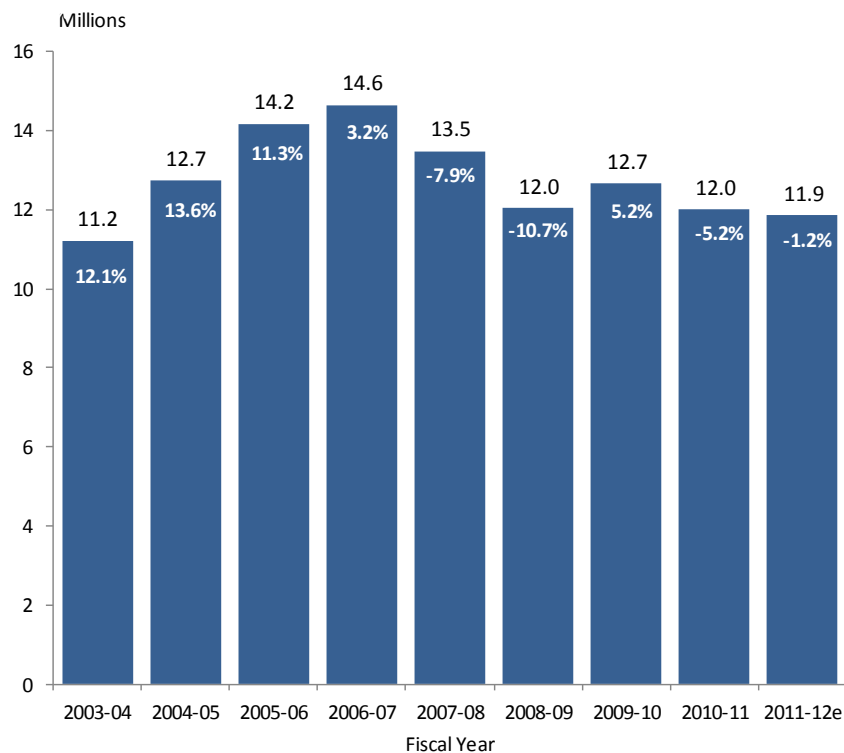
## *A Look at the Past Year*

- ❑ Finalized negotiations with Riverside County Transportation Commission to extend 91 Express Lanes into Riverside County
- ❑ Completed the 2011 Stantec Traffic and Revenue Study Update
- ❑ Deployed a new back-office software system developed by Cofiroute USA
- ❑ Entered into a new five-year lease agreement for the Anaheim administrative facility
- ❑ Replaced the existing gantries with a new cantilever structure in each direction
- ❑ Adjusted selected tolls on a quarterly basis per the Toll Policy

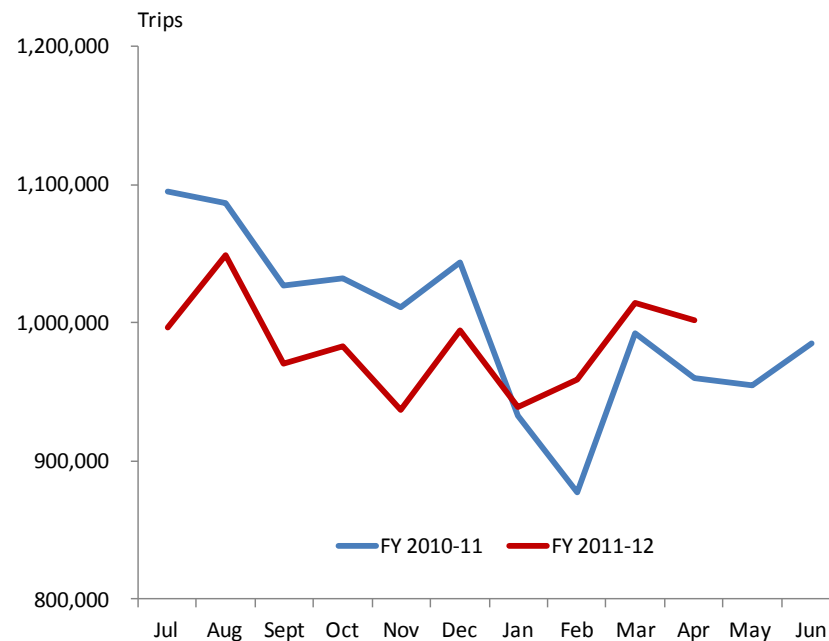


# Traffic Volumes Stabilize

Annual Traffic Volumes

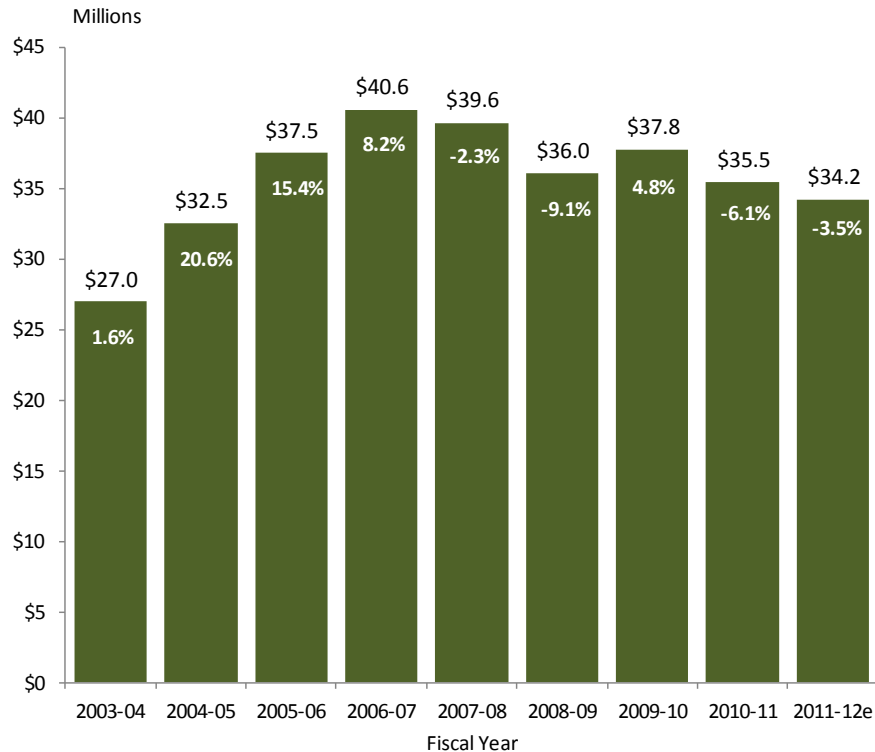


Monthly Traffic Volumes  
Down 2.1% FY-to-Date  
Through April 2012

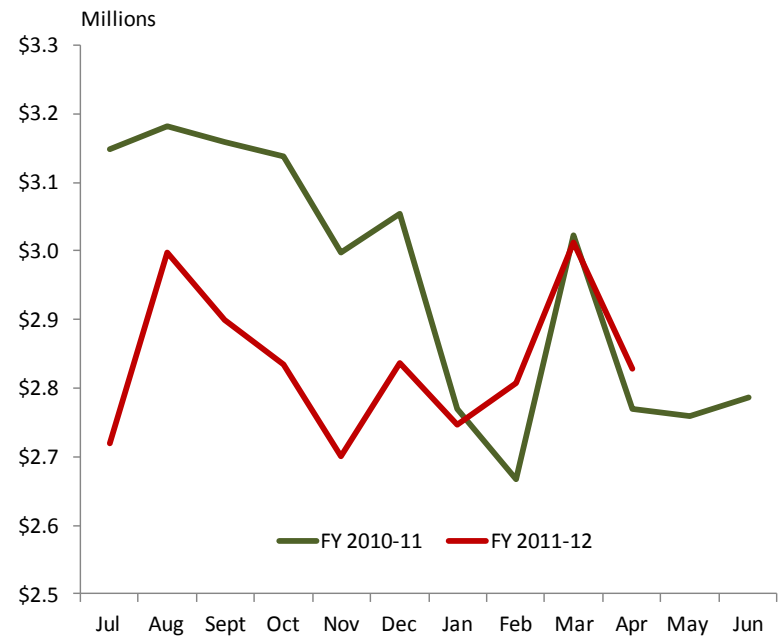


# Gross Potential Toll Revenues

## Annual Gross Potential Toll Revenues

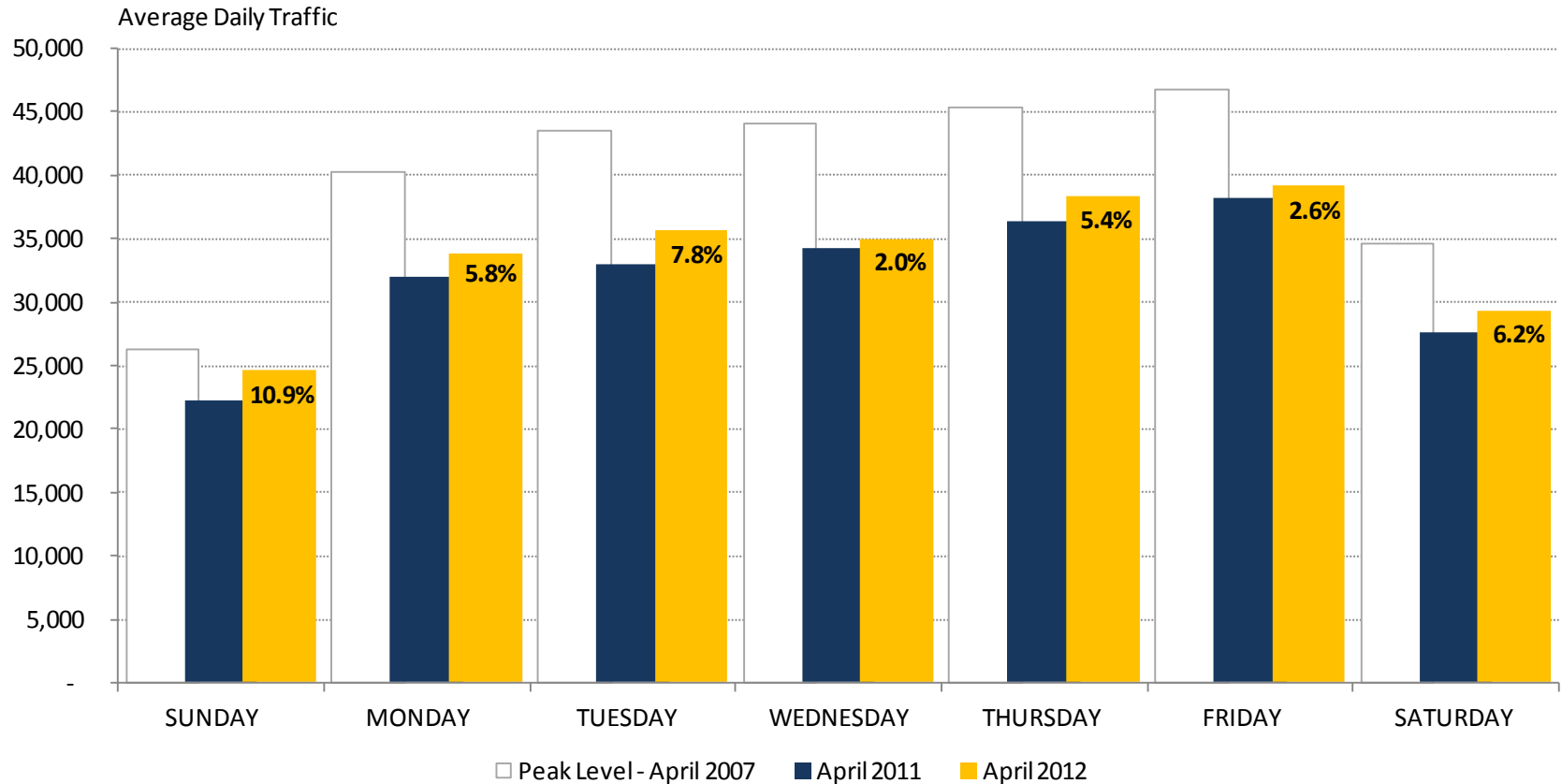


## Monthly Gross Potential Revenues Down 5.1% FY-to-Date Through April 2012



## ***Fridays Remain the Highest Travel Day of the Week***

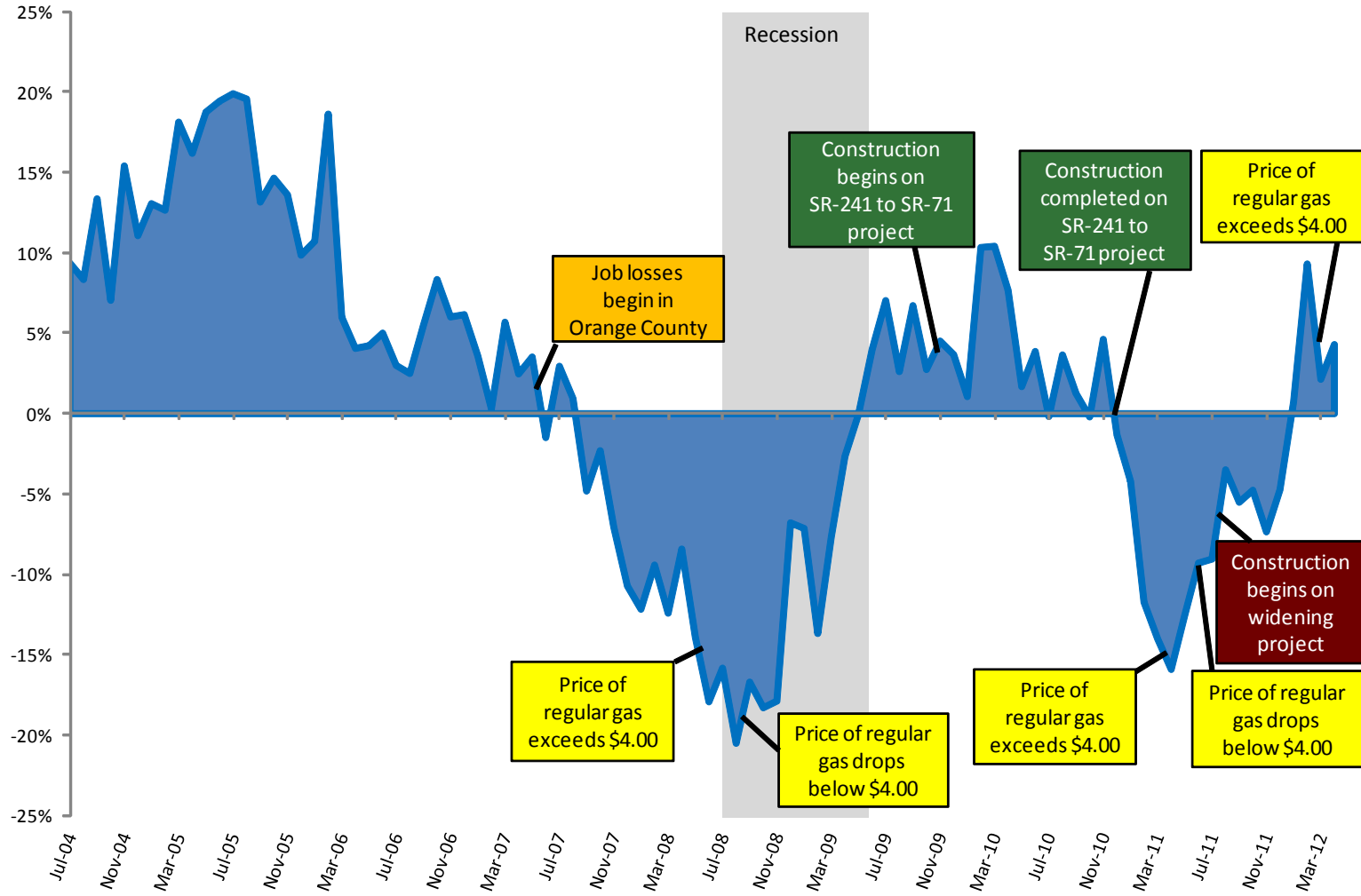
### Average Daily Traffic Comparison By Day of the Week for April 2011 and April 2012



- Percentages inside the April 2012 (orange) bars reflect the percent change in average daily traffic from the prior year (April 2011)

# Historical Look at Traffic Volumes and Factors Affecting Demand

Change in Monthly Traffic Volumes From Prior Year

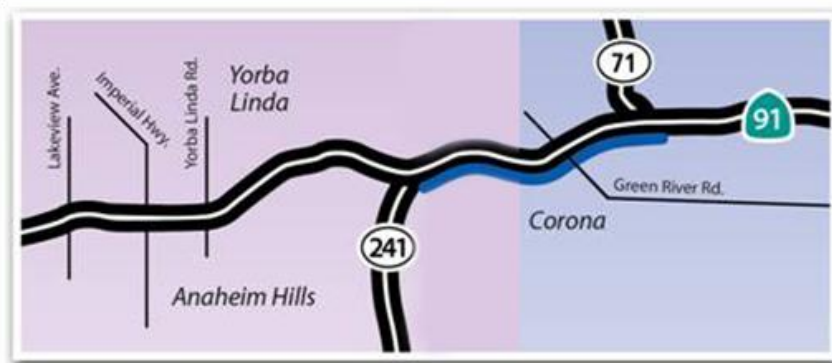


## A Closer Look at the Impacts of the Eastbound Auxiliary Lane Project

- ❑ In December 2010, 5.9 miles of additional capacity on the eastbound SR-91 general purpose lanes opened
- ❑ Since the opening, traffic volumes on the 91 Express Lanes decreased an average of 8 percent from December 2010 through December 2011
- ❑ Traffic volumes in recent months show an increase in comparison to the prior year

Change in Monthly Traffic Volumes From Prior Year

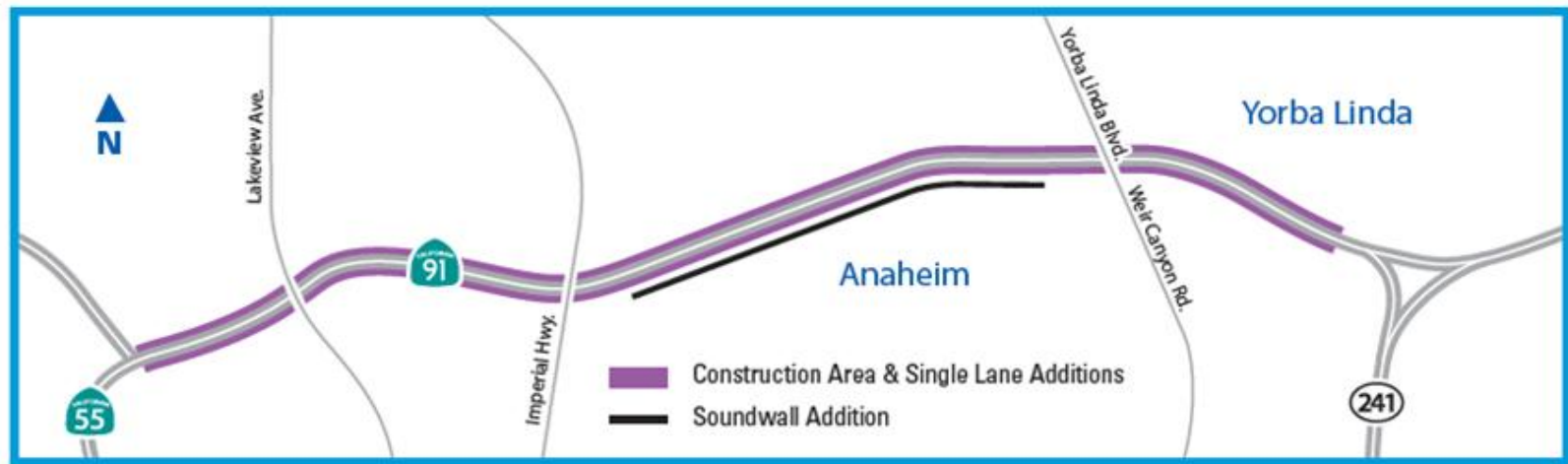
	91 Express Lanes			TCA's SR-241
	Eastbound	Westbound	Total	Total
December 2010	-3.6%	1.9%	-1.3%	-3.2%
January 2011	-8.1%	1.1%	-4.2%	2.8%
February 2011	-16.6%	-5.0%	-11.7%	1.0%
March 2011	-19.3%	-6.8%	-14.0%	0.8%
April 2011	-20.6%	-9.5%	-15.9%	1.8%
May 2011	-15.8%	-8.4%	-12.5%	0.7%
June 2011	-12.6%	-5.1%	-9.3%	0.9%
July 2011	-11.5%	-6.0%	-9.0%	-0.2%
August 2011	-6.2%	-0.2%	-3.5%	0.8%
September 2011	-7.5%	-3.0%	-5.5%	-0.7%
October 2011	-7.2%	-1.7%	-4.8%	-0.1%
November 2011	-9.9%	-4.1%	-7.4%	-1.8%
December 2011	-6.0%	-3.1%	-4.7%	2.2%
January 2012	-1.0%	2.9%	0.8%	0.1%
February 2012*	8.5%	10.3%	9.3%	4.6%
March 2012	3.4%	0.6%	2.1%	-2.6%
April 2012	4.4%	4.2%	4.3%	-2.7%



\* February 2012 had an additional day (leap year) compared to the prior year

## **SR-91 Westbound and Eastbound Lane Widening Project**

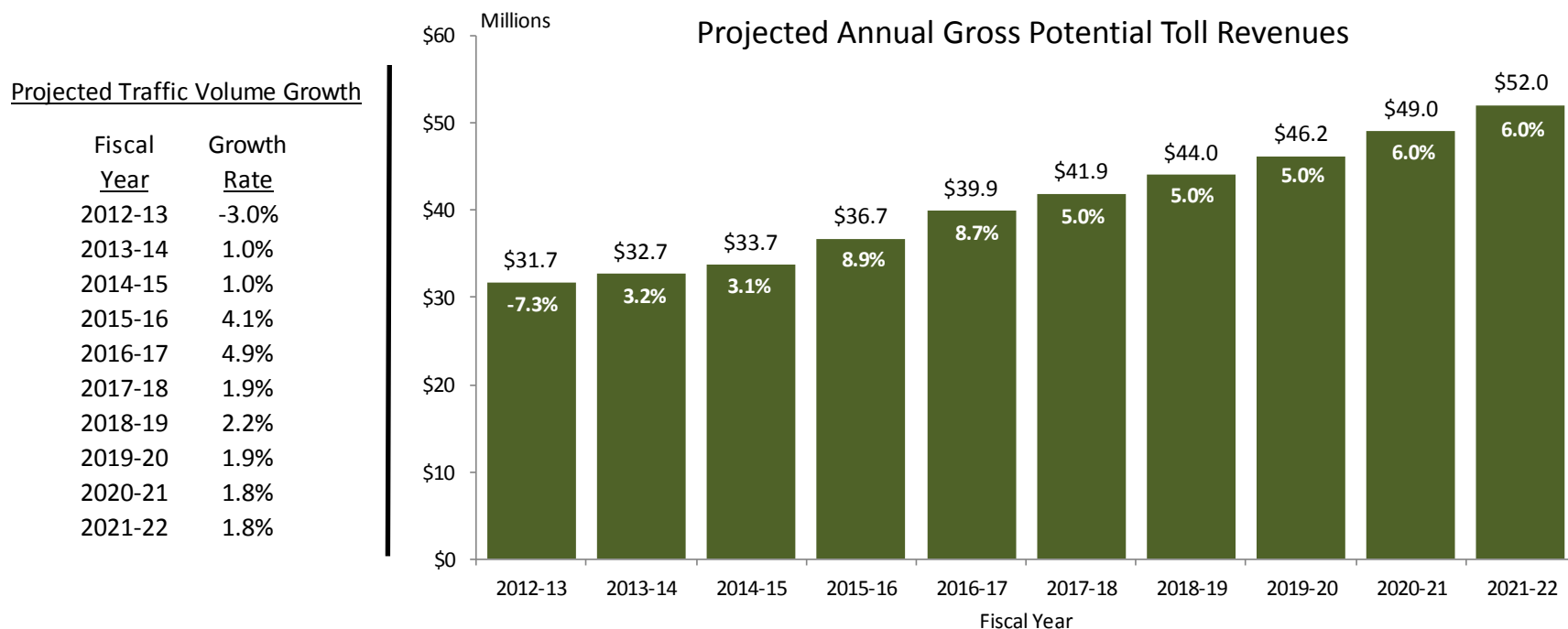
- ❑ Caltrans and OCTA are working together to build a new six-mile general purpose lane in each direction of the 91 Freeway between SR-55 and SR-241
- ❑ In addition to the new general-purpose lanes, the Lakeview Avenue, Imperial Highway and Yorba Linda Boulevard/Weir Canyon Road bridges will be widened, and 15 on- and off-ramps will be reconstructed and realigned for safer and more efficient transitions for motorists entering and exiting the freeway
- ❑ The \$74.3 million project is scheduled to be completed in early 2013
- ❑ Stantec forecasted that traffic volumes on the 91 Express Lanes will decrease by 3 percent and gross potential revenues will decline by 7.3 percent in FY 2012-13





## Stantec 2011 Forecast Update

- ❑ In November 2011, Stantec updated the Traffic and Revenue Study for the 91 Express Lanes
- ❑ The forecast modeled the impacts of the extension of the 91 Express Lanes into Riverside County and the SR-241/91 Express Lanes direct connector project
- ❑ Stantec projects that the 91 Express Lanes extension is expected to modestly enhance traffic and revenue in FY 2016-17 on OCTA's 91 Express Lanes



## **OCTA Actions Related to the 91 Express Lanes Extension**

- ❑ In December 2011, OCTA's Board of Directors approved:
  - Amending the Franchise Agreement with Caltrans to eliminate OCTA's interest in the 91 Express Lanes in Riverside County
  - Amending the Lease Agreement with Caltrans to extend the termination date of the Franchise Agreement to December 31, 2065, or until an earlier date as may be decided by OCTA
  - Cooperative Agreement between Riverside County Transportation Commission (RCTC) and OCTA that addresses design, construction, and start-up issues related to the extension of the 91 Express Lanes into Riverside County
- ❑ The Cooperative Agreement with RCTC addresses the coordination of operating a joint facility with one toll operator, sharing expenditures and revenues, coordination of design and construction for the SR-91 Corridor Improvement Project, handling of customer accounts, and the establishment of closure criteria for the 91 Express Lanes
- ❑ OCTA, Cofiroute USA (the current operator), and RCTC are negotiating a three-party agreement for the joint operations of the two toll roads

## **91 Express Lanes Debt Update**

- ❑ In December 2010, OCTA entered into a new \$100 million private placement transaction for the Series 2003-B bonds with the Orange County Treasurer
  - Private placement transaction matures on August 15, 2013, which is the first optional call date for the Series 2003-A bonds
- ❑ OCTA will begin to evaluate various options regarding the 91 Express Lanes debt structure this year
- ❑ These options include:
  - Fixed rate refunding with swap termination\*
  - Fixed rate refunding without swap termination
  - \$75 million fixed rate refunding and \$25 million variable rate structure
- ❑ OCTA will evaluate whether to refund both Series 2003-A and Series 2003-B bonds
- ❑ Other variables that will be considered include the final maturity of the new bonds and a new open lien indenture
- ❑ All bond indenture reserve funds are fully funded (totals \$38.9 million) and the additional Board-mandated internal OCTA capital reserve fund totals \$17.6 million

*\* Termination value of the \$25 million (JP Morgan) interest rate swap totaled \$7.3 million as of May 25, 2012*

# Toll Structure as of April 2012

## Westbound

Riverside County Line to SR-55

	Sun	M	Tu	W	Th	F	Sat
<b>Midnight</b>	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
1:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
2:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
3:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
4:00 AM	\$1.30	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$1.30
5:00 AM	\$1.30	\$4.00	\$4.00	\$4.00	\$4.00	\$3.85	\$1.30
6:00 AM	\$1.30	\$4.15	\$4.15	\$4.15	\$4.15	\$4.00	\$1.30
7:00 AM	\$1.30	\$4.60	\$4.60	\$4.60	\$4.60	\$4.45	\$1.75
8:00 AM	\$1.75	\$4.15	\$4.15	\$4.15	\$4.15	\$4.00	\$2.10
9:00 AM	\$1.75	\$3.30	\$3.30	\$3.30	\$3.30	\$3.30	\$2.55
10:00 AM	\$2.55	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.55
11:00 AM	\$2.55	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.95
<b>Noon</b>	\$2.55	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.95
1:00 PM	\$2.95	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.95
2:00 PM	\$2.95	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.95
3:00 PM	\$2.95	\$2.10	\$2.10	\$2.10	\$2.10	\$2.55	\$2.95
4:00 PM	\$3.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.55	\$3.10
5:00 PM	\$3.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.55	\$3.10
6:00 PM	\$3.10	\$2.10	\$2.10	\$2.10	\$2.10	\$3.05	\$2.55
7:00 PM	\$2.55	\$1.30	\$1.30	\$1.30	\$1.30	\$2.10	\$2.10
8:00 PM	\$2.55	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
9:00 PM	\$2.55	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
10:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
11:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30

## Eastbound

SR-55 to Riverside County Line

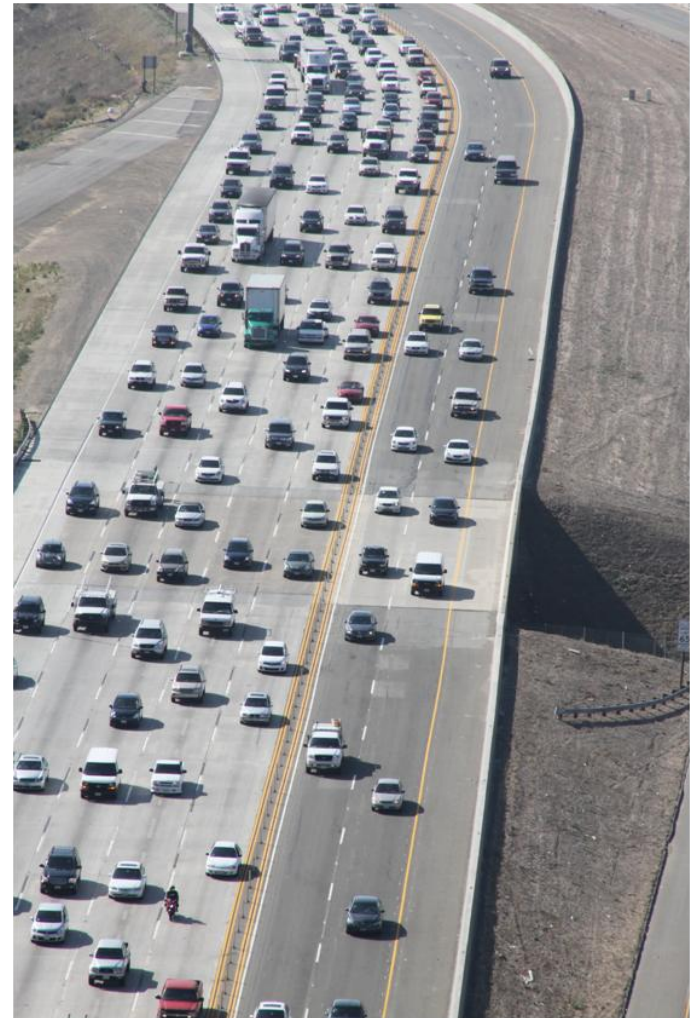
	Sun	M	Tu	W	Th	F	Sat
<b>Midnight</b>	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
1:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
2:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
3:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
4:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
5:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
6:00 AM	\$1.30	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$1.30
7:00 AM	\$1.30	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$1.30
8:00 AM	\$1.65	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10
9:00 AM	\$1.65	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10
10:00 AM	\$2.55	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.55
11:00 AM	\$2.55	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.55
<b>Noon</b>	\$3.05	\$2.10	\$2.10	\$2.10	\$2.10	\$3.15	\$3.05
1:00 PM	\$3.05	\$2.90	\$2.90	\$2.90	\$3.15	\$4.95	\$3.05
2:00 PM	\$3.05	\$4.15	\$4.15	\$4.15	\$4.25	\$3.10	\$3.05
3:00 PM	\$2.55	\$4.45	\$3.70	\$3.95	\$4.95	\$9.75	\$3.05
4:00 PM	\$2.55	\$4.55	\$6.30	\$6.80	\$8.95	\$8.85	\$3.05
5:00 PM	\$2.55	\$4.85	\$5.75	\$7.00	\$8.30	\$6.50	\$3.05
6:00 PM	\$2.55	\$4.45	\$3.60	\$3.60	\$4.40	\$5.35	\$2.55
7:00 PM	\$2.55	\$3.15	\$3.15	\$3.15	\$4.55	\$5.00	\$2.10
8:00 PM	\$2.55	\$2.10	\$2.10	\$2.10	\$2.90	\$4.55	\$2.10
9:00 PM	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.90	\$2.10
10:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$2.10	\$1.30
11:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30

Maximum toll for each direction is highlighted in yellow



## Upcoming Events

- ❑ Analyze options for the restructuring of the 91 Express Lanes outstanding debt and implement a long-term strategy for the \$25 million interest rate swap
- ❑ Submit 2012 Implementation Plan for SR-91 improvement projects
- ❑ Finalize negotiations with Riverside County Transportation Commission and Cofiroute USA for a three party agreement to operate the joint 91 Express Lanes facility until June 2021
- ❑ Implement Cost of Living Adjustments and Toll Adjustments on July 1, 2012



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## III. Measure M2 Program

## **Measure M1 – Promises Made, Promises Kept**

- ❑ All Measure M1 freeway projects were delivered on time and under budget including a “bonus” project – the widening of the SR-22 freeway
- ❑ Over \$4.07 billion was collected from 1991 to 2011 – funds allocated to:
  - Freeway program \$1.75 billion
  - Streets and roads program \$1.30 billion
  - Transit program \$1.02 billion
- ❑ Leveraged \$1.2 billion in state and federal external funds
- ❑ Accelerated Measure M1 delivery and cost reductions with debt financing
- ❑ All Measure M1 funds have been programmed and approximately \$287 million in cash remains
- ❑ Remaining cash will be spent on:
  - Competitive streets and roads projects
  - Metrolink operating and capital expenses
  - SR-57 widening project



## Measure M2 Freeway Early Action Plan

- ❑ Early Action Plan (EAP) was adopted in 2007 and was updated in July 2010
- ❑ Updated EAP was based on:
  - Expected state and federal external funds
  - Favorable construction bid market
  - Lower than expected capital costs
  - Low interest rates
  - Accelerated environmental clearance of EAP projects including the I-405
- ❑ Updated EAP was used to prepare for the possibility of accelerating the delivery of four EAP projects between now and 2020 (named the M2020 Plan)





## ***Delivering the Measure M2 Program – Board Workshop***

- ❑ On February 27, 2012, the Board of Directors reviewed the Measure M2 freeway delivery program and explored the possibility of advancing delivery of projects (including the I-405) between now and 2020 (M2020 plan)
- ❑ The Board discussed expediting the M2 freeway program to:
  - Deliver mobility earlier
  - Lock in resources to fund EAP projects including the I-405
  - Benefit from favorable bidding climate and low interest rates
  - Provide funds for the delivery of all Measure M2 freeway projects by 2041
- ❑ The Board is exploring three options to deliver the M2 program to voters:
  - Option A – Pay as you go (preferred delivery option in Ordinance)
  - Option B – Issue Measure M2 sales tax bonds
  - Option C – Issue Measure M2 sales tax bonds and I-405 toll road bonds



## M2020 Freeway Program Options

- ❑ Option A – Pay as you go
  - Delivery uncertain due to inflation risks
- ❑ Option B – Issue Measure M2 sales tax bonds
  - Ability to accelerate four freeway projects by 2020
  - Environmentally clears balance of freeway program by 2020
  - Delivers all Measure M2 freeways by 2041
  - Requires issuance of approximately \$1.68 billion in Measure M2 sales tax bonds by 2020
- ❑ Option C – Issue Measure M2 sales tax bonds and I-405 toll road bonds
  - Ability to accelerate four freeway projects by 2020
  - Environmentally clears balance of freeway program by 2020
  - Delivers all Measure M2 freeways by 2041
  - Assumes Design-Build and requires tolling authority
  - Increases I-405 mobility
  - Requires issuance of approximately \$1.68 billion in Measure M2 sales tax bonds and approximately \$440 million in non-recourse toll road revenue bonds by 2020



## ***I-405 Improvement Project Build Alternatives***

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- ❑ Draft Environmental Impact Report / Environmental Impact Statement released on May 18, 2012
- ❑ Alternative 1: \$1.3 billion cost (assumes Design-Build delivery method)
  - Adds one general purpose lane in each direction of the I-405 freeway from Euclid to the I-605 interchange
- ❑ Alternative 2: \$1.4 billion cost (assumes Design-Build delivery method)
  - Adds one general purpose lane in each direction of the I-405 freeway from Euclid to the I-605 interchange
  - Adds another general purpose lane in each direction from Brookhurst to SR-22 / 7<sup>th</sup> Street interchange
- ❑ Alternative 3: \$1.7 billion cost (assumes Design-Build delivery method)
  - Adds one general purpose lane in each direction of the I-405 freeway from Euclid to the I-605 interchange
  - Adds one express toll lane to the existing carpool lane from SR-73 to SR-22 (Federal Highway Administration tolling authority required)
  - Express toll lane combines with existing carpool lane to make a two-lane (each direction) express toll facility from SR-73 to the I-605 interchange
  - Financial model generates excess toll revenues based on Stantec traffic and revenue forecast

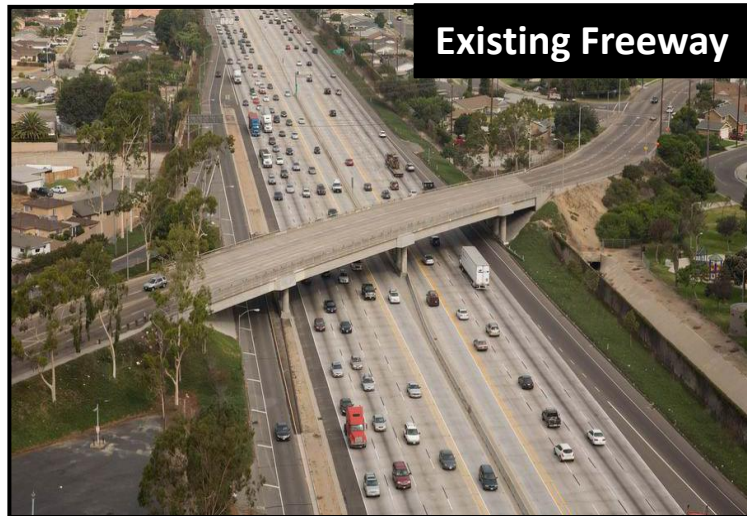


# *I-405 Improvement Project Study Area*





# I-405 Improvement Project Alternatives



## *Projected Results of Other Measure M2 Programs by 2020*

- ❑ Streets and Roads
  - Fair share formula disbursements to local jurisdictions for street repair and rehabilitation (18% of net Measure M2 revenues)
  - Annual grant funding for street widening and signal synchronization
  - Complete OC Bridges grade separations eliminating street-rail conflicts
- ❑ Transit
  - Continued operations support and expansion of Metrolink weekday trips to 59
  - Funds available for:
    - Rubber-tire extensions to Metrolink, fixed-guideway projects, regional gateways program, transit for seniors and persons with disabilities, community-based circulators, safe bus stops
- ❑ Environmental
  - Freeway environmental program permitting complete
  - Funding for long-term property management
  - Acquisition/restoration programs continue
  - Tier I water quality projects complete
  - Tier II regional water quality projects underway



## Measure M2 Workshop Conclusions and Next Steps

- ❑ Despite reduction in sales tax revenue projections, OCTA can deliver the entire M2 program based on lower capital costs, external revenue sources, lower interest rates, and today's favorable construction bidding market
- ❑ With an aggressive procurement and financing schedule, OCTA can expedite mobility improvements by 2020
- ❑ OCTA has the potential to deliver significant projects beyond Measure M2 plan if the express lanes option is selected for the I-405

### Next Steps

Description	Dates
OCTA Board Recommends I-405 Locally Preferred Alternative to Caltrans	Jul 2012
M2020 Recommendations and I-405 Project Funding Selection	Aug 2012
M2020 Plan of Finance	Nov 2012



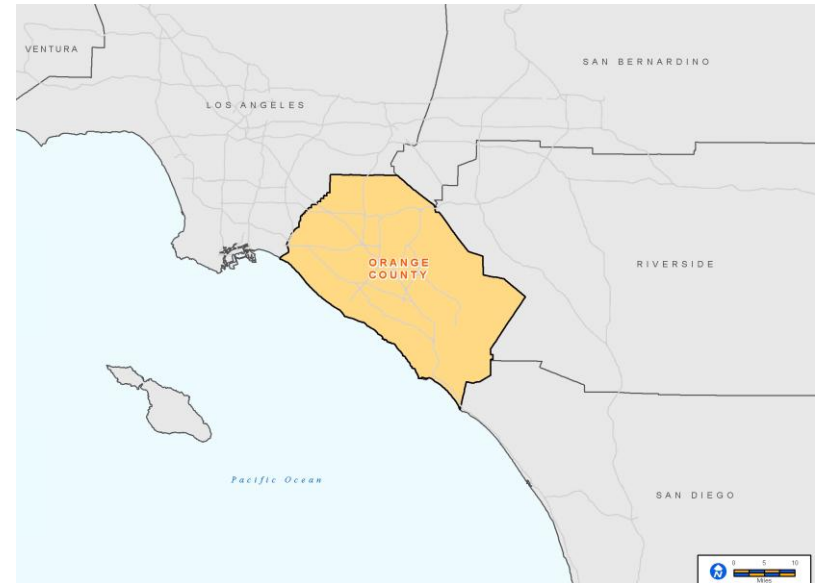
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## IV. Orange County Economy



# Orange County, California

- ❑ Orange County is comprised of 798 square miles, 34 incorporated cities, 42 miles of coastline, 9 beaches, 3 harbors, and over 3 million people
- ❑ Orange County population is third highest in the state and comprises 8.1 percent of the state total
- ❑ Orange County has the second largest employment base in the state and comprises 9.7 percent of the state total
- ❑ Orange County generates 10 percent of the state's total taxable sales transactions
- ❑ If Orange County were a country, it would rank as the 47<sup>th</sup> largest economy in the world



## Unemployment Rate Comparison

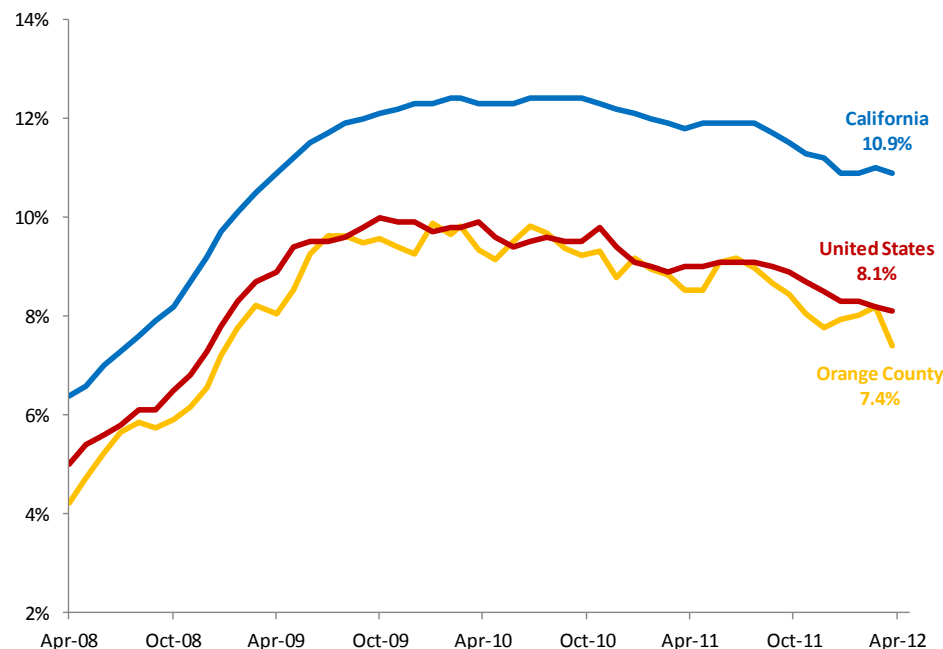
- ❑ Orange County's unemployment rate decreased from 8.5 percent to 7.4 percent over the past year

- ❑ Orange County's rate of 7.4 percent is the third lowest in the state

- ❑ Orange County has the lowest unemployment rate in the Southern California region:

Orange	7.4%
San Diego	8.7%
Ventura	8.7%
Los Angeles	11.0%
Riverside/San Bernardino	11.8%

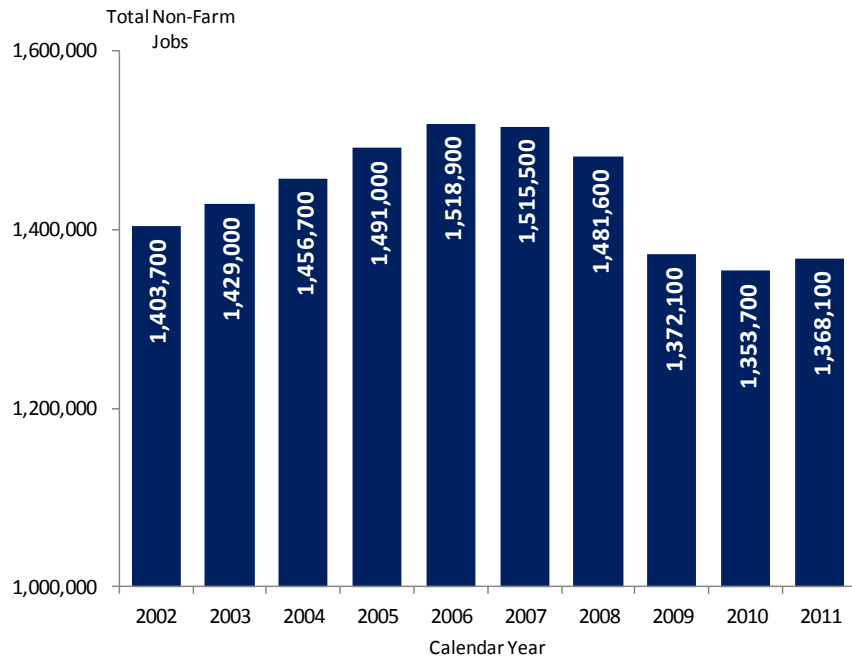
Monthly Unemployment Rates Since 2008



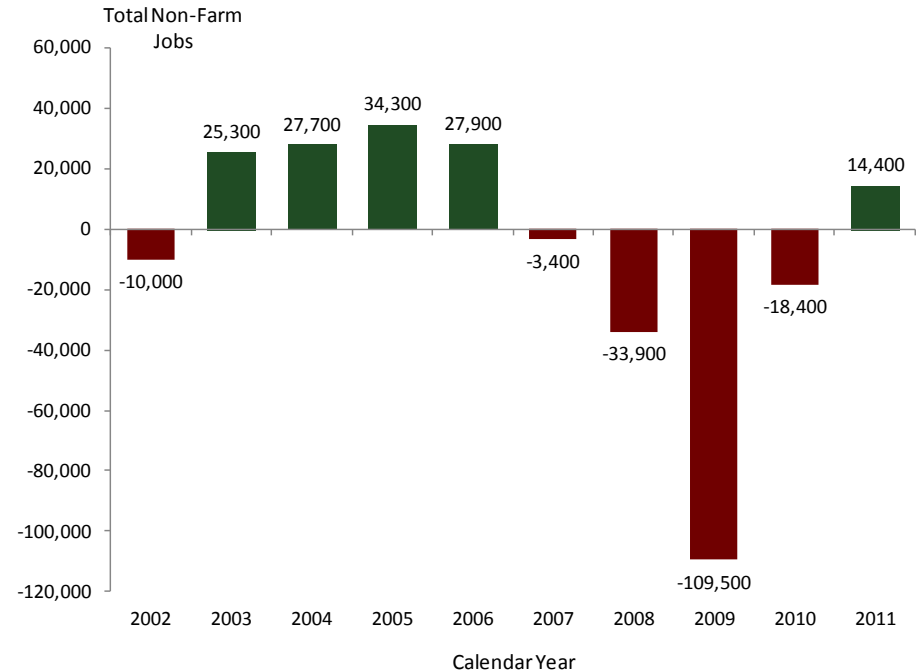
Source: Employment Development Department, April 2012

# Orange County Employment Increases in 2011

## Employment History



## Job Creation and Loss History



Source: Employment Development Department, April 2012

## Employment Sector Changes Since 2006

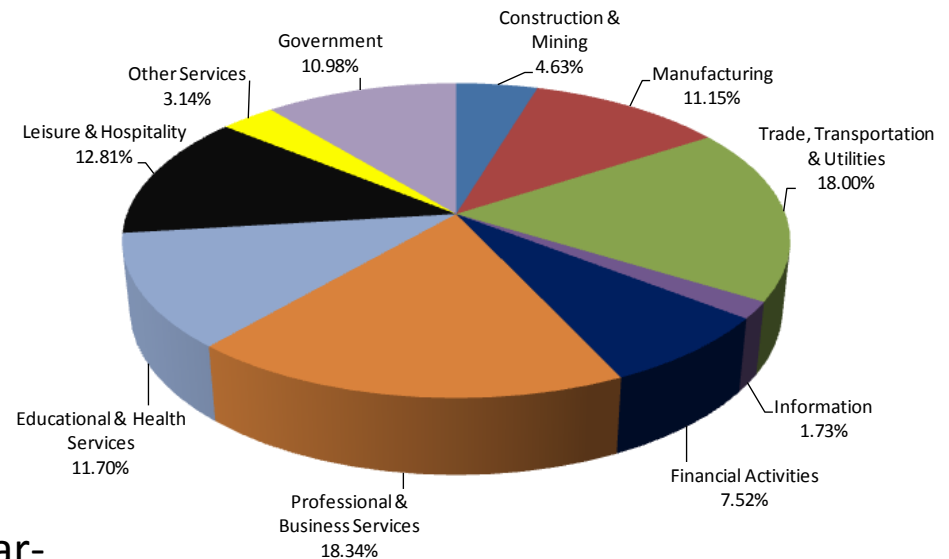
	<u>2006</u>	<u>2010</u>	<u>Number of Jobs Gain/Loss (4 Years)</u>	<u>Percentage Change (4 Years)</u>	<u>Number of Jobs Gain/Loss in 2011</u>
Construction & Mining	107,100	68,500	(38,600)	-36.0%	400
Manufacturing	182,700	150,400	(32,300)	-17.7%	3,200
Trade, Transportation & Utilities	272,800	244,400	(28,400)	-10.4%	2,500
Information	31,900	24,800	(7,100)	-22.3%	(1,000)
Financial Activities	138,200	103,500	(34,700)	-25.1%	400
Professional & Business Services	274,500	243,500	(31,000)	-11.3%	3,200
Educational & Health Services	137,700	155,500	17,800	12.9%	3,200
Leisure & Hospitality	169,600	168,600	(1,000)	-0.6%	4,600
Other Services	47,700	42,200	(5,500)	-11.5%	600
Federal Government	11,400	12,400	1,000	8.8%	(800)
State Government	27,400	27,300	(100)	-0.4%	700
Local Government	117,900	112,600	(5,300)	-4.5%	(2,600)
Total	1,518,900	1,353,700	(165,200)	-10.9%	14,400

Source: Employment Development Department, April 2012

## Orange County Job Market as of April 2012

- ❑ Unemployment rate was 7.4 percent, down from 8.2 in March 2012, and below the year-ago rate of 8.5 percent
- ❑ Total employment increased by 24,800 jobs from April 2011 to April 2012
- ❑ Professional and business services reported the largest year-over-year growth, with an overall increase of 11,600 jobs
- ❑ Trade, transportation, and utilities added 7,100 jobs
- ❑ Construction reported the largest year-over-year employment decline with a cutback of 4,100 jobs overall

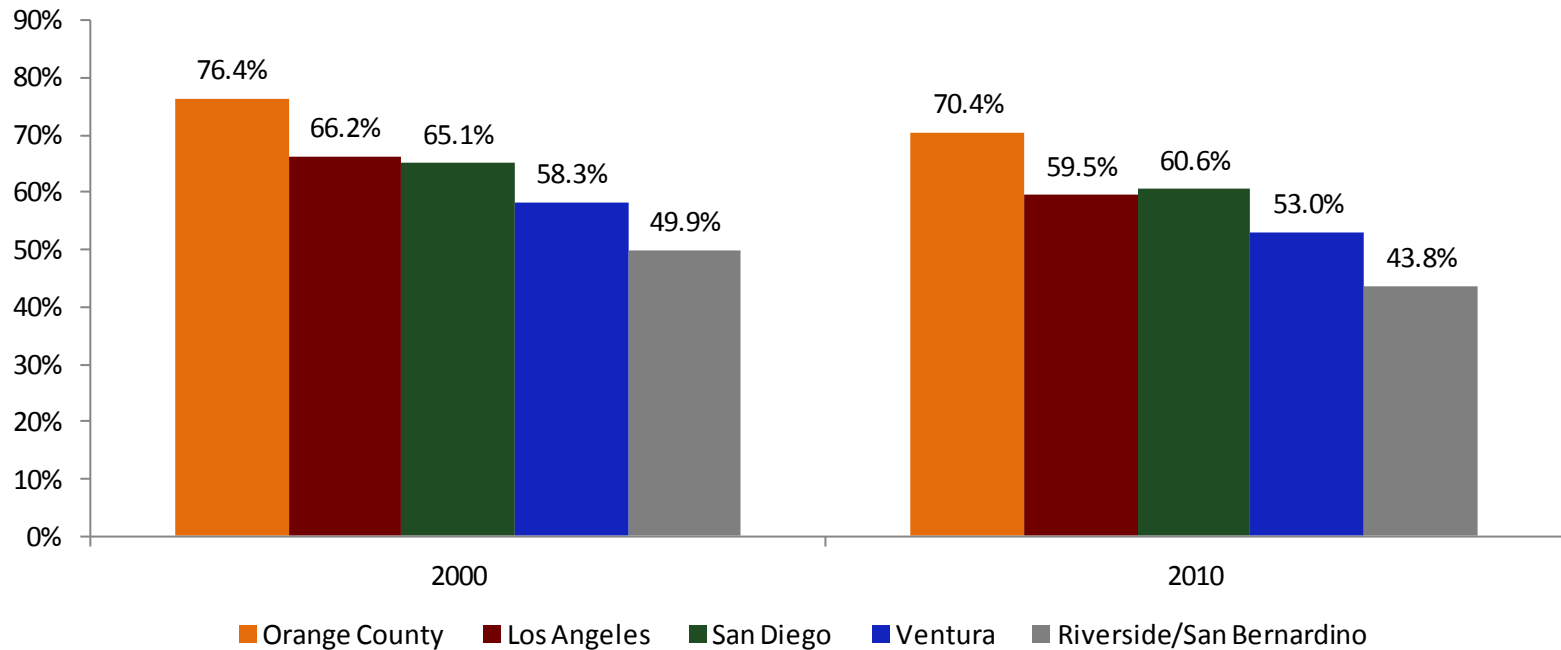
Orange County Employment Sectors  
1.388 Million Total Non-Farm Jobs



Source: Employment Development Department, April 2012

# Employment to Population Comparison

Jobs as a Percentage of Population\* for Southern California Counties



\* Population defined as individuals of working age (greater than 18 and under 65 years old)

Source: Employment Development Department and US Census Bureau

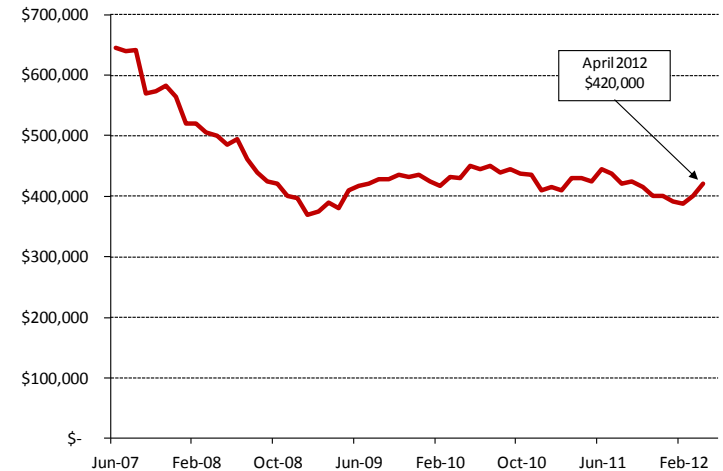
# Median Home Prices and Sales Volume Activity

County	April 2012 Sales Volume	Change from April 2011
Orange	2,920	17.5%
Los Angeles	6,510	8.0%
San Diego	3,559	8.6%
San Bernardino	2,292	-4.6%
Riverside	3,199	-7.8%
Ventura	804	17.5%
Southern California	19,284	5.1%

County	April 2012 Median Price	Change from April 2011
Orange	\$420,000	-2.3%
Los Angeles	\$310,000	-3.1%
San Diego	\$329,500	2.4%
San Bernardino	\$156,250	5.9%
Riverside	\$200,000	5.3%
Ventura	\$360,000	0.7%
Southern California	\$290,000	3.6%

Source: DataQuick

## Orange County Median Prices



## Change in Home Values from Market Peak

County	June 2007 Median Price	April 2012 Median Price	Percent Change From June 2007
Orange	\$645,000	\$420,000	-34.9%
Los Angeles	\$545,000	\$310,000	-43.1%
San Diego	\$495,500	\$329,500	-33.5%
San Bernardino	\$365,000	\$156,250	-57.2%
Riverside	\$400,000	\$200,000	-50.0%
Ventura	\$582,000	\$360,000	-38.1%
Southern California	\$502,000	\$290,000	-42.2%



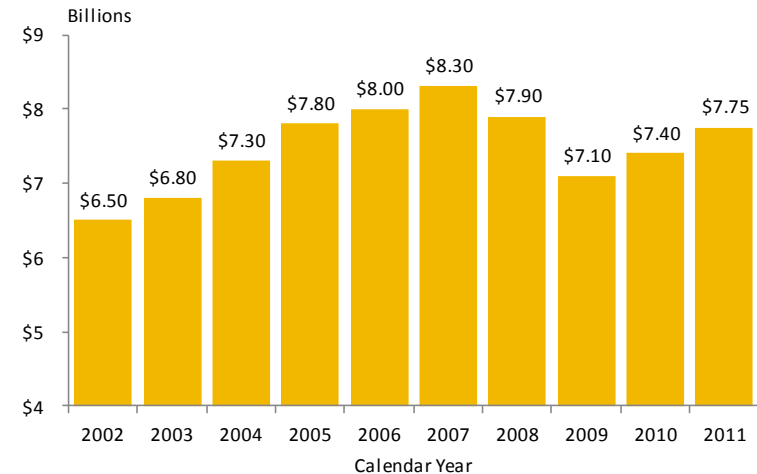
# Tourism in Orange County

- ❑ Tourism sector accounts for approximately 177,800 jobs
- ❑ Number of visitors to Orange County increased slightly to 42.9 million in 2011, while spending increased by 4.6 percent
- ❑ John Wayne Airport completed construction on a new terminal which opened in November 2011

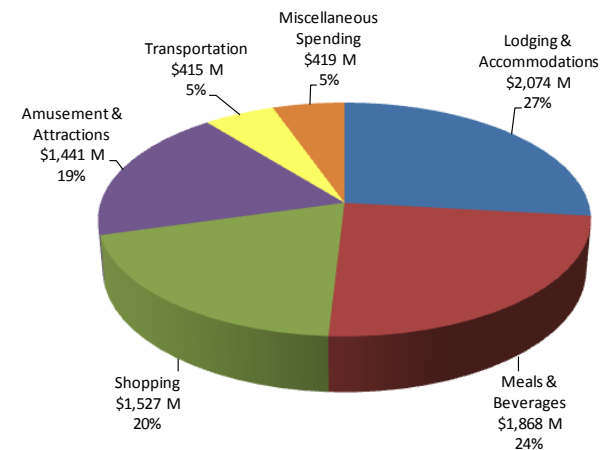


Source: Anaheim/Orange County Visitors and Convention Bureau

### Orange County Visitor Spending

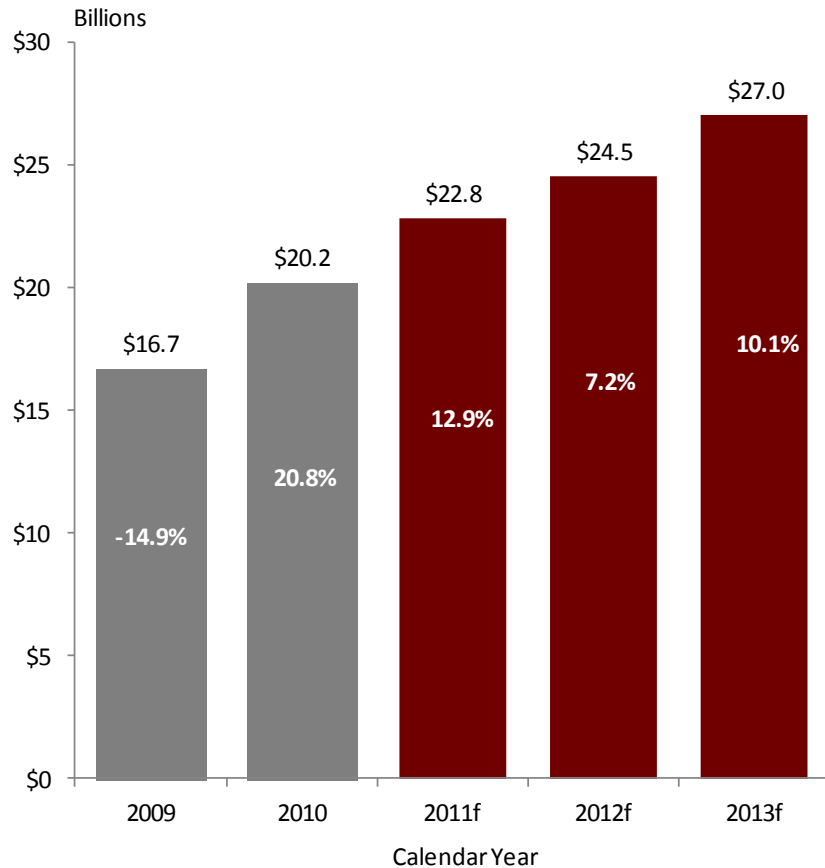


### Spending Categories

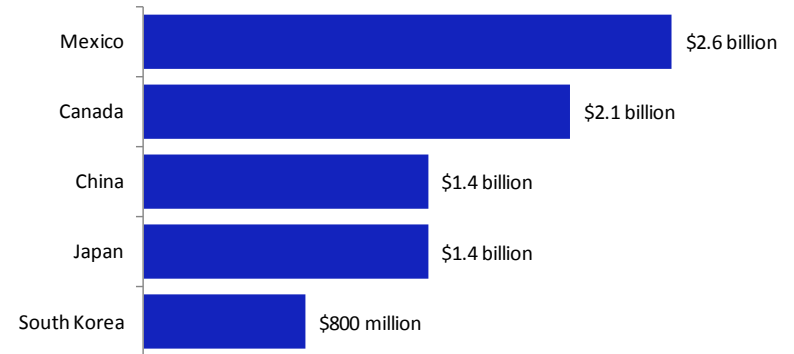


# Orange County Exports

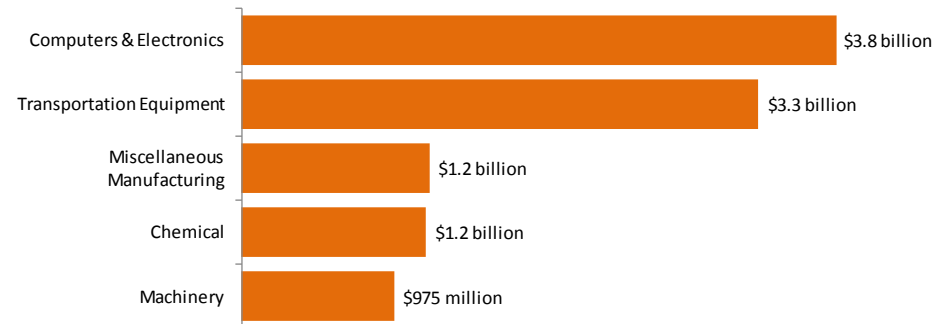
## Orange County Export Growth



## Top Orange County Exports by Country



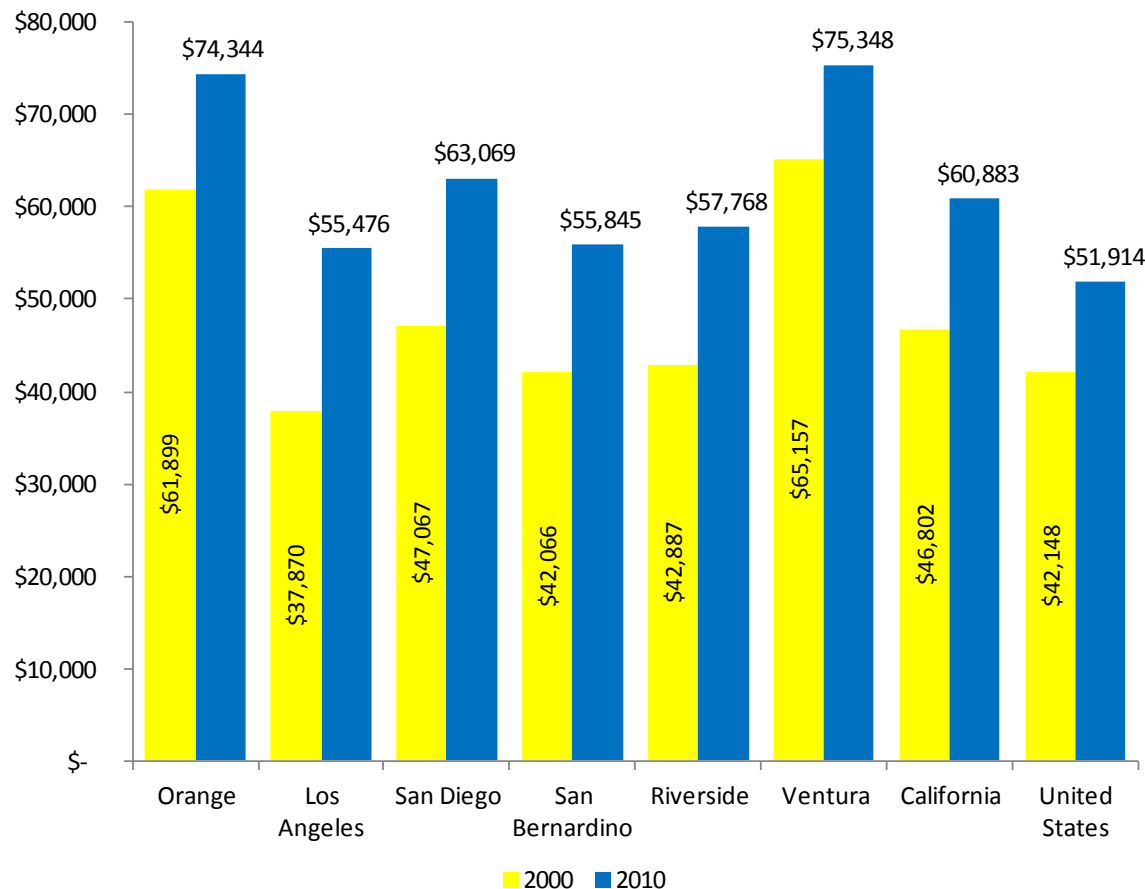
## Top Orange County Exports by Sector



Source: California State University, Fullerton Mihaylo School of Business and Economics

# **Median Household Income Remains High in Orange County**

Comparison of 2000 and 2010 Median Household Income



Source: US Census Bureau, State and County Quick Facts, 2000 and 2010

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# V. Chief Executive Officer's Report

## *Other Significant Events Over the Past Fiscal Year*

- ❑ Opened 7<sup>th</sup> Street bridge connector to the I-405 and the SR-22 after one year of reconstruction work as part of the \$277-million West County Connectors project
- ❑ Completed rail safety upgrades on 52 crossings in eight cities throughout Orange County
- ❑ Approved nearly \$45 million for street and road improvements and signal synchronization programs
- ❑ California Transportation Commission approved the final 2012 State Transportation Improvement Program resulting in a \$247 million program of projects for OCTA
- ❑ Began construction on the Placentia Avenue and Kraemer Boulevard undercrossings as part of the \$600 million OC Bridges grade separation program
- ❑ Opened a new 823-space parking structure at the Tustin Metrolink Station
- ❑ Completed a comprehensive transit study designed to find more efficient, cost-effective, and sustainable ways to operate transit services in Orange County
- ❑ Completed the first Leadership Development Academy at OCTA



## ***CEO Initiatives for the Year***

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- ❑ Accelerate delivery of the capital program
- ❑ Test new bus transit concepts
- ❑ Improve passenger rail service
- ❑ Improve first and last mile connections to passenger rail
- ❑ Develop marketing programs to stimulate trial use of bus and rail
- ❑ Optimize street and bikeway networks
- ❑ Enhance collaborative partnerships with local and regional agencies and business community
- ❑ Work to maintain the public trust
- ❑ Expand leveraging opportunities and seek new revenue sources
- ❑ Ensure the long-term financial viability of all programs
- ❑ Emphasize environmental stewardship and sustainability in projects and operations
- ❑ Maintain OCTA's high commitment to health and safety
- ❑ Advance workforce development and maximize human capital potential
- ❑ Ensure transparency, accountability and efficiency in operations



## ***Proposed Budget for FY 2012-13***

- ❑ Consistent with Strategic Plan, Capital Action Plan, and Comprehensive Business Plan
- ❑ Contains targeted increases in bus service frequency in high demand corridors and fare increases for bus and Metrolink services
- ❑ Proposed budget reflects a 2.8 percent decrease from current year budget

Revenue By Source (in Millions)	FY 2012-13 Proposed Budget	Percent of Budget
Local Transportation Authority 1/2 Cent Sales Tax (M2)	\$ 267.2	24.9%
Federal Grants	179.6	16.7%
Local Transportation Fund 1/4 Cent Sales Tax	144.2	13.4%
State Grants	75.2	7.0%
Passenger Fares	55.9	5.2%
91 Express Lanes Revenues	37.1	3.5%
Gas Tax Exchange	23.0	2.1%
Gas Tax	23.0	2.1%
Interest	20.0	1.9%
State Transit Assistance	21.8	2.0%
Property Tax	11.0	1.0%
Other	9.3	0.9%
Advertising	3.4	0.3%
<b>Subtotal Sources</b>	<b>\$ 870.7</b>	
Planned Use of Reserves	204.1	19.0%
<b>Total Revenues / Reserves</b>	<b>\$ 1,074.8</b>	

Expenditures (in Millions)	FY 2012-13 Proposed Budget	Percent of Budget
Capital Expenditures	\$ 189.1	17.6%
Contribution to Other Agencies	163.2	15.2%
Professional and Outside Services	160.3	14.9%
Salaries and Benefits	148.0	13.8%
Contract Transportation Services	74.6	6.9%
Measure M2 Local Fair Share/Regional Capacity	72.8	6.8%
Measure M1 Competitive Payments	40.0	3.7%
Principal Payments and Interest Expense	35.3	3.3%
Maintenance Parts and Fuel	24.5	2.3%
Gas Tax Exchange	23.0	2.1%
General Administration	13.4	1.2%
Insurance Claims/Premiums	13.3	1.2%
Other Operating Expense	1.0	0.1%
<b>Subtotal Expenditures</b>	<b>\$ 958.5</b>	
Designations	116.3	10.8%
<b>Total Expenditures / Designations</b>	<b>\$ 1,074.8</b>	



# California Budget Update

- ❑ On May 14, 2012, Governor Brown released the May Revise for FY 2012-13 state budget to the Legislature
- ❑ The budget proposal attempts to resolve an estimated \$15.7 billion General Fund deficit by proposing targeted cuts and tax increases
- ❑ The May Revise does not indicate any changes to State Transit Assistance (STA) projections provided in the January budget proposal
  - OCTA anticipates receiving approximately \$24.7 million in STA revenues in FY 2012-13
- ❑ The constitutional deadline is June 15<sup>th</sup> for the California Legislature to pass the budget in order for it to go into effect at the start of the new fiscal year on July 1



# California High Speed Rail Update

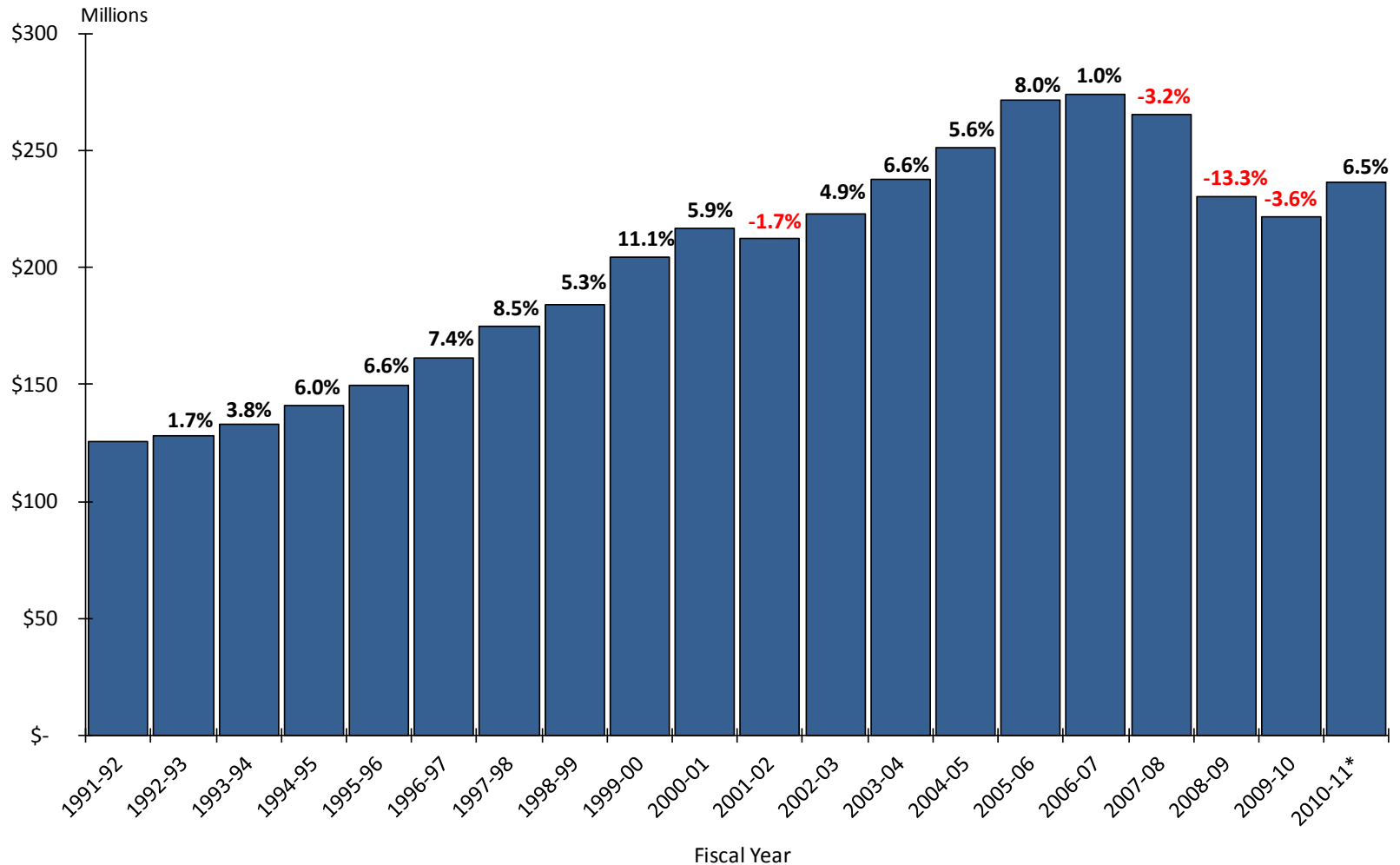
- ❑ The California High-Speed Rail Authority released the Revised 2012 Business Plan (Revised Plan) in April 2012
- ❑ The Revised Plan includes a number of significant changes from the November 2011 version
- ❑ Four key changes include:
  - A lower overall cost for the blended system approach (\$68.4 billion)
  - Specific investment in the bookends of the system
  - Identification of an Initial Operating Segment (IOS) to be the Southern California section (Merced to Los Angeles)
  - Provides for incremental improvements to the Northern California section (Merced to San Jose/San Francisco) and the San Fernando Valley to Orange County sections while the IOS is being constructed



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# VI. Sales Tax Collections

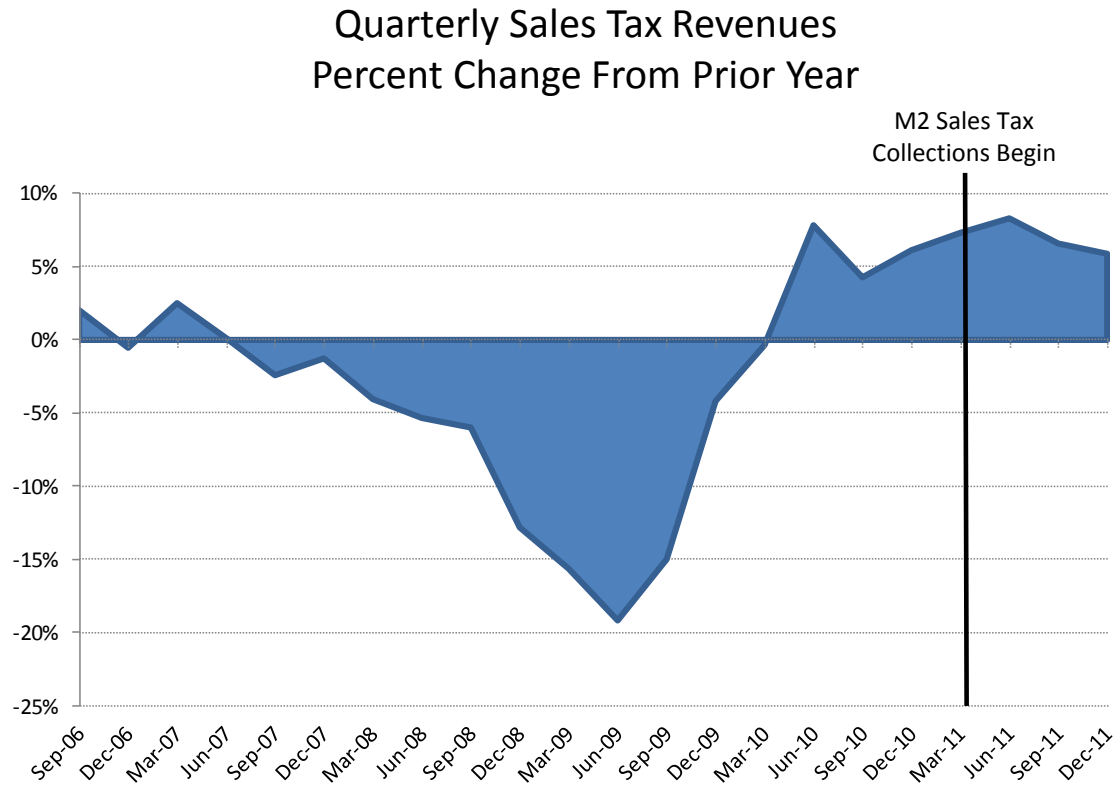
## Sales Tax Revenues Return to FY 2003-04 Levels



\* Fiscal year 2010-11 represents a combination of Measure M1 (three quarters of the year) and Measure M2 (one quarter of the year) sales tax revenues.

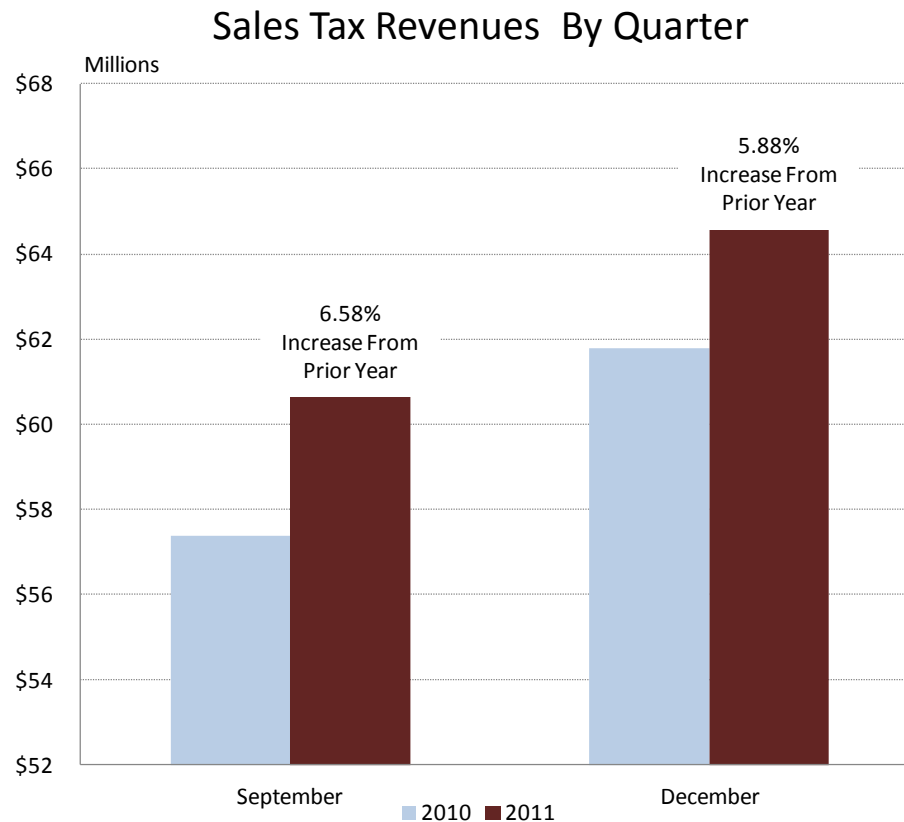
## Quarterly Look at Sales Tax Collections

- ❑ Since the quarter ending March 2010, quarterly sales tax revenues have increased eight straight quarters including the most recent quarter of December 2011
- ❑ Increases have averaged about 5.74 percent during this eight quarter period



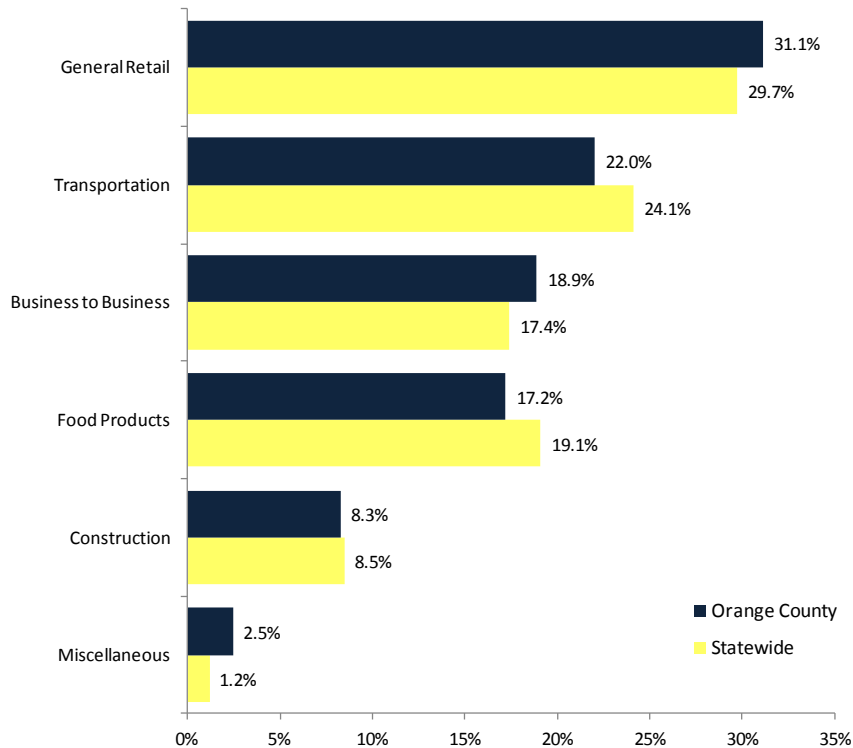
## ***Sales Tax Revenues Have Increased 6.2 Percent Year-To-Date***

- ❑ Sales tax revenues increased 6.22 percent during the first six months of FY 2011-12
- ❑ OCTA forecasted a 5.40 percent increase for FY 2011-12

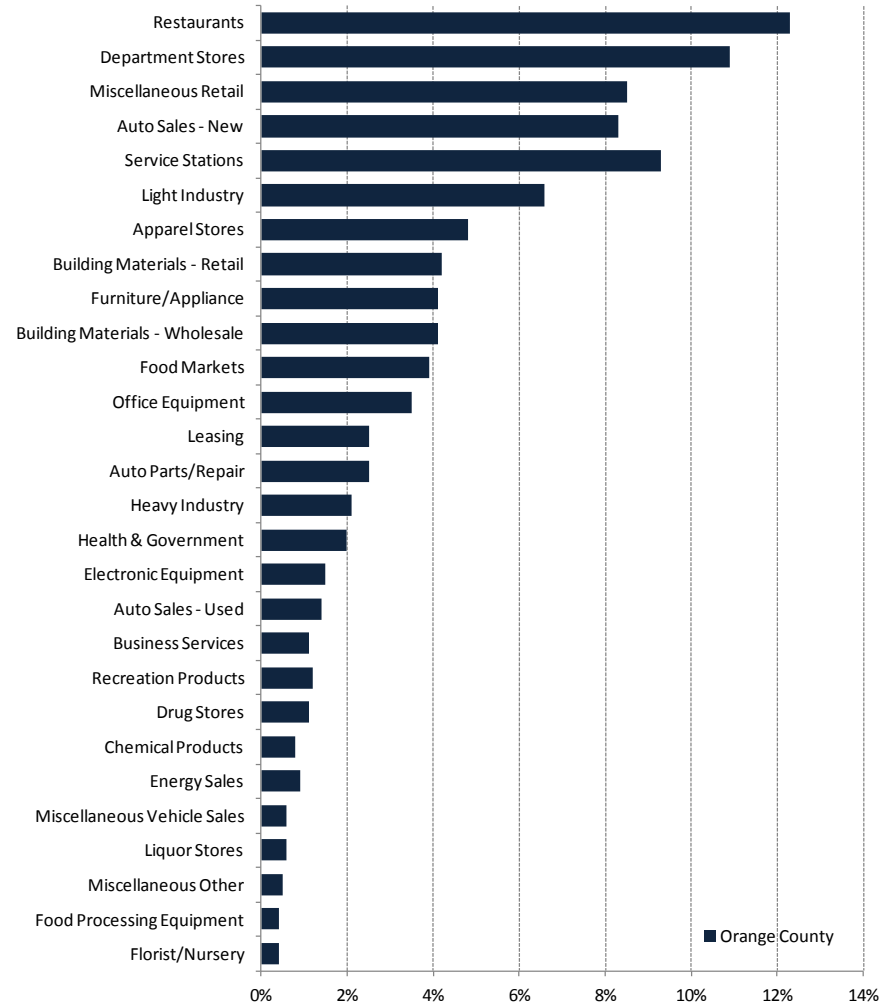


# Orange County Sales Tax Breakdown\*

## By Economic Category



## By Economic Segment



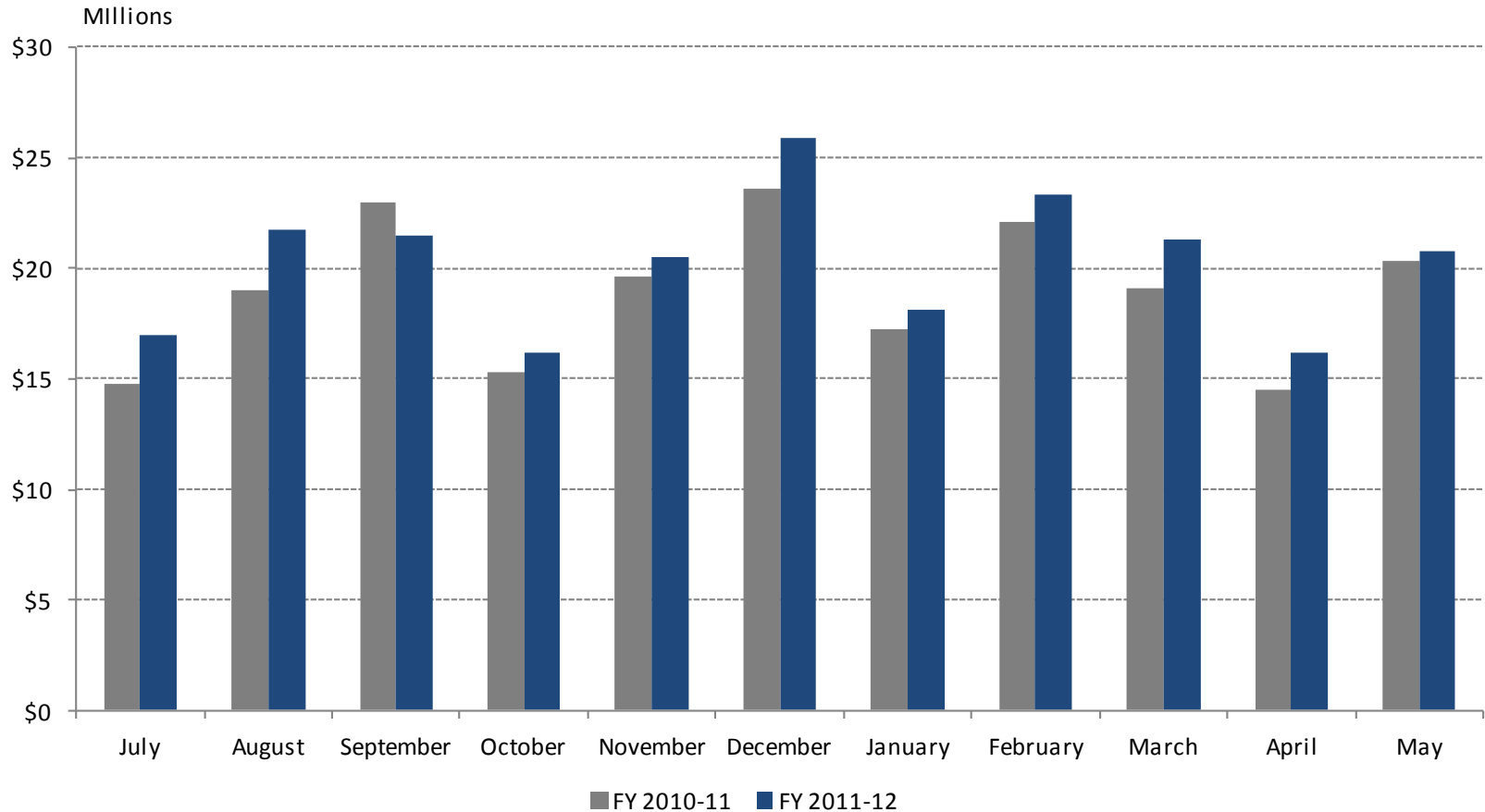
\* Breakdown is for the 12 month period ending December 2011

Source: MuniServices

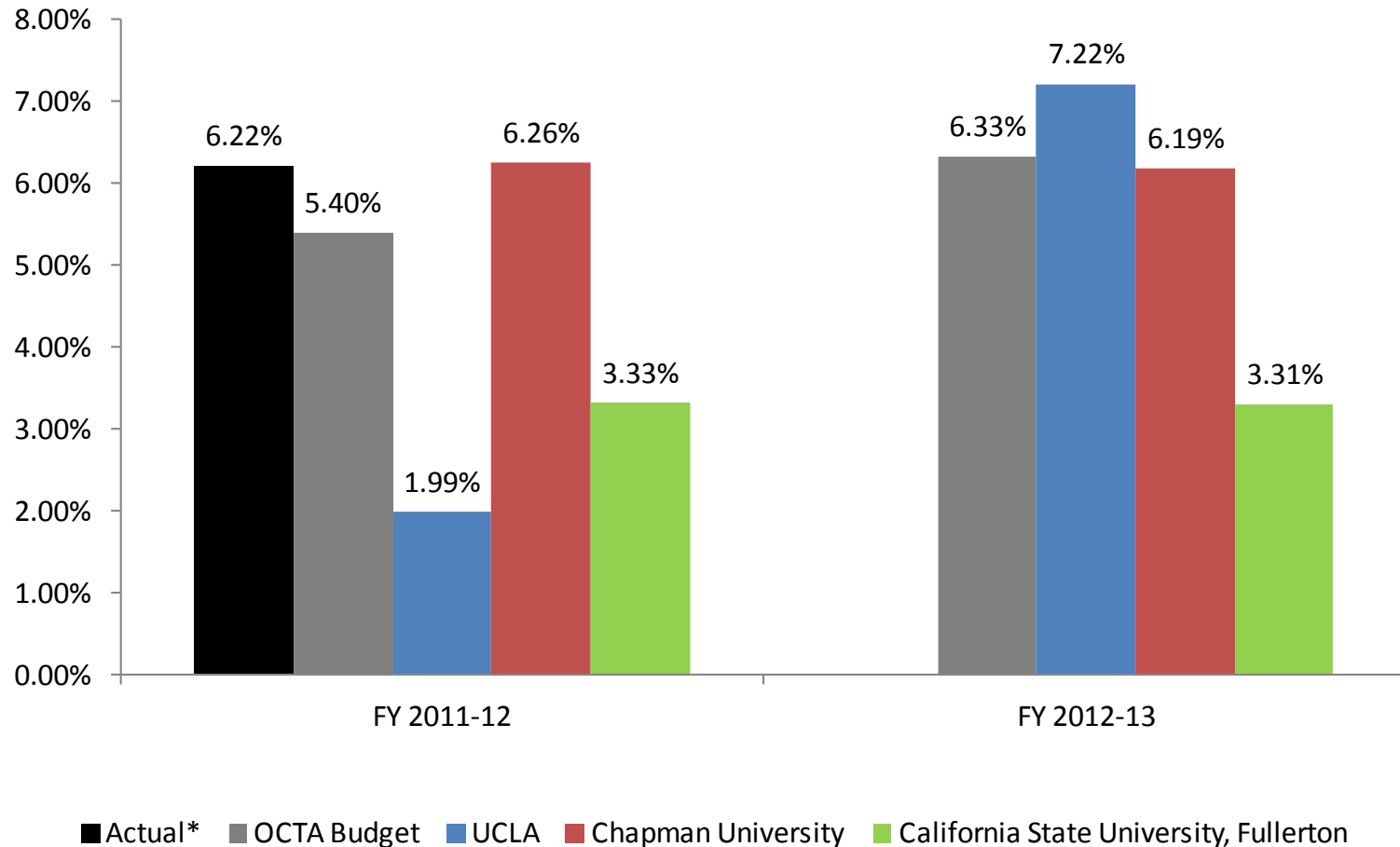


## ***Sales Tax Advances Increased by 6.7 Percent Over Prior Year***

Sales Tax Advances: Current Fiscal Year-to-Date Comparison to Prior Year

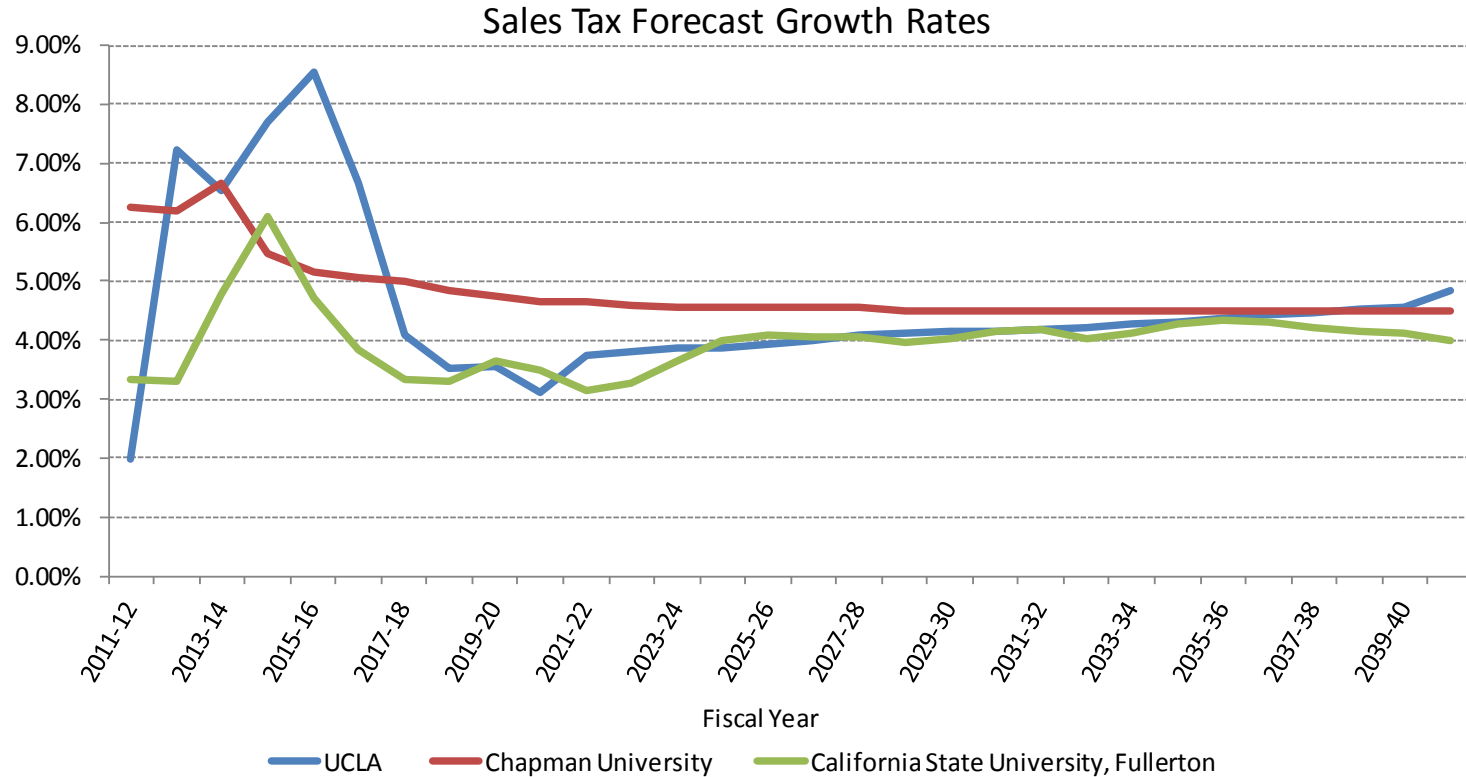


## Growth Rate Projections for FY 2011-12 and FY 2012-13



\* Represents actual collections for the first six months of FY 2011-12 (July 2011 through December 2011)

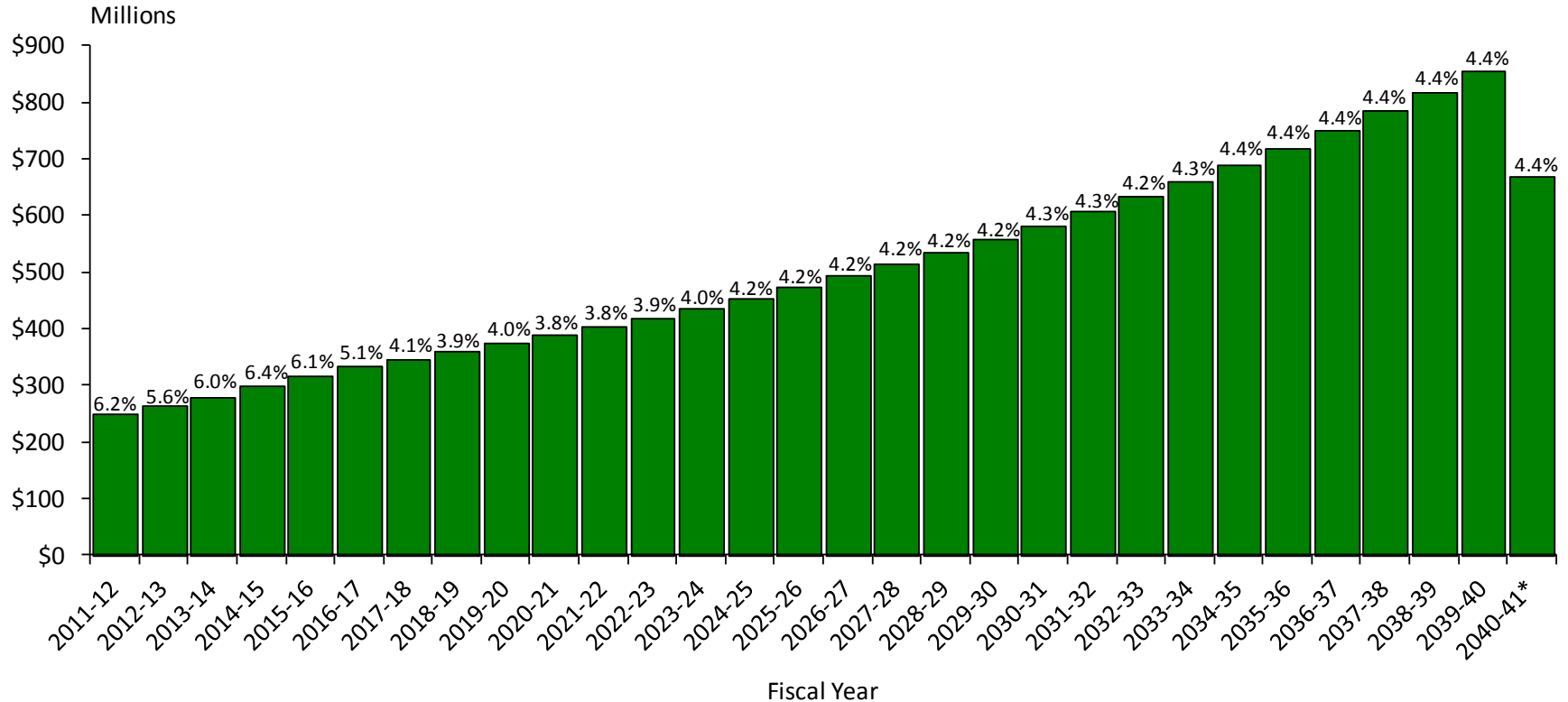
# Measure M2 Forecasts by University



	1-Year Rate FY 2013	Average 3-Year Rate FY 2013-2015	Average 5-Year Rate FY 2013-2017	Average 10-Year Rate FY 2013-2022	Average 30-Year Rate FY 2012-2041
UCLA	7.22%	7.15%	7.33%	5.47%	4.56%
Chapman University	6.19%	6.10%	5.71%	5.24%	4.82%
California State University, Fullerton	3.31%	4.72%	4.54%	3.96%	3.99%

## Measure M2 Updated Nominal Forecast Totals \$15.4 Billion

### Annual Sales Tax Revenue Forecast

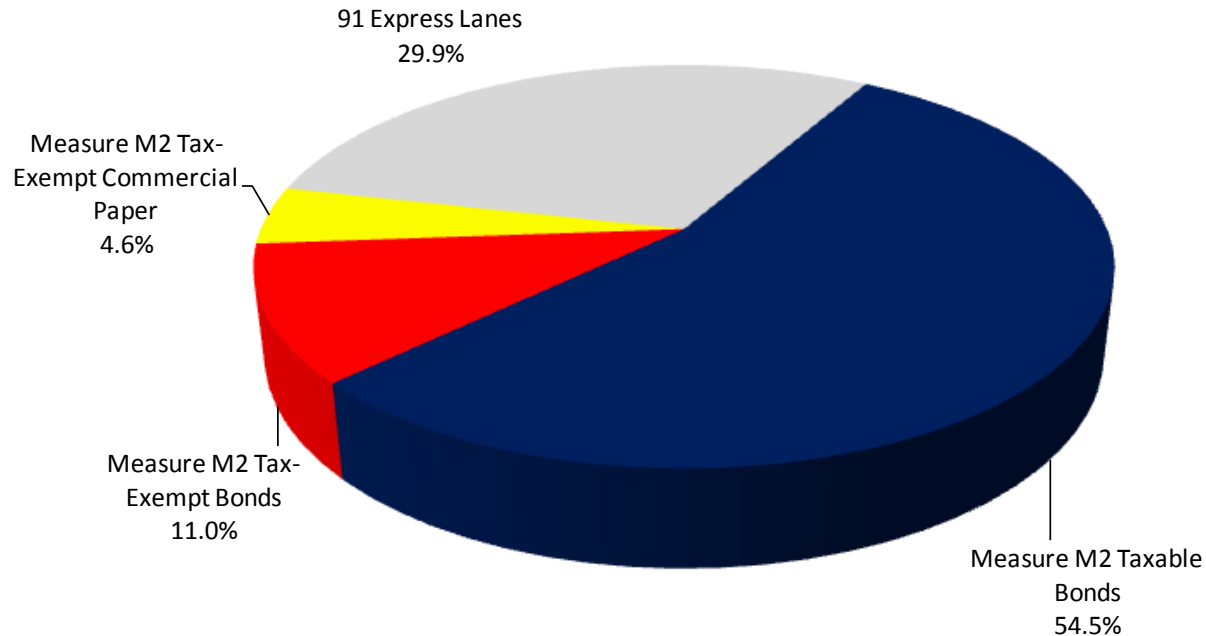


\* Represents three quarters of sales tax collections

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# VII. Debt and Investments

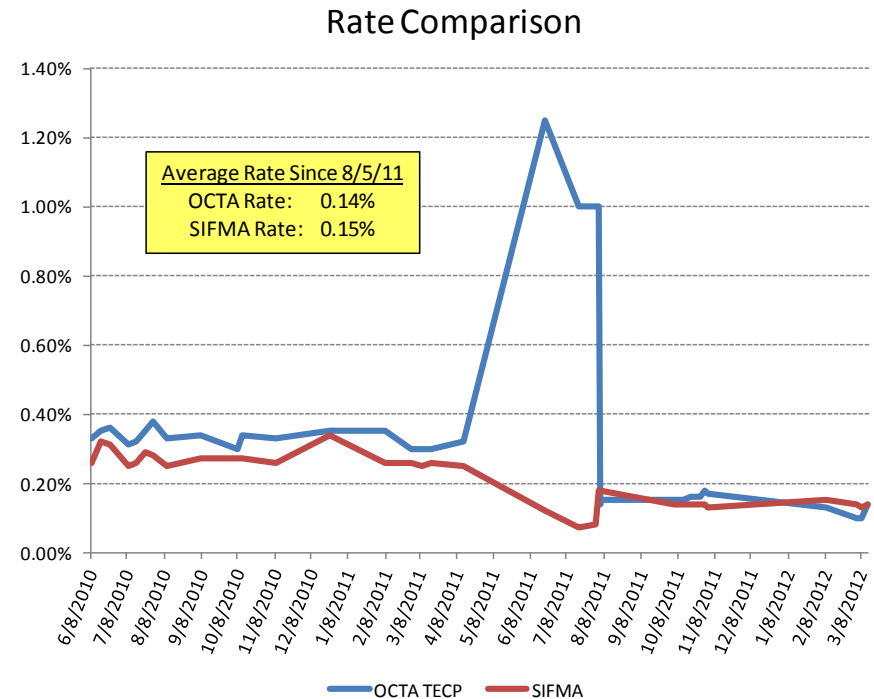
## Current Debt Profile – Outstanding Debt Totals \$538 Million



Outstanding Debt	Outstanding Balance	Final Maturity Date
Measure M2 Taxable Bonds	\$293,540,000	February 2041
Measure M2 Tax-Exempt Bonds	\$59,030,000	February 2020
Measure M2 Tax-Exempt Commercial Paper	\$25,000,000	November 2014
91 Express Lanes	\$160,705,000	December 2030
<b>Total</b>	<b>\$538,275,000</b>	

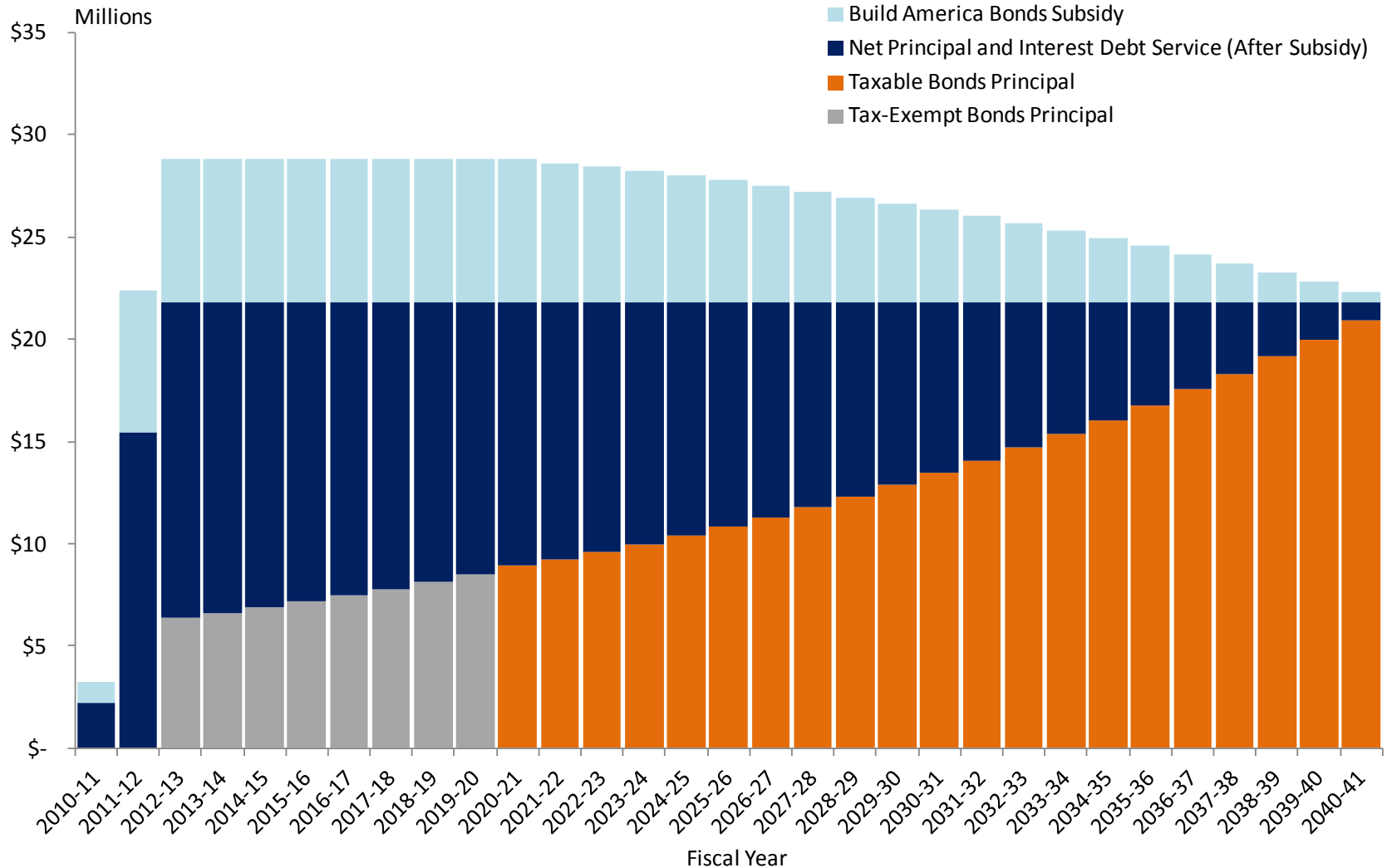
## Measure M2 Commercial Paper Program

- ❑ \$50 million tax-exempt commercial paper program originally established in January 2008
- ❑ Amended existing Letter of Credit agreement in August 2011 to remove Dexia and BNP Paribas from the facility until the expiration in November 2011
- ❑ In November 2011, OCTA entered into a three-year direct pay Letter of Credit agreement with JP Morgan Chase Bank, N.A.
  - Expires in November 2014
- ❑ Outstanding commercial paper totaled \$25 million as of June 1, 2012





# Measure M2 Sales Tax Revenue Bonds Debt Service



# Measure M2 Coverage Projections

<i>\$ in Millions</i>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
Sales Tax Receipts (1)	\$ 250.93	\$ 264.91	\$ 280.76	\$ 298.79	\$ 317.14	\$ 333.58	\$ 347.36	\$ 360.82	\$ 375.22	\$ 389.34
Less: SBOE & Oversight Audit Fees (2)	6.27	6.62	7.02	7.47	7.93	8.34	8.68	9.02	9.38	9.73
Less: Environmental Cleanup (3)	5.02	5.30	5.62	5.98	6.34	6.67	6.95	7.22	7.50	7.79
Sales Tax Revenues	239.64	252.99	268.12	285.34	302.87	318.56	331.73	344.58	358.33	371.82
Less: Local Revenues (4)	42.68	45.06	47.76	50.82	53.94	56.74	59.09	61.38	63.82	66.23
Revenues Available for Debt Service (5)	196.96	207.93	220.36	234.52	248.92	261.82	272.64	283.21	294.51	305.59
Debt Service on Outstanding Bonds (6)	15.42	21.83	21.83	21.83	21.84	21.83	21.84	21.84	21.84	21.84
Estimated Debt Service on Outstanding Commercial Paper (7)	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
Total Debt Service	\$ 17.24	\$ 23.65	\$ 23.65	\$ 23.65	\$ 23.65	\$ 23.65	\$ 23.65	\$ 23.65	\$ 23.65	\$ 23.65
Debt Service Coverage Ratio for Outstanding Bonds	12.77x	9.52x	10.09x	10.74x	11.40x	11.99x	12.49x	12.97x	13.49x	13.99x
Debt Service Coverage Ratio for All Debt	11.42x	8.79x	9.32x	9.92x	10.52x	11.07x	11.53x	11.97x	12.45x	12.92x

(1) Based upon forecasted values by OCTA for FY 2011-12 and FY 2012-13; forecasts from UCLA, Chapman University, and California State University at Fullerton are used for FY 2013-14 through FY 2020-22

(2) Based upon 2.5% for SBOE and Oversight Audit fees

(3) Based upon 2.0% for Environmental Clean-up fees

(4) Computed at 18% of the difference between Sales Tax Revenues and the Authority administrative expenses of 1% on receipts of the Sales Tax

(5) Excludes investment earnings

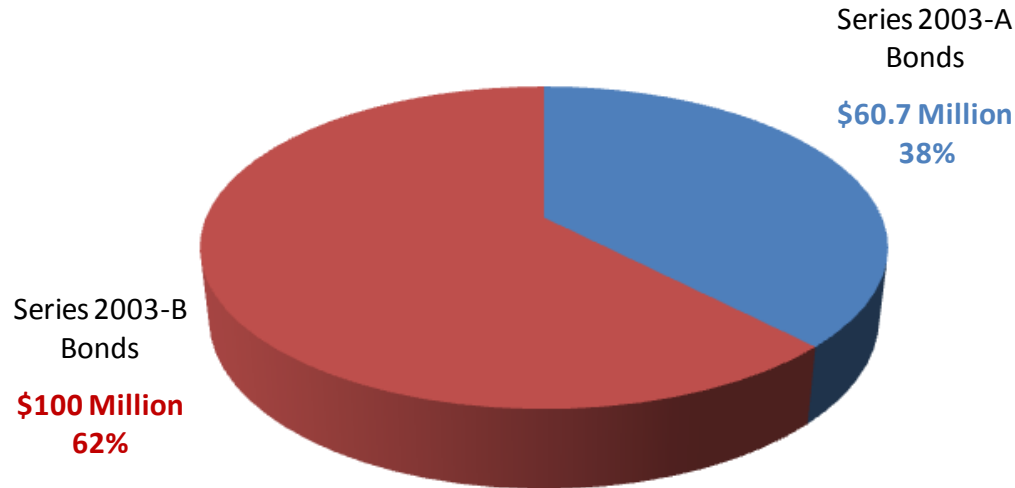
(6) Debt service for the 2010 Measure M2 bonds issued in December 2010 (net of Build America Bonds subsidy)

(7) Amortized at a 6% rate for 30 years for the outstanding amount of \$25 million

## Measure M2 Workshop Scenario - Additional Debt Issued in June 2014 (\$1.2 billion), June 2017 (\$229 million), and June 2020 (\$175 million)

Additional Debt Service for New Issuances	\$ 79.57	\$ 79.57	\$ 79.57	\$ 95.81	\$ 95.81	\$ 95.81	\$ 109.16
Total Debt Service (Existing and Additional Debt Service)	\$ 103.22	\$ 103.23	\$ 103.22	\$ 119.46	\$ 119.46	\$ 119.46	\$ 132.81
Debt Service Coverage Ratio for All Debt	11.42x	8.79x	9.32x	2.27x	2.41x	2.54x	2.30x

## **91 Express Lanes Outstanding Debt Totals \$160.7 Million**



- ❑ Series 2003-A Bonds have a first optional call date of August 15, 2013
- ❑ Series 2003-B Bonds remain privately placed with the Orange County Investment Pool at a fixed rate of 1.55 percent and a final maturity of August 15, 2013
- ❑ \$25 million interest rate swap with JP Morgan remains outstanding
- ❑ OCTA will evaluate restructuring opportunities before August 2013

# 91 Express Lanes Coverage Projections

<i>\$ in Millions</i>	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Gross Potential Toll Revenues (1)	\$ 34.20	\$ 31.70	\$ 32.70	\$ 33.70	\$ 36.70	\$ 39.90	\$ 41.90	\$ 44.00	\$ 46.20	\$ 49.00
Tolls (2)	32.49	30.12	31.07	32.02	34.87	37.91	39.81	41.80	43.89	46.55
Add: Non-Toll Revenues (3)	7.00	7.07	7.14	7.21	7.28	7.36	7.43	7.50	7.58	7.66
Revenues	39.49	37.19	38.21	39.23	42.15	45.26	47.24	49.30	51.47	54.21
Less: Current Expenses (4)	(14.70)	(15.14)	(15.60)	(16.06)	(16.54)	(17.04)	(17.55)	(18.08)	(18.62)	(19.18)
Net Revenues for Debt Service	<u>\$ 24.79</u>	<u>\$ 22.04</u>	<u>\$ 22.61</u>	<u>\$ 23.16</u>	<u>\$ 25.60</u>	<u>\$ 28.22</u>	<u>\$ 29.68</u>	<u>\$ 31.23</u>	<u>\$ 32.85</u>	<u>\$ 35.03</u>
Existing Bond Debt Service (5)	\$ 10.76	\$ 10.76								
Future Bond Issuance Debt Service (6)			\$ 13.30	\$ 13.30	\$ 13.30	\$ 13.30	\$ 13.30	\$ 13.30	\$ 13.30	\$ 13.30

Debt Service Coverage Ratio for Outstanding Bonds	2.30x	2.05x	1.70x	1.74x	1.92x	2.12x	2.23x	2.35x	2.47x	2.63x
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(1) Per Stantec November 2011 Traffic and Revenue Study update

(2) Tolls reflect 95% of Gross Potential Toll Revenues (historical average)

(3) Non-toll revenues are estimated to increase by 1% per year

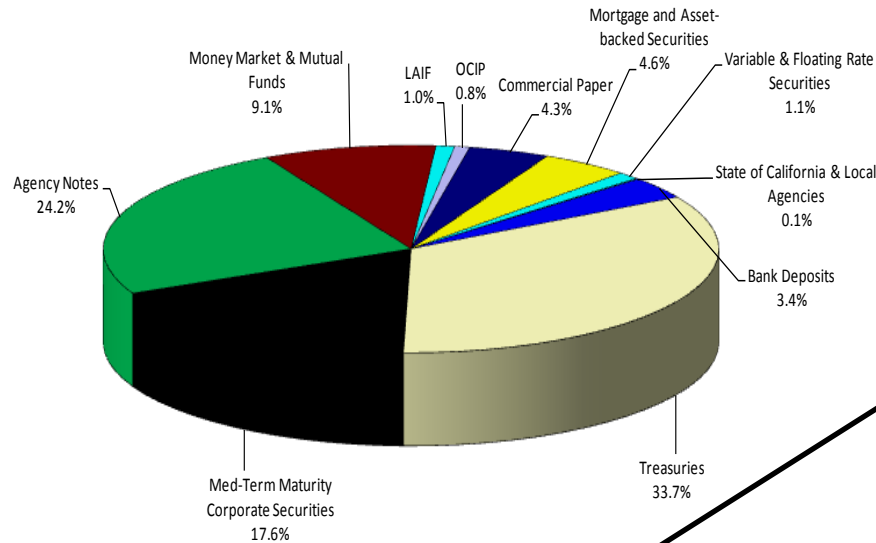
(4) Current Expenses are estimated to increase by 3% per year

(5) Includes debt service for the 2003 bonds and the 2010 private placement

(6) Debt service for an estimated \$150 million bond transaction at 5% for 17 years

# Investment Portfolio Totals \$1 Billion (as of April 2012)

## Investment Instruments



## Maturity Schedule

