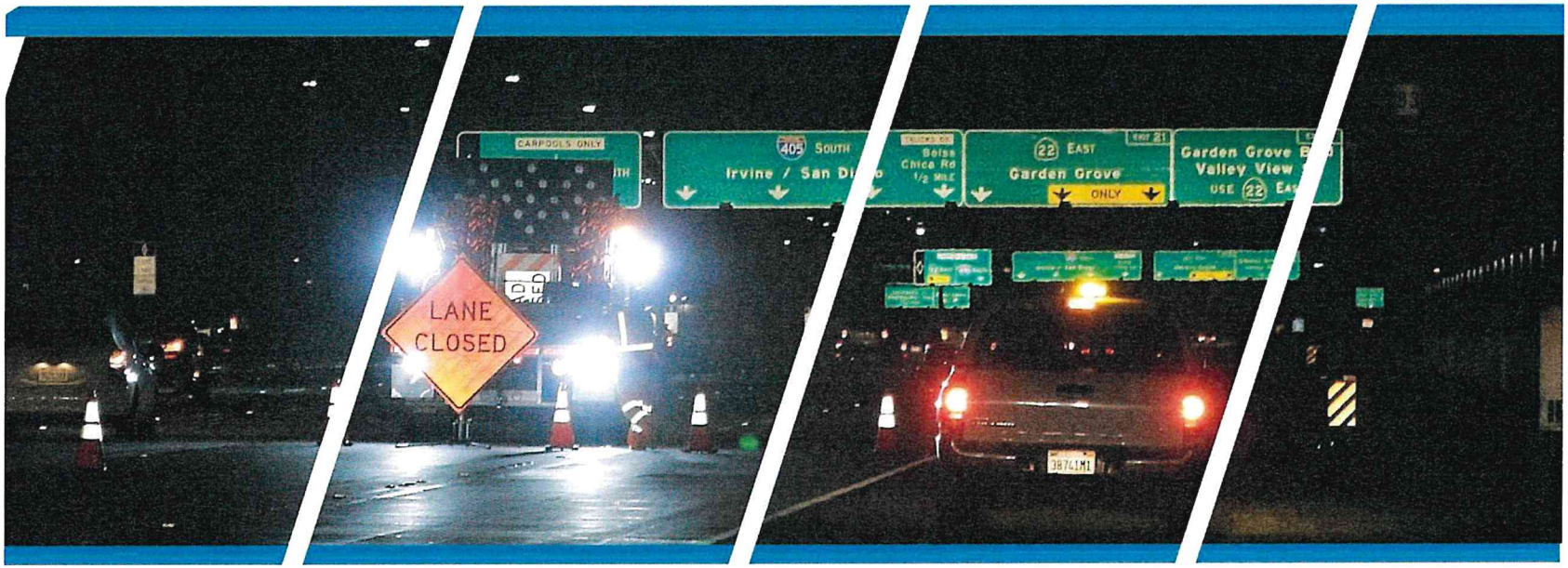
ORANGE COUNTY TRANSPORTATION AUTHORITY



JUNE 2018 UPDATE

OCTA

ATTACHMENT C

Presentation Participants

Lisa A. Bartlett

Board of Directors Chairwoman

Tim Shaw

Board of Directors Vice-Chair

Andrew Do

Finance and Administration Committee Chairman

Darrell E. Johnson

Chief Executive Officer

Andy Oftelie

Executive Director Finance and Administration

Jennifer Matano

Treasury/ Public Finance Manager

Financial Advisor	**Sperry Capital Inc.**	**Jim Martling, Principal**

Presentation Overview

I. Orange County Transportation Authority

II. Measure M2 Sales Tax Program

III. 91 Express Lanes

IV. Major Initiatives Update: Streetcar, Bus 360 & I-405 Improvement Project

V. Agency Update

VI. Orange County Economy

VII. Debt Programs and Financing Plans

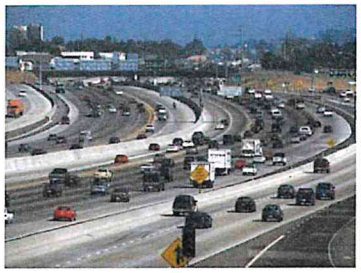
Presentation Summary

- I-405 Improvement Project began construction on March 6, 2018, with first draw on TIFIA loan of $165 million in April 2018
- 91 Express Lanes traffic and revenues continue to grow at high levels in Orange County following the opening of the extension in Riverside County
- Orange County's economic environment continues to be positive with the creation of new jobs, very low levels of unemployment, positive sales tax growth, and increasing home prices
- Approved FY 2018-19 Budget totals $1.306 billion, which includes key investments in various freeway projects, transit, commuter rail, and street and road improvements
- Progress continues on advancing several Measure M2 projects, the OC Streetcar project in Santa Ana and Garden Grove and the Bus 360° improvements
- Debt service coverage ratios remain strong for all OCTA debt programs

I. Orange County Transportation Authority

The Agency

- Orange County's regional transportation agency created in 1991
- Governed by a 18-member Board of Directors
- Multi-modal focus
- OCTA's programs and services include:
  - Freeways
  - 91 and 405 Express Lanes
  - Streets
  - Rail
  - LOSSAN corridor services
  - Bus
  - Environmental programs
  - Motorist services
  - Active Transportation



2018 Board of Directors

Lisa A. Bartlett

Chairwoman
5th District
Supervisor

Tim Shaw

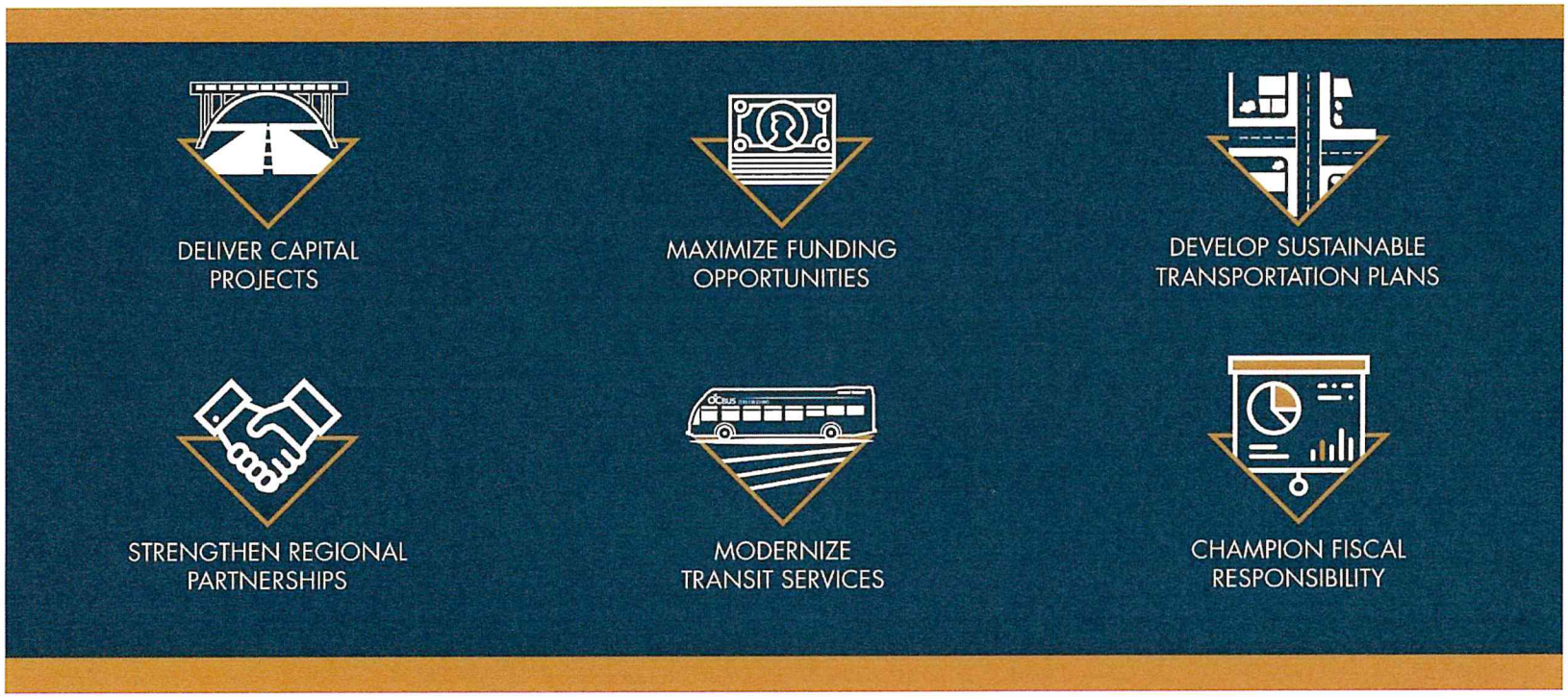
Vice Chairman
4th District
City Member

Andrew Do

Finance and
Administration
Committee
Chairman
1st District
Supervisor

Laurie Davies	*City of Laguna Niguel*
Barbara Delgleize	*City of Huntington Beach*
Lori Donchak	*City of San Clemente*
Michael Hennessey	*Public Member*
Steve Jones	*City of Garden Grove*
Mark Murphy	*City of Orange*
Richard Murphy	*City of Los Alamitos*
Al Murray	*City of Tustin*
Shawn Nelson	*4th District Supervisor*
Miguel Pulido	*City of Santa Ana*
Todd Spitzer	*3rd District Supervisor*
Michelle Steel	*2nd District Supervisor*
Tom Tait	*City of Anaheim*
Gregory Winterbottom	*Public Member*
Vacant	*Governor's Caltrans Ex-Officio Member*

2018 Board Initiatives



OCTA Experience

- OCTA's history includes:
  - Experienced team of executive staff
  - Operating the 91 Express Lanes for over 15 years
  - Issued approximately $2 billion of Measure M1 and Measure M2 bonds and non-recourse 91 Express Lanes bonds
  - Major project delivery experience with highways and grade separation projects
  - Closing a $629 million federal TIFIA loan for the I-405 Improvement Project and a $900 million line of credit secured by M2 required by TIFIA lender at financial close
- Successful project delivery history includes:
  - Delivering the $4 billion Measure M1 20-year sales tax program
  - Major improvements on all Orange County freeways
  - $550 million design-build project on the SR-22 freeway, the largest design-build project completed on an active freeway in California
  - Delivering over $2 billion of Measure M2 projects including $573 million of freeway projects, $1.1 billion of local streets and roads projects, and $362 million of transit projects

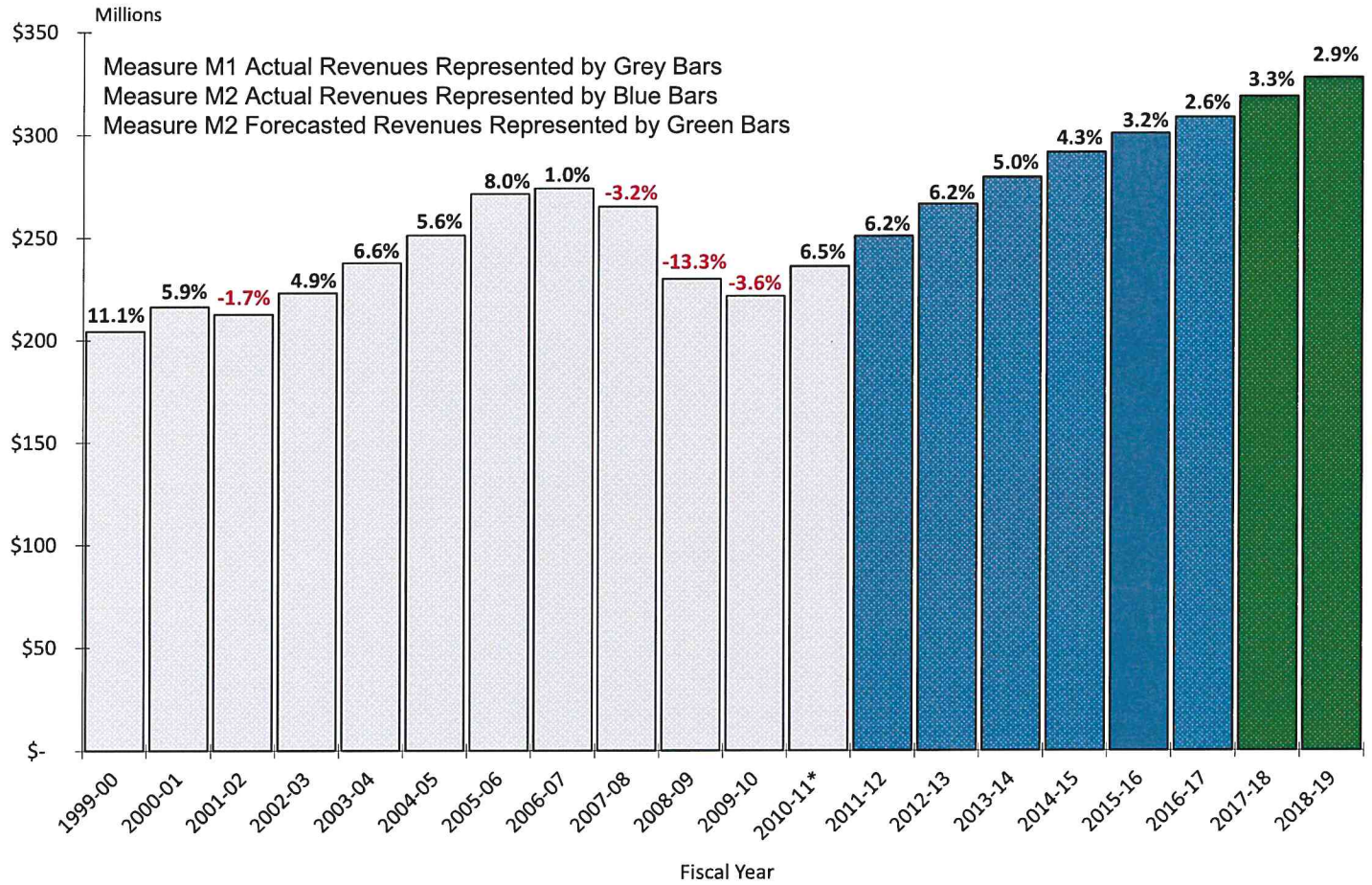
II. Measure M2 Sales Tax Program

Measure M2 Update

- Actual M2 sales tax collections increased by 2.6% in FY 2017 and 3.3% during the first half of FY 2018
- Revised M2 sales tax forecast to total $13.5 billion for 30 years
- Closed a $900 million line of credit secured by M2 revenues
- Completed the final two (out of seven) OC Bridges grade separation projects
- Advanced over $2 billion dollars for Measure M2 projects through March 31, 2018
- Board adopted updated Next 10 Plan in November 2017 and approved creation of new reserve fund to pay for two M2 freeway projects
- Taxpayers Oversight Committee determined that M2 is being delivered as promised to Orange County voters for the 27th consecutive year

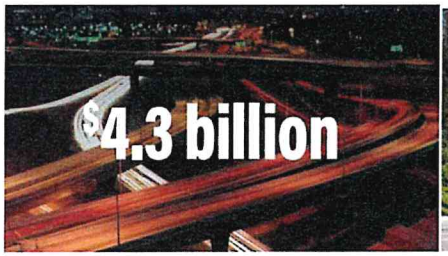
Sales Tax Collections (Measure M1 and M2)

Actual Sales Tax Collections Have Grown Seven Straight Years



** 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.*

Updated Next 10 Plan



▲ Deliver $4.3 billion in freeway projects

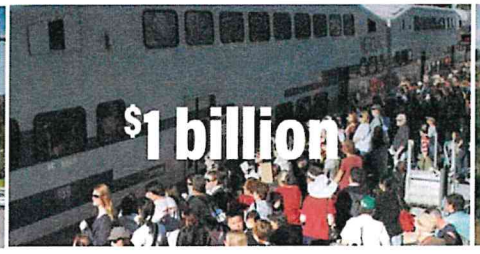
Freeways

- $3.1 billion of improvements approved through construction
- Invest $1.2 billion more in revenues for a total of $4.3 billion in freeway improvements

▲ Allocate approximately $1 billion of funding for streets and roads improvements

Streets & Roads

- $400 million competitive funding to expand roadway capacity and synchronize signals
- $600 million flexible funding to maintain aging streets or other transportation needs



▲ Invest up to $1 billion to enhance access to rail and transit, including delivery of the OC Streetcar

Transit

- Extend Metrolink from OC to LA
- OC Streetcar
- $115 million to expand mobility choices for seniors or persons with disabilities
- Provide grants for local agencies to implement efficient local transit services
- $7 million to improve 100 busiest bus stops and modernize system

▲ Ensure ongoing preservation of open space preserves and provide $40 million in water quality grants

Environmental

- Preservation of purchased open space
- Collaborate with Environmental Cleanup Allocation Committee to develop next tiers of water quality programs with goal to provide $40 million in grants
- Improve water quality on a regional scale

NEXT 10 OC GO
DELIVERY PLAN

Key I-5 South Project Completed

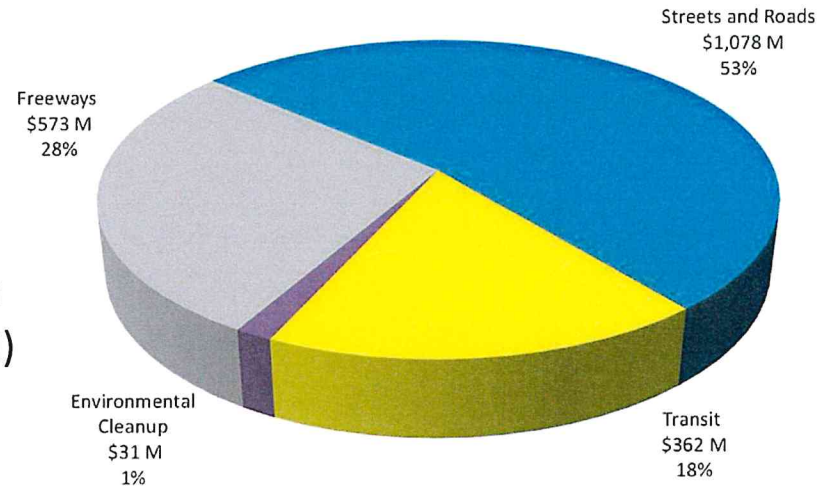
- In March 2018, a $230 million improvement project along the I-5 freeway was completed relieving traffic congestion and enhancing safety for nearly 250,000 commuters traveling through south Orange County
- The project, led by OCTA and in partnership with Caltrans, added six miles of carpool lanes in each direction between Avenida Pico in San Clemente and San Juan Creek Road in San Juan Capistrano
- Improvements also included freeway on-ramps and off-ramps, safety improvements at the southbound freeway curve near Pacific Coast Highway, and a reconstruction of the Avenida Pico interchange
- Construction began in early 2014 and was completed in three phases
- Funding for the project came from state funds, federal funds, and M2

M2 Funds Advanced to Date

- Freeway Projects: $610 million
  - I-405 Improvements ($258.3 M)
  - I-5 South of El Toro ($112.4 M)
  - Freeway Mitigation ($50.5 M)
  - SR-57 Improvements (47.3 M)

- Streets & Roads Projects: $1.113 billion
  - Regional Capacity Program ($694.7 M)
  - Local Fair Share Program ($326.4 M)

Over $2 Billion in
M2 Funds Advanced for Projects



- Transit Projects: $369 million
  - High Frequency Metrolink Service ($166.4 M)
  - Metrolink Gateways ($98.2 M)
  - Mobility Choices for Seniors and Persons with Disabilities ($57.2 M)

- Environmental Cleanup Projects: $33 million
  - Clean Up Highway and Street Runoff ($33.4 M)

III. 91 Express Lanes

OCTA Celebrates 15 Years of Ownership

- Traffic volumes have grown from 9.5 million in calendar year 2002 to 15.8 million in calendar year 2017
- Provided over 199.5 million safe, reliable, and predictable trips to SR-91 commuters
- Total revenues increased from $33.1 million in FY 2004 to $57.8 million in FY 2017
- Over $1.88 billion invested in SR-91 corridor improvements from the SR-57 to the I-15
- Replaced over 40 lane miles of pavement

91 Express Lanes

Orange County

OCTA Now Owns Freeway's Toll Lanes

With the $207-million purchase of the 10-mile stretch, officials are free to make improvements to the congested Riverside Freeway.

By Dan Weikel

Orange County Transportation Authority officials said the acquisition will clear the way for $1.4 billion in proposed improvements for the heavily congested County border. It cost about $135 million to build and opened in late 1993. Closing the gaps ends a troublesome non-competition clause between the operators and Caltrans that restricted widenings, new interchanges and other improvements that would increase the capacity of the Riverside Freeway.

The protective agreement, which would have expired in 2003, affected 10 miles of the freeway from the Los Angeles-Orange County border to Interstate 15 in Riverside County. Improvements that would have been prohibited from the 605 Freeway to the I-15 for 30 years."

Spitzer maintained, however, that the state budget deficit, which is threatening almost $1.5 billion in transportation funds and 111 current projects, could hamper efforts to secure matching state money for improvements to the Riverside Freeway. Current projects across the state are in jeopardy, he said, and others not in the queue yet will fall further down the list of priorities.

To get the deal finalized, toll road company that challenged the constitutionality of the non-competition clause. A separate case brought by the city of Corona against Caltrans is still pending.

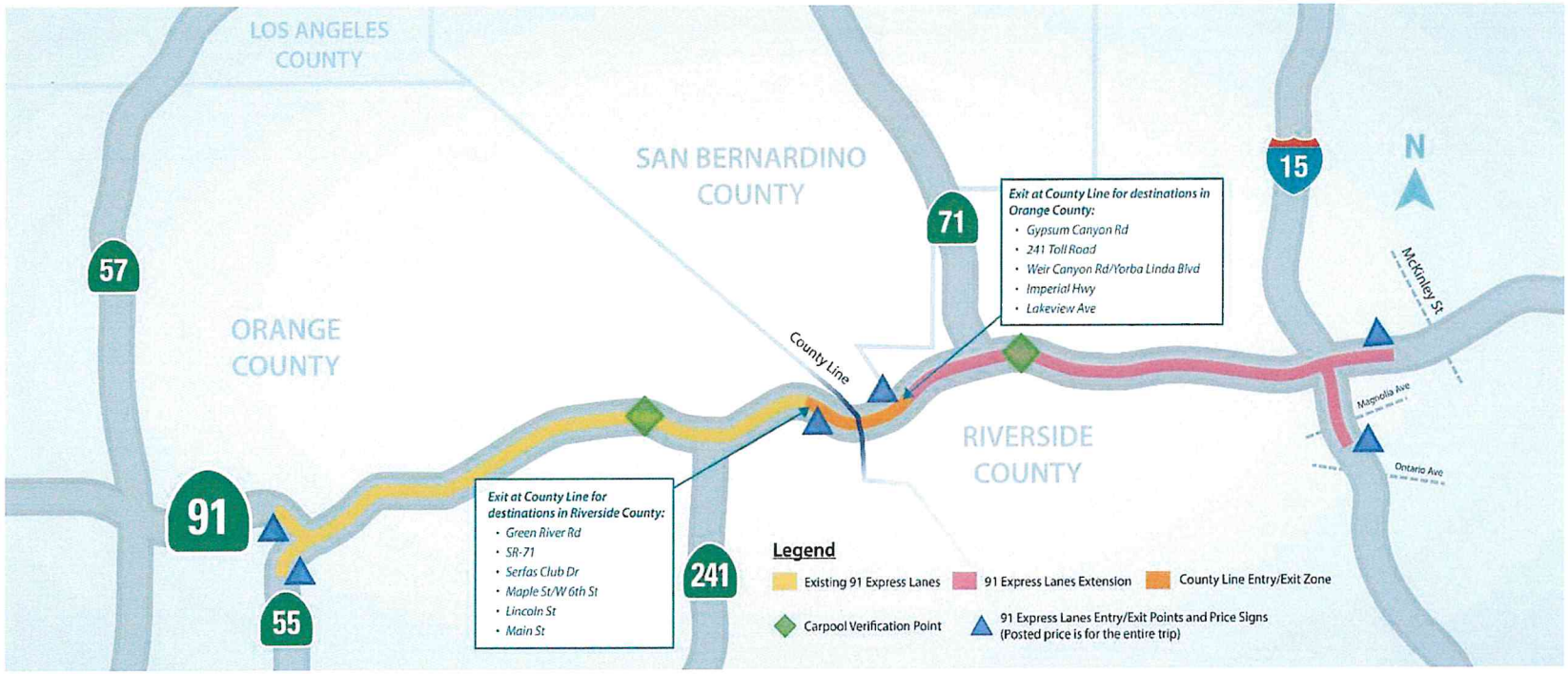
"We are convinced this is the right thing to do," said Riverside County Supervisor John Tavaglione, who heads the Riverside County Transportation Commission.

Toll lane policy now will be decided by the OCTA directors based on recommendations from a joint advisory committee among the five Orange counties before this month. OCTA officials have talked about the possibility of lowering fares in the future, but no decisions have been made.

Kertter, said a new toll study being prepared by Vallee & Associates indicates that I lanes already are at capacity during peak hours. In one of cases, the report stated that ta might have to be raised at ru hour to keep traffic flowing in t future. Non-peak hours would the road likely be lower tolls, t

RCTC Extension Opens in 2017 Generating Increased Volumes

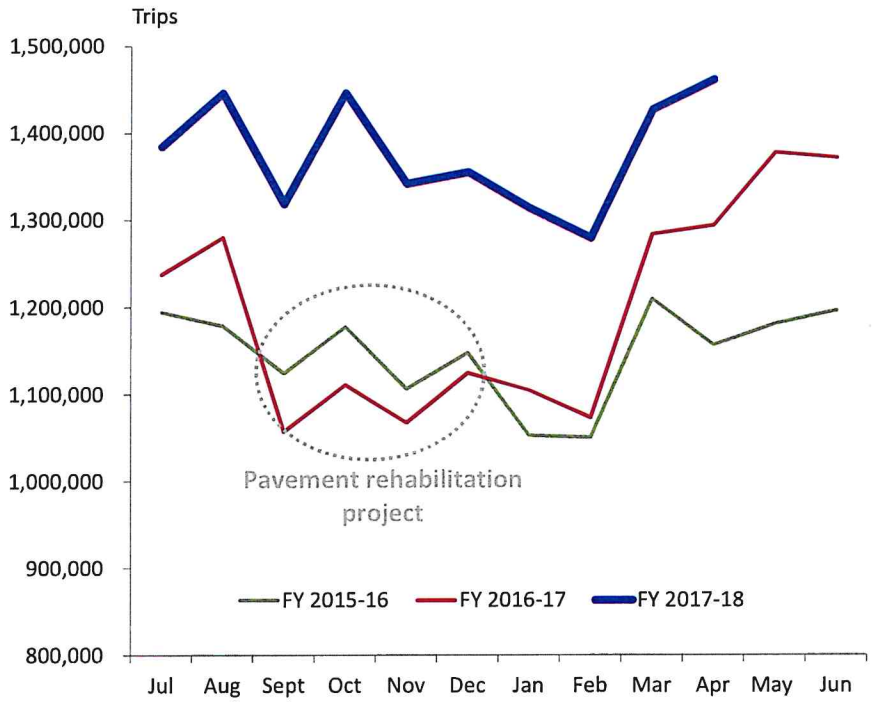
SR-91 Corridor in Orange and Riverside Counties



Traffic Volumes Experience Double Digit Growth

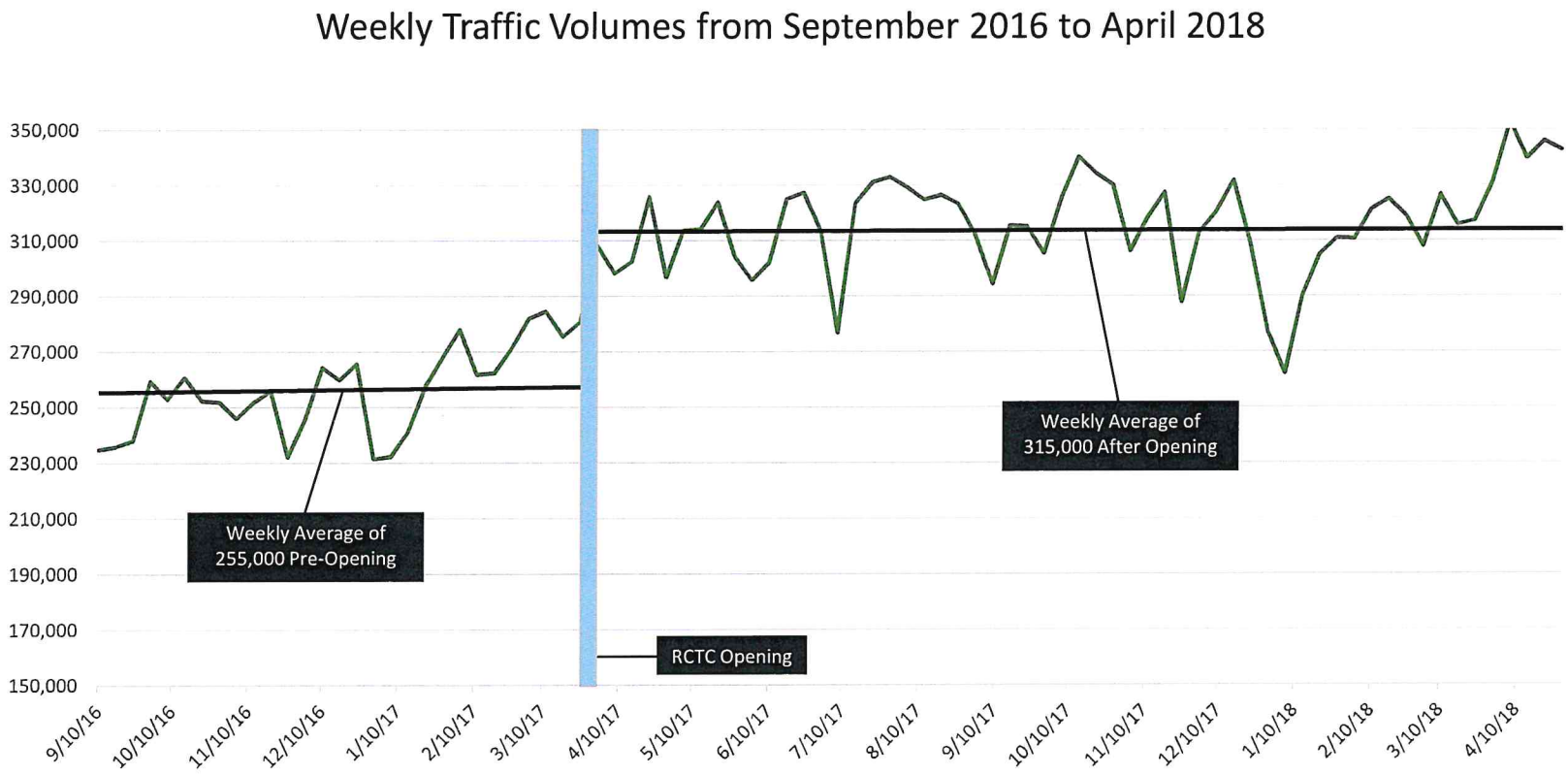
Traffic Volume Change From Prior Year			
	Eastbound	Westbound	Total
Jan 2017	3.7%	6.5%	5.0%
Feb 2017	0.2%	4.7%	2.2%
Mar 2017*	4.2%	8.6%	6.2%
Apr 2017	6.2%	19.1%	11.9%
May 2017	10.1%	24.7%	16.7%
Jun 2017	8.5%	22.1%	14.7%
Jul 2017	6.2%	18.3%	11.8%
Aug 2017	8.4%	18.2%	12.9%
Sep 2017	24.5%	24.9%	24.7%
Oct 2017	20.1%	42.0%	30.2%
Nov 2017	15.1%	39.7%	25.7%
Dec 2017	14.0%	28.5%	20.4%
Jan 2018	15.2%	23.2%	18.9%
Feb 2018	14.3%	24.9%	19.2%
Mar 2018	6.2%	17.0%	11.1%
Apr 2018	9.2%	17.0%	12.9%

Monthly Traffic Volumes over the Past Three Years

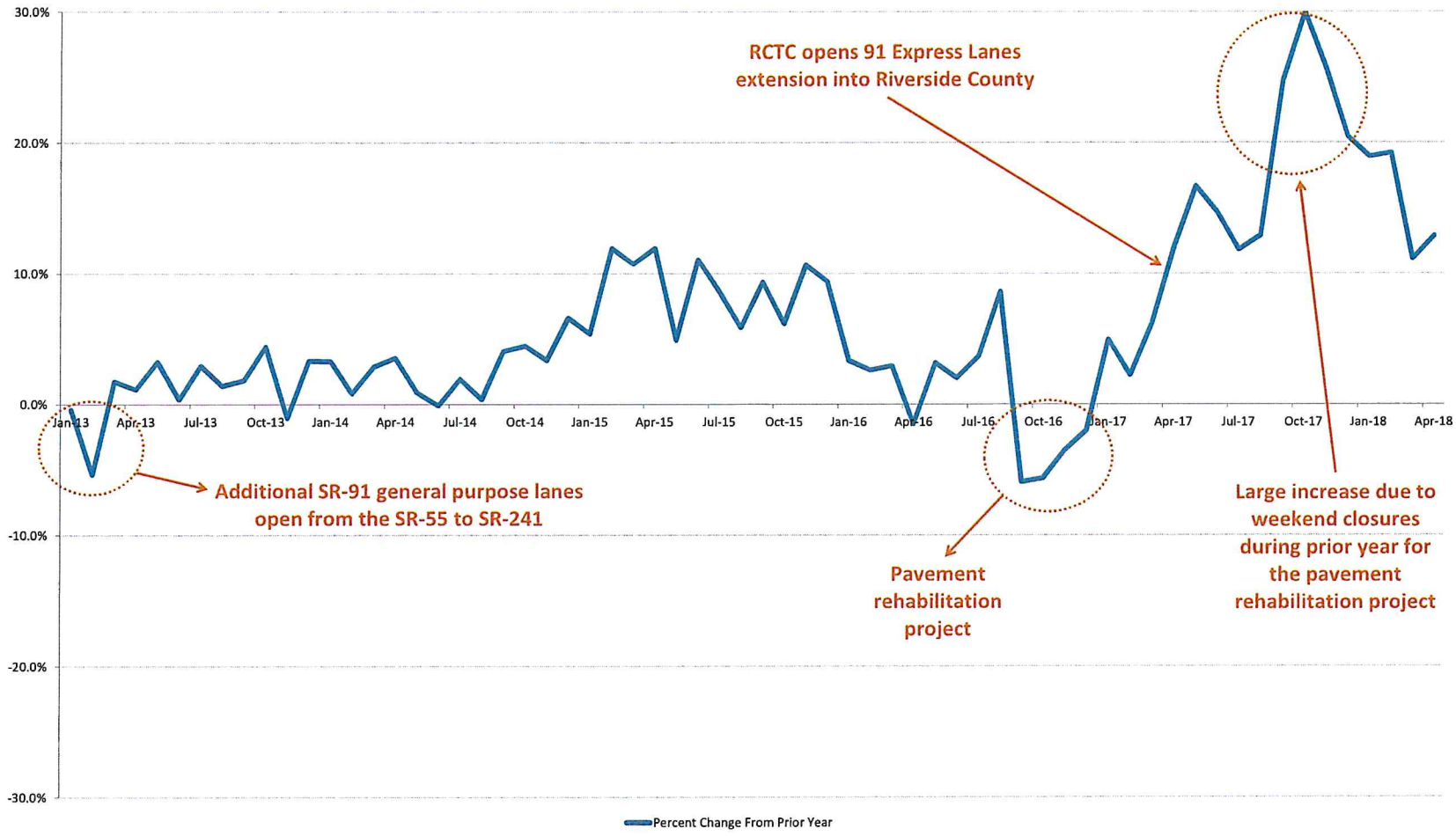


** - RCTC opens 91 Express Lanes extension on March 20, 2017.*

Strong Growth Occurs After RCTC Extension Opens



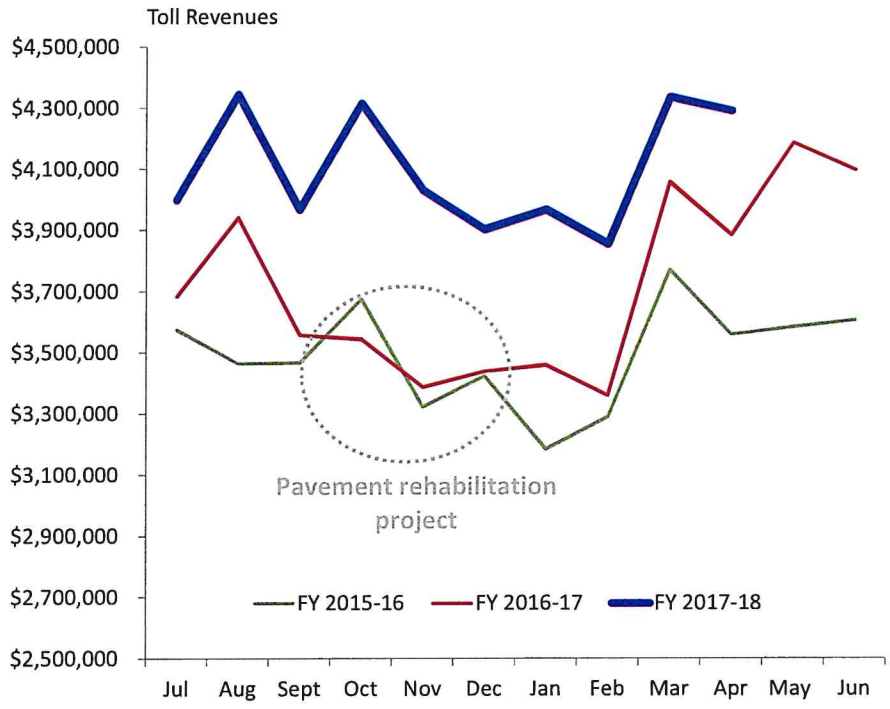
Five Year History of Traffic Volume Changes



Toll Revenues Continue to Grow

Toll Revenue Change From Prior Year			
	Eastbound	Westbound	Total
Jan 2017	7.4%	10.9%	8.7%
Feb 2017	0.5%	5.2%	2.2%
Mar 2017*	6.6%	9.5%	7.6%
Apr 2017	2.1%	22.1%	9.2%
May 2017	9.8%	28.9%	16.9%
Jun 2017	8.2%	23.4%	13.6%
Jul 2017	3.0%	17.8%	8.5%
Aug 2017	4.7%	19.4%	10.2%
Sep 2017	5.9%	20.7%	11.5%
Oct 2017	9.3%	43.6%	21.7%
Nov 2017	10.0%	35.5%	19.0%
Dec 2017	7.4%	24.1%	13.4%
Jan 2018	11.1%	20.6%	14.7%
Feb 2018	9.6%	23.5%	14.7%
Mar 2018	1.8%	15.7%	6.8%
Apr 2018	7.5%	14.9%	10.4%

Monthly Toll Revenues over the Past Three Years



** - RCTC opens 91 Express Lanes extension on March 20, 2017.*

Total Revenues Since 2004

Toll Rates as of January 1, 2018

Westbound

Riverside County Line to SR-55

	Sun	M	Tu	W	Th	F	Sat
Midnight	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
1:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
2:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
3:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
4:00 AM	$1.60	$2.95	$2.95	$2.95	$2.95	$2.95	$1.60
5:00 AM	$1.60	$4.75	$4.75	$4.75	$4.75	$4.50	$1.60
6:00 AM	$1.60	$4.95	$4.95	$4.95	$4.95	$4.75	$1.60
7:00 AM	$1.60	$5.45	$5.45	$5.45	$5.45	$5.30	$2.05
8:00 AM	$2.05	$4.95	$4.95	$4.95	$4.95	$4.75	$2.40
9:00 AM	$2.05	$3.90	$3.90	$3.90	$3.90	$3.90	$3.10
10:00 AM	$3.10	$2.40	$2.40	$2.40	$2.40	$2.40	$3.10
11:00 AM	$3.10	$2.40	$2.40	$2.40	$2.40	$2.40	$3.50
Noon	$3.10	$2.40	$2.40	$2.40	$2.40	$2.40	$3.50
1:00 PM	$3.50	$2.40	$2.40	$2.40	$2.40	$2.40	$3.50
2:00 PM	$3.50	$2.40	$2.40	$2.40	$2.40	$2.40	$3.50
3:00 PM	$3.50	$2.40	$2.40	$2.40	$2.40	$3.10	$3.50
4:00 PM	$3.65	$2.40	$2.40	$2.40	$2.40	$3.10	$3.65
5:00 PM	$3.65	$2.40	$2.40	$2.40	$2.40	$3.10	$3.65
6:00 PM	$3.65	$2.40	$2.40	$2.40	$2.40	$3.60	$3.10
7:00 PM	$3.10	$1.60	$1.60	$1.60	$1.60	$2.40	$2.40
8:00 PM	$3.10	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
9:00 PM	$3.10	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
10:00 PM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
11:00 PM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60

OCTA Westbound Maximum Rate: $5.45
RCTC Westbound Maximum Rate: $17.90

Eastbound

SR-55 to Riverside County Line

	Sun	M	Tu	W	Th	F	Sat
Midnight	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
1:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
2:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
3:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
4:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
5:00 AM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60
6:00 AM	$1.60	$2.40	$2.40	$2.40	$2.40	$2.40	$1.60
7:00 AM	$1.60	$2.40	$2.40	$2.40	$2.40	$2.40	$1.60
8:00 AM	$1.95	$2.40	$2.40	$2.40	$2.40	$2.40	$2.40
9:00 AM	$1.95	$2.40	$2.40	$2.40	$2.40	$2.40	$2.40
10:00 AM	$3.10	$2.40	$2.40	$2.40	$2.40	$2.40	$3.10
11:00 AM	$3.10	$2.40	$2.40	$2.40	$2.40	$2.40	$3.10
Noon	$3.60	$2.40	$2.40	$2.40	$2.40	$3.70	$3.60
1:00 PM	$3.60	$3.45	$3.45	$3.45	$3.70	$5.80	$3.60
2:00 PM	$3.60	$4.95	$4.95	$4.95	$5.10	$4.35	$3.60
3:00 PM	$3.10	$5.30	$5.65	$5.25	$6.00	$10.15	$3.60
4:00 PM	$3.10	$5.25	$6.00	$7.25	$9.80	$9.95	$3.60
5:00 PM	$3.10	$5.10	$5.80	$7.25	$9.50	$6.75	$3.60
6:00 PM	$3.10	$5.30	$3.75	$3.75	$4.65	$6.25	$3.10
7:00 PM	$3.10	$3.70	$3.70	$3.70	$5.40	$5.85	$2.40
8:00 PM	$3.10	$2.40	$2.40	$2.40	$3.45	$5.40	$2.40
9:00 PM	$2.40	$2.40	$2.40	$2.40	$2.40	$3.45	$2.40
10:00 PM	$1.60	$1.60	$1.60	$1.60	$1.60	$2.40	$1.60
11:00 PM	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60	$1.60

OCTA Eastbound Maximum Rate: $10.15
RCTC Eastbound Maximum Rate: $16.40

Maximum toll for each direction is highlighted in yellow

Upcoming Events

- Implement Cost of Living Adjustments on July 1, 2018
- Release request for proposals for Operating Services (back-office system, customer service center, traffic operations center, etc.) – required by June 2021
- Purchase 6C protocol sticker transponders
- Modify in-lane and back-office systems for 6C protocol
- Implement account changes
- Adjust back-office system to recognize new California temporary license plates (effective January 1, 2019)
- Update traffic and revenue forecast
- Move Customer Service Center (includes walk-up and call center) to a new location in Corona by March 31, 2019

IV. Major Initiatives Update

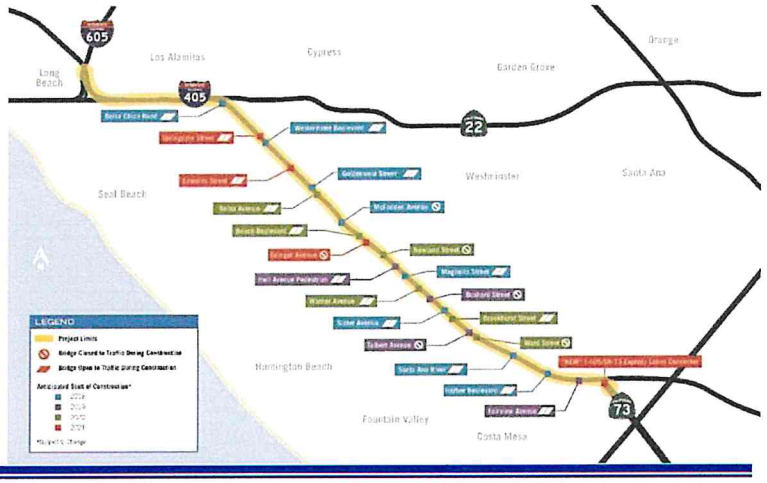
OCTA Initiatives Update

- OC Streetcar
  - Travels along a 4.1-mile route through the cities of Santa Ana and Garden Grove
  - OCTA is the lead agency developing the project, which is expected to cost approximately $299 million (with federal funds funding half the costs)

OCSTREETCAR

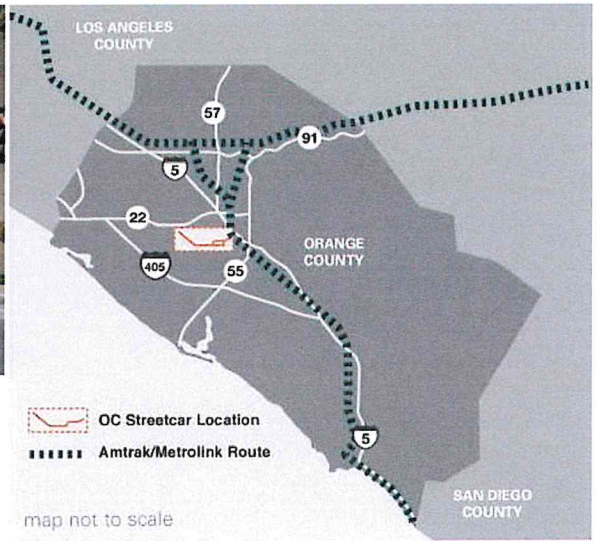
- OC Bus 360° and OC Transit Vision
  - Countywide study of long-term transit needs
  - Input for the region's Long-Range Transportation Plan
  - Guides future transit service recommendations

- I-405 Improvement Project
  - $1.9 billion project
  - Largest highway project under construction in California
  - Adds a regular lane and a 2nd HOV lane in each direction to make the 405 Express Lane facility



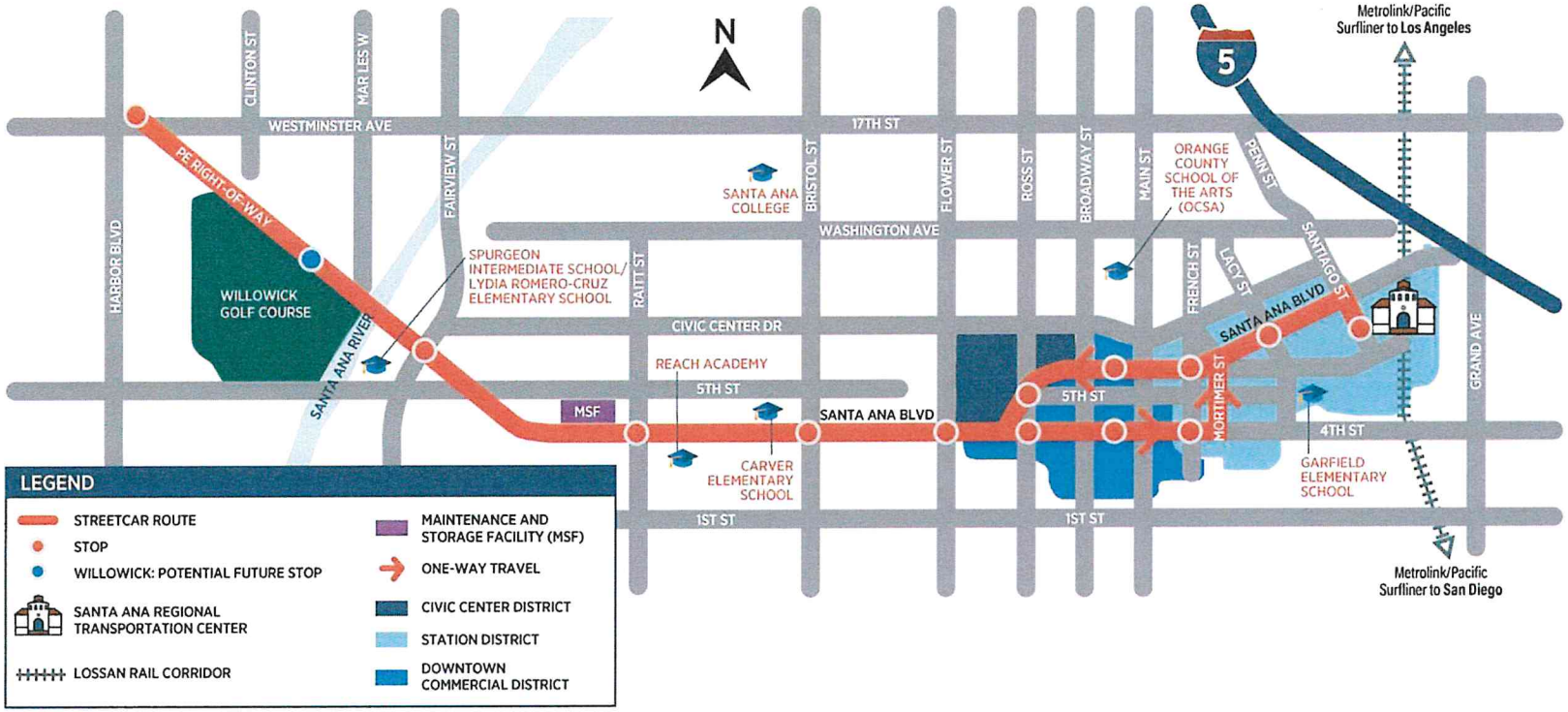
OC Streetcar Update

- The OC Streetcar is planned to travel along a 4.1-mile route from the Santa Ana Regional Transportation Center, through Downtown Santa Ana and the Civic Center, along the Pacific-Electric right-of-way, and connect to a new multimodal transit hub at Harbor Boulevard and Westminster Avenue in Garden Grove
- OCTA is the lead agency developing the project, which is expected to cost approximately $299.3 million overall
- Federal funds to support half the cost of the project



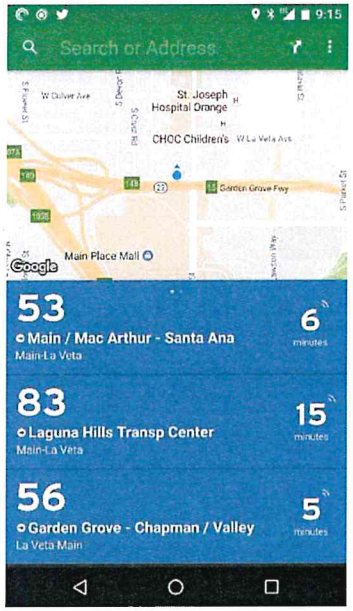
OC Streetcar Timeline

- Released invitation for bids for construction on December 11, 2017
- Anticipate awarding construction contract in Fall 2018
- Siemens Industries, Inc. was selected on March 26, 2018 to provide eight streetcar vehicles



OC Bus 360° – Reinventing Bus Service

- Over the past several years, there have been continued declines in bus ridership and revenue
- To reverse this trend and build a bus system to meet customer needs, OCTA has:
  - Shifted 160,000 revenue hours to improve frequencies on high-demand corridors
  - Implemented electronic readers on fixed-route buses
  - Approved a three-year pilot pass program with Santa Ana College that allows for free rides on OCTA's fixed-route buses with a valid student identification
  - Finalizing a three-year agreement with Santiago Community College for students to ride OCTA's fixed-route buses with a valid student identification
- Additional service to improve ridership
  - Implementing OC Flex on-demand service in Fall 2018
  - Implementing additional Bravo express service in Winter 2019



I-405 Significant Project Features

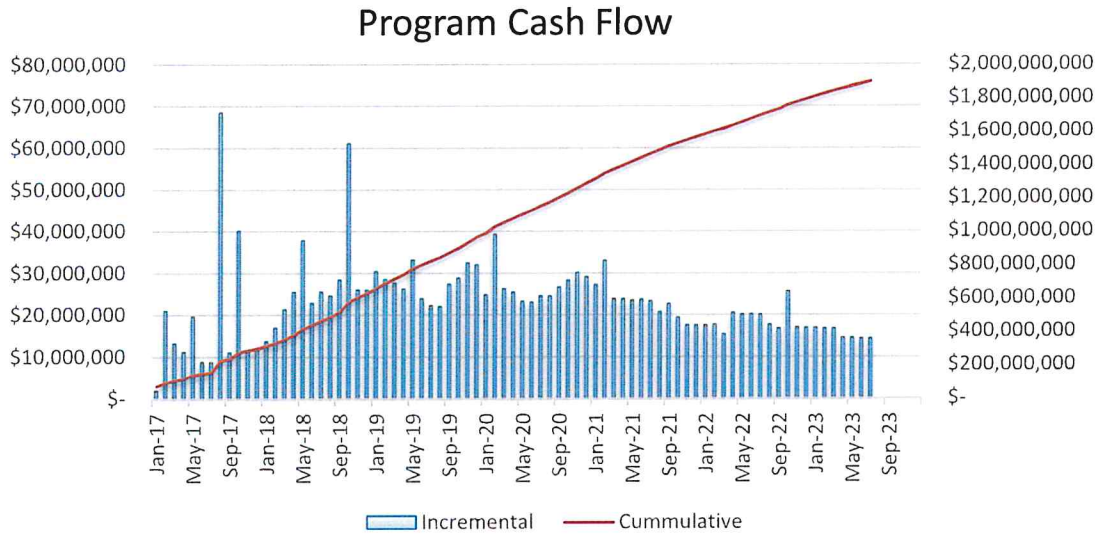
- Two new lanes in each direction (one general purpose lane and one tolled express lane)
- 18 bridge replacements plus new and widened bridges
- Interchange reconfigurations
- Merge lane improvements
- Arterial street improvements
- New and replaced soundwalls
- New bike lanes and sidewalks
- Anticipated 6-year design-build contract duration
- Project cost totals approximately $1.9 billion

I-405 Financing and Project Update

- OC 405 Partners began construction on March 6, 2018
- First draw on TIFIA loan was made on April 16, 2018 for $165 million
- Kapsch TrafficCom USA, Inc. was selected on February 26, 2018 to provide toll lanes system integration for design, installation, operation, and maintenance of the electronic toll and traffic management system
- Design-Builder current tasks include:
  - Design
  - Completing final baseline schedule
  - Initial construction activities
- Right-of-way, utility relocations, and other risk items proceeding well
- Spent over $350 million through April 2018
- Lawsuits settled within project budget costs

I-405 Project Expenses

Description	Total Budget	Total Costs as of April 2018
Design-Builder Costs	$1,316,131,000	$240,799,709
OCTA Costs	$583,869,000	$122,227,940
Line of Credit/Advisors Costs	$10,508,200	$557,879
Total	**$1,910,508,200**	**$363,585,528**



I-405 Preliminary Bridge Construction Timeline

I-405 Next Steps

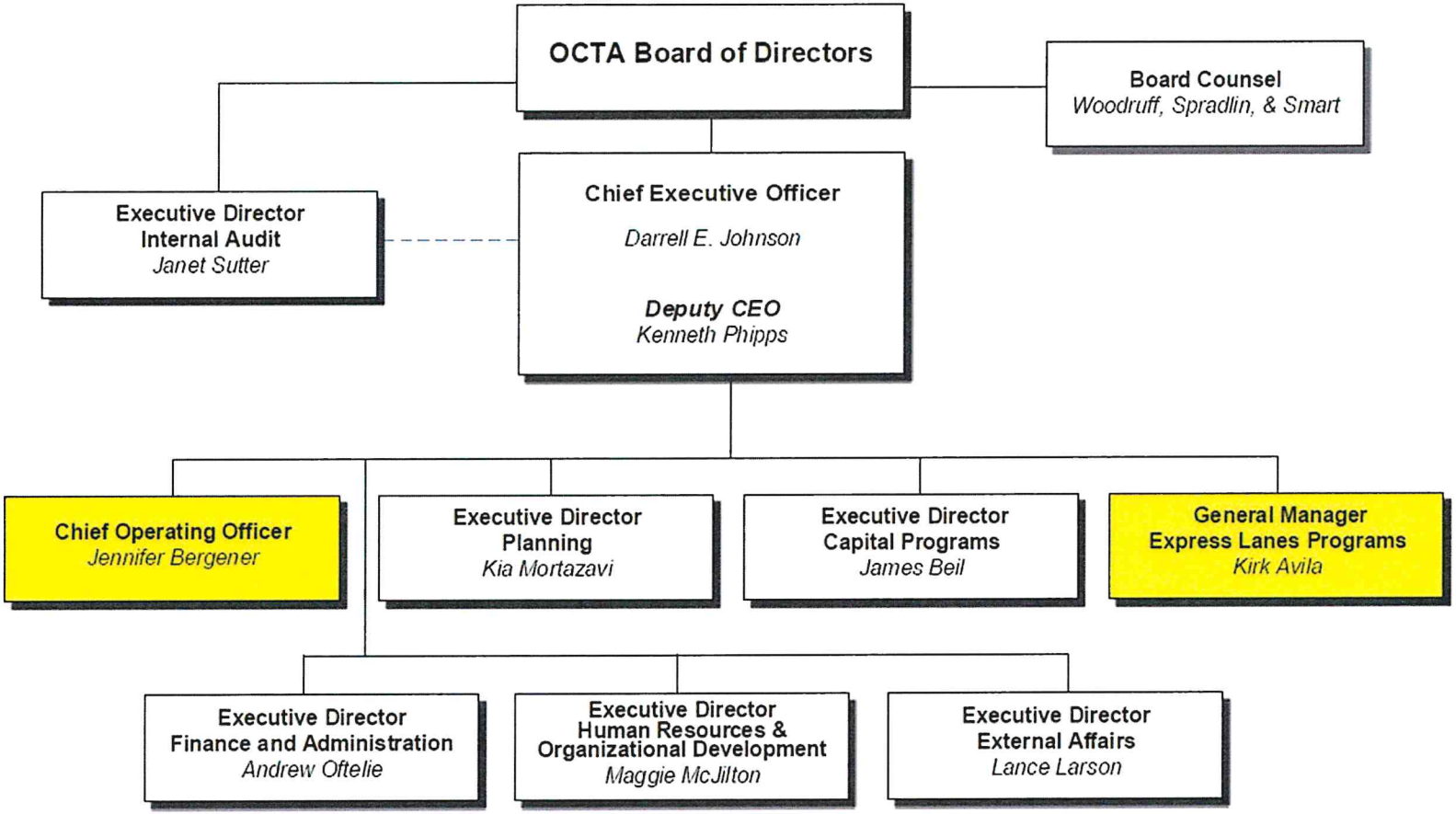
ACTIVITY/MILESTONES	Completion Date
Design-Build Implementation	
Construction began	March 2018
Final baseline schedule	Mid 2018
Design and construction	2017-2023
405 Express Lanes/Project Open	Early 2023
Toll Lanes System Integrator Procurement	
Awarded contract	February 2018
Back Office Support and Customer Service Procurement	
Request for Proposal release	Fall 2018
Project Financing	
Measure M2 Debt Issuance - $450 million	FY 2019
Measure M2 Debt Issuance - $550 million	FY 2021

V. Agency Update

Recent Organizational Changes

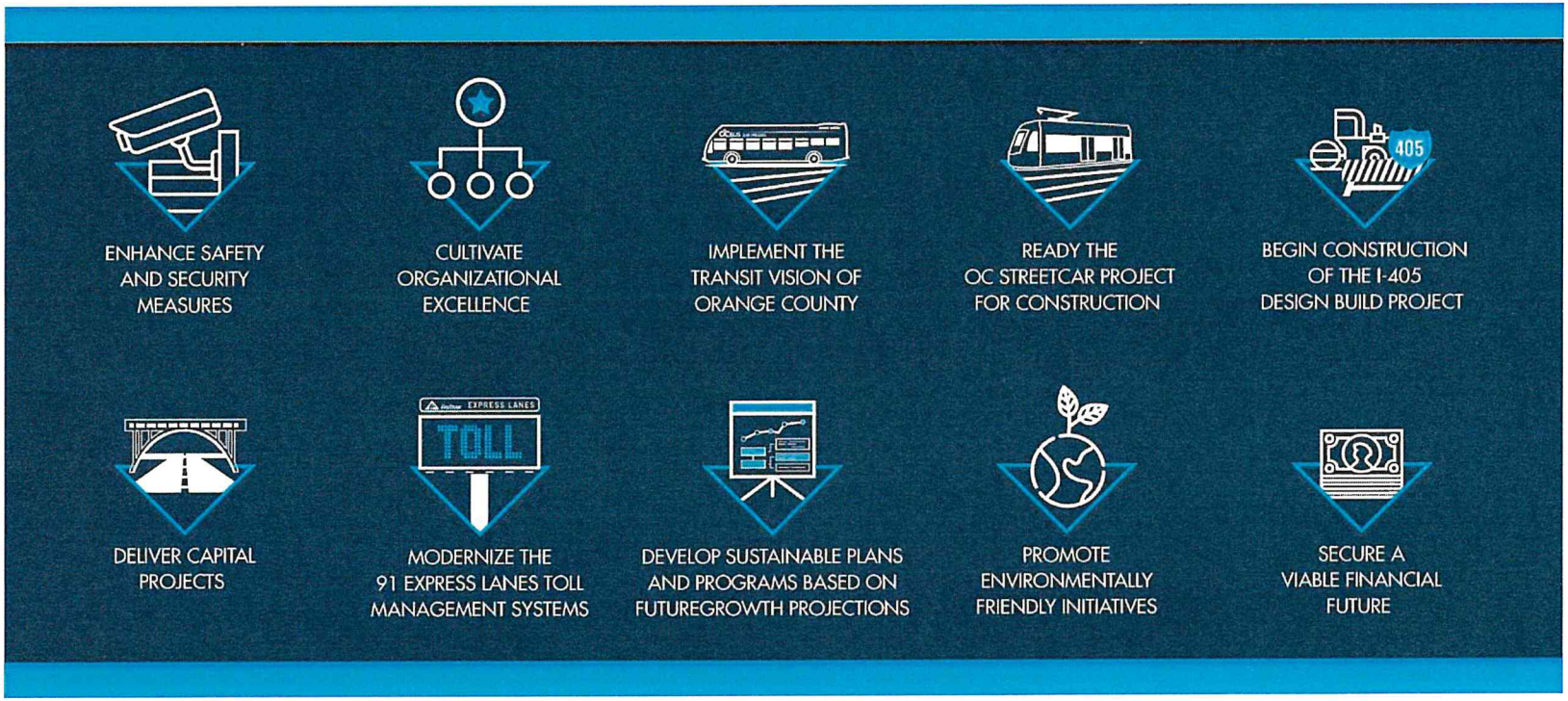
- In order to better position OCTA for future delivery of major initiatives, a few staffing changes were made to the organization
- A new Chief Operating Officer (COO) position was created
  - Jennifer Bergener was appointed to the position
  - New position reports directly to the CEO
  - All transit operations are consolidated under one division including: bus operations and maintenance, rail operations, LOSSAN, OC Streetcar operations and maintenance, ACCESS, and contracted services
- An Express Lanes Program department was formed to oversee the operations of the 91 Express Lanes, 405 Express Lanes, and any future OCTA Express Lanes facility
  - Kirk Avila was appointed General Manager of the department
  - Department reports to the Executive Office
- Within the Finance and Administration division, a new Treasury/Public Finance manager was hired to oversee OCTA's investment portfolio, debt issuances, and investor relations program
  - Jennifer Matano was hired as the department manager

2018 Executive Management Team



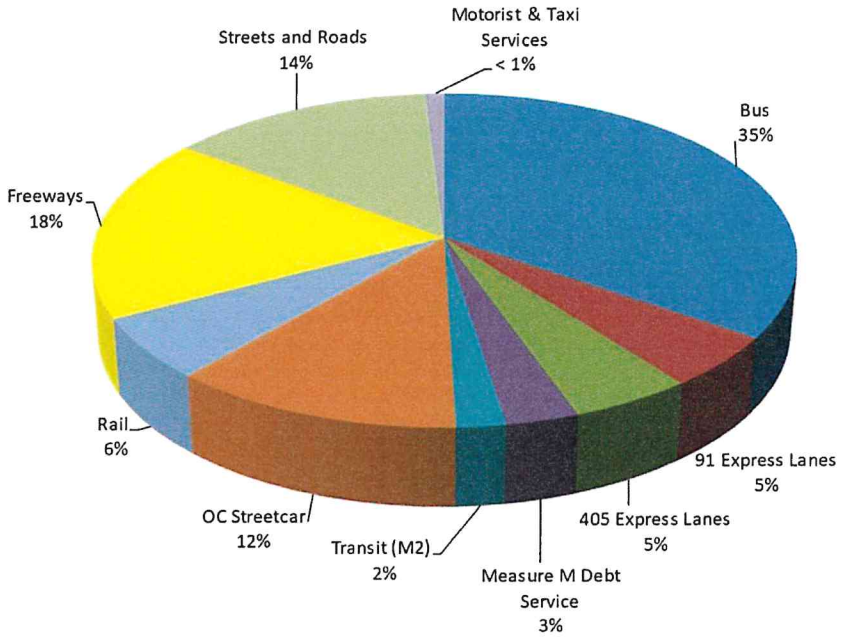
Yellow colored boxes designate a change from last year

CEO 2018 Goals in Line with Board Initiatives



FY 2018-19 Approved Budget Totals $1.306 Billion

- Budget initiatives include implementation of Updated Next 10 Plan, including:
  - Utilization of M2 and TIFIA funds for I-405 project
  - Continuation of bus service levels with no fare increase
  - Advancement of OC Streetcar from federal funds
- Assumptions include:
  - Sales tax revenue assumption consistent with Board approved sales tax forecasting methodology
  - Incorporates impacts of transportation Senate Bill 1
  - No bus fare adjustments
  - Compensation per collective bargaining agreements for union employees and pay-for-performance for administrative employees



FY 2018-19 Approved Budget Summary

Revenue By Source (in Millions)	FY 2018-19 Approved Budget	Percent of Budget
Local Transportation Authority 1/2 Cent Sales Tax (M2)	$ 332.2	25.4%
Federal Grants	307.0	23.5%
Local Transportation Fund 1/4 Cent Sales Tax	$ 170.9	13.1%
91 Express Lanes Revenues	57.7	4.4%
State Grants	$ 48.8	3.7%
Passenger Fares	48.1	3.7%
Interest	$ 25.4	1.9%
Senate Bill 1 (Transit)	19.2	1.5%
State Transit Assistance	$ 16.5	1.3%
Property Tax	16.1	1.2%
Other	$ 13.9	1.1%
Senate Bill 1 (Streets & Roads, and Freeway Service Patrc	8.3	0.6%
Advertising	$ 4.0	0.3%
Subtotal Sources	**$ 1,068.1**	
Use of Prior Year Designations	237.8	18.2%
Total Revenues / Use of Designations	**$ 1,305.9**	

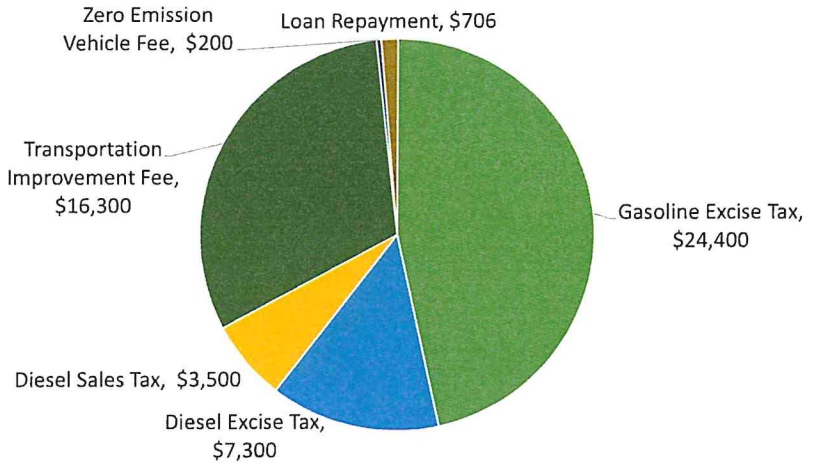
Expenditures (in Millions)	FY 2018-19 Approved Budget	Percent of Budget
Capital Expenditures	$ 484.8	37.1%
Professional and Outside Services	184.7	14.1%
Salaries and Benefits	$ 163.6	12.5%
Contract Transportation Services	100.8	7.7%
Contribution to Other Agencies	$ 73.2	5.6%
Measure M2 Regional Capacity	61.1	4.7%
Principal Payments and Interest Expense	$ 56.6	4.3%
Measure M2 Local Fair Share	55.6	4.3%
Maintenance Parts and Fuel	$ 17.3	1.3%
General & Administration	14.6	1.1%
Insurance Claims/Premiums	$ 10.9	0.8%
LOSSAN Salaries and Benefits	2.4	0.2%
Subtotal Expenditures	**$ 1,225.6**	
Designation of Funds	80.3	6.1%
Total Expenditures / Designations	**$ 1,305.9**	

- In accordance with the Board Strategic Initiatives, CEO's goals, and the objectives of the Updated Next 10 Plan, Streetcar and OC Bus 360°
- Within the financial constraints of the Comprehensive Business Plan
- Approved budget reflects a 1 percent increase from FY 2017-18 approved budget

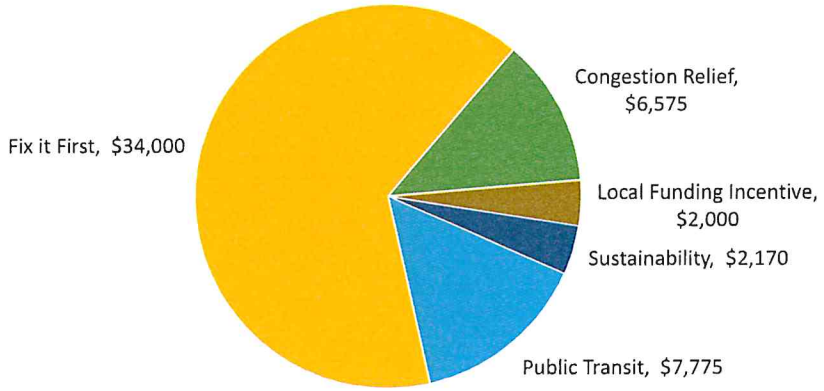
Senate Bill 1 (SB 1) Overview

- Signed into law in April 2017
- Provides long-term predictable funding for roads and transit services
- Invests $52.5 billion over the next decade - effective July 1, 2017
- Augments existing programs and creates new funding opportunities
- Includes accountability provisions for Caltrans and local agencies
- Creates the Road Maintenance and Rehabilitation Account (RMRA)

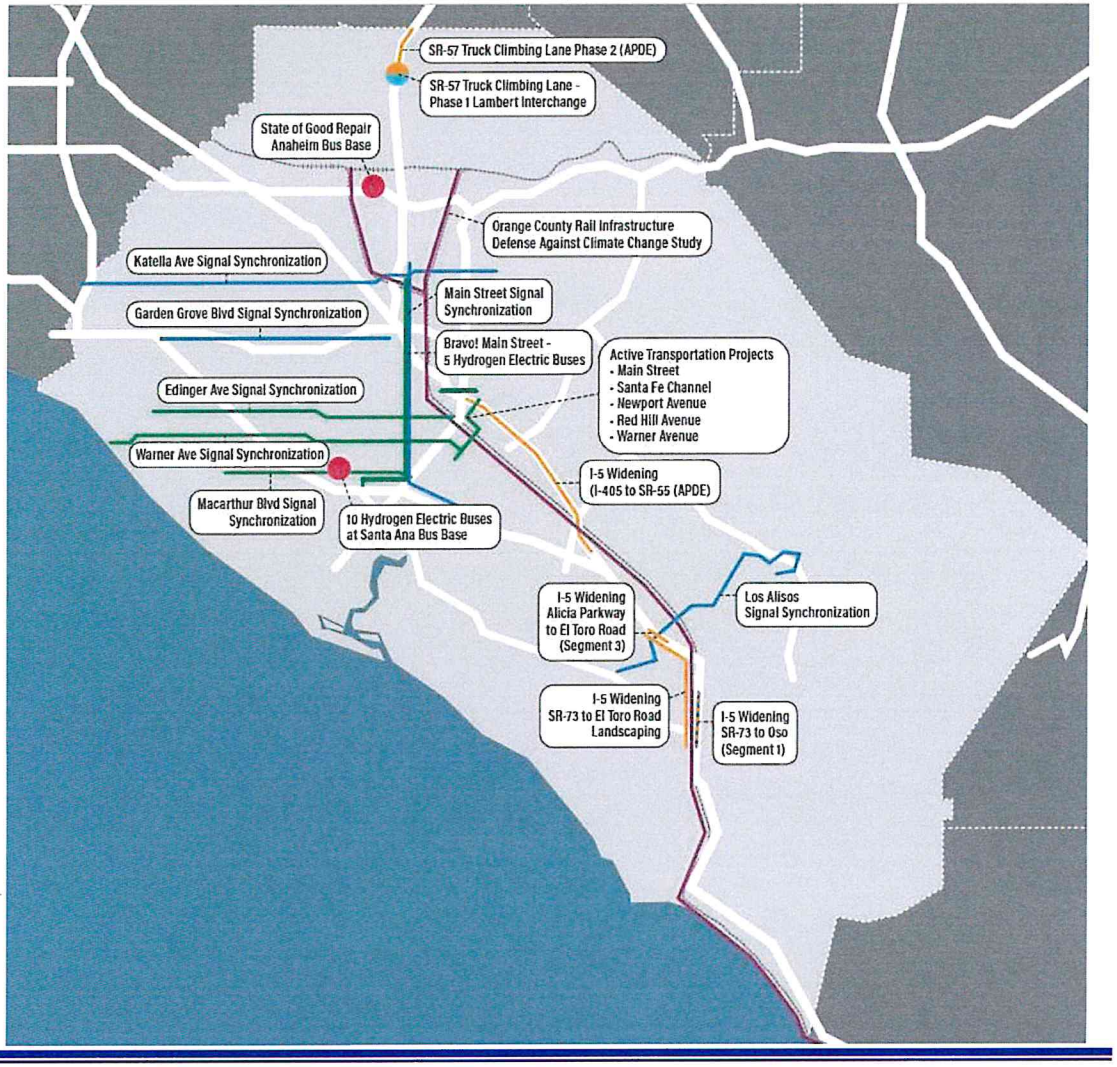
Sources – Ten Year Estimate (in Millions)



Uses – Ten Year Estimate (in Millions)



OCTA Projects Funded by Senate Bill 1



- STATE OF GOOD REPAIR (SGR)
- TRADE CORRIDOR ENHANCEMENT PROGRAM (TCEP)
- LOCAL PARTNERSHIP PROGRAM (LPP)
- CALTRANS PLANNING GRANTS (CPG)
- STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)
- SOLUTIONS FOR CONGESTED CORRIDORS PROGRAM (SCCP)

Not shown on map:
Countywide Safe Routes to School Action Plan - CPG
Countywide Planning, Programming and Monitoring - STIP

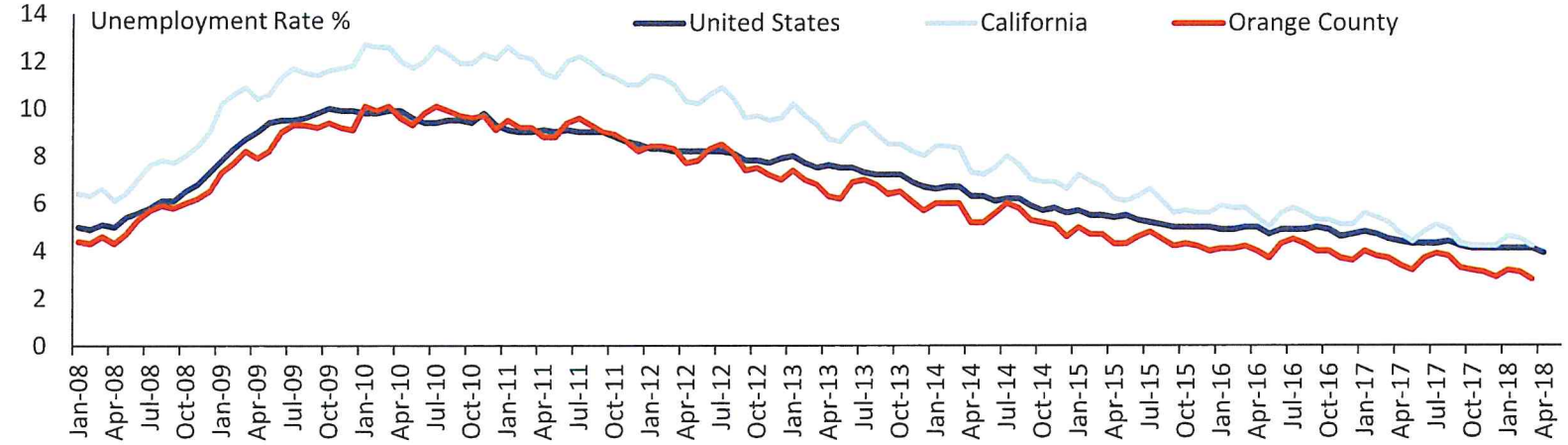
VI. Orange County Economy

Orange County Highlights

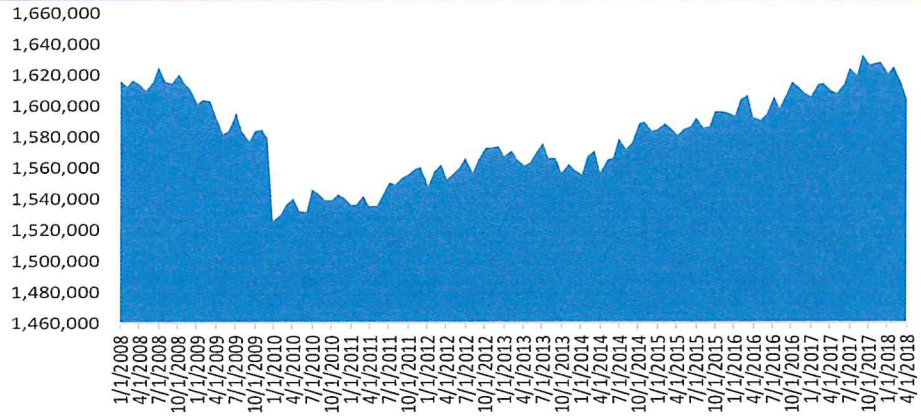
- **3rd** most populous county in CA
- **2nd** most dense county in CA
- **Culturally** diverse communities
- **Thriving** business economy and a well-educated work force
- Home to a wide range of **tourist attractions**

Unemployment Rates Remain Low

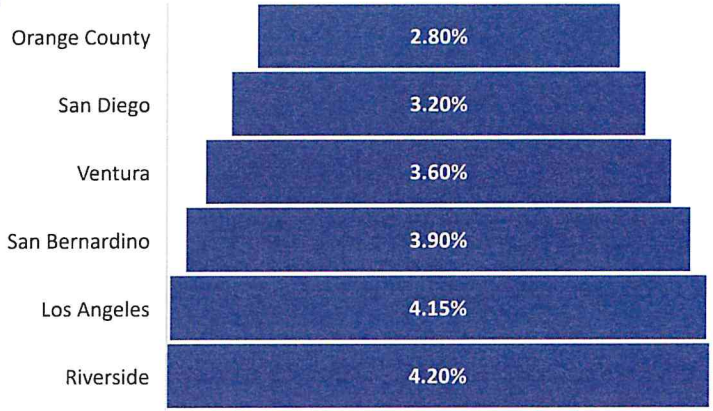
Unemployment Rates (January 2008 to April 2018)



Labor Force (January 2008 to April 2018)

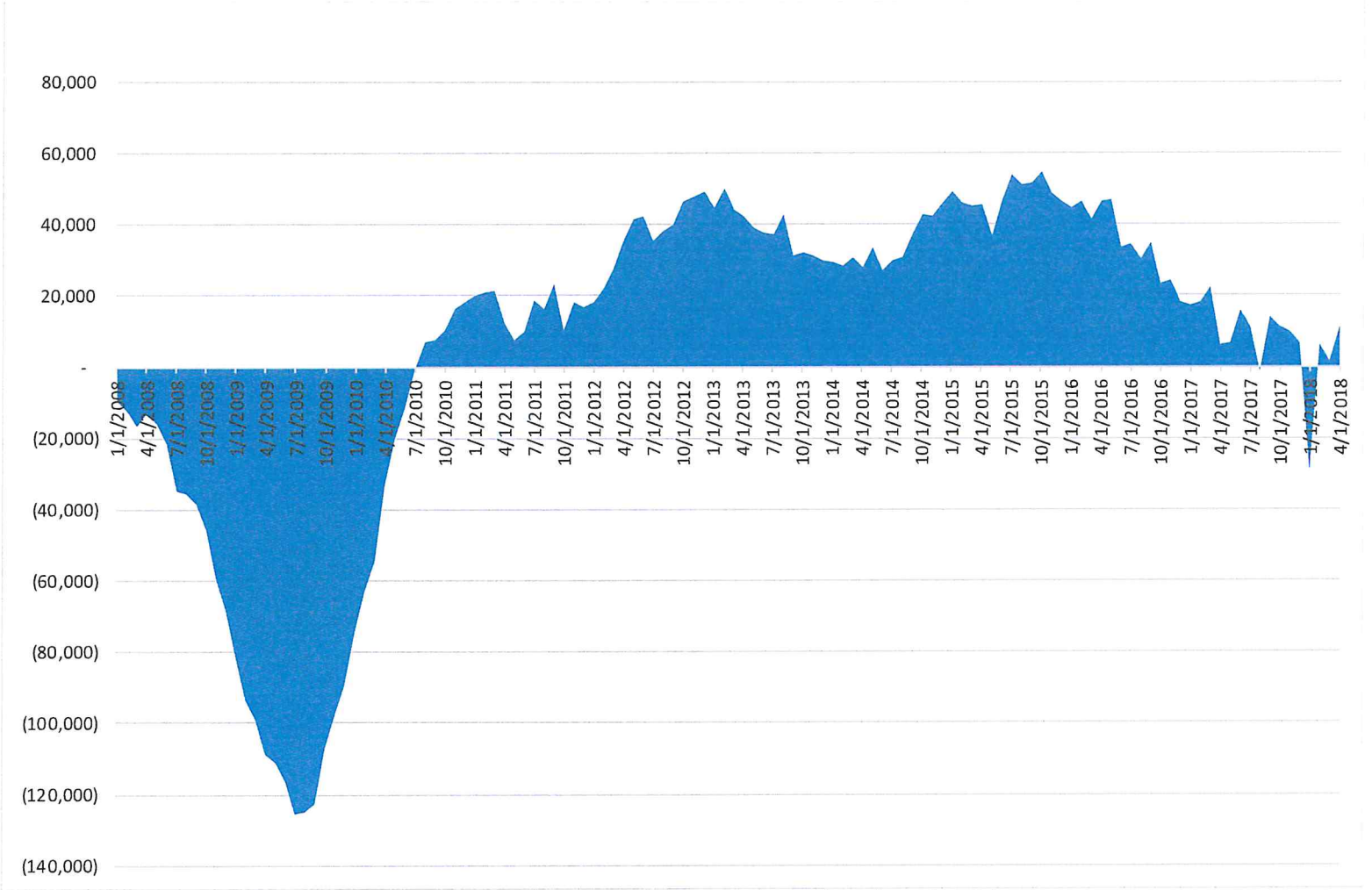


Southern California Unemployment Rates



Source: State of California Employment Development Department

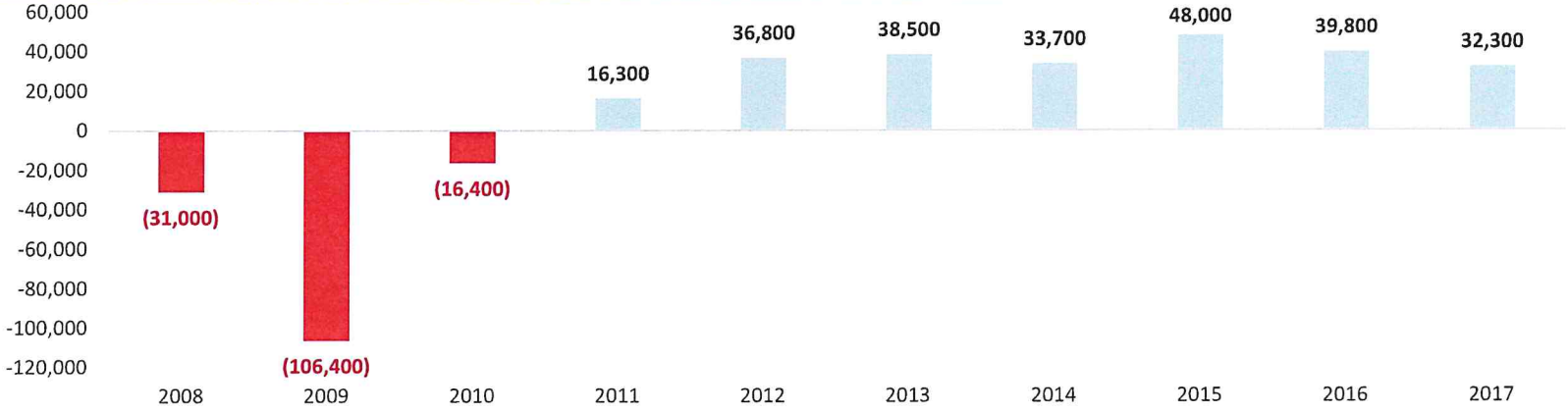
Non-Farm Jobs Continue to Grow at a Moderate Pace



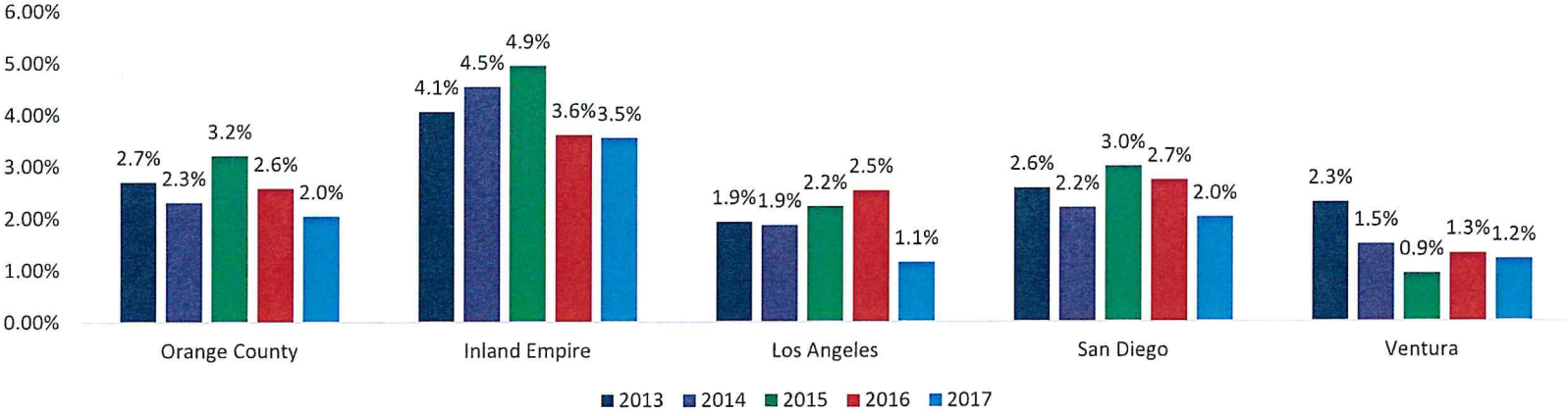
Source: State Board of Equalization. Chart represents month-over-month change in the number of non-farm jobs

Employment Growth Continues for the Seventh Straight Year

Orange County Non-Farm Jobs YOY Annual Change



Southern California Counties Non-Farm Jobs YOY Annual Change (%)



Source: State of California Employment Development Department

Employment Changes Over the Past Year

Industry	2016	2017	Change YOY	Change YOY (%)
Mining and Construction	97,300	101,700	4,400	4.52%
Manufacturing	157,000	158,600	1,600	1.02%
Trade, Transportation & Utilities	260,500	263,000	2,500	0.96%
Information	26,400	27,300	900	3.41%
Financial Activities	117,600	119,000	1,400	1.19%
Professional & Business Services	296,900	301,700	4,800	1.62%
Educational & Health Services	206,000	215,700	9,700	4.71%
Leisure & Hospitality	212,000	218,200	6,200	2.92%
Other Services	50,400	50,200	-200	-0.40%
Federal Government	11,300	11,300	0	0.00%
State Government	31,400	31,400	0	0.00%
Local Government	116,900	117,800	900	0.77%
Total	**1,583,700**	**1,615,900**	**32,200**	**2.03%**

Source: State of California Employment Development Department

Employment and Compensation by Industry

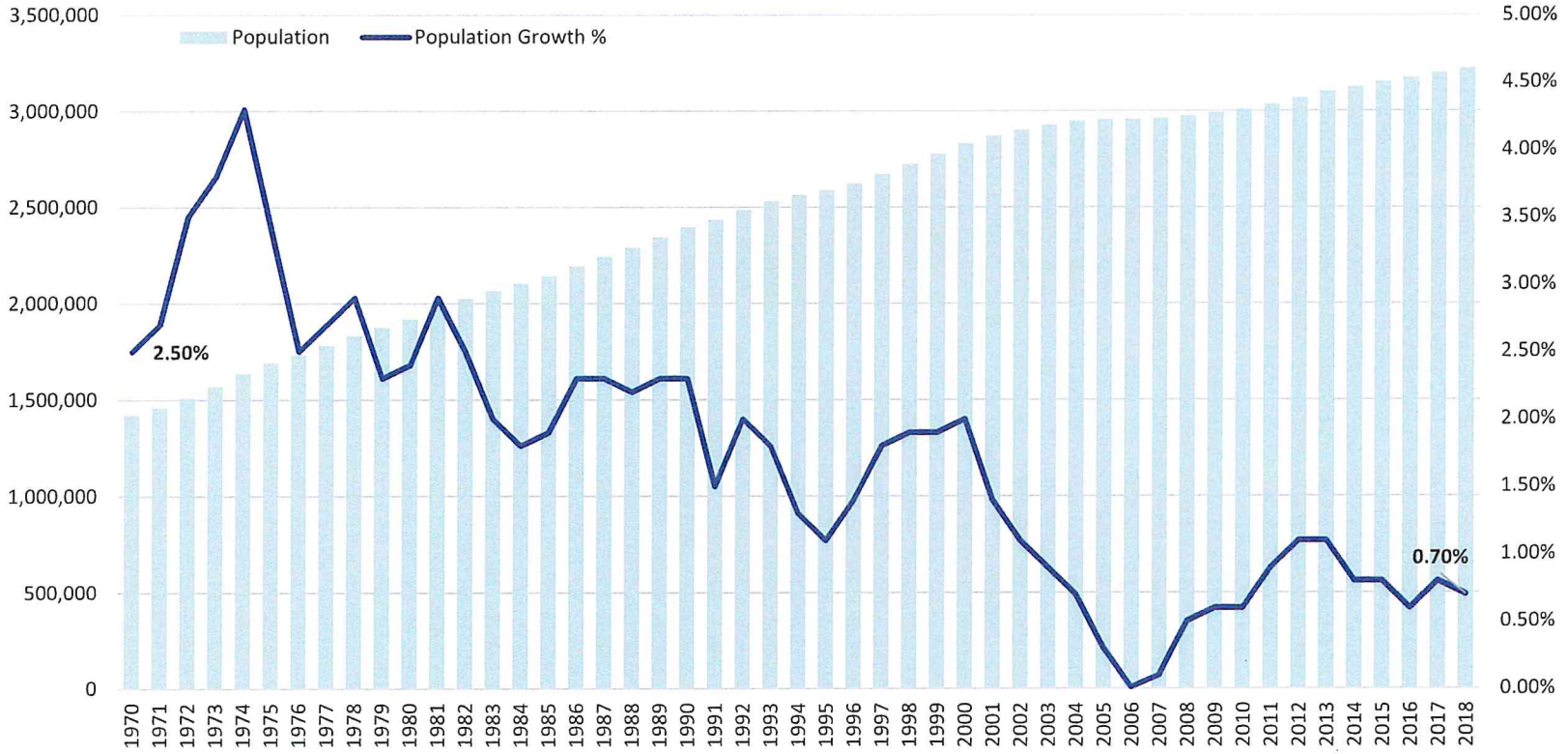
Industry	2017	% of Employment	Change in Employment (2013-2017)	Annual Wages (Q3 2017)
Mining and Construction	101,700	6.3%	29.7%	$ 69,576
Manufacturing	158,600	9.8%	0.4%	$ 72,020
Trade, Transportation & Utilities	263,000	16.2%	4.2%	$ 53,508
Information	27,300	1.7%	9.2%	$ 101,140
Financial Activities	119,000	7.4%	5.2%	$ 94,276
Professional & Business Services	301,700	18.6%	12.9%	$ 66,820
Educational & Health Services	215,700	13.3%	16.0%	$ 49,556
Leisure & Hospitality	218,200	13.5%	16.2%	$ 26,312
Other Services	50,200	3.1%	10.1%	$ 37,076
Federal Government	11,300	0.7%	2.7%	$ 76,336
State Government	31,400	1.9%	7.9%	$ 75,260
Local Government	117,800	7.3%	8.5%	$ 62,556

Source: State Board of Equalization

Employment Growth Projections for the Next Five Years

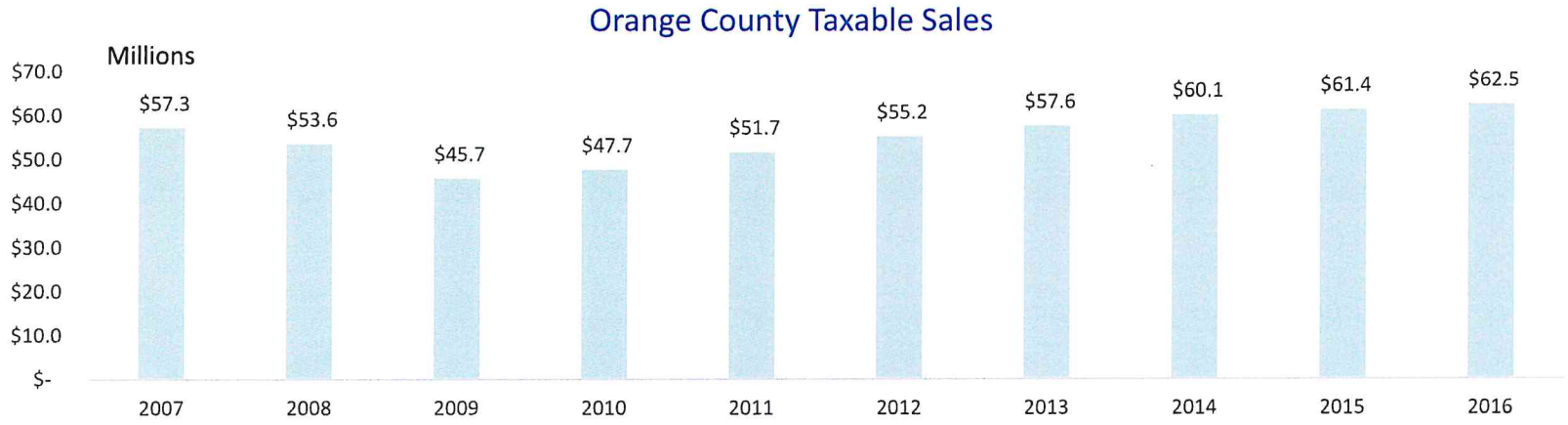
Source: University of California, Los Angeles; Chapman University; California State University, Fullerton

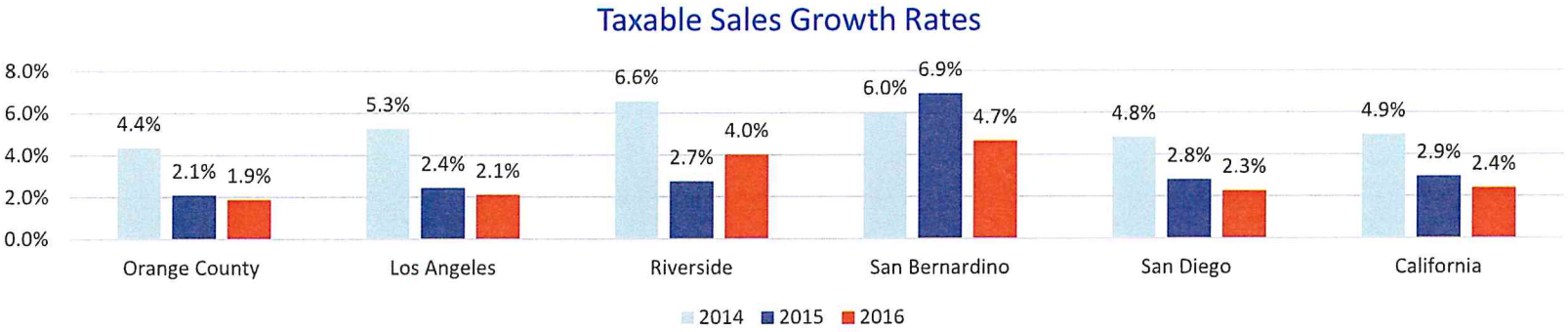
Orange County Population Growing at a Slower Pace



Source: California Department of Finance

Smaller But Positive Taxable Sales Growth

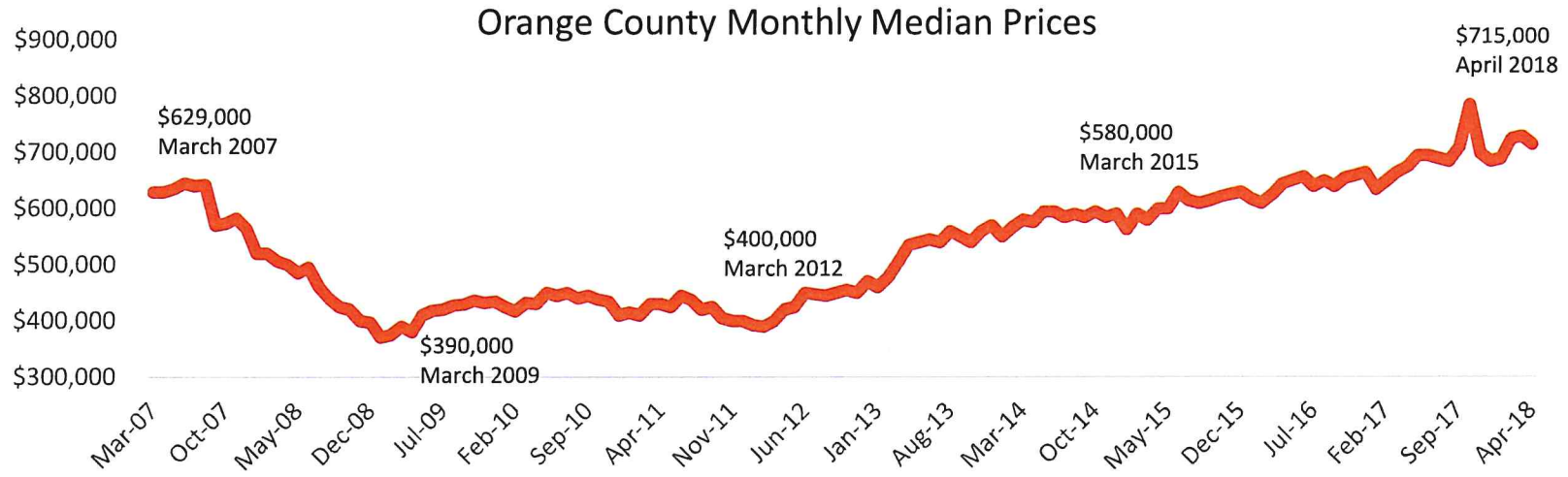


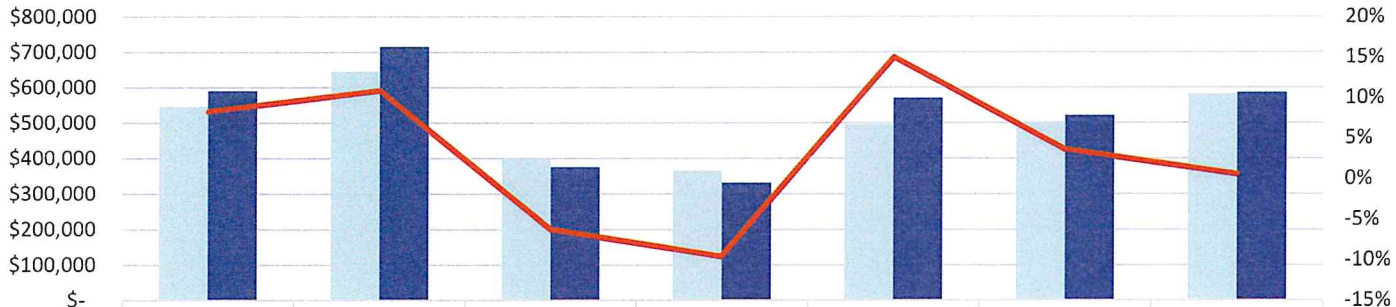


Taxable Sales Per Capita					
Orange County	San Bernardino	San Diego	California	Los Angeles	Riverside
$19,407	$14,995	$16,305	$16,602	$14,169	$17,004

Source: California Department of Finance and State Board of Equalization

Home Prices at Historic Levels





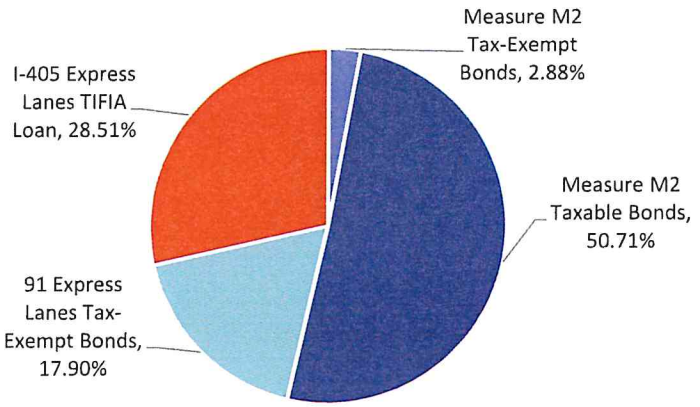
	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Southern California	Ventura
June 2007 Median Price	$545,000	$645,000	$400,000	$365,000	$495,500	$502,000	$582,000
April 2018 Median Price	$590,000	$715,000	$375,000	$330,000	$570,000	$520,000	$585,000
% Change from June 2007	8%	11%	-6%	-10%	15%	4%	1%

Source: CoreLogic, April 2018

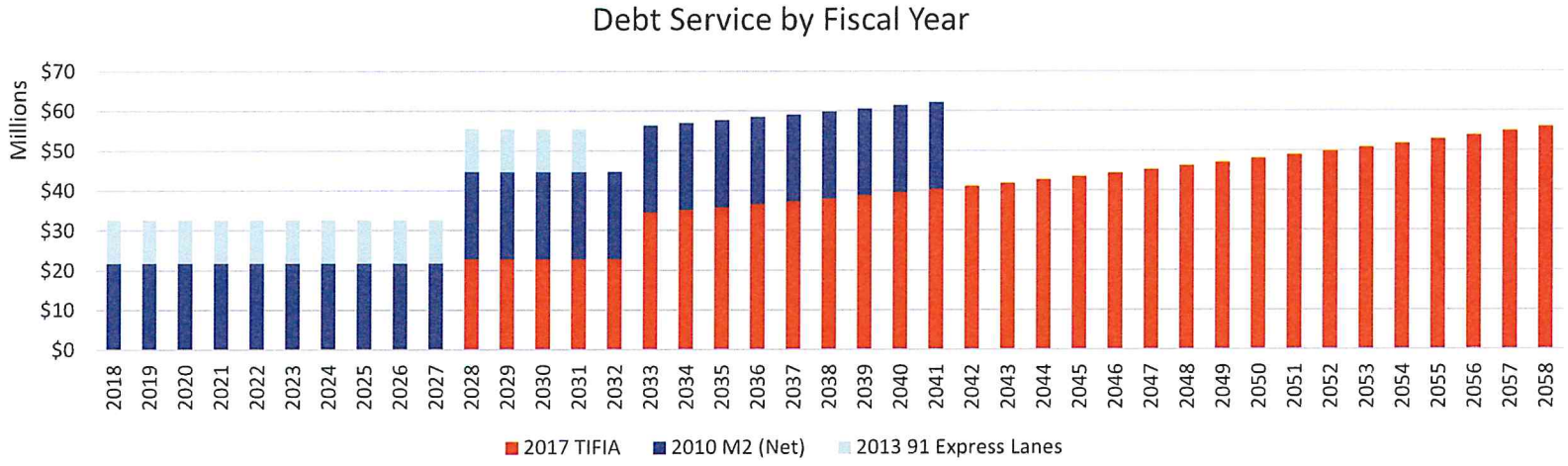
VII. Debt Programs and Financing Plans

Debt Profile - Outstanding Debt Totals $578.84 Million

Credit	Par	Maturity Date	Ratings
Measure M2			
2010 Series A BABs	$293.540	2041	
2010 Series B	$ 16.695	2020	Aa2/AA+/AA+
91 Express Lanes			
2013 Refunding Bonds	$103.605	2030	A1/AA-/A
I-405 Express Lanes			
TIFIA Loan	$165.000	2058	Baa2/BBB-/BBB-
Total	**$578.840**		



Total Debt Service Obligations (FY 2018-2058)



91 Express Lanes Debt

- As of May 31, 2018, there is $103.605 million in Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) outstanding for the 91 Express Lanes program
- Structure of the outstanding debt includes:
  - Fixed-rate debt with level annual debt service
  - Average debt service per year of $10.8 million
  - Final maturity of December 2030
  - Open lien indenture

- Indenture-required reserves are fully funded:
  - Operating Reserve Fund at $3 million
  - Major Maintenance Reserve Fund at $10 million
  - Debt Service Reserve Fund at $10.8 million

- Funded two additional OCTA reserves
  - Capital Reserve: $18.7 million
  - SR-91 Corridor Projects Reserve: $20 million
- Franchise Agreement terminates in 2065

91 Express Lanes Historical Coverage

$ in Millions	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 (Estimate)
Gross Potential Toll Revenues	$ 34.70	$ 36.17	$ 39.31	$ 41.91	$ 44.59	$ 50.11
Tolls	32.65	34.05	36.65	39.04	41.40	46.60
Add: Non-Toll Revenues	6.89	9.66	10.71	15.20	16.43	9.04
Revenues	39.54	43.70	47.36	54.25	57.83	55.63
Less: Current Expenses	(13.11)	(15.83)	(16.53)	(18.69)	(31.83) *	(18.97)
Net Revenues for Debt Service	$ 26.43	$ 27.88	$ 30.83	$ 35.56	$ 25.99	$ 36.67
Debt Service	$ 10.23	$ 10.74	$ 10.80	$ 10.80	$ 10.80	$ 10.80
Debt Service Coverage Ratio	2.58x	2.60x	2.86x	3.29x	2.41x	3.40x

** Current Expenses in FY 2017 include $13.7 million for the pavement rehabilitation project which was classified as an operating expense instead of a capital expense. The project was funded with 91 Express Lanes capital reserve funds.*

91 Express Lanes Coverage Projections

$ in Millions	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Gross Potential Toll Revenues *(1)*	$ 53.90	$ 57.30	$ 59.20	$ 62.80	$ 66.60	$ 70.70	$ 75.00	$ 79.10	$ 83.30	$ 87.90
Tolls *(2)*	51.21	54.44	56.24	59.66	63.27	67.17	71.25	75.15	79.14	83.51
Add: Non-Toll Revenues *(3)*	7.60	7.66	7.72	7.79	7.85	7.92	7.99	8.06	8.13	8.20
Revenues	58.80	62.10	63.96	67.45	71.12	75.09	79.24	83.20	87.26	91.70
Less: Current Expenses *(4)*	(20.31)	(20.15)	(20.75)	(21.38)	(22.02)	(23.19)	(23.37)	(24.59)	(25.84)	(25.59)
Net Revenues for Debt Service	$ 38.49	$ 41.95	$ 43.21	$ 46.07	$ 49.11	$ 51.89	$ 55.87	$ 58.61	$ 61.42	$ 66.12
2013 Bonds Debt Service	$ 10.80	$ 10.80	$ 10.80	$ 10.80	$ 10.80	$ 10.80	$ 10.80	$ 10.80	$ 10.80	$ 10.80
Debt Service Coverage Ratio for Outstanding Bonds	3.57x	3.88x	4.00x	4.27x	4.55x	4.81x	5.17x	5.43x	5.69x	6.12x

(1) Per Stantec, May 2017

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

(3) Non-toll revenues are estimated to increase by 0.8% per year

(4) Current expenses are estimated to increase by an average of 3.5% per year

OCTA Financing Plans

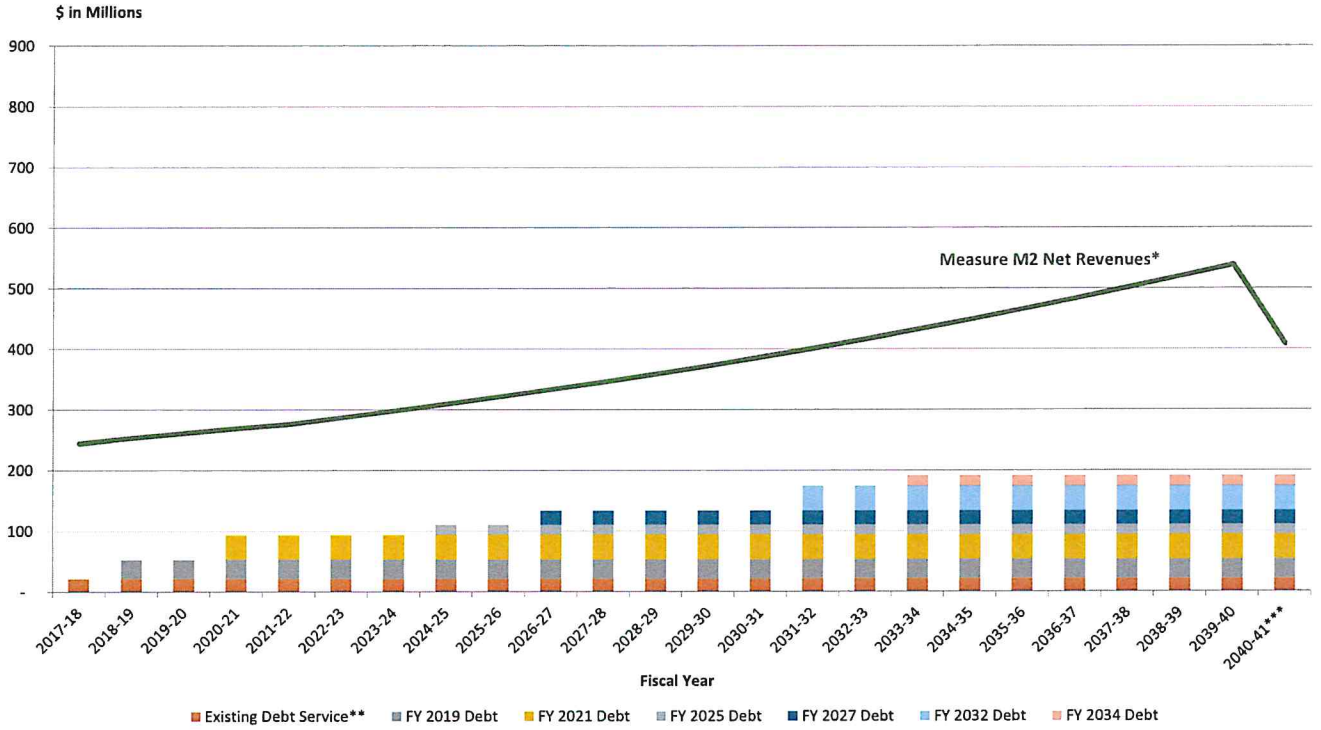
- No additional debt currently planned for the 91 Express Lanes

- Plan to draw up to $629 million in TIFIA proceeds for I-405 Improvement Project
  - $165 million drawn, April 2018
  - Non-recourse debt is secured by 405 Express Lanes net toll revenues

- M2 debt issuances planned for the I-405 Improvement Project in FY 2019 and FY 2021
  - FY 2019 - $450 million
  - FY 2021 - $550 million

- Additional M2 debt issuances planned in the future include:
  - FY 2025 - $200 million
  - FY 2027 - $255 million
  - FY 2032 - $320 million
  - FY 2034 - $110 million

M2 Coverage Projections with Additional Debt



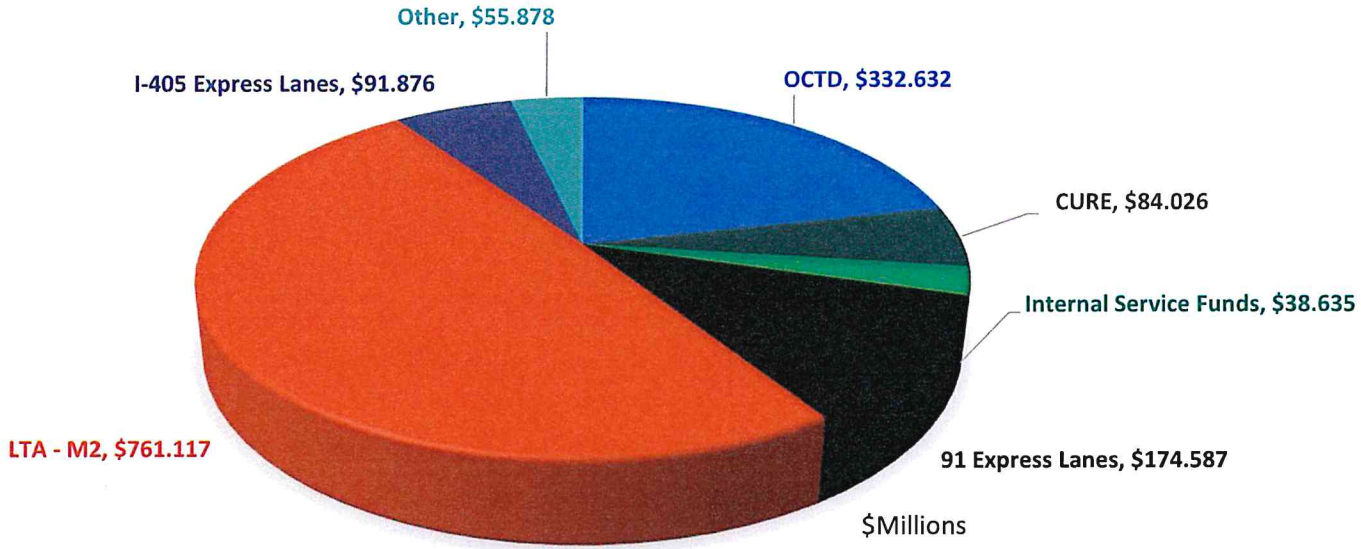
Fiscal Year	Coverage
2017-18	11.19
2018-19	4.78
2019-20	4.94
2020-21	2.88
2021-22	2.95
2022-23	3.07
2023-24	3.19
2024-25	2.81
2025-26	2.92
2026-27	2.50
2027-28	2.59
2028-29	2.69
2029-30	2.79
2030-31	2.90
2031-32	2.30
2032-33	2.39
2033-34	2.26
2034-35	2.34
2035-36	2.43
2036-37	2.52
2037-38	2.62
2038-39	2.72
2039-40	2.82
2040-41	2.82

** Measure M2 sales tax revenues less State Board of Equalization fees, Oversight Audit fees, Environmental Cleanup allocation, and Local Fair Share funds.*

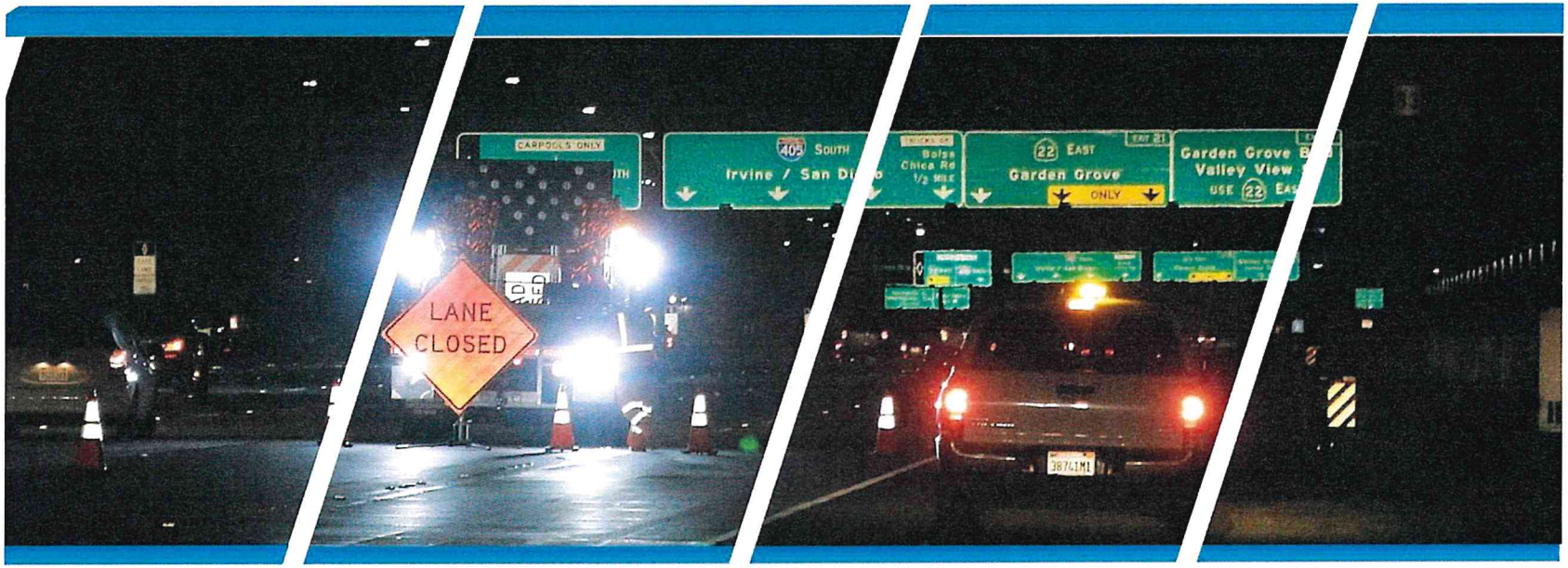
*** Existing debt service includes 2010 taxable and tax-exempt debt.*

**** Represents three quarters of a year of sales tax collections since the Measure M2 program ends March 31, 2041.*

Cash Balance Totals $1.5 Billion (as of April 2018)



OCTD - Orange County Transit District	LTA - Local Transportation Authority (M2)	CURE - Commuter Rail Endowment Fund	Internal Service Funds	91 Express Lanes	I-405 Express Lanes	Other
Fund supporting administrative, operational, and capital functions of fixed route, rail feeder, express, and paratransit bus service	Fund accounts for all Measure M2 revenues, bond proceeds, interest earnings, debt service, and project expenditures	Fund finances operating expenses for OCTA's participation in Metrolink's commuter rail services	Funds established to account for the costs of OCTA's liabilities and insurance programs	Fund established to account for the revenues and expenditures associated with the 91 Express Lanes	Fund established to account for the revenues and expenditures associated with the I-405 Express Lanes	Includes Orange County Unified Transportation Trust Fund, Local Transportation Fund, Service Authority for Freeway Emergencies, Transportation Development Capital, ARBA Trust Fund, 405 Express Lanes, etc



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