

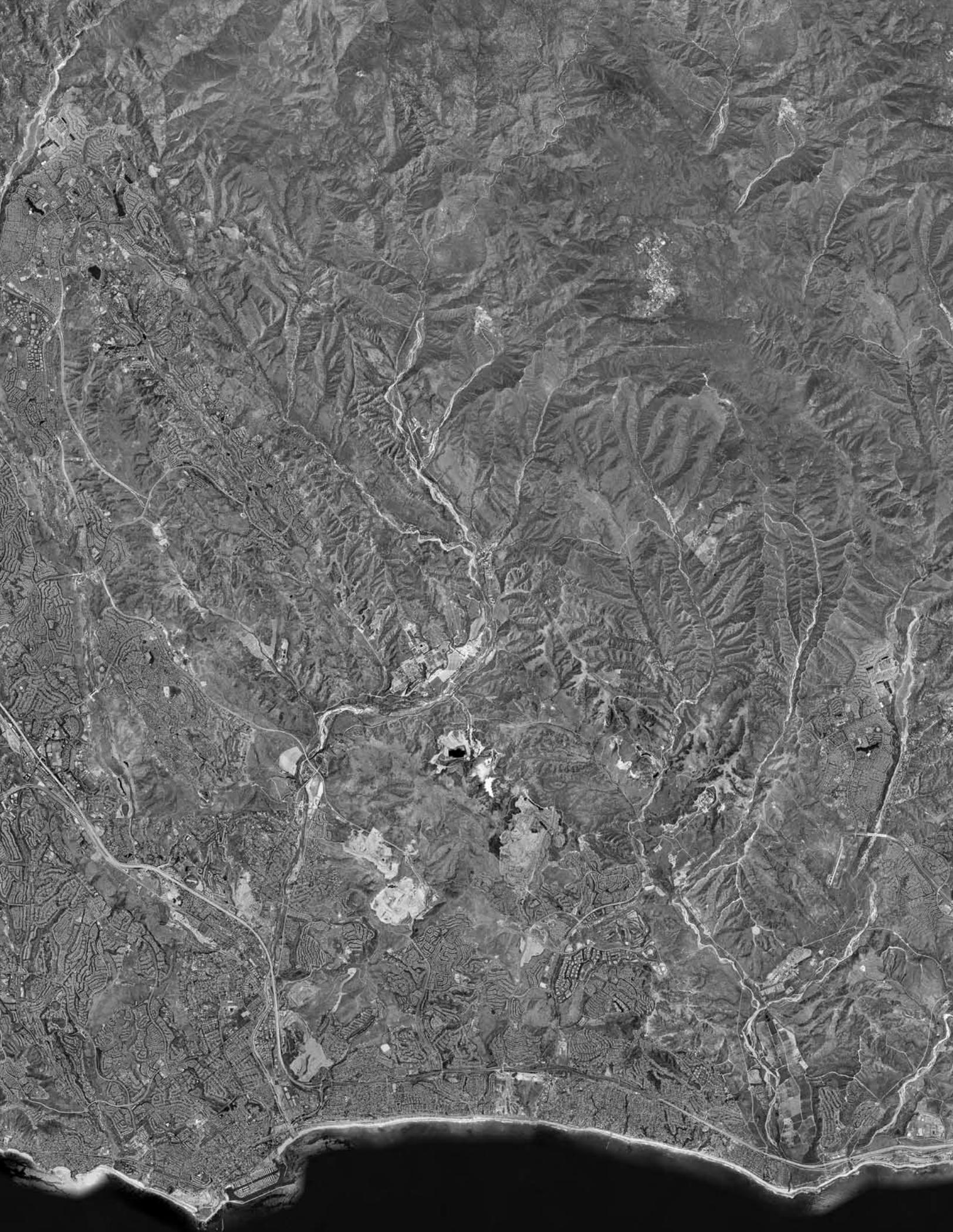
RENEWED MEASURE M TRANSPORTATION INVESTMENT PLAN BY MORE THAN A TWO-THIRDS MAJORITY

- REALIGNED FREEWAY INTERCHANGES AT THE ORANGE CRUSH
- REPLACED OR WIDENED 35 BRIDGES ON THE SR-22
- UPGRADED AND REALIGNED 52 ON-RAMPS AND OFF-RAMPS ALONG THE SR-22
- ADDED 2 NEW LANES IN EACH DIRECTION ON THE SR-22 BETWEEN SR-55 AND MAGNOLIA
- CONSTRUCTED 12 MILES OF NEW SOUNDWALLS
- IDENTIFIED AND BEGAN DEVELOPMENT OF MORE THAN 32 CHOKEPOINT PROJECTS ALONG THE I-5, SR-55, SR-57, SR-91 AND I-405
- **MAKING HISTORY. MOVING FORWARD.**
- BEGAN SOUTH ORANGE COUNTY MAJOR INVESTMENT STUDY
- STARTED CONSTRUCTION ON THE BUENA PARK METROLINK STATION
- FIRST TRANSPORTATION MEASURE APPROVED BY MORE THAN A TWO-THIRDS MAJORITY SINCE 1912
- FIRST DESIGN-BUILD PROJECT ON AN EXISTING CALIFORNIA FREEWAY
- FIRST SOUTHERN CALIFORNIA FREEWAY WITH CONTINUOUS-ACCESS CARPOOL LANES
- FIRST ORANGE COUNTY WEEKEND COMMUTER RAIL SERVICE
- INTRODUCED METROLINK WEEKENDS RAIL SERVICE ON ORANGE COUNTY AND ORANGE COUNTY-INLAND EMPIRE LINES
- INCREASED METROLINK RIDERSHIP TO MORE THAN 3.5 MILLION
- INCREASED PASSENGER SAFETY WITH A PEDESTRIAN BRIDGE AND NORTHBOUND PLATFORM AT THE DEPOT AT SANTA ANA
- APPROVED METROLINK EXPANSION PLAN FOR 30-MINUTE SERVICE BETWEEN LAGUNA NIGUEL/MISSION VIEJO AND FULLERTON
- HELPED 14.1 MILLION COMMUTERS SAVE TIME ON THE 91 EXPRESS LANES
- RECORDED 171,589 CUSTOMERS WITH TRANSPONDERS FOR TRAVEL ON THE 91 EXPRESS LANES
- **OCTA 2006 ANNUAL REPORT**
- BOOSTED 91 EXPRESS LANES HOV3+ USAGE BY 13.8 PERCENT
- ANSWERED 421,328 CALLS TO THE 91 EXPRESS LANES CUSTOMER SERVICE CENTER
- INVESTED \$38.1 MILLION IN MEASURE M FUNDS FOR STREET MAINTENANCE AND IMPROVEMENTS
- DEVELOPED A SIGNAL COORDINATION MASTER PLAN FOR ORANGE COUNTY
- CONTINUED TO CONVERT IMPERIAL HIGHWAY, KATELLA AVENUE AND EDINGER/MOULTON PARKWAY INTO SMART STREETS
- COMPLETED 156 INTERSECTION IMPROVEMENTS AND COMPLETED 110 SIGNAL IMPROVEMENT PROJECTS SINCE MEASURE M BEGAN
- GAVE MORE THAN 67.7 MILLION PASSENGERS A RIDE ON OCTA BUSES
- BEGAN PREMIUM OC EXPRESS BUS SERVICE ON 3 INTERCOUNTY ROUTES
- INITIATED FIRST-EVER DIRECT BUS SERVICE TO THE COUNTY FAIR
- OPERATED 232 CLEAN-BURNING LNG BUSES IN OCTA FLEET
- IMPROVED AIR QUALITY WITH A FLEET OF 99 HYBRID VEHICLES FOR FIELD SUPERVISORS
- BEGAN PURCHASE PROCESS FOR REPLACEMENT OF DIESEL BUSES WITH CLEANER-BURNING CNG-POWERED BUSES
- PROVIDED 1.1 MILLION ONE-WAY TRIPS FOR ACCESS CUSTOMERS
- CONVERTED 544 FREEWAY CALL BOXES TO DIGITAL FORMAT











November 7, 2006: A historical vote to keep Orange County moving forward.

Dear Friend,

The Orange County Transportation Authority (OCTA) is proud to have played a part in the historic changes taking place in our county. We are pleased to present OCTA's notable accomplishments of 2006 in this annual report.

While OCTA historically has led the way for transportation improvements, 2006 was an especially notable year with these transportation firsts:

- Orange County voters passed Renewed Measure M with a 70 percent majority, the first time since 1912 that a transportation measure was approved by more than a two-thirds majority.
- The first design-build project on an existing California freeway, the Garden Grove Freeway (SR-22) Improvement Project, reached a milestone with the opening of new lanes east of Magnolia Street to the Costa Mesa Freeway (SR-55).
- A first for Southern California freeways, the SR-22 now features continuous-access carpool lanes for easier entry and exit by motorists.
- The first regular weekend commuter rail service began on Orange County Metrolink lines this past summer.

Other significant transportation improvements included the start of construction on the Santa Ana Freeway (I-5) Gateway Project to remove the bottleneck through Buena Park. Our cities received more than \$38.1 million in Measure M funds to repair and upgrade local streets. Boardings on OCTA buses exceeded 67.7 million. Construction began on a new Metrolink station in Buena Park to make commuter rail travel available to a greater segment of our population. And vehicle volume on the 91 Express Lanes increased 11.3 percent over the prior fiscal year.

These historic achievements were only possible through the support of forward-thinking Orange County voters. You are the ones who approved Measure M and made transportation improvements a reality 17 years ago. Now you have renewed Measure M so that Orange County's transportation system can continue to be improved. Your support for our efforts to deliver safer, faster and more efficient transportation solutions this past year is deeply appreciated.

We are proud of what we have achieved together. With your help, we will continue to make historic progress providing transportation solutions that will keep Orange County moving well into the future.

Sincerely,

A handwritten signature in black ink that reads "Arthur T. Leahy". The signature is written in a cursive, flowing style.

Arthur T. Leahy
Chief Executive Officer

RENEWED MEASURE M

A history-making vote.

On November 7, 2006, Orange County voters made history by approving the Renewed Measure M Transportation Investment Plan. This is the first time since 1912 that a transportation measure has received a greater than two-thirds majority in Orange County. Orange County voters passed the renewal its first time on the ballot, a testament to OCTA's success in keeping the promises of the original Measure M.

The Renewed Measure M Plan includes freeway, streets and roads, and transit improvements for another 30 years after the current Measure M expires in 2011. The Renewed Measure M Plan builds upon the accomplishments of the original Measure M approved by Orange County voters in 1990. As the administrator of the Renewed Measure M Transportation Investment Plan, OCTA will continue to deliver the safer, faster and more efficient transportation solutions Orange County needs to improve the quality of life for all residents.

RENEWED THE FIRST TIME IT APPEARED ON THE BALLOT BY MORE THAN A TWO-THIRDS MAJORITY • 30-YEAR PLAN TO REDUCE CONGESTION AND IMPROVE TRAFFIC FLOW ON LOCAL FREEWAYS • NEARLY \$4 BILLION TO IMPROVE METROLINK SERVICE AND ADD NEW TRANSIT CONNECTIONS • NEARLY \$240 MILLION TO CLEAN UP ROAD RUNOFF



Renewed Measure M Highlights

- Renewed the first time it appeared on the ballot, by more than a two-thirds majority
- 30-year transportation investment program
- Close to \$12 billion will be raised
- Almost \$5 billion to reduce congestion and improve traffic flow on local freeways
- Nearly \$4 billion to improve city streets and synchronize traffic signals countywide
- Close to \$3 billion to expand Metrolink service and add new transit connections
- Nearly \$240 million to clean up road runoff that pollutes waterways and beaches
- Strong taxpayer safeguards with annual audits, a Taxpayer Oversight Committee and a 10-year review of the plan to ensure the contract with voters is carried out

R TRANSPORTATION INVESTMENT PROGRAM • CLOSE TO \$12 BILLION WILL BE RAISED • ALMOST \$5 BILLION
OVE CITY STREETS AND SYNCHRONIZE TRAFFIC SIGNALS COUNTYWIDE • CLOSE TO \$3 BILLION TO EXPAND
NOFF THAT POLLUTES WATERWAYS AND BEACHES • STRONG TAXPAYER SAFEGUARDS WITH ANNUAL AUDITS



FREEWAYS

A new approach leads to unprecedented results.

Unlike Orange County's other freeways, the Garden Grove Freeway (SR-22) hadn't undergone major improvement since it opened in 1967. Though it wasn't originally in the current Measure M Transportation Improvement Plan, OCTA realized the need for improvement. And at OCTA's urging, the Measure M Plan was amended to include widening the SR-22.

OCTA employed an efficient new method on the SR-22 called Design-Build, in which a single firm is awarded the contract for designing and building the improvements. The SR-22 Improvement Project made history as the first major improvement to an existing California freeway using the design-build method. This method proved so efficient that improvements were completed almost three years sooner than using traditional methods. In another first for Southern California freeways, the new SR-22 features continuous-access carpool lanes.

Construction began in spring 2006 on the Santa Ana Freeway I-5 Gateway Project to remove the bottleneck through Buena Park by widening the remaining two miles of the Santa Ana Freeway (I-5) in Orange County from the Riverside Freeway (SR-91) to the Los Angeles County line. This project is scheduled for completion in mid-2010.

OCTA's Freeway Chokepoint Program continued to identify and improve freeway chokepoints, the bottlenecks where diverging roadways are hampered by heavy weaving and merging. More than 32 projects are under development along the I-5, SR-55, SR-57, SR-91 and I-405.

The South Orange County Major Investment Study (MIS) began in early 2006 by compiling traffic data and gathering information from the 14 cities in the area. The study is expected to conclude with the selection of a locally preferred strategy. Work began on the Project Study Report for the San Diego Freeway (I-405) MIS after the OCTA Board selected Alternative 4 (the minimal widening option) as the Locally Preferred Strategy.

**110,000 CUBIC YARDS OF NEW CONCRETE PAVEMENT ON SR-22 • REPLACED OR WIDENED 35 BRIDGES ON SR-22
REALIGNED FREEWAY INTERCHANGES AT THE ORANGE CRUSH • CONTINUOUS-ACCESS CARPOOL LANES AND
TRAVEL LANE ON I-5 • ADDING AUXILIARY LANES FROM THE SR-91 TO BEACH BOULEVARD • RECONSTRU**



Freeway Highlights

The SR-22 Improvement Project included:

- 110,000 cubic yards of new concrete pavement
- Realigned freeway interchanges at the “Orange Crush” where the SR-22, the I-5 and SR-57 freeways converge
- 35 bridges replaced or widened
- 12 miles of new soundwalls
- 52 on-ramps and off-ramps upgraded and realigned
- Continuous-access carpool lanes and auxiliary lanes between the SR-55 and Valley View Street

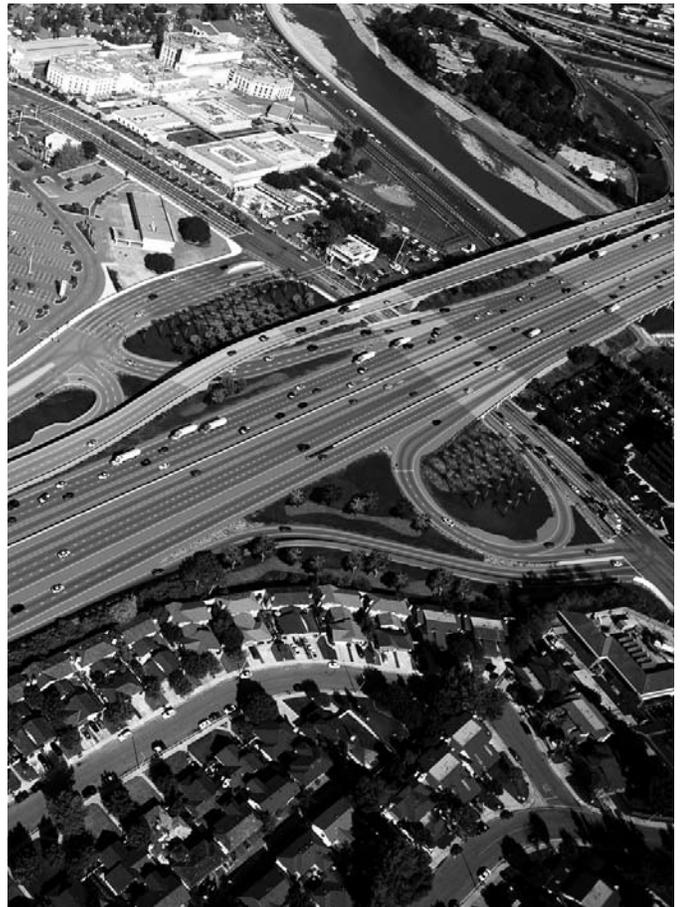
The I-5 Gateway Project improvements will:

- Add one carpool and one travel lane in each direction
- Add auxiliary lanes from the SR-91 to Beach Boulevard
- Reconstruct bridges at Stanton Avenue, Beach Boulevard, Western Avenue and Artesia Boulevard
- Build aesthetically treated retaining walls and replace landscaping

Freeway Chokepoint Program:

- Identified and began development of more than 32 projects along the I-5, SR-55, SR-57, SR-91 and I-405

• BUILT 12 MILES OF NEW SOUNDWALLS ON SR-22 • UPGRADED AND REALIGNED 52 ON/OFF-RAMPS ON SR-22 •
D AUXILIARY LANES BETWEEN THE SR-55 AND VALLEY VIEW STREET • ADDING ONE CARPOOL LANE AND ONE
CTING BRIDGES AT STANTON AVENUE, BEACH BOULEVARD, WESTERN AVENUE AND ARTESIA BOULEVARD



RAIL TRANSIT

For the first time, convenience comes to the weekend.

Since 1994 when Metrolink weekday commuter rail service began, Orange County commuters have had a stress-free option for the trip to work. During the past year, Orange County residents got another commuting bonus: Metrolink Weekends service. For the first time since Metrolink service began, that same comfortable, stress-free ride and freedom from parking hassles is available on Saturdays and Sundays.

Combined ridership on Orange County's three Metrolink lines surpassed 3.5 million – the highest ridership in the history of Orange County Metrolink. While this ridership figure represents an all-time high, of equal importance is the fact that more than 3 million vehicles were not on our streets and freeways each day, which helps improve congestion and air quality for all Orange County residents.

Station improvements included breaking ground for the construction of a new Metrolink station in Buena Park. Soon Metrolink riders in North County will have a new station to serve their needs. And a new pedestrian bridge and northbound passenger platform were added to The Depot at Santa Ana, which provide safer access and boarding for passengers.

With an approved Metrolink expansion plan in place, progress was made toward expanding service between Laguna Niguel/Mission Viejo and Fullerton, the most heavily traveled section of Orange County Metrolink. The plan includes trains running every 30 minutes in both directions through this section by 2009.

RIDERSHIP ON ORANGE COUNTY'S THREE METROLINK LINES GREW TO MORE THAN 3.5 MILLION (INCLUDING INLAND EMPIRE-ORANGE COUNTY LINES) • CONSTRUCTION BEGAN ON BUENA PARK STATION, ORANGE COUNTY OCTA STATIONLINK BUS SERVICE BETWEEN STATIONS AND MAJOR EMPLOYMENT CENTERS • PLANNING PRO



Metrolink Highlights

- Metrolink Weekends service began on Orange County and Inland Empire-Orange County lines
- Ridership on Orange County's three Metrolink lines grew to more than 3.5 million (including Metrolink riders on Amtrak)
- Construction began on Buena Park station, Orange County's 11th Metrolink station
- Continued providing Metrolink monthly pass holders with free OCTA StationLink bus service between stations and major employment centers
- Planning progressed for 30-minute Metrolink service between Laguna Niguel/Mission Viejo and Fullerton, seven days a week

ING METROLINK RIDERS ON AMTRAK) • METROLINK WEEKENDS SERVICE BEGAN ON ORANGE COUNTY AND
NTY'S 11TH METROLINK STATION • CONTINUED PROVIDING METROLINK MONTHLY PASS HOLDERS WITH FREE
OGRESSED FOR 30-MINUTE METROLINK SERVICE BETWEEN LAGUNA NIGUEL/MISSION VIEJO AND FULLERTON



91 EXPRESS LANES

More commuters than ever are saving time.

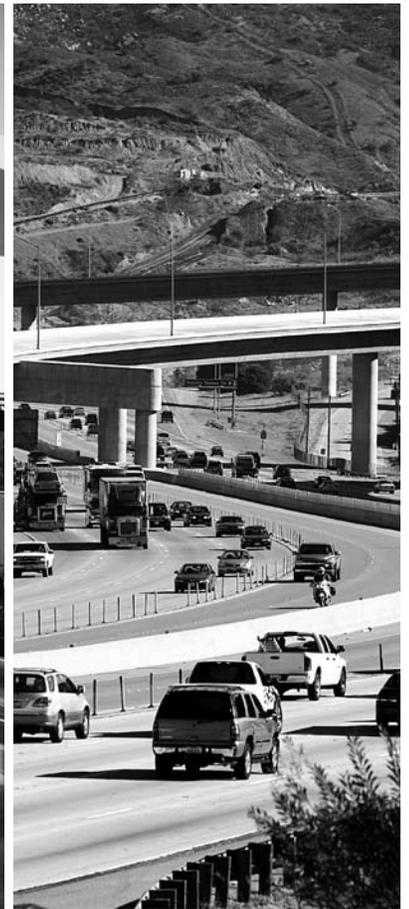
The 91 Express Lanes made history more than a decade ago by offering Inland Empire drivers a time-saving alternative for the commute to Orange County with a 10-mile toll road along the Riverside Freeway (SR-91). History was made again when OCTA purchased the toll road in 2003 and ended the non-compete provision prohibiting improvements to the SR-91 corridor.

This past year, the 91 Express Lanes made history with a \$1.4 million major pavement improvement project funded through toll revenues. The project includes re-paving, filling cracks, sealing the pavement surface to reduce deterioration, replacing yellow channelizers and restriping lanes along the entire length of the toll road.

Busy commuters put the 91 Express Lanes to good use, logging more than 14.1 million vehicle trips during fiscal year 2006. That's an 11.3 percent increase over the previous fiscal year and a historic high. And more than 171,000 customers had transponders during the year.

OCTA also made history by implementing an innovative "Three Ride Free" policy on the 91 Express Lanes to encourage carpooling. Commuters in a group of three or more per vehicle can travel free during most hours in the HOV3+ lane. During the past year, there were 2,876,345 HOV3+ trips – a boost of 13.8 percent.

OPERATING REVENUES INCREASED 11.7% TO MORE THAN \$44.2 MILLION • 171,589 CUSTOMERS WITH TRANSPONDER
• 91 EXPRESS LANES WEBSITE RECEIVED MORE THAN 24 MILLION VISITS DURING THE FISCAL YEAR • INNOVATIVE
AN 11.3% INCREASE OVER THE PREVIOUS FISCAL YEAR • 2,876,345 HOV3+ TRIPS MADE, A BOOST OF 13.8 PERCENT



91 Express Lanes Highlights

- Total vehicle trips surpassed 14.1 million, an 11.3% increase over the previous fiscal year
- Operating revenues increased 11.7% to more than \$44.2 million
- 171,589 customers with transponders
- Representatives answered 421,328 calls to the 91 Express Lanes Customer Service Center
- The 91 Express Lanes website received more than 24 million visits during the fiscal year
- 2,876,345 HOV3+ trips made, a boost of 13.8 percent
- \$1.6 million major pavement improvement project included re-paving, filling cracks, sealing pavement surface, replacing yellow channelizers and restriping lanes
- More than 6,500 channelizers replaced each fiscal year

...IDERS • REPRESENTATIVES ANSWERED 421,328 CALLS TO THE 91 EXPRESS LANES CUSTOMER SERVICE CENTER
...E "THREE RIDE FREE" PROGRAM ENCOURAGED CARPOOLING • TOTAL VEHICLE TRIPS SURPASSED 14.1 MILLION,
...CENT • \$1.6 MILLION MAJOR PAVEMENT IMPROVEMENT PROJECT INCLUDED RE-PAVING AND FILLING CRACKS



STREETS AND ROADS

Continued investment keeps traffic moving smoothly.

Local streets and roads are the backbone of your community. They're what connect you to soccer practice, the local coffee shop and your place of worship. Orange County has 1,462 miles of arterial roadways and 5,755 miles of local streets. And every one of those miles needs to be maintained.

During fiscal year 2005-2006, OCTA invested \$38.1 million in Measure M funds for street improvements and maintenance. Orange County's 34 cities and the unincorporated areas of the County benefited from Measure M's provision for streets and roads maintenance and road improvements.

To keep traffic moving, OCTA developed a signal coordination master plan. The plan targets traffic signals along major arterial streets and suggests signal timing to maximize the flow of traffic. Since many of Orange County's major streets flow through several neighboring cities, the plan offers suggestions for cooperation among the many individual traffic jurisdictions that would be affected.

Beach Boulevard made history in 1999 as Orange County's first Smart Street. The Smart Street concept transforms major streets into more free-flowing arteries by adding more travel lanes, dedicated turn lanes, bus turnouts and coordinating traffic signals along the full length of the street. OCTA continued making history in fiscal year 2005-2006 with projects along Imperial Highway, Katella Avenue and Edinger/Moulton Parkway to convert these major arterial streets into Smart Streets.

DEVELOPED A SIGNAL COORDINATION MASTER PLAN FOR ORANGE COUNTY • CONTINUED TO CONVERT IMPE
INTERSECTION IMPROVEMENT PROJECTS SINCE MEASURE M BEGAN • COMPLETED 110 SIGNAL IMPROVEMENT PR
AND IMPROVEMENTS • CITY OF IRVINE COMPLETED THE SAN DIEGO CREEK BRIDGE PROJECT • CITY OF SA



Streets and Roads Highlights

- Invested \$38.1 million in Measure M funds for street maintenance and improvements
- Developed a signal coordination master plan for Orange County, including identifying Euclid Street as a demonstration project
- Completed 156 intersection improvement projects since Measure M began
- Completed 110 signal improvement projects since Measure M began
- City of Irvine completed the San Diego Creek Bridge Project
- City of Santa Ana completed improvements to the Main Street/MacArthur Boulevard intersection
- City of Anaheim completed widening of Lincoln Avenue and State College Boulevard
- City of Garden Grove completed improvements to the Magnolia/Chapman intersection
- City of Huntington Beach completed improvements to the Beach/Edinger intersection
- City of Fullerton completed improvements to the Yorba Linda Boulevard/Placentia Boulevard intersection

RIAL HIGHWAY, KATELLA AVENUE AND EDINGER/MOULTON PARKWAY INTO SMART STREETS • COMPLETED 156 PROJECTS SINCE MEASURE M BEGAN • INVESTED \$38.1 MILLION IN MEASURE M FUNDS FOR STREET MAINTENANCE
NTA ANA COMPLETED IMPROVEMENTS TO THE MAIN STREET AND MACARTHUR BOULEVARD INTERSECTION



BUS TRANSIT

More OC residents than ever benefited from OCTA's transit innovations.

OCTA's countywide bus system recorded more than 67.7 million passenger boardings during fiscal year 2005-2006. Every weekday, more than 212,000 people relied on OCTA buses for dependable transportation to and from work, school and other places they needed to go. And they got there on buses powered by cleaner-burning Liquefied Natural Gas (LNG) to help improve air quality. OCTA also began replacing all diesel buses with cleaner-burning Compressed Natural Gas (CNG) buses to further improve air quality throughout the county.

A new, premium Express Bus service began on three intercounty routes. Called "OC Express," the express service featured premium amenities including reclining seats, power hookups and lap trays. OC Express passengers can pull down their trays for reading or working. They can plug in a notebook computer, or ease their seats back for a few extra winks. Express Buses travel in HOV lanes and on the 91 Express Lanes to get passengers to their destinations fast.

OC buses go fun places, too. OCTA initiated the first-ever direct bus service to the Orange County Fair. The direct service departed weekends from three park-and-ride lots around the county and traveled directly to the Fair, dropping fairgoers off at the front gate. The OC Fair Flyer service operated from 10 a.m. to midnight, departing every 30 minutes, and cost just \$1.25 – the same as regular OCTA buses. Over the four weekends that the service ran, a total 1,579 trips were provided and 100% of the customer surveys ranked it at least a 4 out of 5.

During the year, OCTA's ACCESS paratransit service provided over 1.1 million one-way trips for ADA-certified customers. Persons with disabilities in need of a ride after normal ACCESS service hours made use of OCTA's late night ACCESS taxi service. Persons with disabilities and senior citizens benefited from a Measure M subsidy that helps keep their bus fares low.

BEGAN PREMIUM OC EXPRESS BUS SERVICE ON THREE INTERCOUNTY ROUTES • INITIATED FIRST-EVER DIRECT SERVICE TO THE ORANGE COUNTY FAIR • IMPLEMENTED TOTAL REPLACEMENT OF DIESEL BUSES WITH CLEANER-BURNING CNG-POWERED BUSES • BEGAN ACCESS PARATRANSIT SERVICE MADE MORE THAN 1.1 MILLION TRIPS TO ASSIST CERTIFIED PASSENGERS



Bus Transit Highlights

- More than 67.7 million passenger boardings
- Began premium OC Express bus service on three intercounty routes
- Initiated first-ever direct bus service to the Orange County Fair from three park-and-ride locations around the county
- Implemented total replacement of diesel buses with cleaner-burning Compressed Natural Gas (CNG) powered buses
- Began design-build process for CNG fueling system and supply pipeline at the Santa Ana Bus Base
- Tested 2 diesel-electric hybrid and 2 gasoline-electric buses
- Extended Route 463 to serve First American Corporation and surrounding employees
- Added an after midnight trip on Route 38 for late night workers
- Added stops on Routes 701 and 721 along the Harbor Transitway for home-to-work commuters traveling between Orange and Los Angeles counties
- ACCESS paratransit service made more than 1.1 million trips to assist certified passengers
- ACCESS representatives fielded 598,139 calls during the fiscal year

ECT BUS SERVICE TO THE COUNTY FAIR FROM THREE PARK-AND-RIDE LOCATIONS AROUND THE COUNTY •
GAN DESIGN-BUILD PROCESS FOR CNG FUELING SYSTEM AND SUPPLY PIPELINE AT THE SANTA ANA BUS BASE
• ACCESS REPRESENTATIVES FIELDDED 598,139 CALLS • MORE THAN 67.7 MILLION PASSENGER BOARDINGS



MOTORIST SERVICES

A record number of stranded motorists aided.

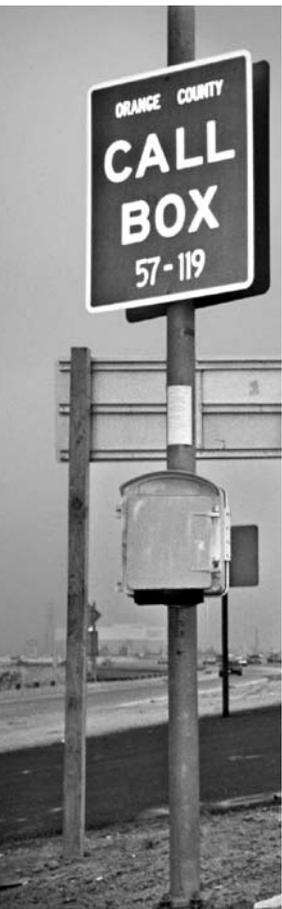
OCTA helped keep traffic moving during the past year with several motorist services programs. Our solar-powered SAFE call box program (Service Authority for Freeway Emergencies), pioneered in 1987, operates and maintains 544 call boxes throughout Orange County. Even with this reduced number of boxes due to the widespread usage of cell phones, OC motorists placed 13,200 calls (an average of 1,100 calls per month) in fiscal year 2006.

The Freeway Service Patrol (FSP) is a fleet of dedicated tow trucks that patrol the county's vast freeway system and help keep freeways flowing freely by assisting stranded motorists and removing disabled cars. During fiscal year 2006, the FSP program helped an estimated 70,000 stranded motorists (an average of 5,800 assists per month) on Orange County freeways and public toll roads.

The Service Authority for Abandoned Vehicles (SAAV) funds the cost of removing abandoned vehicles from roadsides throughout Orange County. During fiscal year 2006, the SAAV program funded the removal of 9,096 abandoned vehicles from Orange County streets.

OCTA also operates the Orange County Taxicab Administration Program (OCTAP) to regulate taxicab companies, drivers and vehicles on behalf of Orange County and its 34 cities. OCTAP ensures that all taxicab companies comply with taxicab rules and regulations and also issues permits to taxicab companies and drivers. By the end of fiscal year 2006, OCTAP was responsible for 20 taxi companies, 675 taxicabs and 1003 taxi drivers.

FIELDED 13,200 CALLS FROM MOTORISTS USING THE CALL BOX NETWORK • CONVERTED ALL SAFE FREEWAY
ABANDONED VEHICLES FROM ORANGE COUNTY STREETS • OCTAP PERMITTED 20 TAXI COMPANIES, 675 TAXICABS
CALL BOXES THROUGHOUT ORANGE COUNTY • FSP OPERATED 35 TOW TRUCKS DURING PEAK HOURS AND 5 TRUCKS



Motorist Services Highlights

- Made traveling Orange County freeways safer with the Service Authority for Freeway Emergencies (SAFE) and Freeway Service Patrol (FSP)
- SAFE operated and maintained 544 call boxes throughout Orange County
- Converted all SAFE freeway call boxes to digital format
- Fielded 13,200 calls from motorists using the call box network
- FSP operated 35 tow trucks during peak hours and 5 trucks during midday hours
- FSP tow trucks dispatched by CHP call center to assist motorists
- FSP assisted 70,000 stranded motorists
- SAAV program established in 1991 and was the first of its kind in California
- SAAV removed 9,096 abandoned vehicles from Orange County streets
- OCTA regulated taxicab companies, taxicab drivers and vehicles on behalf of all Orange County cities
- OCTAP permitted 20 taxi companies, 675 taxicabs and 1,003 taxi drivers

AY CALL BOXES TO DIGITAL FORMAT • FSP ASSISTED 70,000 STRANDED MOTORISTS • SAAV REMOVED 9,096
ABS AND 1,003 TAXI DRIVERS • SAAV PROGRAM ESTABLISHED IN 1991 • SAFE OPERATED AND MAINTAINED 544
TRUCKS DURING MIDDAY HOURS • FSP TOW TRUCKS DISPATCHED BY CHP CALL CENTER TO ASSIST MOTORISTS



COMMUNITY OUTREACH

A tradition of caring for the community.

Throughout the years, OCTA has been committed to our mission of moving Orange County forward. That means programs that go beyond providing better freeways, streets and expanded bus and commuter rail service.

In fiscal year 2006, OCTA outreach programs kept the public informed and mitigated impacts of both the Garden Grove Freeway (SR-22) Improvement Project and the Santa Ana Freeway (I-5) Gateway Improvement Project. Open houses, workshops and neighborhood meetings were conducted for Major Investment Studies (MIS), including the Central County Corridor Study, San Diego Freeway (I-405) Study and the South Orange County MIS, to share and gather information from residents, businesses and stakeholders.

To help youths discover the benefits of public transportation, OCTA continued its youthNmotion program, a partnership effort with local schools and youth organizations to encourage youth bus ridership. OCTA staff conducted presentations at schools and youth clubs demonstrating how easy it is to ride the bus. More than 15,000 youths participated.

To help our seniors stay active and independent, OCTA continued its "Be There" senior outreach program. Through an easy-to-follow brochure and hands-on presentations with a fun trial bus ride at senior centers, OCTA outreach staff demonstrated how easy and economical it is for seniors to get wherever they want to go by bus. During fiscal year 2006, 10,000 seniors were reached through presentations, senior fairs and expositions.

Small businesses had an opportunity to network and learn about government contracting opportunities through the OCTA Small Business Conference and Vendor Fair. During fiscal year 2005-2006, OCTA awarded more than \$21 million in contracts to minority- and women-owned businesses.

CONDUCTED MANY OPEN HOUSES, WORKSHOPS, ROUNDTABLE DISCUSSIONS AND SPEAKER'S BUREAU PRESENTATIONS
HOW EASY, SAFE AND ECONOMICAL IT IS TO RIDE THE BUS • AWARDED \$21 MILLION IN CONTRACTS TO MINORITY- AND WOMEN-OWNED BUSINESSES
PROVIDED RETIRED ACCESS BUSES AND OPERATING FUNDS TO 18 CITIES AND 3 NON-PROFIT ORGANIZATIONS

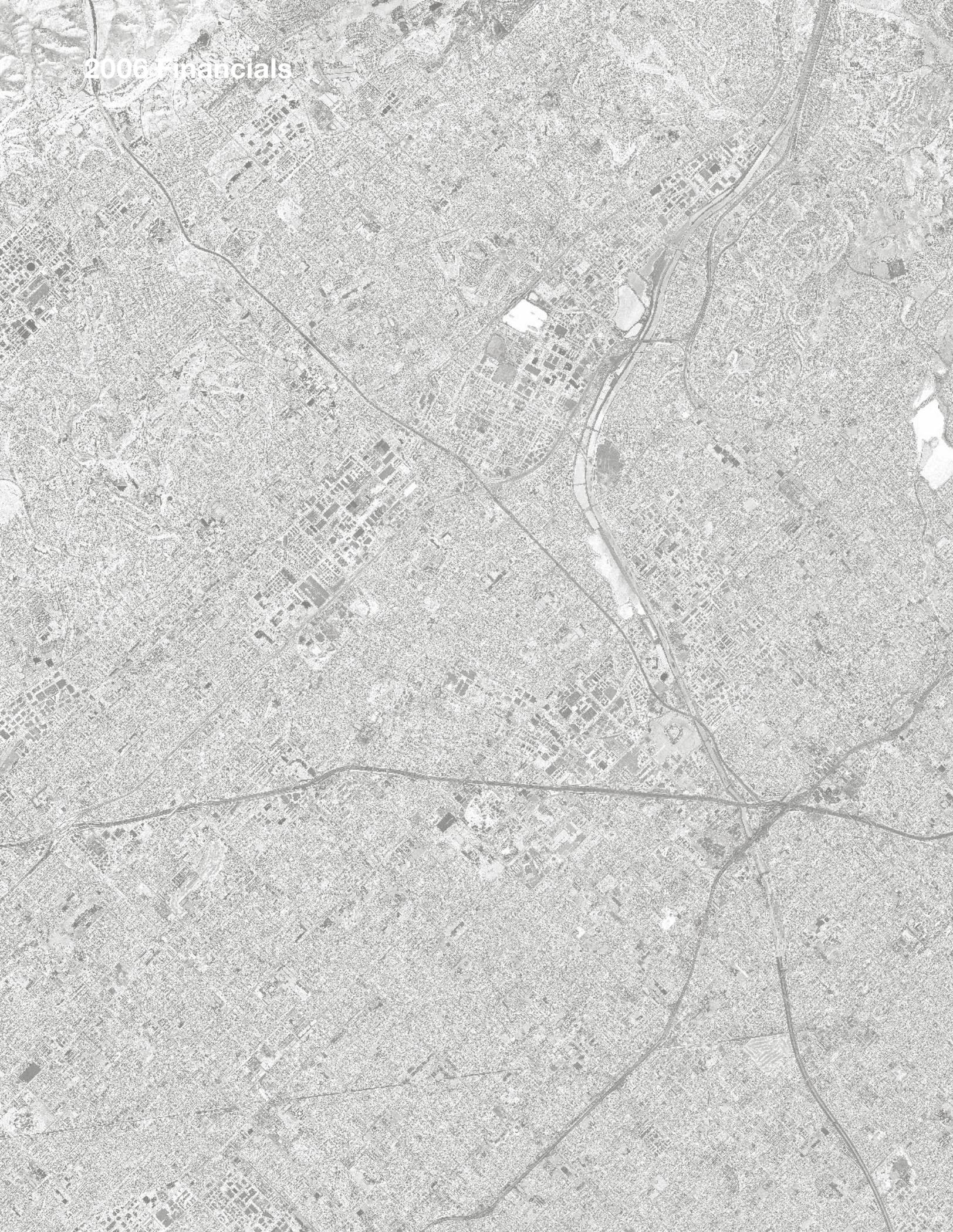


Community Outreach Highlights

- Conducted many open houses, workshops, roundtable discussions and Speaker's Bureau presentations on current transportation issues
- Demonstrated to more than 10,000 seniors how easy, safe and economical it is to ride the bus through the "Be There" outreach program
- Encouraged more than 15,000 youths to ride the bus with the youthNmotion Program at local schools and youth organizations
- Awarded \$21 million in contracts to minority- and women-owned businesses
- Provided retired ACCESS buses and operating funds to 18 cities and 3 non-profit organizations for local senior transportation
- Helped improve air quality with a fleet of 99 hybrid vehicles for field supervisors and 232 buses powered by low-emission LNG fuel

PRESENTATIONS ON CURRENT TRANSPORTATION ISSUES • DEMONSTRATED TO MORE THAN 10,000 SENIORS
MINORITY- AND WOMEN-OWNED BUSINESSES • ENCOURAGED MORE THAN 15,000 YOUTHS TO RIDE THE BUS •
FOR LOCAL SENIOR TRANSPORTATION • HELPED IMPROVE AIR QUALITY WITH A FLEET OF 99 HYBRID VEHICLES





Statement of Net Assets (thousands)

June 30, 2006	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 609,820	\$ 300,478	\$ 910,298
Receivables:			
Interest	4,897	2,678	7,575
Operating grants	-	21,048	21,048
Capital grants	6,391	3,616	10,007
Other	2,447	6,230	8,677
Internal balances	50,989	(50,989)	-
Due from other governments	49,585	4,063	53,648
Condemnation deposits	18,490	-	18,490
Note receivable	8,587	-	8,587
Inventory	-	6,207	6,207
Restricted cash and investments:			
Cash equivalents	28,354	8,618	36,972
Investments	46,536	19,428	65,964
Other assets	4,962	20,284	25,246
Land held for resale	2,610	-	2,610
Capital assets, net:			
Nondepreciable	548,566	51,994	600,560
Depreciable and amortizable	3,341	354,298	357,639
Total assets	\$1,385,575	\$ 747,953	\$ 2,133,528
Liabilities			
Accounts payable	35,104	13,139	48,243
Accrued payroll and related items	1,001	2,723	3,724
Accrued interest payable	7,806	3,139	10,945
Claims payable	100	-	100
Due to other governments	12,008	134	12,142
Unearned revenue	-	4,962	4,962
Other liabilities	55	393	448
Commercial paper notes	34,500	-	34,500
Noncurrent liabilities:			
Due within one year	69,253	16,617	85,870
Due in more than one year	308,036	191,564	499,600
Total liabilities	\$ 467,863	\$ 232,671	\$ 700,534
Net assets			
Invested in capital assets, net of related debt	551,907	227,078	778,985
Restricted for:			
Measure M program	440,738	-	440,738
Debt service	112,863	28,046	140,909
Motorist services	5,584	-	5,584
Other	9,396	-	9,396
Unrestricted (deficit)	(202,776)	260,158	57,382
Total net assets	\$ 917,712	\$ 515,282	\$ 1,432,994

Statement of Activities (thousands)

For the year ended June 30, 2006	Program Revenues				Net (Expense) Revenue and Changes in Net Asset		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Functions/Programs							
Primary government							
Governmental activities:							
General government	\$ 80,961	\$ 37,517	\$ 24,245	\$ 808	\$ (18,391)	\$ -	\$ (18,391)
Measure M program	133,524	199	-	106,541	(26,784)	-	(26,784)
Motorist services	8,451	-	5,387	-	(3,064)	-	(3,064)
Commuter rail	18,442	514	-	-	(17,928)	-	(17,928)
Urban rail	128	-	-	-	(128)	-	(128)
Total governmental activities	\$ 241,506	\$ 38,230	\$ 29,632	\$ 107,349	\$ (66,295)	\$ -	\$ (66,295)
Business-type activities:							
Fixed route	226,960	54,178	39,896	8,750	-	(124,136)	(124,136)
Paratransit	28,285	4,686	4,659	-	-	(18,940)	(18,940)
Tollroad	33,693	44,238	-	-	-	10,545	10,545
Taxicab administration	271	330	-	-	-	59	59
Total business-type activities	289,209	103,432	44,555	8,750	-	(132,472)	(132,472)
Total primary government	\$ 530,715	\$ 141,662	\$ 74,187	\$ 116,099	\$ (66,295)	\$(132,472)	\$ (198,767)
General revenues:							
Property taxes					-	9,762	9,762
Sales taxes					385,090	-	385,090
Unrestricted investment earnings					18,168	8,127	26,295
Other miscellaneous revenue					494	497	991
Transfers					(104,451)	104,451	-
Total general revenues and transfers					\$ 299,301	\$ 122,837	\$ 422,138
Change in net assets					233,006	(9,635)	223,371
Net assets - beginning, as restated					684,706	524,917	1,209,623
Net assets - ending					\$ 917,712	\$ 515,282	\$ 1,432,994



Statement of Cash Flows – Proprietary Funds (thousands)



For the year ended June 30, 2006	Enterprise Funds					
	OCTD	91 Express Lanes	Bus Operations	Nonmajor Enterprise Fund OCTAP	Totals	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 51,984	\$ 44,027	\$ -	\$ 342	\$ 96,353	\$ -
Receipts from interfund services provided	-	-	-	-	-	36,885
Payments to suppliers	(104,225)	(13,028)	(92)	(57)	(117,402)	(17,788)
Payments to claimants	-	-	-	-	-	(15,029)
Payments to employees	(117,815)	-	-	(164)	(117,979)	-
Payments for interfund services used	(26,533)	(1,450)	-	(71)	(28,054)	(444)
Advertising revenue	3,129	-	-	-	3,129	-
Miscellaneous	924	48	-	1	973	-
Net cash provided by (used for) operating activities	\$ (192,536)	\$ 29,597	\$ (92)	\$ 51	\$ (162,980)	\$ 3,624
Cash flows from noncapital financing activities:						
Gas tax exchange received	23,000	-	-	-	23,000	-
Federal operating assistance grants received	19,416	-	-	-	19,416	-
Property taxes received	9,762	-	-	-	9,762	-
Transfers in	128,489	-	-	-	128,489	-
Transfers out	(5,409)	-	(14,000)	-	(19,409)	(233)
Net cash provided by (used for) noncapital financing activities	\$ 175,258	\$ -	\$ (14,000)	\$ -	\$ 161,258	\$ (233)
Cash flows from capital and related financing activities:						
Federal capital grants for acquisition and construction of capital assets	8,776	-	-	-	8,776	-
Proceeds from sale of capital assets	45	1	-	-	46	-
Payment of long-term debt	(2,495)	(4,005)	-	-	(6,500)	-
Payment on advances from other funds	-	(10,000)	-	-	(10,000)	-
Interest paid	(200)	(8,252)	-	-	(8,452)	-
Acquisition and construction of capital assets	(12,377)	(1,317)	-	-	(13,694)	-
Net cash (used for) capital and related financing activities	\$ (6,251)	\$ (23,573)	\$ -	\$ -	\$ (29,824)	\$ -
Cash flows from investing activities:						
Investment earnings	3,795	1,835	1,789	2	7,421	1,084
Net cash provided by (used for) investing activities	3,795	1,835	1,789	2	7,421	1,084
Net increase (decrease) in cash and cash equivalents	(19,734)	7,859	(12,303)	53	(24,125)	4,475
Cash and cash equivalents at beginning of year	169,488	29,388	86,105	8	284,989	46,734
Cash and cash equivalents at end of year	\$ 149,754	\$ 37,247	\$ 73,802	\$ 61	\$ 260,864	\$ 51,209

Statement of Cash Flows – Proprietary Funds, continued (thousands)



For the year ended June 30, 2006	Enterprise Funds					
	OCTD	91 Express Lanes	Bus Operations	Nonmajor Enterprise Fund OCTAP	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (205,300)	\$ 20,577	\$ (82)	\$ 53	\$ (184,752)	\$ 6,133
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:						
Depreciation expense	26,779	1,815	-	-	28,594	-
Amortization of franchise agreement	-	7,331	-	-	7,331	-
Amortization of cost of issuance	41	142	-	-	183	-
Advertising revenue	3,129	-	-	-	3,129	-
Miscellaneous	924	48	-	1	973	-
Insurance recoveries	-	-	-	-	-	168
Change in assets and liabilities:						
Receivables	496	(655)	-	12	(147)	767
Due from other governments	23	-	-	-	23	-
Inventory	(1,105)	-	-	-	(1,105)	-
Other assets	(9,359)	817	-	(19)	(8,561)	(39)
Accounts payable	(3,679)	(929)	(10)	(4)	(4,622)	108
Accrued payroll and related items	(3,913)	-	-	(1)	(3,914)	-
Compensated absences	(293)	-	-	9	(284)	-
Claims payable	-	-	-	-	-	(3,513)
Due to other governments	(274)	(172)	-	-	(446)	-
Unearned revenue	-	630	-	-	630	-
Other liabilities	(5)	(7)	-	-	(12)	-
Total adjustments	\$ 12,764	\$ 9,020	\$ (10)	\$ (2)	\$ 21,772	\$ (2,509)
Net cash provided by (used for) operating activities	\$(192,536)	\$ 29,597	\$ (92)	\$ 51	\$(162,980)	\$ 3,624
Reconciliation of cash and cash equivalents to Statement of Net Assets						
Cash and investments	\$ 148,384	\$ 29,999	\$ 73,802	\$ 61	\$ 252,246	\$ 51,209
Restricted cash and cash equivalents	1,370	7,248	-	-	8,618	-
Total cash and cash equivalents	\$ 149,754	\$ 37,247	\$ 73,802	\$ 61	\$ 260,864	\$ 51,209
Schedule of noncash activities:						
Purchase of capital, inventory and leased items on account	\$ 821	\$ -	\$ -	\$ -	\$ 821	\$ -
Capital lease	\$ 6,534	\$ -	\$ -	\$ -	\$ 6,534	\$ -

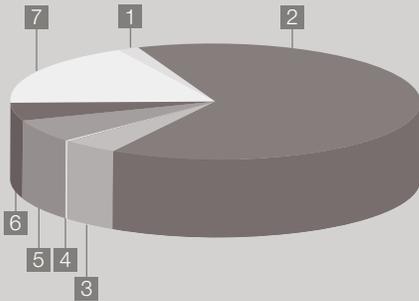
OCTA Fiscal Year 2006 Revenues (thousands)

General Revenues

1. Property taxes	\$ 9,762	1.6%
2. Sales taxes	\$ 385,090	64.5%
3. Investment earnings	\$ 26,295	4.4%
4. Miscellaneous	\$ 991	0.2%

Program Revenues

5. Charges for services	\$ 38,230	6.4%
6. Operating grants and contributions	\$ 29,632	5.0%
7. Capital grants and contributions	\$ 107,349	18.0%



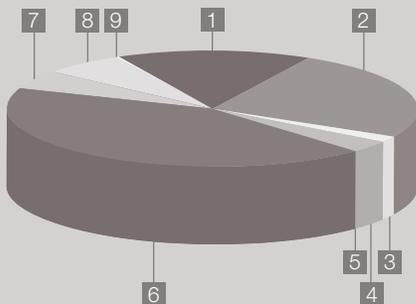
OCTA Fiscal Year 2006 Expenses (thousands)

Governmental Activities

1. General government	\$ 80,961	15.3%
2. Measure M program	\$ 133,524	25.2%
3. Motorist services	\$ 8,451	1.6%
4. Commuter rail	\$ 18,442	3.5%
5. Urban rail	\$ 128	0.0%

Business-Type Activities

6. Fixed route	\$ 226,960	42.8%
7. Paratransit	\$ 28,285	5.3%
8. Tollroad	\$ 33,693	6.3%
9. Taxicab administration	\$ 271	0.1%



Measure M Turnback

Fiscal Year 2005-2006

Aliso Viejo	\$ 445,761.64
Anaheim	4,171,906.14
Brea	659,153.02
Buena Park	990,417.69
Costa Mesa	1,757,102.34
Cypress	657,697.21
Dana Point	406,978.01
Fountain Valley	774,329.49
Fullerton	1,564,979.58
Garden Grove	1,843,425.95
Huntington Beach	2,344,573.42
Irvine	2,838,305.92
Laguna Beach	320,193.11
Laguna Hills	460,794.01
Laguna Niguel	846,654.55
Laguna Woods	164,533.29
La Habra	646,705.57
Lake Forest	962,795.60
La Palma	219,611.80
Los Alamitos	165,395.91
Mission Viejo	1,193,511.04
Newport Beach	1,224,661.46
Orange	1,960,666.07
Placentia	578,526.32
Rancho Santa Margarita	533,961.51
San Clemente	668,080.56
San Juan Capistrano	484,910.92
Santa Ana	3,591,161.21
Seal Beach	299,623.21
Stanton	369,273.61
Tustin	998,720.94
Villa Park	65,867.70
Westminster	1,097,431.05
Yorba Linda	718,349.05
County Unincorporated	2,113,339.65

TOTALS \$ 38,139,398.55

Orange County Transportation Authority Board of Directors 2007

Carolyn V. Cavecche	Chairman
Chris Norby	Vice-Chairman
Jerry Amante	Director
Patricia Bates	Director
Art Brown	Director
Peter Buffa	Director (Public Member)
Bill Campbell	Director
Richard Dixon	Director
Paul G. Glaab	Director
Cathy Green	Director
Allan Mansoor	Director
John Moorlach	Director
Curt Pringle	Director
Miguel Pulido	Director
Mark Rosen	Director
Gregory T. Winterbottom	Director (Public Member)
Pending	1st District Supervisor
Cindy Quon	Governor's Ex-Officio Member

Executive Office

Arthur T. Leahy	Chief Executive Officer
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Orange County Transportation Authority

550 S. Main Street, P.O. Box 14184

Orange, CA 92863-1584

714-560-OCTA (6282)

www.octa.net

RENEWED MEASURE M TRANSPORTATION INVESTMENT PLAN BY MORE THAN A TWO-THIRDS MAJORITY

- REALIGNED FREEWAY INTERCHANGES AT THE ORANGE CRUSH
- REPLACED OR WIDENED 35 BRIDGES ON THE SR-22
- UPGRADED AND REALIGNED 52 ON-RAMPS AND OFF-RAMPS ALONG THE SR-22
- ADDED 2 NEW LANES IN EACH DIRECTION ON THE SR-22 BETWEEN SR-55 AND MAGNOLIA
- CONSTRUCTED 12 MILES OF NEW SOUNDWALLS
- IDENTIFIED AND BEGAN DEVELOPMENT OF MORE THAN 32 CHOKEPOINT PROJECTS ALONG THE I-5, SR-55, SR-57, SR-91 AND I-405
- MAKING HISTORY. MOVING FORWARD.
- BEGAN SOUTH ORANGE COUNTY MAJOR INVESTMENT STUDY
- STARTED CONSTRUCTION ON THE BUENA PARK METROLINK STATION
- FIRST TRANSPORTATION MEASURE APPROVED BY MORE THAN A TWO-THIRDS MAJORITY SINCE 1912
- FIRST DESIGN-BUILD PROJECT ON AN EXISTING CALIFORNIA FREEWAY
- FIRST SOUTHERN CALIFORNIA FREEWAY WITH CONTINUOUS-ACCESS CARPOOL LANES
- FIRST ORANGE COUNTY WEEKEND COMMUTER RAIL SERVICE
- INTRODUCED METROLINK WEEKENDS RAIL SERVICE ON ORANGE COUNTY AND ORANGE COUNTY-INLAND EMPIRE LINES
- INCREASED METROLINK RIDERSHIP TO MORE THAN 3.5 MILLION
- INCREASED PASSENGER SAFETY WITH A PEDESTRIAN BRIDGE AND NORTHBOUND PLATFORM AT THE DEPOT AT SANTA ANA
- APPROVED METROLINK EXPANSION PLAN FOR 30-MINUTE SERVICE BETWEEN LAGUNA NIGUEL/MISSION VIEJO AND FULLERTON
- HELPED 14.1 MILLION COMMUTERS SAVE TIME ON THE 91 EXPRESS LANES
- RECORDED 171,589 CUSTOMERS WITH TRANSPONDERS FOR TRAVEL ON THE 91 EXPRESS LANES
- OCTA 2006 ANNUAL REPORT
- BOOSTED 91 EXPRESS LANES HOV3+ USAGE BY 13.8 PERCENT
- ANSWERED 421,328 CALLS TO THE 91 EXPRESS LANES CUSTOMER SERVICE CENTER
- INVESTED \$38.1 MILLION IN MEASURE M FUNDS FOR STREET MAINTENANCE AND IMPROVEMENTS
- DEVELOPED A SIGNAL COORDINATION MASTER PLAN FOR ORANGE COUNTY
- CONTINUED TO CONVERT IMPERIAL HIGHWAY, KATELLA AVENUE AND EDINGER/MOULTON PARKWAY INTO SMART STREETS
- COMPLETED 156 INTERSECTION IMPROVEMENTS AND COMPLETED 110 SIGNAL IMPROVEMENT PROJECTS SINCE MEASURE M BEGAN
- GAVE MORE THAN 67.7 MILLION PASSENGERS A RIDE ON OCTA BUSES
- BEGAN PREMIUM OC EXPRESS BUS SERVICE ON 3 INTERCOUNTY ROUTES
- INITIATED FIRST-EVER DIRECT BUS SERVICE TO THE COUNTY FAIR
- OPERATED 232 CLEAN-BURNING LNG BUSES IN OCTA FLEET
- IMPROVED AIR QUALITY WITH A FLEET OF 99 HYBRID VEHICLES FOR FIELD SUPERVISORS
- BEGAN PURCHASE PROCESS FOR REPLACEMENT OF DIESEL BUSES WITH CLEANER-BURNING CNG-POWERED BUSES
- PROVIDED MORE THAN 1.1 MILLION ONE-WAY TRIPS FOR ACCESS CUSTOMERS
- CONVERTED 544 FREEWAY CALL BOXES TO DIGITAL FORMAT