Foothill/Eastern Transportation Corridor Agency
Toll Road Refunding Revenue
Bonds Series 2013 and 2015

Continuing Disclosure Report
For the Fiscal Year Ended June 30, 2016

Prepared pursuant to the Continuing Disclosure Certificates

Foothill/Eastern Transportation Corridor Agency Toll Road Refunding Revenue Bonds
Series 2013 and 2015

CONTINUING DISCLOSURE REPORT
For the Fiscal Year Ended June 30, 2016

Introduction:

On January 2, 2014, the Agency issued $2,274,616,568 aggregate initial principal amount of Toll Road Refunding Revenue Bonds, Series 2013 (the "2013 Bonds"). The 2013 Bonds were issued pursuant to a Master Indenture of Trust, dated as of December 1, 2013, between the Agency and the Trustee, as supplemented by the First and Second Supplemental Indentures of Trust, dated as of December 1, 2013, between the Agency and the Trustee (such Master Indenture of Trust, as so supplemented, the "2013 Master Indenture").

The 2013 Bonds were issued by the Agency for the purpose of providing funds, to refund the 1999 Bonds, as more fully described in the Official Statement for the 2013 Bonds dated December 12, 2013 (the "2013 Official Statement").

On February 19, 2015, the Agency issued $87,007,699 aggregate initial principal amount of Toll Road Refunding Revenue Bonds, Series 2015 (the "2015 Bonds"). The 2015 Bonds were issued pursuant to the 2013 Master Indenture, as supplemented by the Third Supplemental Indenture of Trust, dated as of January 1, 2015, between the Agency and the Trustee.

The 2015 Bonds were issued by the Agency for the purpose of providing funds to refund the 1995 Bonds, as more fully described in the Official Statement for the 2015 Bond's dated February 3, 2015 (the "2015 Official Statement").

Pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission, the Agency has executed Continuing Disclosure Certificates, dated as of January 2, 2014 and February 19, 2015 for the 2013 and 2015 Bonds, respectively (the "Continuing Disclosure Certificates"). The Continuing Disclosure Certificates state that the Agency shall provide not later than January 15 of each year to each Repository (as defined in the Continuing Disclosure Certificate) a Disclosure Report relating to the immediately preceding fiscal year. The Disclosure Report is to contain certain data related to the Agency, the Toll Road, the 2013 Bonds and the 2015 Bonds.

The information contained in this report constitutes all disclosure required pursuant to the Continuing Disclosure Certificates. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Official Statement.

Disclosure Information:

Section 4.1 - The audited financial statements of the Agency for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

See audited financial statements for the fiscal year ended June 30, 2016 attached.

Section 4.2 - Principal amount of Bonds of each Series outstanding under the 2013 and 2015 Master Indentures.

On January 2, 2014, the Agency issued $2,274,616,568 aggregate initial principal amount of the 2013 Bonds and used the proceeds to refund the 1999 Bonds. As of June 30, 2016, the bonds consist of the following: $1,374,440,000 principal amount of Series 2013A Current Interest Bonds; $227,494,974 Series 20l3A Convertible Capital Appreciation Bonds; $152,053,001 Series 2013A Capital Appreciation Bonds; $375,000,000 Series 2013B Term Rate Current Interest Bonds; and $198,050,000 Series 2013C Junior Lien Current Interest Bonds.

On February 19, 2015, the Agency issued $87,007,699 aggregate initial principal amount of Capital Appreciation Bonds Series 2015A and used the proceeds to refund the 1995 Bonds. As of June 30, 2016, the accreted value of the 2015 Bonds is $92,194,406.

Additional information can be found in the Agency's audited financial statements.

Section 4.3 - A statement of the Senior Lien Bonds Reserve Fund Requirement, the balance in the Senior Lien Bonds Reserve Fund and the amount of the Senior Lien Bonds Reserve Fund Requirement (if any) that is funded with a letter of credit, surety bond, or insurance policy, as provided by the 2013 Master Indenture; and a statement of the Junior Lien Bonds Reserve Fund Requirement, the balance in the Junior Lien Bonds Reserve Fund and the amount of the Junior Lien Bonds Reserve Fund Requirement (if any) that is funded with a letter of credit, surety bond, or insurance policy, as provided by the 2013 Master Indenture.

The Senior Lien Bonds Reserve Fund Requirement is $200,957,376.

The total amount available to meet the Senior Lien Bonds Reserve Fund Requirement on June 30, 2016 was $205,606,582 in cash and investments.

The Junior Lien Bonds Reserve Fund Requirement is $19,805,000.

The total amount available to meet the Junior Lien Bonds Reserve Fund Requirement on June 30, 2016 was $20,237,432 in cash and investments.

Section 4.4 – A statement of the Use and Occupancy Fund Requirement under the 2013 Master Indentures, the balance of the Use and Occupancy Fund, the amount of the Use and Occupancy Fund Requirement (if any) that is funded with an insurance policy as provided by the 2013 Master Indenture, and, if applicable, a brief description of such insurance policy (including self-insurance retention requirement applicable to such insurance policy)

The Use and Occupancy Fund Requirement under the 2013 Indentures is $15,000,000 of which at least $10,000,000 must be held in cash and investments. As of June 30, 2016, the fund consisted of $15,695,646 in cash and investments. As the cash and investments held in the Use and Occupancy Fund satisfy the full requirement, no insurance policy is held for this purpose.

Section 4.5 - Statement of the balance in the Revenue Guarantee Fund.

The Revenue Guarantee Fund was structured to cover a portion of the debt service payments in fiscal years 2016-2018, only in the event that revenues are insufficient. As of June 30, 2016, the balance in the Revenue Guarantee Fund was $16,818,955.

Section 4.6 – Updated Fiscal Year information for the table entitled "HISTORICAL FISCAL YEAR TRAFFIC AND GROSS TRANSACTIONAL TOLL REVENUES" in the section of the Official Statement entitled "THE FOOTHILL/EASTERN SYSTEM- Toll Transactions, Gross Transactional Toll Revenues and Net Collectible Tolls."

Fiscal Year ending June 30	2012	2013	2014	2015	2016
Annual Transactions	56,173,061	55,389,289	56,637,630	58,416,094	63,375,504
Growth Over Previous Year	0.0%	-1.4%	2.3%	3.1%	8.5%
Average Weekday Transactions	173,367	172,610	176,647	182,795	197,704
Growth Over Previous Year	0.0%	-0.4%	2.4%	3.5%	8.2%
Average Toll Rate	$ 1.91	$ 2.02	$ 2.11	$ 2.16	$ 2.24
Growth Over Previous Year	7.3%	5.8%	4.5%	2.7%	3.4%
Annual Gross Transactional Toll Revenues	$107,149,502	$111,725,714	$119,410,783	$126,468,565	$141,886,265
Growth Over Previous Year	7.0%	4.3%	6.9%	5.9%	12.2%

Section 4.7 – Updated Fiscal Year information for the table entitled "HISTORICAL FISCAL YEAR GROSS TRANSACTIONAL TOLL REVENUES AND NET COLLECTIBLE TOLLS" in the section of the Official Statement entitled "THE FOOTHILL/EASTERN SYSTEM-Net Collectible Tolls."

Fiscal Year ending June 30	2012	2013	2014	2015	2016
Gross Transactional Toll Revenue	$ 107,149,502	$ 111,725,714	$ 119,410,783	$ 126,468,565	$ 141,886,265
Less Non-Pursuable Transactions	$ (1,378,459)	$ (1,569,482)	$ (1,973,834)	$ (2,541,216)	$ (3,444,598)
Less Processable Transactions	$ (1,213,079)	$ (1,368,749)	$ (2,483,038)	$ (6,502,231)	$ (8,632,158)
Toll Revenue from Violations *	$ -	$ -	$ -	$ 4,813,612	$ 6,151,262
Less Non-Revenue Transactions **	$ (744,346)	$ (576,849)	$ (643,341)	$ (49,352)	$ (234,544)
Net Collectible Tolls	$ 103,813,618	$ 108,210,634	$ 114,310,570	$ 122,189,379	$ 135,726,226
% of Gross Transactional Toll Revenue	96.9%	96.9%	95.7%	96.6%	95.7%

*As a result of the conversion to All Electronic Tolling (AET) and the resulting shift in payment patterns, including some patrons who may have previously paid with cash but are now initially identified instead as pursuable violations transactions, included in Net Collectible Toll Revenues are tolls identified during the violation process that were appropriately reclassed to Net Collectible Toll Revenues. Tolls collected during the violation process were not considered material prior to the implementation of AET and as such were included in Violation Penalty Revenue through FY14.

** Transactions resulting from various entities that are not obligated to pay toll revenues (i.e. police), as well as timing differences and U.S. GAAP accounting adjustments.

Section 4.8 – A Statement of Violation Penalty Revenues accrued for the Fiscal Year.

Violation Penalty Revenue accrued for the fiscal year ended June 30, 2016 was $17,907,923. Violation Penalty Revenue is recognized when earned. As mentioned in Section 4.7 above, for the fiscal year ended June 30, 2016 Toll Revenue from Violations was $6,151,262 and is properly classified in Net Collectible Toll Revenues.

Section 4.9 – A statement of Account Maintenance Fees accrued for the Fiscal Year, as well as the number of accounts and transponders for such Fiscal Year.

Account Maintenance Fees accrued for the fiscal year ended June 30, 2016 was $12,097,068. The total number of accounts was 680,175 and the total number of transponders was 905,078 at June 30, 2016.

Section 4.10 – Statistical data summarizing the use of the AVI collection system on the Foothill/Eastern System, including the percentage of toll transactions that are AVI transactions and the overall level of accuracy of the toll collection system.

Fiscal Year ending June 30	2012	2013	2014	2015	2016
AVI Transactions	45,610,183	45,556,057	47,832,597	54,104,224	57,652,230
Total Transactions	56,173,061	55,389,289	56,637,630	58,416,094	63,375,504
AVI %	81.2%	82.2%	84.5%	92.6%	91.0%

In May 2014, the Transportation Corridor Agencies replaced its integrated toll collection and revenue management systems ("TCARMS") with the Infinity Digital Lane System ("Infinity System"). Using common transponders, license plate readers, a centralized computer system and common personnel, the Infinity System utilizes mechanisms for separate usage-based revenue collection and cost allocation among the Agency and the San Joaquin Hills Transportation Corridor Agency. The Infinity System was designed by and is operated and maintained by TransCore, a Tennessee-based corporation.

By contract, the Infinity System is required to achieve an accuracy level of at minimum 99.5% readable plates. Final system acceptance was completed in April 2015. The Infinity System has met the minimum requirements.

Section 4.11- A statement of Development Impact Fees accrued for the Fiscal Year.

Development Impact Fees accrued for the fiscal year ended June 30, 2016 was $28,349,465.

Section 4.12- Updated Fiscal Year information for the table entitled "Current Expenses" in the section of the Official Statement entitled "THE FOOTHILL/ EASTERN SYSTEM- Current Expenses."

Fiscal Year Ending June 30	2012	2013	2014	2015	2016	2017 (Budgeted)
Toll Operations						
Toll Collections	$ 2,175	$ 2,168	$ 2,162	-	-	-
Toll Systems	$ 3,176	$ 3,145	$ 3,157	$ 1,565	$ 2,230	$ 2,156
Toll Customer Service/Compliance	$ 7,222	$ 7,578	$ 8,531	$ 11,673	$ 12,085	$ 9,976
Toll Facilities	$ 784	$ 811	$ 849	$ 739	$ 662	$ 762
Total Toll Operations	$ 13,357	$ 13,702	$ 14,699	$ 13,977	$ 14,977	$ 12,894
Toll Operating Administration	$ 6,112	$ 5,647	$ 6,674	$ 6,106	$ 6,871	$ 8,343
Toll Equipment (Includes Transponders)	$ 702	$ 1,107	$ 1,938	$ 2,263	$ 2,367	$ 1,990
Total Current Expenses*	$ 20,171	$ 20,456	$ 23,311	$ 22,346	$ 24,215	$ 23,227

*FY15 - Toll Systems was lower as final AET on-road system acceptance did not occur until late in the fiscal year. FY16 - reflects variable costs associated with increasing transactions. FY17 - The conversion to All Electronic Tolling (AET) changed the business model from using on-road infrastructure (cash toll collections) to a centralized back office focus, weighted toward costs to support customers and the revenue base. Given the significant San Joaquin Hills Transportation Corridor Agency (SJHTCA) tolls, penalties, and fees revenue growth and a change in the business model, a shift in allocations to SJHTCA is appropriate in FY17. As such, the FY17 Budgets for SJHTCA and Foothill/Eastern Transportation Corridor Agency (F/ETCA) include a shift in allocations for account maintenance fee revenue and toll operations and administration expenditures to SJHTCA.

Section 4.13 - Updated Fiscal Year information for the table entitled "HISTORICAL OPERATING REVENUES AND DEBT SERVICE COVERAGE" in the section of the Official Statement entitled "THE FOOTHILL/EASTERN SYSTEM-Historical Operating Revenues and Debt Service Coverage."

See Attachment A

Section 4.14 - Updated Fiscal Year information for the table entitled "Current Expenses for Toll Operations" in the section of the Official Statement entitled "THE FOOTHILL/ EASTERN SYSTEM-FY 2013-14 Results and FY 2014-15 Budget-Management Discussion of FY 2013-14 and FY 2014-15 Budget and Performance-Current Expenses for Toll Operations."

See table in Section 4.12

Section 4.15 - Updated Fiscal Year information for the table entitled "Future Capital Project Costs" in the section of the Official Statement entitled "THE FOOTHILL/ EASTERN SYSTEM-Capital Improvement Program-Other Capital Projects.

See attached "Fiscal Year 2017 Capital Improvement Plan" presented to Board of Directors on May 12, 2016

Section 4.16 - Updated actual Fiscal Year information corresponding to the projections in the table in the section entitled "PROJECTED REVENUES AND REVENUE REQUIREMENTS."

See Attachment A

Section 4.17 – A description of any damage to the Foothill/Eastern System or the toll collection system during the past Fiscal Year, which in the determination of the Agency will result in a material reduction in Net Toll Revenues.

During the fiscal year ended June 30, 2016, no damage occurred to the Toll Road or the toll collection system, which, in the determination of the Agency, resulted in a material reduction in Net Toll Revenues.

4.13

Attachment A

HISTORICAL OPERATING REVENUES AND DEBT SERVICE COVERAGE	Fiscal Years Ended June 30				
	2012	2013	2014	2015	2016
Revenues					
Net Collectible Tolls	$ 103,813,618	$ 108,210,634	$ 114,310,570	$ 122,189,379	$ 135,726,226
Account Maintanance Fees	9,109,774	9,335,491	9,845,302	11,092,335	12,097,068
Violations Penalty Revenue	9,192,338	9,917,822	13,166,577	14,941,085	17,907,923
Other Revenue from Toll Operations	832,662	1,263,033	1,601,038	1,679,325	1,903,370
Total Tolls, Fees and Fines	$ 122,948,392	$ 128,726,980	$ 138,923,487	$ 149,902,123	$ 167,634,587
Total Interest Income	$ 4,921,250	$ 3,981,703	$ 2,209,115	$ 1,513,623	$ 2,416,334
Total Revenues	$ 127,869,642	$ 132,708,683	$ 141,132,602	$ 151,415,746	$ 170,050,922
Total Current Expenses	$ (20,171,226)	$ (20,455,840)	$ (23,310,815)	$ (22,346,055)	$ (24,214,463)
Adjusted Net Toll Revenues	$ 107,698,416	$ 112,252,843	$ 117,821,787	$ 129,069,692	$ 145,836,459
Total DIF Income Applied to Debt Service*	$ -	$ -	$ 14,812,744	$ 19,901,353	$ 23,349,465
Enhanced Adjusted Net Toll Revenues	$ -	$ -	$ 132,634,531	$ 148,971,044	$ 169,185,924
Enhanced Adjusted Net Toll Revenues x (7/12)**	$ -	$ -	$ 77,370,143	$ -	$ -
Annual Debt Service					
Series 1995 Bonds Debt Service	$ 8,999,500	$ 8,999,500	$ 8,999,500	$ 5,699,681	$ -
Less Capitalized Interest on Series 1995 Bonds	(8,999,500)	(8,999,500)	(8,999,500)	(5,699,681)	-
Series 1999 Bonds Debt Service	92,080,104	95,695,229	-	-	-
Less Escrow Defeasance Fund	(16,400,000)	(13,500,000)	-	-	-
13 Bonds - Senior Lien Interest	-	-	53,614,334	100,006,013	100,006,013
13 Bonds - Senior Lien Cap I	-	-	(5,380,000)	(14,820,000)	(180,000)
13 Bonds Revenue Guarantee Fund	-	-	-	-	(10,960,000)
13 Bonds - Senior Lien Principal	-	-	-	-	-
Total Senior Lien Debt Service	$ 75,680,104	$ 82,195,229	$ 48,234,334	$ 85,186,013	$ 88,866,013
13 Bonds - Junior Lien Interest	$ -	$ -	$ 6,843,083	$ 12,764,300	$ 12,764,300
13 Bonds - Junior Lien Principal	-	-	-	-	-
Total Aggregate Debt Service	$ 75,680,104	$ 82,195,229	$ 55,077,417	$ 97,950,313	$ 101,630,313
Coverage Ratio for Aggregate Debt Service	1.42	1.37	1.40	1.52	1.66
Coverage Ratio for Senior Lien Debt Service	-	-	1.60	1.75	1.90
Average Toll Rate Change	7.3%	5.8%	4.5%	2.7%	3.4%
Unrestricted Funds ***	$ 116,311,000	$ 121,499,000	$ 129,900,000	$ 151,348,000	$ 205,664,000

* As per indenture, equals DIF Revenue in excess of $5 Million.

**As per the 2013 Indenture, this applies for 2014 only as the bonds were refinanced with 7 months left in the fiscal year.

*** As of June 30. Not pledged to the payment of the Bonds.

Section 5 – Reporting of Significant Events

None to report

As of June 30, 2016, none of the following events have occurred with respect to the 2013 and 2015 Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
   Substitution of credit or liquidity providers, or their failure to perform; Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2013 and 2015 Bonds, or other material events affecting the tax status of the Series 2013 and 2015 Bonds;
5. Modifications to rights of 2013 and 2015 Bond holders, if material;
6. 2013 and 2015 Bond calls, if material, and tender offers; Defeasances; Release, substitution or sale of property securing repayment of the 2013 and 2015 Bonds, if material; Rating changes; Bankruptcy, insolvency, receivership, or similar event of the Agency. For purposes of this event the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;
7. Consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
8. Appointment of a successor or additional Trustee, or the change of name of a Trustee, if material; and
9. Introduction or passage of any amendment to the Act.

Signature

The information set forth herein has been furnished by the Agency and is believed to be accurate and reliable, but is not guaranteed as to accuracy and completeness. Statements contained in this Disclosure Report which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained herein are subject to change without notice and the delivery of this Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Agency.

Foothill/Eastern Transportation Corridor Agency

By Amy Potter

Amy Potter
Chief Financial Officer
December 21, 2016

KPMG

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

FOOTHILL/EASTERN TRANSPORTATION
CORRIDOR AGENCY

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KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Honorable Board of Directors
Foothill/Eastern Transportation Corridor Agency:

We have audited the accompanying financial statements of the Foothill/Eastern Transportation Corridor Agency (the Agency), which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foothill/Eastern Transportation Corridor Agency as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG

Emphasis of Matters

Adoption of New Accounting Pronouncements

As discussed in the *Significant Accounting Policies* note to the financial statements, in 2016 the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. During the year ended June 30, 2015, the Agency adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3–7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

September 29, 2016

This discussion and analysis of the financial performance of the Foothill/Eastern Transportation Corridor Agency (the Agency) provides an overview of the Agency's financial activities for the fiscal years ended June 30, 2016 and 2015. Please read it in conjunction with the Agency's financial statements and accompanying notes.

Background

The Agency was formed in 1986 as a joint powers authority by the County of Orange and cities in Orange County, California to provide traffic relief to Orange County through the construction and operation of toll roads. The Agency was created to plan, design, finance, construct, and operate the Foothill (State Route 241) and Eastern (State Route 241, State Route 261, and State Route 133) Toll Roads. The Agency's primary focus is the operation of the facilities and collection of tolls to repay the tax-exempt revenue bonds that were issued to construct the toll roads.

Planning began in the 1970s when local transportation studies identified the need for new highways, including the Foothill and Eastern Transportation Corridors (State Route 241, State Route 261, and State Route 133), to serve Orange County's growing population. In the early 1980s, the corridor was envisioned as a free highway funded through state or federal gas-tax revenue, but with a shortage of gas-tax revenue to fund transportation improvements and increasing costs of building new roads, local officials began to study alternative ways to fund road projects.

In the mid-1980s, two state laws were passed authorizing the Agency to collect tolls and development impact fees to fund road construction. With a pledged revenue stream from future tolls and development impact fees, the Agency issued nonrecourse, toll-revenue bonds to fund road construction, rather than relying on the uncertainty of state gas-tax revenue. The Agency also reached an agreement with the California Department of Transportation (Caltrans) to assume ownership, liability, and maintenance of the State Route 241, State Route 261, and State Route 133 Toll Roads as part of the state highway system. This agreement eliminated the need for the Agency to seek additional funding sources for road maintenance.

In 1993, the first 3.2-mile segment of the Foothill (State Route 241) Toll Road opened to traffic, the first toll road in Southern California to use FasTrak®, an electronic toll collection system that allowed drivers to pay tolls without stopping at a toll booth. The State Route 241, State Route 261, and State Route 133 Toll Roads serve as important, time-saving alternative routes to local freeways and arterial roads, with averages of approximately 207,000, 193,000, and 177,000 transactions per weekday as of June 30, 2016, 2015, and 2014, respectively.

Financial Highlights

Tolls, fees, and fines collected in fiscal year 2016 (FY16) totaled $167,635 compared to $149,902 in fiscal year 2015 (FY15), an increase of 11.8%.

As of June 30, 2016 and 2015, the Agency had $399,095 and $403,780, respectively, in restricted cash and investments that were subject to master indentures of trust for the bonds outstanding at each date. The Agency also had $205,664 and $151,348, respectively, in unrestricted cash.

(In thousands)

The Agency's net position at June 30, 2016 and 2015 was $(1,427,631) and $(1,456,090), respectively. The negative net position results primarily from the inclusion in the Agency's financial statements of its long-term debt obligations, which were used to fund construction of the corridors, but not the related capital assets, since ownership of the corridors was transferred to Caltrans upon completion.

Overview of the Financial Statements

The Agency's financial statements include its statements of net position, statements of revenue, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The financial statements present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting. These statements include the assets and liabilities of the Agency as well as certain items labeled as deferred outflows and inflows of resources. The current year's revenue and expenses are taken into account regardless of when cash is received or paid. The statements of cash flows provide information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing, and investing activities during the reporting period.

The statements of net position and the statements of revenue, expenses, and changes in net position report the Agency's net position and related changes. Net position is the difference between the total of recorded assets and deferred outflows and the total of liabilities and deferred inflows. The recorded activities include all toll revenue and operating expenses related to the operation of the Foothill/Eastern Transportation Corridors, as well as the Agency's construction-related activities and related financing costs. Activities are financed by toll revenue, development impact fees, fees and fines, and investment income.

Financial Analysis

The following table summarizes the net position of the Agency as of June 30, 2016 and 2015:

		2016	2015	Percentage increase (decrease)
Assets and deferred outflows:				
Current assets	$	245,789	227,001	8.3%
Capital assets, net		292,397	285,666	2.4
Other noncurrent assets		498,766	467,303	6.7
Deferred outflows		12,843	13,284	(3.3)
Total assets and deferred outflows		1,049,795	993,254	5.7
Liabilities and deferred inflows:				
Bonds payable		2,379,275	2,353,039	1.1
Net pension liability		8,918	7,556	18.0
Other liabilities		88,409	87,738	0.8
Deferred inflows		824	1,011	(18.5)
Total liabilities and deferred inflows		2,477,426	2,449,344	1.1
Net position	$	(1,427,631)	(1,456,090)	2.0

(In thousands)

As described in notes 5 and 7(e) to the accompanying financial statements, the decrease in capital assets from FY15 to FY16 reflects the reclassification of $120,000 of payments made to the San Joaquin Hills Transportation Corridor Agency (SJHTCA) through 2009 that were originally recorded as construction in progress related to the 241 to I-5 connection project, offset by additions to continuing work in connection with the Agency's capital improvement plan. In connection with SJHTCA's November 2014 bond refinance transaction, the Agency's Board of Directors and SJHTCA's Board of Directors approved an agreement that provided for termination of the Mitigation Payment and Loan Agreement between the Agencies, concurrently with the closing of the transaction. The termination agreement also provided for SJHTCA to pay $120,000 to the Agency, in annual installments beginning January 15, 2025 equal to 50% of SJHTCA's surplus funds, plus accrued interest. Accordingly, this amount was recorded during FY15 as a note receivable from SJHTCA and a reduction of construction in progress.

The category above labeled deferred outflows includes two components: the first is the amount by which the reacquisition price of bonds refunded in FY15 exceeded their net carrying value. This amount has been deferred and is being amortized over the remaining period during which the refunded bonds were scheduled to be paid. In addition, as described in notes 2 and 8 to the financial statements, the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 68 and recorded its proportionate share of the collective net pension liability applicable to the defined-benefit pension plan in which its employees participate, as well as deferred outflows and inflows of resources related to pensions. This resulted in an adjustment to the Agency's previously reported net position in order to record its net pension liability.

Following is a summary of the Agency's revenue, expenses, and changes in net position for the years ended June 30, 2016 and 2015:

	2016	2015	Percentage increase (decrease)
Operating revenue:			
Tolls, fees, and fines	$ 167,635	149,902	11.8%
Development impact fees	28,349	24,901	13.8
Other revenue	533	386	38.1
Total operating revenue	196,517	175,189	12.2
Operating expenses	27,105	24,979	8.5
Operating income	169,412	150,210	12.8
Nonoperating expenses, net	(140,953)	(144,560)	(2.5)
Change in net position	28,459	5,650	
Net position at beginning of year	(1,456,090)	(1,461,740)	0.2
Net position at end of year	$ (1,427,631)	(1,456,090)	(2.0)

(Continued)

(In thousands)

Tolls, fees, and fines comprised 85.3% of total revenue in FY16 compared to 85.6% of total revenue in FY15. Tolls, fees, and fines increased by 11.8% and 7.9%, respectively, over each of the two preceding years, primarily due to toll rate increases and increases in toll transactions. Development impact fees were $28,349 in FY16 and $24,901 in FY15, an increase of 13.8%, compared to an increase of 25.7% in FY15. The amounts of development impact fees collected fluctuate from year to year depending on residential and nonresidential development in Orange County within the area of benefit.

Operating expenses were $27,105 in FY16 compared to $24,979 in FY15, an increase of 8.5%. Included in operating expenses in FY16 is noncash depreciation expense on fixed assets of $5,472, compared to $4,902 in FY15. Excluding depreciation, operating expenses were $21,633 in FY16 and $20,077 in FY15, an increase of $1,556.

Net nonoperating expenses for FY16 include investment income of $5,405; interest expense of $140,331; $5,843 related to the cost of capital improvements contributed to Caltrans; and amortization of $184 of prepaid bond insurance amortization. For FY15, net nonoperating expenses include investment income of $11,692; interest expense of $142,388; $11,684 related to the cost of capital improvements contributed to Caltrans; costs of $2,061 related to the long-term debt refinancing transaction that were paid and recorded as expense; and prepaid bond insurance amortization of $119. Accrual basis interest expense included accretion on the Agency's capital appreciation bonds and convertible capital appreciation bonds of $25,795 and $22,086 in FY16 and in FY15, respectively. Interest expense in FY16 and FY15 also included noncash amortization of $441 and $416, respectively, related to a discount on the issuance of bonds and of $1,323 and $1,414, respectively, related to the deferred bond refunding costs.

Capital Assets, Net

The following table summarizes the Agency's capital assets, net of accumulated depreciation, at June 30:

		2016	2015
Construction in progress	$	256,268	247,802
Right-of-way acquisitions, grading, or improvements		15,014	15,014
Furniture and equipment		21,115	22,850
Total capital assets	$	292,397	285,666

Right-of-way acquisitions, grading, or improvements include easements and environmental mitigation parcels. Furniture and equipment includes facility and toll revenue equipment related to the corridor operations facility, transponders, toll and violations collection equipment, buildings, and changeable message signs.

More detailed information about the Agency's capital assets is presented in note 5 to the financial statements.

Debt Administration

At June 30, 2016, 2015, and 2014, the Agency had outstanding bonds payable of $2,379,275, $2,353,039, and $2,423,519, respectively. The changes in FY16 and FY15 are partially attributable to the accretion of principal on capital appreciation bonds of $25,795 and $22,086, respectively. The remainder of the FY15 change resulted from the bond refunding transaction.

All of the Agency's toll, fees, fines, and development impact fee revenue, less certain expenses, as defined in the indentures of trust, is pledged to repay these bonds. The Agency has several debt covenants contained in the master indentures of trust. Management of the Agency represents that the Agency was in compliance with all of its covenants as of and for the years ended June 30, 2016 and 2015.

Economic Factors

After consideration of toll rate recommendations from the Agency's traffic consultant and the potential effects of traffic diversion, toll rates were approved by the Agency's Board of Directors for implementation effective July 1, 2016. The new toll rates are projected to result in a 3.4% increase in transactional toll revenue and reflect increases of 2% for FasTrak® toll rates and maintenance of the $1.00 increment above the FasTrak® rates for non-FasTrak transactions.

The Agency continues to focus on customer incentives and promotions to attract new drivers, reward current customers, and increase total transactions and revenue.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Foothill/Eastern Transportation Corridor Agency, 125 Pacifica, Suite 100, Irvine, CA 92618 or to info@thetollroads.com.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Net Position

June 30, 2016 and 2015

(In thousands)

		2016	2015
Assets:			
Current assets:			
Cash and investments	$	98,119	76,833
Restricted cash and investments		138,924	141,926
Receivables:			
Accounts, net of allowance of $2,949 and $2,639, respectively		6,304	4,395
Fees		21	936
Interest		1,470	1,436
Other assets		951	1,475
Total current assets		245,789	227,001
Noncurrent assets:			
Cash and investments		107,545	74,515
Restricted cash and investments		260,171	261,854
Capital assets, net		292,397	285,666
Unamortized prepaid bond insurance		10,555	10,739
Note receivable – San Joaquin Hills Transportation Corridor Agency		120,495	120,195
Total noncurrent assets		791,163	752,969
Deferred outflows of resources:			
Unamortized deferral of bond refunding costs		11,084	12,407
Pension costs		1,759	877
Total assets and deferred outflows		1,049,795	993,254
Liabilities:			
Current liabilities:			
Accounts payable		8,185	10,975
Unearned revenue		20,424	18,196
Due to San Joaquin Hills Transportation Corridor Agency		7,577	6,444
Employee compensated absences payable		511	411
Interest payable		51,712	51,712
Total current liabilities		88,409	87,738
Net pension liability		8,918	7,556
Long-term bonds payable		2,379,275	2,353,039
Total liabilities		2,476,602	2,448,333
Deferred inflows of resources:			
Pension costs		824	1,011
Total liabilities and deferred inflows		2,477,426	2,449,344
Net position:			
Net investment in capital assets		(1,944,744)	(1,924,032)
Restricted		317,869	325,273
Unrestricted		199,244	142,669
Total net position	$	(1,427,631)	(1,456,090)

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2016 and 2015

(In thousands)

		2016	2015
Operating revenue:			
Tolls, fees, and fines	$	167,635	149,902
Development impact fees		28,349	24,901
Other revenue		533	386
Total operating revenue		196,517	175,189
Operating expenses:			
Toll compliance and customer service		12,085	11,673
Depreciation		5,472	4,902
Salaries and wages		3,299	2,907
Toll systems		2,230	1,566
Marketing		1,045	1,410
Insurance		780	773
Toll facilities		662	739
Professional services		946	612
Facilities operations, maintenance, and repairs		202	174
Other operating expenses		384	223
Total operating expenses		27,105	24,979
Operating income		169,412	150,210
Nonoperating revenue (expenses):			
Investment income		5,405	11,692
Contribution of capital improvements to Caltrans		(5,843)	(11,684)
Costs of bond refunding		—	(2,061)
Amortization of prepaid bond insurance		(184)	(119)
Interest expense		(140,331)	(142,388)
Nonoperating expenses, net		(140,953)	(144,560)
Change in net position		28,459	5,650
Net position at beginning of year		(1,456,090)	(1,461,740)
Net position at end of year	$	(1,427,631)	(1,456,090)

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Cash Flows

Years ended June 30, 2016 and 2015

(In thousands)

		2016	2015
Cash flows from operating activities:			
Cash received from toll road patrons	$	169,087	152,022
Cash received from development impact fees		29,264	23,985
Cash received from other revenue		533	386
Cash payments to suppliers		(21,327)	(15,796)
Cash payments to employees		(3,069)	(2,706)
Net cash provided by operating activities		174,488	157,891
Cash flows from capital and related financing activities:			
Cash payments for acquisition of capital assets		(17,156)	(38,095)
Cash paid in connection with bond refunding transaction		—	(96,403)
Cash payments for interest and principal		(112,772)	(127,043)
Net cash used in capital and related financing activities		(129,928)	(261,541)
Cash flows from investing activities:			
Cash receipts for interest and dividends		7,078	8,578
Cash receipts from the maturity and sale of investments		292,095	441,441
Cash payments for purchase of investments		(375,052)	(310,108)
Net cash provided by (used in) investing activities		(75,879)	139,911
Net increase (decrease) in cash and cash equivalents		(31,319)	36,261
Cash and cash equivalents at beginning of year		129,607	93,346
Cash and cash equivalents at end of year (note 4)	$	98,288	129,607
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	169,412	150,210
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		5,472	4,902
Changes in operating assets and liabilities:			
Accounts receivable		(1,909)	(1,003)
Fees receivable		915	(916)
Due to/from San Joaquin Hills Transportation Corridor Agency		1,133	1,342
Other assets		524	(34)
Accounts payable		(3,517)	1,408
Deferred revenue		2,228	1,781
Net pension liability and related accounts		130	(349)
Employee compensated absences payable		100	550
Total adjustments		5,076	7,681
Net cash provided by operating activities	$	174,488	157,891

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Cash Flows

Years ended June 30, 2016 and 2015

(In thousands)

		2016	2015
Noncash capital and related financing and investing activities:			
Bond refunding, including the following elements:			
Proceeds of new bonds issued	$	—	87,008
Escrow deposit to repay principal on refunded bonds		—	(179,990)
Transaction costs charged to expense		—	(2,061)
Prepaid bond insurance		—	(1,360)
Interest expense recorded for accretion of bonds outstanding		(25,795)	(22,086)
Amortization of bond discount recorded as interest expense		(441)	(416)
Amortization of deferred bond refunding cost recorded as interest expense		(1,323)	(1,414)
Amortization of prepaid bond insurance		(184)	(119)
Contribution of capital improvements to Caltrans		(5,843)	(11,684)
Writeoff of fully depreciated capital assets		(1,097)	(1,331)
Interest accrued on note receivable from San Joaquin Hills Transportation Corridor Agency		300	195
Change in unrealized gain/loss on investments		1,539	5,490
Amortization of discount/premium on investments		(2,856)	(2,629)

See accompanying notes to financial statements.

(1) Reporting Entity

In recognition of the regional transportation needs in the County of Orange (County), the California State Legislature enacted various amendments to the California Government Code to authorize the financing of bridges and major thoroughfares by joint powers agencies. Pursuant to such authorization, the Foothill/Eastern Transportation Corridor Agency (the Agency) was created in January 1986 by a joint exercise of powers agreement. Current members are the County and the cities of Anaheim, Dana Point, Irvine, Lake Forest, Mission Viejo, Orange, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Tustin, and Yorba Linda (collectively, the member agencies). The purpose of the Agency is to plan, design, construct, finance, administer funds for, and operate the Foothill and Eastern Transportation Corridors. The Agency is governed by a Board of Directors comprising representatives from the member agencies. The Agency has the power to, among other things, incur debt and establish and collect tolls.

The financial statements comprise the activities of the Agency. There are no other organizations for which the Agency is financially accountable or for which it is fiscally responsible. The Agency and the San Joaquin Hills Transportation Corridor Agency (SJHTCA) are under common management and together are called the Transportation Corridor Agencies. However, each Agency has an independent governing board.

(2) Summary of Significant Accounting Policies

The accounting policies of the Agency are in conformity with U.S. generally accepted accounting principles (U.S. GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

(a) Basis of Presentation

The Agency records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governmeuts engaged in business-type activities. This model allows all financial information for the Agency to be reported in a single column in each of the accompanying financial statements.

The Agency distinguishes operating revenue and expenses from nonoperating items in the preparation of its financial statements. Operating revenue and expenses generally result from the collection of tolls, fees, and fines on the corridors. The Agency's operating expenses include depreciation, materials, services, and other expenses related to the operation of the corridors. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred. During the year ended June 30, 2015, the Agency implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement*

No. 68. The effect of the adoption of these standards was a decrease to beginning net position as of July 1, 2015 of $8,039. During the year ended June 30, 2016, the Agency implemented GASB Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. There was no effect on net position as a result of adoption of these standards.

Restricted resources are used in accordance with the Agency's master indentures of trust. Unrestricted resources are used at the Agency's discretion. When both restricted and unrestricted resources are available for use, it is the Agency's policy to determine on a case-by-case basis when to use restricted or unrestricted resources.

(c) Budget

Fiscal year budgets are prepared by the Agency's staff for estimated revenue and expenses. The Board of Directors adopts the annual budget at the June board meeting for the fiscal year commencing the following July. The approval of the budget requires the consent of at least two-thirds of the board members. No expenditures in excess of the total budget for each board-designated category are made without the approval of at least two-thirds of the board members, at which time a revised and amended budget is required to be submitted to the Board of Directors. All budgets are adopted on a basis consistent with U.S. GAAP. All budget appropriations lapse at year-end. Any budgeted expenses not incurred by each year-end must be reappropriated in the next fiscal year.

(d) Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(e) Investments

Investments, except for money market funds, are stated at fair value on a recurring basis. Money market funds with maturities of one year or less are recorded at amortized cost.

The Agency adopted GASB Statement 72, *Fair Value Measurement Applications*, effective, July 1, 2015. This statement addresses accounting and fair value reporting issues related to fair value measurements by clarifying the definition of fair value, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. This statement established a three-level hierarchy of inputs to valuation techniques used to measure fair value.

The Agency classifies investments as current or noncurrent based on how readily the investment is expected to be converted to cash and whether any restrictions limit the Agency's ability to use the resources.

(f) Receivables

Receivables include amounts due from member agencies for development impact fees collected on behalf of the Agency, credit card receivables, interoperable receivables due from other California toll agencies, receivables from patrons for violations and tolls, and interest.

(g) Capital Assets

Capital assets include construction in progress, environmental mitigation sites, easements, the corridor operations facility, transponders, toll and violations collection equipment, buildings, changeable message signs, vehicles, and furniture. Capital assets are defined by the Agency as assets with an initial individual cost of more than five thousand dollars, with the exception of transponders that are valued in total, and an estimated useful life in excess of one year.

As described further in note 5, the Foothill/Eastern Transportation Corridors and the related purchases of rights of way, for which title vests with the California Department of Transportation (Caltrans), are not included as capital assets because the Agency does not have title to these assets. The costs of normal maintenance and repairs and mitigation that do not add value to the assets or materially extend asset lives are not capitalized.

Capital assets are recorded at cost and are depreciated using the straight-line method over the following estimated useful lives:

Asset type	Useful life
Buildings	20–30 years
Changeable message signs	15 years
Toll revenue equipment	5 years
Vehicles	5 years
Leasehold improvements, other equipment, and furniture	5–10 years

Assets determined to be impaired are recorded at the lower of cost or estimated net realizable value.

(h) Unearned Revenue

Unearned revenue represents prepaid tolls collected from patrons, including those using FasTrak®, an electronic toll collection system.

(i) Unamortized Deferral of Bond Refunding Costs

Deferred bond refunding costs represent certain costs related to the issuance of bonds. These costs have been recorded as deferred outflows of resources, and are being amortized over the remaining period during which the refunded bonds were scheduled to be repaid, as more fully detailed in note 6.

(j) Pension Plan

Qualified permanent employees of the Agency participate in a cost-sharing multiple-employer defined-benefit pension plan administered by the Orange County Employees Retirement System (OCERS). For purposes of measuring the Agency's net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by OCERS. For this purpose, plan contributions are recognized when they are due and payable in accordance with plan terms. Investments are reported at fair value.

(k) Revenue Recognition

Toll revenue is recognized at the time each vehicle passes through the toll plaza. Other revenue is recognized when earned.

(l) Transactions with SJHTCA

As described in note 7(e), payments of $120,000 to SJHTCA through 2009 that were originally recorded as construction in progress were reclassified as a uote receivable from SJHTCA and a reduction of construction in progress in 2015.

Expenses directly related entirely to the Agency are charged to the Agency, and those incurred on behalf of both the Agency and SJHTCA are allocated between the two agencies based on the estimated benefit to each. In addition, the Agency has amounts due from SJHTCA related to SJHTCA customers who incur tolls on the Agency's corridors and other expenses and amounts due to SJHTCA related to the Agency's customers who incur tolls on State Route 73. At June 30, 2016 and 2015, the Agency had net payables to SJHTCA of $7,577 and $6,444, respectively.

(m) Net Position

The Agency's net position is classified within the following categories:

Net investment in capital assets: Represents the Agency's capital assets, net of accumulated depreciation and the outstanding principal balances of debt attributable to the acquisition, construction, and improvement of those assets.

Restricted: Represents the Agency's assets subject to externally imposed conditions, related primarily to restricted bond proceeds and certain revenue collected, net of related liabilities.

Unrestricted: Represents the remainder of the Agency's net position not included in the categories above.

(Continued)

(In thousands)

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(3) Development Impact Fees

The sources of development impact fees for the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
City of Irvine	$ 23,725	19,368
City of Lake Forest	2,357	2,416
City of Tustin	1,119	338
City of Yorba Linda	518	658
City of San Juan Capistrano	168	612
City of Anaheim	159	52
County of Orange	109	1,016
City of Rancho Santa Margarita	84	6
City of San Clemente	73	117
City of Mission Viejo	25	284
City of Orange	12	4
City of Santa Ana	—	30
	$ 28,349	24,901

(4) Cash and Investments

Cash and investments as of June 30, 2016 and 2015 are classified in the accompanying financial statements as follows:

	2016	2015
Current cash and investments	$ 98,119	76,833
Noncurrent cash and investments	107,545	74,515
Current restricted cash and investments	138,924	141,926
Noncurrent restricted cash and investments	260,171	261,854
	$ 604,759	555,128

(In thousands)

Cash and investments as of June 30, 2016 consist of the following:

	Cash and cash equivalents	Investments	Total
Cash on hand	$ 1	—	1
Deposit accounts	14,175	—	14,175
Money market funds	3,418	—	3,418
Commercial paper	6,995	10,178	17,173
U.S. Treasury securities	—	61,882	61,882
Federal agency and U.S. government-sponsored enterprise notes and bonds	—	98,520	98,520
Corporate notes	—	49,163	49,163
Investments held with trustee per debt agreements:			
Money market funds	34,322	—	34,322
Commercial paper	220	—	220
U.S. Treasury securities	39,157	113,479	152,636
Federal agency and U.S. government-sponsored enterprise notes and bonds	—	140,519	140,519
Corporate notes	—	32,730	32,730
Total	$ 98,288	506,471	604,759

(In thousands)

Cash and investments as of June 30, 2015 consist of the following:

		Cash and cash equivalents	Investments	Total
Cash on hand	$	2	—	2
Deposit accounts		15,224	995	16,219
Money market funds		7,425	—	7,425
Commercial paper		—	27,980	27,980
U.S. Treasury securities		—	36,858	36,858
Federal agency and U.S. government-sponsored enterprise notes and bonds		24,599	59,234	83,833
State and local bonds		—	11,936	11,936
Corporate notes		—	11,076	11,076
Investments held with trustee per debt agreements:				
Money market funds		34,359	—	34,359
Commercial paper		—	4,563	4,563
U.S. Treasury securities		—	189,057	189,057
Federal agency and U.S. government-sponsored enterprise notes and bonds		47,998	83,822	131,820
Total	$	129,607	425,521	555,128

(a) Cash Deposits

Custodial Credit Risk Related to Cash Deposits

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

At June 30, 2016 and 2015, the carrying amounts of the Agency's cash deposits were $14,175 and $15,224, respectively, and the corresponding aggregate bank balances were $15,815 and $16,125, respectively. The differences of $1,640 and $901 were principally due to outstanding checks. The Agency's custodial credit risk is mitigated in that the full amounts of the bank balances outlined above were insured by federal depository insurance or collateralized in accordance with Section 53652 of the California Government Code with securities held by the pledging financial institution in the Agency's name.

(b) Investments

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Agency mitigates these risks by holding a diversified portfolio of high-quality investments. The Agency's investment policy sets specific parameters by type of investment for credit quality, maximum maturity, and maximum percentage investment. Both the policy and the Agency's debt agreements generally require that all securities must be issued by companies with a long-term debt rating of at least "A" by two of the Nationally Recognized Statistical Rating Organizations (NRSRO) or at least "AA" by one NRSRO. The policy also indicates specific rating requirements for certain types of investments. Further, there are percentage limitations on the purchase of specific types of securities, based on the purchase price of the security as compared to the market value of the total portfolio at the time of purchase. However, the policy does not require sales of individual securities due to subsequent changes in market value that cause their values to exceed the prescribed maximum percentages of the portfolio.

The table below identifies the types of investments that are authorized by the Agency's investment policy and certain provisions of the Agency's policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee, which are governed by the provisions of the Agency's debt agreements rather than by the Agency's investment policy.

Authorized investment type		Maximum maturity	Maximum percentage of portfolio*	Maximum percentage investment in one issuer	Specific rating requirement
U.S. Treasury bills, notes, and bonds		5 years	100	100	N/A
Federal agency and U.S. government-sponsored enterprise notes and bonds		5 years	100	35	N/A
Federal agency mortgage-backed securities		5 years	20	15	Second highest ratings category by an NRSRO
Certificates of deposit	**	5 years	100	5	Long-term debt rating in one of highest ratings categories by two NRSROs
Certificates of Deposit Account Registry Service		5 years	30	5	Long-term debt rating in one of highest ratings categories by two NRSROs

(In thousands)

Authorized investment type	Maximum maturity	Maximum percentage of portfolio*	Maximum percentage investment in one issuer	Specific rating requirement
Negotiable certificates of deposit	5 years	30	5	Long-term debt rating in one of highest ratings categories by two NRSROs
Banker's acceptances	180 days	30	5	Drawn on and accepted by a bank that carries the highest short-term ratings category by one NRSRO
Commercial paper	270 days	25	Lesser of 5% of portfolio or 10% of outstanding paper of issuer	Highest short-term rating by an NRSRO
Repurchase agreements	90 days	25	5	N/A
Medium-term maturity corporate notes	5 years	30	5	Long-term debt rating in one of highest ratings categories by two NRSROs
State of California Local Agency Investment Fund	N/A	Lesser of $50 million or 15% of portfolio	5	N/A
County or local agency investment pools	N/A	15	5	N/A
Shares in a California common law trust	N/A	20	5	Highest rating category by an NRSRO
Asset-backed securities	5 years	20	5	Highest rating by one NRSRO; issuer must also have one of the three highest ratings from two NRSROs
Money market mutual funds	N/A	20	5	Highest applicable rating by two NRSROs
Bonds or notes issued by the State of California, any local agency in the state, or any other state	5 years	30	5	One of the three highest rating categories by at least two NRSROs

* Excluding amounts held by trustee, which are subject to provisions of the bond indentures.

** The full amounts of principal and accrued interest must be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

The investment of debt proceeds and toll revenue held by the Agency's bond trustee is governed by provisions of the debt agreements, rather than by the general provisions of the California Government Code or the Agency's investment policy. The following table identifies the investment types that are authorized for these funds, and if applicable, the specific rating requirements:

Investments authorized by debt agreements	Specific ratiug requirement
U.S. government obligations	N/A
U.S. federal agency debt instruments	N/A
State and local government debt securities	One of the two highest rating categories by Moody's and S&P, and if rated by Fitch, in one of the two highest rating categories
Certificates of deposit, savings accounts, deposit accounts, or money market deposits insured by the Federal Deposit Insurance Corporation (FDIC)	N/A
Certificates of deposit collateralized by U.S. government or federal agency obligations	N/A
Federal funds or bankers' acceptances	Prime-1 or A3 or better by Moody's, A-1 or A or better by S&P and, if rated by Fitch, F-1 or A or better
Commercial paper	Prime-1 or better by Moody's and A-1 or better by S&P and, if rated by Fitch, F-1 or better
Repurchase agreements with terms up to 30 days, secured by U.S. government or federal agency obligations	A or better by both Moody's and S&P and, if rated by Fitch, A or better
Medium-term corporate notes with maximum maturity of five years	One of the three highest applicable rating categories, or approved in writing, by S&P, and, if rated by Fitch, one of the three highest applicable rating categories
Money market mutual funds	AAAm-G, AAA-m, or AA-m by S&P and, if rated by Moody's, Aaa, Aa1, or Aa2 and, if rated by Fitch, AAA or AA
Investment agreements	* N/A

* Investments may be allowed if the Agency certifies to the trustee that the investment was approved in writing by each rating Agency, which has assigned a rating to the Agency's bonds, and by the Agency's bond insurer.

At June 30, 2016 and 2015, all of the Agency's investments were rated at or above the minimum levels required by its investment policy and its debt agreements, as shown below:

Investment type	June 30, 2016		June 30, 2015	
	S&P	Moody's	S&P	Moody's
U.S. Treasury bills	A-1+	P-1	AA+	Aaa
U.S. Treasury notes	AA+	Aaa	AA+	Aaa
U.S. Treasury strips	—	—	AA+	Aaa
Federal agency and U.S. government-sponsored enterprise notes and bonds*	AA+/A-1+	Aaa/ P-1	AA+/A-1+	Aaa/ P-1
Money market funds	AAAm	Aaa-mf	AAAm	Aaa-mf
Commercial paper:				
Abbey National North America	—	—	A-1	P-1
Bank of Tokyo-Mitsubishi UFJ Ltd	A-1	P-1	—	—
Exxon Mobil Corp	A-1+	P-1	—	—
General Electric Capital	—	—	A-1+	P-1
Honda Motor Corp	A-1	P-1	—	—
Praxair	A-1	P-1	—	—
Rabobank USA Fin Corp	A-1	P-1	A-1	P-1
Toyota Motor Credit Corp	A-1+	P-1	A-1+	P-1
Corporate notes – Medium term:				
Apple Inc.	AA+	Aa1	—	—
American Honda Finance	A+	A1	—	—
Berkshire Hathaway Inc	AA	Aa2	—	—
Chevron Corporation	AA-	Aa2	—	—
Deere & Company	A	A2	—	—
Exxon Mobil Corp	AA+	Aaa	—	—
General Electric Capital	AA+	A1	—	—
Intel Corp	A+	A1	—	—
JP Morgan Chase & Co	A-	A3	—	—
Oracle Corporation	AA-	A1	—	—
New York Life	—	—	AA+	Aaa
Pepsico Inc	A	A1	—	—
Toyota Motor Credit Corp	AA-	Aa3	—	—
United Health Group	A+	A3	A+	A3
US Bancorp	A+	A1	—	—
Visa Inc	A+	A1	—	—
Wells Fargo and Company	A	A2	—	—

(In thousands)

Investment type	June 30, 2016 S&P	June 30, 2016 Moody's	June 30, 2015 S&P	June 30, 2015 Moody's
State and local bonds:				
San Francisco Bay Area Toll Authority	—	—	AA	Aa3
New York State Urban Development	—	—	AAA	Aa1
University of California Regents Revenue	—	—	AA	Aa2

* Ratings are indicated to the extent available. However, in some instances, discounted federal agency bonds are not rated.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Agency will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Agency are deposited in the Agency's trustee bank with the exception of a money market account that is deposited in the Agency's primary bank. Securities are not held in broker accounts.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency mitigates this risk by matching maturity dates, to the extent possible, with the Agency's expected cash flow.

A summary of the Agency's investments held at June 30, 2016 that are governed by the Agency's investment policy and its bond agreements, including money market funds of $37,740, commercial paper of $7,215, and U.S. Treasury securities of $39,157 that are considered cash equivalents, is as follows:

Investment type	Fair value	Remaining maturity (in years) Less than one	One to two	Two to five	More than five
Federal agency and U.S. government-sponsored enterprise notes and bonds	$ 239,039	92,655	98,380	48,004	—
U.S. Treasury securities	214,518	154,850	47,896	11,772	—
Corporate notes	81,893	12,053	31,037	38,803	—
Money market funds	37,740	37,740	—	—	—
Commercial paper	17,393	17,393	—	—	—
Total	$ 590,583	314,691	177,313	98,579	—

(In thousands)

At June 30, 2016, with the exception of investments issued or explicitly guaranteed by the U.S. government and money market mutual funds, there were no investments in any issuers that accounted for 5% or more of the Agency's total investments, other than investments with Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank that represented 14%, 13%, and 8%, respectively, of the Agency's total investments, as permitted by the Agency's investment policy and the applicable bond indentures.

A summary of the Agency's investments held at June 30, 2015 that are governed by the Agency's investment policy and its bond agreements, including money market funds of $41,784 and federal agency securities of $72,597 that are considered cash equivalents, is as follows:

			Remaining maturity (in years)			
Investment type		**Fair value**	**Less than one**	**One to two**	**Two to five**	**More than five**
U.S. Treasury securities	$	225,915	18,226	133,301	74,388	—
Federal agency and U.S. government-sponsored enterprise notes and bonds		215,653	131,485	54,094	30,074	—
Money market funds		41,784	41,784	—	—	—
Commercial paper		32,543	32,543	—	—	—
State and local bonds		11,936	11,936	—	—	—
Corporate notes		11,076	5,001	6,075	—	—
Certificates of deposit		995	995	—	—	—
Total	$	539,902	241,970	193,470	104,462	—

At June 30, 2015, with the exception of investments issued or explicitly guaranteed by the U.S. government and money market mutual funds, there were no investments in any issuers that accounted for 5% or more of the Agency's total investments, other than investments with Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association that represented 17%, 9%, and 8% of the Agency's total investments, as permitted by the Agency's investment policy and the applicable bond indentures.

Facts and Assumptions

Because investing is not a core part of the Agency's mission, the Agency determines that the disclosures related to these investments only need to be disaggregated by major type. The Agency chooses a tabular format for disclosing the levels within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs.

(In thousands)

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial paper is valued based on quoted prices in active markets of similar securities.

At June 30, 2016 and 2015, the Agency had the following fair value measurements:

	June 30, 2016			
Investment type	**Fair value**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Federal agency and U.S. government-sponsored enterprise notes and bonds	$ 214,518	—	214,518	—
U.S. Treasury securities	239,039	—	239,039	—
Corporate notes	81,893	—	81,893	—
Commercial paper	17,393	—	17,393	—
Total	$ 552,843	—	552,843	—

Money market funds in the amount of $37,740 are excluded from table above because they are recorded at amortized cost.

(In thousands)

Investment type		Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		June 30, 2015			
U.S. Treasury securities	$	225,915	—	225,915	—
Federal agency and U.S. government-sponsored enterprise notes and bonds		215,653	—	215,653	—
Commercial paper		32,543	—	32,543	—
State and local bonds		11,936	—	11,936	—
Corporate notes		11,076	—	11,076	—
Certificates of deposit		995	—	995	—
Total	$	498,118	—	498,118	—

Money market funds in the amount of $41,784 are excluded from table above because they are recorded at amortized cost.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

		Balance at beginning of year	Additions	Trausfers/ deletions	Balance at end of year
Construction in progress	$	247,802	15,076	(6,610)	256,268
Right-of-way acquisitions, grading, or improvements		15,014	—	—	15,014
Furniture and equipment		43,087	3,737	(1,097)	45,727
		305,903	18,813	(7,707)	317,009
Accumulated depreciation		(20,237)	(5,472)	1,097	(24,612)
	$	285,666	13,341	(6,610)	292,397

(In thousands)

Capital assets activity for the year ended June 30, 2015 was as follows:

		Balance at beginning of year	Additions	Transfers/ deletions	Balance at end of year
Construction in progress	$	346,643	35,531	(134,372)	247,802
Right-of-way acquisitions, grading, or improvements		15,014	—	—	15,014
Furniture and equipment		39,352	5,066	(1,331)	43,087
		401,009	40,597	(135,703)	305,903
Accumulated depreciation		(16,666)	(4,902)	1,331	(20,237)
	$	384,343	35,695	(134,372)	285,666

Right-of-way acquisitions, grading, and improvements include easements and environmental mitigation parcels. Furniture and equipment include transponders, toll and violations collection equipment, buildings, vehicles, and leasehold improvements.

Transfers/Deletions

Ownership of the Foothill/Eastern Transportation Corridor construction, rights-of-way, grading, and improvements was transferred to Caltrans during the year ended June 30, 1999 upon satisfaction of all conditions contained within the Cooperative Agreements between the Agency and Caltrans. The Agency incurs additional costs for improvements and enhancements to the thoroughfares previously transferred to Caltrans. These improvements and enhancements are covered by separate project-specific Cooperative Agreements with Caltrans. They are transferred to Caltrans on an ongoing basis and recognized as contribution expense; expenses of $5,843 and $11,684 were recognized during the years ended June 30, 2016 and 2015, respectively. The balance of construction in progress at June 30, 2016 and 2015 represents additional capital improvements, which will also be transferred to Caltrans upon completion.

As described in note 7(e), payments of $120,000 to SJHTCA through 2009 that were originally recorded as construction in progress were reclassified in 2015 and reflected as a note receivable from SJHTCA and a reduction of construction in progress.

During the year ended June 30, 2015, the Agency completed its All Electronic Tolling (AET) conversion project and expenditures of $2,688 related to the installation of new toll equipment were transferred from construction in progress.

(In thousands)

(6) Long-Term Obligations

Following is a summary of changes in long-term obligations during the year ended June 30, 2016:

	Balance at beginning of period	Additions/ accretions	Reductions	Balance at end of period	Due within one year
Series 2013 Toll Road Refunding Revenue Bonds:					
Current Interest Bonds	$ 1,947,490	—	—	1,947,490	—
Capital Appreciation Bonds	143,342	8,711	—	152,053	—
Convertible Capital Appreciation Bonds	214,242	13,253	—	227,495	—
Series 2015 Toll Road Refunding Revenue Bonds:					
Capital Appreciation Bonds	88,363	3,831	—	92,194	—
Total bonds payable	2,393,437	25,795	—	2,419,232	—
Less unamortized discount on 2013 bonds	(40,398)	—	441	(39,957)	
Total bonds payable less unamortized discount	$ 2,353,039	25,795	441	2,379,275	

(In thousands)

Following is a summary of changes in long-term obligations during the year ended June 30, 2015:

	Balance at beginning of period	Additions/ accretions	Reductions	Balance at end of period	Due within one year
Series 2013 Toll Road Refunding Revenue Bonds:					
Current Interest Bonds	$ 1,947,490	—	—	1,947,490	—
Capital Appreciation Bonds	135,083	8,259	—	143,342	—
Convertible Capital Appreciation Bonds	201,770	12,472	—	214,242	—
Series 2015 Toll Road Refunding Revenue Bonds:					
Capital Appreciation Bonds	—	88,363	—	88,363	—
Series 1995A Senior Lien Toll Road Revenue Bonds:					
Current Interest Bonds	179,990	—	(179,990)	—	—
Total bonds payable	2,464,333	109,094	(179,990)	2,393,437	—
Less unamortized discount on 2013 bonds	(40,814)	—	416	(40,398)	
Total bonds payable less unamortized discount	$ 2,423,519	109,094	(179,574)	2,353,039	

In February 2015, the Agency issued $87,008 of Senior Lien Toll Road Refunding Revenue Bonds (2015 Capital Appreciation Bonds); together with certain funds held in trust, the proceeds of the issuance were used to refund the previously unrefunded portion of the Series 1995A Senior Lien Toll Road Revenue Bonds, at par value plus accrued interest. In connection with this transaction, the Agency realized an economic gain (as measured by the difference in present value of the scheduled debt service payments on the old and new debt) of approximately $34 million. In addition, the Agency incurred bond insurance premiums of $1,360 related to a portion of the bonds, which is being amortized over the life of those bonds, and other transaction costs of $2,061, which has been recorded as expense.

In December 2013, the Agency issued $2,274,617 of Series 2013 Toll Road Refunding Revenue Bonds (2013 Bonds); the proceeds of the issuance were used to refund the outstanding balance of the 1999 Bonds. The reacquisition price of the refunded bonds exceeded their net carrying amount by $14,534; this amount was considered a deferred loss for accounting purposes and is being amortized through 2040, the remaining period during which the refunded bonds were scheduled to be repaid. In addition, the Agency incurred bond insurance premiums of $9,533, which is being amortized over the life of the 2013 bonds. The 2013 Bonds were issued at a discount of $41,009, which is being amortized over the life of the bonds.

(Continued)

The 2013 current interest bonds include $1,374,440 of Senior Term Bonds that mature in installments from January 2042 through January 2053; $375,000 of Term Rate Bonds that mature in installments from January 2050 through January 2053; and $198,050 of Junior Lien Bonds that mature in installments from January 2023 through January 2043. Interest on the 2013 current interest bonds is payable semiannually at rates ranging from 5.00% to 6.50%. The Senior Term Bonds and the Junior Lien Bonds are subject to early redemption on or after January 15, 2024, at the option of the Agency, by payment of principal and accrued interest. The Term Rate Bonds are subject to early redemption, at the option of the Agency, by payment of principal and accrued interest, on or after the dates ranging from July 15, 2017 through July 15, 2022.

The 2013 capital appreciation bonds accrue interest at rates ranging from 3.75% to 7.125%, compounded semiannually, and are scheduled to mature in annual installments from January 2020 to January 2042. The bonds are subject to early redemption, at the option of the Agency, based on an independent make-whole calculation.

The 2013 convertible capital appreciation bonds accrue interest, compounded semiannually based on accreted amounts, at rates ranging from 5.30% to 6.85% through January 15, 2024. After this date, interest is payable semiannually based on accreted amounts. The bonds are scheduled to mature in annual installments from January 2025 to January 2042. The bonds are subject to early redemption on or after January 15, 2031, at the option of the Agency, by payment of the accreted amounts and accrued interest.

The 2015 capital appreciation bonds accrue interest at rates ranging from 4.21% to 4.42%, compounded semiannually, and are scheduled to mature in annual installments from January 2033 to January 2035.

The master indentures of trust require the trustee to hold bond proceeds, toll revenue, and any other proceeds included in pledged funds for debt service. These moneys are included in the restricted cash and investments held by the trustee.

(In thousands)

Following is a summary of the annual debt service requirements by fiscal year for the Agency's long-term debt obligations as of June 30, 2016:

		Principal	Interest[1]	Total
2017	$	—	112,770	112,770
2018		—	112,770	112,770
2019		—	112,770	112,770
2020		4,087	113,345	117,432
2021		7,132	114,223	121,355
2022–2026		44,372	630,858	675,230
2027–2031		117,195	694,316	811,511
2032–2036		207,276	767,661	974,937
2037–2041		231,095	892,152	1,123,247
2042–2046		612,790	459,037	1,071,827
2047–2051		804,610	226,509	1,031,119
2052–2053		390,675	21,770	412,445
	$	2,419,232	4,258,181	6,677,413

[1] Includes payments scheduled on January 1 and January 15 of the indicated fiscal year and July 1 and July 15 of the following fiscal year, to coincide with the annual debt service calculations used for covenant compliance purposes.

Included in principal at June 30, 2016 and 2015 is $57,608 and $31,813, respectively, related to accreted principal on convertible capital appreciation bonds and capital appreciation bonds.

A portion of the net proceeds of a prior bond refunding was used to purchase U.S. government securities, which were placed in an irrevocable escrow fund to be used for the debt service payments related to a previously refunded portion of the 1995 bonds. As of June 30, 2016 and 2015, the amount of the previously refunded 1995 bonds outstanding, which were previously eliminated from the financial statements as a result of the refunding, was $803,404 and $753,132, respectively.

(7) Commitments and Contingencies

(a) Toll Collection and Revenue Management System Agreements

The Agency and SJHTCA have entered into agreements with contractors for various services, including toll collection systems operation and maintenance. The agreements expire on various dates through June 30, 2025 and are cancelable by the Agency, without further obligation, with advance written notice.

(b) Project Costs

As of June 30, 2016, the Agency has outstanding commitments and contracts related to construction activities of approximately $15.8 million.

(c) Litigation

The Agency is a defendant in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the Agency's financial position or results of operations.

(d) Risk Management

The Agency maintains insurance coverage for various risks, including but not limited to property, liability, earthquake, and flood coverage. Coverage is purchased in accordance with the Agency's master indentures of trust, as applicable.

(e) Mitigation Payment and Loan Agreement

On November 10, 2005, the Agency's Board of Directors and the Board of Directors of SJHTCA, entered into a Mitigation Payment and Loan Agreement (the Agreement). The terms of the Agreement called for the Agency to make payments totaling $120,000 over four years to SJHTCA to mitigate for anticipated loss of revenue due to the construction of the 241 to I-5 connection project. All scheduled payments totaling $120,000 were made to SJHTCA as of June 2009 and were recorded as construction in progress.

In addition, the Agency committed to provide loans to SJHTCA on an as-needed basis up to $1,040,000, subject to the terms of the Agreement, to assist SJHTCA in achieving its required debt service coverage ratio. Payments of accrued interest and outstanding principal would begin in the fiscal year when SJHTCA achieved a surplus in revenue in excess of the amount needed to meet the debt coverage requirement. All principal and accrued interest would be due and payable on January 1, 2037 to the extent that SJHTCA had surplus revenue available to pay all amounts due. The Agreement also stipulated that the Agency would not be obligated to make loans to SJHTCA prior to securing the necessary funds for constructing the 241 to I-5 connection project unless the Agency determined that it would not build the project. If the commencement and diligent pursuit of the construction of the 241 to I-5 connection project did not occur by June 30, 2015, the mitigation payments would be added to the principal amount of the loan. No amounts were loaned in connection with this arrangement.

On August 14, 2014, the Agency's Board of Directors and the Board of Directors of SJHTCA approved an agreement that provided for termination of the Mitigation Payment and Loan Agreement concurrently with the closing of a refinance transaction proposed by SJHTCA. The closing of this refinance transaction occurred on November 6, 2014. The termination agreement also provided for SJHTCA to pay $120,000 to the Agency, in annual installments beginning January 15, 2025 equal to 50% of SJHTCA's surplus funds as defined in the agreement. Interest accrual based on the average annual yield of the State of California Pooled Money Investment Account commenced upon closing of the transaction and interest is payable annually beginning January 15, 2025.

As a result of this agreement, the aggregate payments of $120,000 that were made to SJHTCA through 2009 have been reclassified as a note receivable from SJHTCA and a reduction of construction in progress.

(8) Corridor Operations Facility Lease

In January 2000, the Agency, along with SJHTCA, relocated to the corridor operations facility. At that time, a lease agreement was executed between the Agency (lessor) and SJHTCA (lessee). The lease agreement expires at the earliest occurrence of 1) dissolution of the Agency, 2) sale of the facility, or 3) dissolution of SJHTCA. Lease payments are based on the estimated fair market rental value and are adjusted annually. The Agency received lease revenue for the years ended June 30, 2016 and 2015 of $471 and $386, respectively.

(9) Employees' Retirement Plans

Defined-Benefit Plan – Qualified permanent employees of the Agency participate in a cost-sharing multiple-employer defined-benefit pension (the Plan) administered by OCERS, a public employee retirement system established in 1945. The Plan is subject to the provisions of the County Employees Retirement Law of 1937 (California Government Code Section 31450 et. seq.); the California Public Employees' Pension Reform Act of 2013 (Government Code Section 7522 et. seq.); and other applicable statutes.

(a) Benefits

The Plan provides retirement, disability, and death benefits to eligible plan members and their beneficiaries. Monthly retirement benefits are determined by benefit formulas that depend upon the classification of employees; the date of entering membership in OCERS or a reciprocal plan; retirement age; years of service; and final average compensation. The Agency's members hired prior to January 1, 2013 are subject to a benefit formula of 2.0% of final average compensation per year of service, based upon retirement at age 55. Members hired on or after January 1, 2013 are subject to a benefit formula of 2.5% at 67.

Amounts payable for retired members are subject to annual cost-of-living adjustments based upon changes in the Consumer Price Index for the prior calendar year. Adjustments are limited to a maximum increase or decrease of 3% per year.

(b) Contributions

Employer and employee contribution requirements are determined as percentages of covered payroll amounts and vary based upon the age of each employee at the date of entering membership in OCERS or a reciprocal plan. Employer contribution rates are determined using the entry age normal actuarial cost method based upon a level percentage of payroll. Employer contribution rates ranged from 21.08% to 56.35% for the year ended December 31, 2015, and from 21.04% to 57.28% for the year ended December 31, 2014. Employee contributions are established by the OCERS Board of Retirement and guided by applicable state statutes. Employee contribution rates ranged from 9.08% to 15.63% for the year ended December 31, 2015, and from 8.93% to 15.63% for the year ended December 31, 2014. The contributions from the Agency recognized by the plan, measured as the total amounts of additions to the plan's fiduciary net position for the years ended December 31, 2015 and 2014, were $949 and $896, respectively, and equaled 100% of the required contributions, and represented 23.2% and 20.9% of the Agency's covered payroll, respectively.

(In thousands)

(c) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

For purposes of reporting under GASB Statement No. 68, OCERS arranged for determination of the plan's collective net pension liability; deferred outflows and inflows of resources related to pensions; and pension expense, as well as the proportionate share of each amount applicable to the plan's participating employers, using measurement dates of December 31, 2015 and 2014, with respective actuarial valuations as of December 31, 2014 and 2013 and standard procedures to roll forward to the respective measurement dates. The Agency's reporting dates are June 30, 2016 and 2015. The proportionate shares of these amounts attributable to the Transportation Corridor Agencies have been determined by OCERS's actuary based upon actual employer contributions within each rate group and further allocated between the Agency and SJHTCA on the basis of their respective shares of covered payroll to determine the amounts reportable by the Agency, as indicated below:

		Percentage of collective amount	Covered payroll
OCERS collective net pension liability at December 31, 2015	$ 5,716,605	100%	$ 1,521,036
Proportionate share attributable to Transportation Corridor Agencies	12,713	0.22%	6,088
Share allocable to Foothill/ Eastern Transportation Corridor Agency	8,918	0.16	4,083
Agency's share of collective net pension liability as a percentage of its covered payroll			218%
Plan's fiduciary net position as a percentage of the total pension liability	67.10%		

(In thousands)

			Percentage of collective amount		Covered payroll
OCERS collective net pension liability at December 31, 2014	$	5,082,481	100%	$	1,513,206
Proportionate share attributable to Transportation Corridor Agencies		10,683	0.21%		6,118
Share allocable to Foothill/ Eastern Transportation Corridor Agency		7,556	0.15		4,287
Agency's share of collective net pension liability as a percentage of its covered payroll					176%
Plan's fiduciary net position as a percentage of the total pension liability		69.42%			

		December 31	
		2015	2014
OCERS collective deferred outflows of resources	$	987,429	389,055
Proportionate share attributable to Transportation Corridor Agencies		1,824	453
Share allocable to Foothill/Eastern Transportation Corridor Agency		1,237	317
OCERS collective deferred inflows of resources	$	611,993	538,504
Proportionate share attributable to Transportation Corridor Agencies		1,165	1,443
Share allocable to Foothill/Eastern Transportation Corridor Agency		824	1,011

		Year ended June 30	
		2015	2014
OCERS collective pension expense	$	669,600	566,324
Proportionate share attributable to Transportation Corridor Agencies		1,796	1,594
Share allocable to Foothill/Eastern Transportation Corridor Agency		1,204	1,117

(In thousands)

The Agency's deferred outflows of resources related to pensions as of June 30, 2016 and 2015 are attributable to the following:

		2016	2015
Net difference between projected and actual earnings on pension plan investments	$	1,205	317
Differences between expected and actual experience		32	—
Contributions to the plan subsequent to the measurement date of the collective net pension liability		522	560
Total deferred outflows related to pensions	$	1,759	877

The Agency's deferred inflows of resources related to pensions as of June 30, 2016 and 2015 are attributable to the following:

		2016	2015
Differences between expected and actual experience	$	363	444
Changes of assumptions or other inputs		461	567
Total deferred inflows related to pensions	$	824	1,011

The amount of $522, representing as of June 30, 2016 the Agency's balance of deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The other amounts of the Agency's balances of deferred outflows and deferred inflows of resources as of June 30, 2016 will be recognized in pension expense as follows:

Year ending June 30:		
2017	$	127
2018		127
2019		127
2020		56
2021		(25)
2022		1
	$	413

(d) Actuarial Assumptions and Other Inputs

The following significant methods and assumptions were used to measure the plan's total pension liability as of December 31, 2015 and 2014:

- Actuarial experience study – Three-year period ended December 31, 2013
- Inflation rate – 3.00%
- Projected salary increases – 4.25% to 17.50%, depending upon service and nature of employment
- Cost-of-living adjustments – 3.00%

The mortality assumptions were based on the results of the actuarial experience study for the period January 1, 2011 through December 31, 2013 using the RP-2000 Combined Healthy Mortality Table projected with the Society of Actuaries Scale BB to 2020. The mortality assumptions were then customized to account for the plan's membership experience.

The discount rate used to measure the plan's total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at actuarially determined rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return should be determined without reduction for plan administrative expense. The 7.25% investment return assumption is net of administrative expenses, assumed to be 16 basis points. The investment rate of return assumption remained the same for reporting purposes due to the immaterial impact administrative expenses has on the overall assumed rate of return. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation and deducting expected investment expenses.

(Continued)

(In thousands)

The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected rate of return assumption are summarized in the following table:

		Target allocation	Long-term expected real rate of return
Asset class:			
Large cap U.S. equity	$	14.90%	5.92%
Small/Mid cap U.S. equity		2.73	6.49
Developed international equity		10.88	6.90
Emerging international equity		6.49	8.34
Core bonds		10.00	0.73
Global bonds		2.00	0.30
Emerging market debt		3.00	4.00
Real estate		10.00	4.96
Diversified credit (U.S.)		8.00	4.97
Diversified credit (Non-U.S.)		2.00	6.76
Hedge funds		7.00	4.13
GTAA		7.00	4.22
Real return		10.00	5.86
Private equity		6.00	9.60
Total	$	100.00%	

(In thousands)

The following table presents the Agency's proportionate share of the plan's net pension liability, calculated using the discount rate of 7.25%, as well as what its proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current discount rate:

		December 31	
		2015	**2014**
Net pension liability, as calculated:			
With current discount rate of 7.25%	$	8,918	7,556
With a 1% decrease, to 6.25%		12,064	10,941
With a 1% increase, to 8.25%		5,615	4,644

(e) Plan's Fiduciary Net Position

OCERS provides publicly available financial information, including comprehensive annual financial reports and actuarial valuatious, on the following Web site: www.ocers.org. Detailed information about the plan's fiduciary net position is included in the comprehensive annual financial report for the fiscal year ended December 31, 2015, which may also be obtained by calling (714) 558-6200.

(f) Employee Contributions

As described above, plan members contribute a percentage of their annual covered salaries at actuarially determined rates based on the age of entry into the plan. For employees who were hired prior to January 1, 2013, the Agency paid up to 7% of each employee's required contribution through June 30, 2013. However, this percentage was reduced to 4.5% as of July 1, 2013 and to 2.0% as of July 1, 2014. As of July 1, 2015, the Agency's payments toward the employees' required contributions were fully eliminated. In addition to the pension expense determined in accordance with the requirements of GASB No. 68 as described above, the Agency incurred expense of $62 for the year ended June 30, 2015 related to its subsidization of employee contributions.

Defined-Contribution Plan – The Agency also sponsors a defined-contribution plan under the provisions of Internal Revenue Code Section 457 that permits employees to defer portions of their pretax compensation. The Agency provides matching contributions to a related Section 401(a) plan, at a rate of 50% of the employees' deferral contributions, up to a maximum of 2% of each employee's related compensation. In connection with this plan, the Agency incurred $78 and $57 of expense for the years ended June 30, 2016 and 2015, respectively.s

__X__ SAN JOAQUIN HILLS BOARD OF DIRECTORS
__X__ FOOTHILL/EASTERN BOARD OF DIRECTORS

File No. 2016J-015

BOARD MEETING DATE: **May 12, 2016**

SUBJECT: Fiscal Year 2017 Capital Improvement Plan

STAFF RECOMMENDATION:

San Joaquin Hills Transportation Corridor Agency Recommendation:

1. Adopt the Capital Improvement Plan (CIP) for the San Joaquin Hills (SR 73) Corridor.

Foothill/Eastern Transportation Corridor Agency Recommendation:

1. Adopt the Capital Improvement Plan (CIP) for the Foothill/Eastern (SR 133, 241, 261) Corridors.

SUMMARY:

This annual update to the CIP for each Agency outlines the scope, cost and schedule for the major capital improvement projects.

CONTRACTOR/CONSULTANT: **N/A**

BUDGET:

SJH:	**$ N/A**
F/E:	**$ N/A**

REPORT WRITTEN BY: David Lowe, Acting Chief Engineer
(949) 754-3488

REVIEWED BY:

Communications	LT
Engineering	DL
Environmental	
Finance	AP
Strategic Planning	
Toll Operations	

SUBMITTED BY:

Michael A. Kraman, Chief Executive Officer

Transportation Corridor Agencies

125 Pacifica, Irvine, CA 92618 949/754-3400 FAX 949/754-3467

DATE: May 12, 2016

TO: San Joaquin Hills Transportation Corridor Agency Board of Directors
Foothill/Eastern Transportation Corridor Agency Board of Directors

FROM: David Lowe, Acting Chief Engineer

SUBJECT: Fiscal Year 2017 Capital Improvement Plan

STAFF RECOMMENDATION:

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1. Adopt the Capital Improvement Plan (CIP) for the Foothill/Eastern (SR 133, 241, 261) Corridors.

BACKGROUND:

The Capital Improvement Plan outlines the status of all major improvement projects anticipated by the Agencies. Each year, the projects are updated and costs are developed for use in preparing the annual budget.

DISCUSSION:

The Capital Improvement Plan for FY 2017 is attached as a separate document. Discussion of the draft Capital Improvement Plan took place at the Joint Capital Programs & Projects Committee meeting held on April 6, 2016, and the Joint Budget Workshop Board Meeting held on April 20, 2016.

BUDGET:

The Capital Improvement Plan for each agency will continue to be reviewed each year during the budget process. Project priorities and the availability of funds will help determine the projects selected for implementation and the funding allocations for each project.

CONCLUSION:

This annual update to the CIP for each agency outlines the scope, cost and schedule for the major capital improvement projects.

Attachment

DRAFT 05-05-2016

Transportation Corridor Agencies™

Fiscal Year 2017

CAPITAL IMPROVEMENT PLAN

Proposed for Adoption May 12, 2016


FASTRAK OR NEW EXPRESSACCOUNT ONLY
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Background

The Transportation Corridor Agencies' (TCA) 51 miles of toll roads have been operational over 22 years since the initial segment of the State Route (SR) 241 Toll Road between Portola Parkway (North) and Portola Parkway (South). The remaining sixteen miles of the 241 includes the 5.5 mile Tesoro Extension which remains to be constructed and opened to traffic, as well as the continued long range planning for the balance of the 241 south of the Tesoro Extension to Interstate 5 as an alignment has not yet been defined.

Once highway segments become operational, various roadway expansions and operational improvement projects are required to keep pace with increasing traffic demands and changing conditions, land uses and demographics. These improvements, which make up the Capital Improvement Plan or CIP, are all components of the total ultimate buildout of the Toll Road Corridors as envisioned in the respective environmental documentation for each. The Ultimate Corridors will provide two, three or four mixed flow traffic lanes, plus one additional general purpose or HOV (High Occupancy Vehicle) lane in each direction.

The CIPs were first developed in the late 1990's and identified the complete list of projects required to attain ultimate buildout of the system. The CIPs are updated annually and the current planned implementation schedule for projects is shown in Figure 1 and the costs are shown in Table 1. All costs in this report are estimated in 2017 dollars.

Implementation Schedule

	No.	Project/Fiscal Year	Near-Term 2017 2018 2019 2020 2021	Mid-Term 2022 2023 2024 2025 2026	Long-Term 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041
Foothill/Eastern TCA	1	**241 to I-5 Connection**			
	1A	**Tesoro Extension**			
	2	**241/91 Express Connector**			
	3	**Wildlife Safety Fencing**			**TBD**
	4	**Toll Plaza Water Supply Upgrade**			**TBD**
	5	**Signage Improvements**			
	6	**Toll Plaza Facility Improvements**			
	TBD	**F/ETCA Future Widening Projects**			**TBD**
	TBD	**F/ETCA Future Interchanges**			**TBD**

	No.	Project/Fiscal Year	Near-Term 2017 2018 2019 2020 2021	Mid-Term 2022 2023 2024 2025 2026	Long-Term 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041
San Joaquin Hills TCA	1	**Caltrans Maintenance Station**			
	2	**Catalina View Traffic Improvement**			
	3	**Signage Improvements**			
	4	**Toll Plaza Facility Improvements**			
	TBD	**SJHTCA Future Widening Projects**			**TBD**
	TBD	**SJHTCA Future Interchanges**			**TBD**

Environmental | Engineering | Construction

Figure 1

Estimated Project Costs by Agency

No.	Title	In $1,000,000				
		FY15 & Prior	FY16 Actual Plus Projected	**Proposed FY17 Budget**	FY18 & Later	Total Project Cost
Foothill/Eastern						
1	241 to I-5 Connection/Tesoro Extension	$ 298.40	$ 6.34	**$ 30.78**	$ 1,340.97	$ 1,676.49
2	241/91 Express Connector	2.83	$ 2.11	**13.77**	164.45	183.16
3	Wildlife Safety Fencing	7.41	$ 2.90	**0.06**	TBD	10.37
4	Toll Plaza Water Supply Upgrade	0.28	$ 0.49	**-**	TBD	0.77
5	Signage Improvements	-	$ 0.21	**2.99**	-	3.20
6	Toll Plaza Facility Improvements	-	$ 0.36	**2.96**	TBD	TBD
TBD	F/ETCA Future Widening Projects	4.86	-	**-**	TBD	TBD
TBD	F/ETCA Future Interchanges	-	-	**-**	TBD	TBD
	Foothill/Eastern Totals	$ 313.78	$ 12.41	**$ 50.56**	$ 1,505.42	$ 1,882.17
San Joaquin Hills						
1	Caltrans Maintenance Station	$ -	$ -	**$ -**	$ 7.97	$ 7.97
2	Catalina View Traffic Improvement	-	0.03	**0.49**	40.93	41.45
3	Signage Improvements	-	0.27	**1.80**	-	2.07
4	Toll Plaza Facility Improvements	-	0.20	**2.59**	TBD	TBD
TBD	SJHTCA Future Widening Projects	-	-	**-**	TBD	TBD
TBD	SJHTCA Future Interchanges	-	-	**-**	TBD	TBD
	San Joaquin Hills Totals	$ -	$ 0.50	**$ 4.88**	$ 48.90	$ 54.28

Table 1

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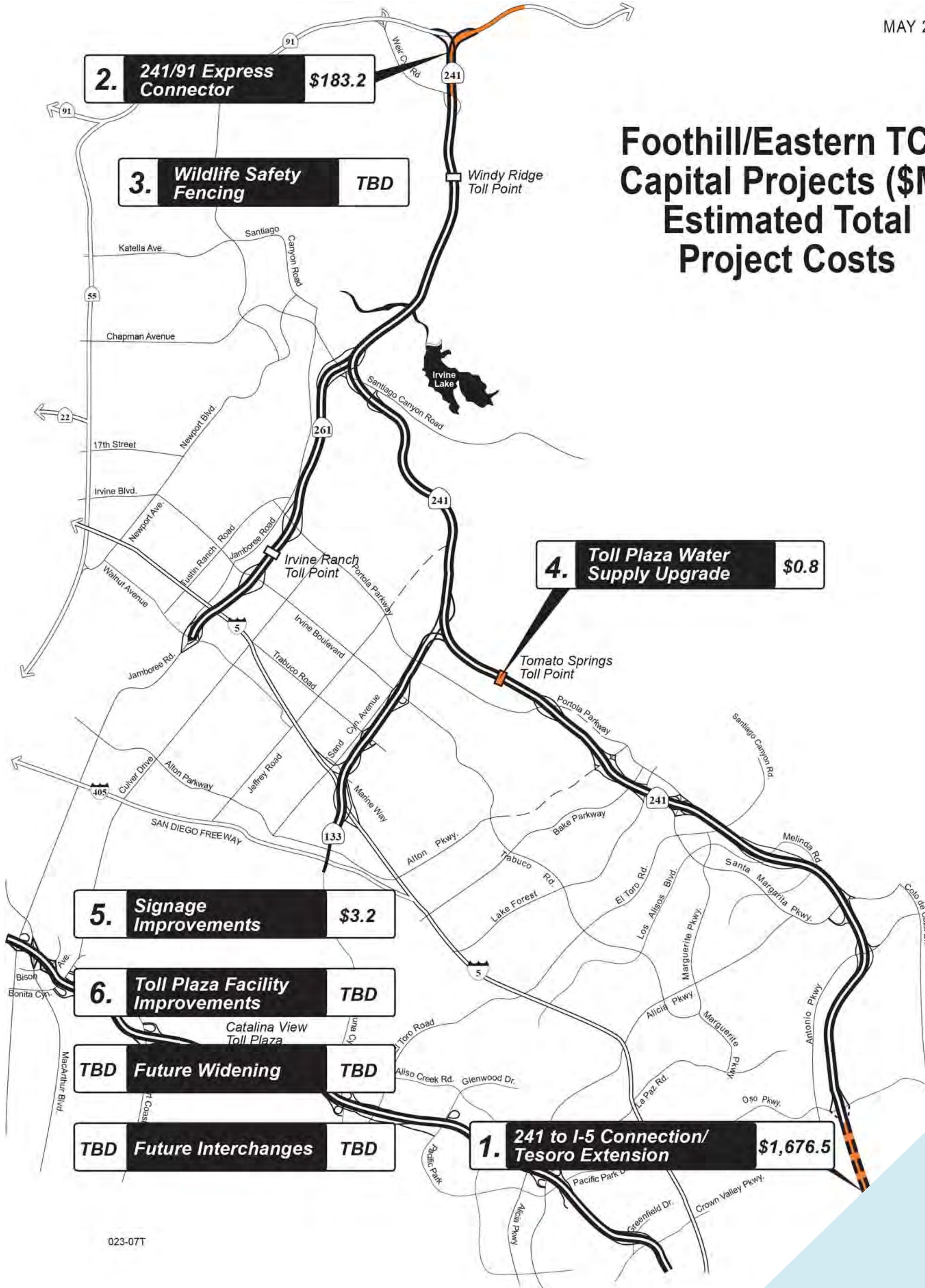
Foothill/Eastern TCA Capital Projects ($M) Estimated Total Project Costs



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241 to I-5 Connection

F/ETCA Project No. 1

Description Funding to complete SR 241 includes two efforts. The first relates to the Tesoro Extension project and is more thoroughly described on the following page. The remaining effort, beyond the Tesoro Extension project, includes identifying options that address the region's future needs for mobility and accessibility, and providing improvements that meet those needs.

Purpose and Need Regional planning efforts to date demonstrate the need for additional transportation improvements to relieve existing and future congestion on Interstate 5 and local arterials in South Orange County. The Foothill/Eastern (F/E) TCA is evaluating those needs to identify an acceptable solution.

Project Status The 241 to I-5 Connection efforts are in the community outreach stage which is expected to continue through Fiscal Year (FY) 2017.

Environmental The F/ETCA, in coordination with the Federal Highway Administration, formally stopped all environmental work on the SR 241 completion when the Notices of Intent to prepare an Environmental Impact Statement under the National Environmental Policy Act were rescinded in the Federal Register on April 8, 2014. This rescission was due in part to the U.S. Secretary of Commerce upholding the California Coastal Commission's objection to the SR 241 "Green Alignment" within the coastal area of Camp Pendleton. Future alignments would require the preparation of an environmental document in compliance with state and federal environmental regulations.

Design Limited design work to support the outreach, engineering and environmental planning efforts is expected to continue through FY 2017.

Construction Construction will begin after a route is identified and the environmental process is completed.

Cost/Budget Total project costs are estimated as shown in Table 2.

Schedule Estimated completion TBD.

Tesoro Extension

F/ETCA Project No. 1A

Description Coordination with the County of Orange and Rancho Mission Viejo (RMV) on the Los Patrones Parkway project. TCA will focus on the Oso Bridge and Gap Closure components and resolving 241 connection issues to clear the path for the Tesoro Extension.

Los Patrones Parkway

Description Los Patrones Parkway is a County of Orange four-lane arterial that is part of the circulation element of the RMV Ranch Plan previously approved by the County of Orange. It extends from Cow Camp Road to Oso Parkway and terminates at Oso Parkway via a northbound ramp and a southbound ramp. Los Patrones Parkway is currently under construction by RMV.

Oso Bridge and Gap Closure

Description The project consists of the construction of an overcrossing bridge structure over a portion of Oso Parkway to allow the future connection of Los Patrones Parkway to SR 241 north of Oso Parkway. The project addresses safety and traffic issues associated with the connection of the Los Patrones ramps at Oso Parkway by allowing the parkway to connect to the existing toll road north of Oso Parkway. The Oso Bridge and Gap Closure project includes building a one-mile stretch of the SR 241 to link with Los Patrones Parkway under the bridge.

Purpose and Need As currently planned, all northbound Los Patrones Parkway traffic would exit at Oso Parkway and have the option of entering the SR 241 from Oso Parkway northbound on-ramp. Direct access to the SR 241 via the proposed project will improve traffic flow. Both Caltrans and the County support this project because it improves traffic operations and safety. Los Patrones Parkway is planned to be opened to traffic in early 2018.

Project Status The project started in FY 2016 with scope definition. Preliminary engineering and environmental documentation are underway and anticipated to be completed in May 2016.

Environmental The environmental impacts of the proposed improvements have been evaluated in detail and no significant impacts have been identified. An addendum to Final Environmental Impact Report (FEIR) 589 certified by the County of Orange in November 2004 is being prepared pursuant to CEQA Guidelines Section 15164 for the proposed Oso Bridge and Gap Closure project.

Design In December 2015, the Board approved a contract to commence with the preparation of the final design package. Completion of the final design is anticipated in FY 2017 and the project will be delivered under the conventional design-bid-build process.

Construction The project will impact traffic on Oso Parkway during the estimated 24-month construction period. The SR 241 will have minor impacts during construction.

Cost/Budget Total Project Costs are estimated as shown in Table 2.

Schedule Final design is anticipated to be completed in January 2017 with construction completion anticipated in Spring 2019.

241 TO I-5 CONNECTION AND TESORO EXTENSION					
	In $1,000				
Activity	**FY15 & Prior**	**FY16 Actual Plus Projected**	**Proposed FY17**	**FY18 & Later**	**Total**
Engineering Design/Oversight	$ 56,182.7	$ 3,012.5	**$ 6,348.4**	$ 25,530.3	$ 91,073.9
Utility Relocation	1,243.0	-	**-**	13,000.0	14,243.0
Right of Way	28,501.2	-	**11,079.0**	16,727.3	56,307.5
Design/Build Contract	65,052.0	-	**-**	942,999.6	1,008,051.6
Const. Engineering Mgmt.	597.0	126.0	**300.0**	50,660.9	51,683.9
Contingency	-	2,744.0	**5,680.0**	104,515.8	112,939.8
Subtotal	$ 151,575.9	$ 5,882.5	**$ 23,407.4**	$ 1,153,433.8	$ 1,334,299.7
- FY16 & later	-	-	$ 1,176,841.2		
Environmental	26,829.0	459.2	**7,372.7**	28,636.1	63,297.0
Public Benefits	-	-	**-**	100,000.0	100,000.0
Insurance/Toll Collection Systems	-	-	**-**	58,900.3	58,900.3
Subtotal	178,404.9	6,341.7	**30,780.1**	1,340,970.3	1,556,497.0
73 Mitigation	120,000.0	-	**-**	-	120,000.0
Total	$ 298,404.9	$ 6,341.7	**$ 30,780.1**	$ 1,340,970.3	$ 1,676,497.0
- FY16 & later			$ 1,371,750.3		
PROJECT 1A - TESORO EXTENSION					
Engineering Design/Oversight	4,899.7	2,351.5	**1,413.4**		
Utility Relocation		-			
Right of Way	15,112.2	-	**1,500.0**		
Design/Build Contract	7,148.0	-			
Const. Engineering Mgmt.	114.0	126.0	**300.0**		
Contingency	-	120.0	**170.0**		
Subtotal	$ 27,273.9	$ 2,597.5	**$ 3,383.4**		
- FY16 & later			TBD	To Be Determined	
Environmental	2,167.0	199.2	**100.0**		
Public Benefits	-	-	**-**		
Insurance/Toll Collection Systems	-	-	**-**		
Subtotal	$ 29,440.9	$ 2,796.7	**$ 3,483.4**		
73 Mitigation	-	-	**-**		
Total	$ 29,440.9	$ 2,796.7	**$ 3,483.4**		
- FY16 & later			TBD		
PROJECT 1 - 241 TO I-5 CONNECTION					
Engineering Design/Oversight	51,283.0	661.0	**4,935.0**		
Utility Relocation	1,243.0	-			
Right of Way	13,389.0	-	**9,579.0**		
Design/Build Contract	57,904.0	-			
Const. Engineering Mgmt.	483.0	-			
Contingency	-	2,624.0	**5,510.0**		
Subtotal	$ 124,302.0	$ 3,285.0	**$ 20,024.0**		
- FY16 & later			TBD	To Be Determined	
Environmental	24,662.0	260.0	**7,272.7**		
Public Benefits	-	-	**-**		
Insurance/Toll Collection Systems	-	-	**-**		
Subtotal	$ 148,964.0	$ 3,545.0	**$ 27,296.7**		
73 Mitigation	120,000.0	-	**-**		
Total	$ 268,964.0	$ 3,545.0	**$ 27,296.7**		
- FY16 & later			TBD		

Table 2

241/91 Express Connector

F/ETCA Project No. 2

Description The project consists of constructing a tolled connector between the median of the 91 Express Lanes and the median of SR 241 to provide a single lane in each direction.

Purpose and Need The 241/91 Express Connector between the two toll facilities is an integral component of the Eastern Transportation Corridor Ultimate Project (SR 241) as well as OCTA's SR 91 Implementation Plan. Traffic on SR 91 east of SR 241 greatly exceeds the capacity of the existing roadway during extended peak hours and many improvements have been proposed to alleviate this congestion. The project will close the current toll system gap by connecting SR 241 with the 91 Express Lanes to and from the east.

Project Status Staff is proceeding with the required preliminary engineering and environmental studies necessary to advance the project. The Riverside County Transportation Commission (RCTC) has begun construction of the extension of the 91 Express Lanes from the Riverside/Orange County Line east to Interstate 15. Preliminary traffic and revenue studies show the project to be revenue positive to both F/ETCA and RCTC with no impact on OCTA 91 Express Lanes revenue. An investment-grade traffic and revenue study and finance plan are expected to be completed in mid-2016.

Environmental A median connector between SR 241 and SR 91 was included as a project component in the Eastern Transportation Corridor (SR 133, 241, 261) environmental document, EIS No. 2-1. A Supplemental EIR/EIS is underway to evaluate the minor changes in the existing condition of the project area and project limits.

Design Final design will commence during FY 2017 and the project will be delivered under the conventional design-bid-build process.

Construction The project would impact traffic during the estimated 18-month construction period. The eastbound lanes of SR 91 (including OCTA 91 express lanes) require complete relocation and reconstruction for a minimum length of approximately one mile to provide sufficient room in the SR 91 median for the connector ramp.

Costs/Budget The proposed budget shown in Table 3 includes completion of preliminary design documents and a Draft Supplemental EIR/EIS for the project. This cost is being partially shared with OCTA under a cooperative agreement. Participation levels and roles and responsibilities, as well as roles of each Agency for the remainder of the project are yet to be determined and the amounts shown in this report represent the total estimated cost.

Schedule Staff proposes in FY 2017 to continue with necessary environmental documentation for the project and commence with final engineering. As agreed with OCTA, F/ETCA will be taking the lead in these efforts. The expected completion date of construction is 2019.

241/91 Express Connector						
	In $1,000					
Activity	**FY15 & Prior**	**FY16 Actual Plus Projected**	**Proposed FY17**	**FY18 & Later**	**Total**
Engineering Oversight	$ 608	$ 90	**$ 945**	$ 4,608	$ 6,251
TCA Technical Memorandum	282	-	**-**	-	282
OCTA Study	334	-	**-**	-	334
Design/Environmental	2,689	1,000	**11,413**	10,192	25,294
Traffic Studies	55	870	**72**	(56)	941
Right-of-Way	-	-	**-**	2,000	2,000
Construction	-	-	**-**	120,200	120,200
Const. Engineering Mgmt.	-	-	**100**	8,900	9,000
OCTA Reimbursement	(1,135)	147	**-**	TBD	TBD
Outreach	-	-	**-**	-	-
Contingency & Miscellaneous	-	-	**1,240**	18,604	19,844
Total	$ 2,833	$ 2,107	**$ 13,770**	$ 164,448	$ 183,158

Table 3

Wildlife Safety Fencing

F/ETCA Project No. 3

Description As mitigation for impacts of the Eastern Transportation Corridor, the U.S. Fish and Wildlife Service (USFWS) required the F/ETCA to construct a minimum of four wildlife undercrossings and conduct a five-year study documenting wildlife usage of those undercrossings.[1] This study was completed in 2004. In 2009, USFWS notified F/ETCA staff that they had concerns with the performance of the undercrossings, specifically the number of animals crossing the 241 Toll Road at-grade.

In response to these concerns, the F/ETCA contracted with the University of California, Davis Wildlife Health Center (U.C. Davis) in 2011 to further study the undercrossings and adjacent fencing, and to formulate recommendations to enhance wildlife movement and safety along SR 241. In 2013, U.C. Davis completed their assessment of the existing fencing and the wildlife undercrossings along the 241 Toll Road, and provided recommendations to F/ETCA that included installing a taller wildlife fence and jump-out ramps. Staff consulted with USFWS on these recommendations and obtained agreement on the suggested improvements in 2013. In December 2013, staff presented the wildlife fence improvement recommendations to the Board for authorization to award a contract to implement these improvements. In February 2014, staff obtained an amended biological opinion from USFWS allowing F/ETCA to proceed with the project.

Purpose and Need The Wildlife Safety Fencing project is designed to enhance the wildlife crossings built as part of the Eastern Transportation Corridor.

Project Status The project is partially complete with potential future phases.

Environmental The project is covered under the original Eastern Transportation Corridor environmental document, EIS No. 2-1. An amended biological opinion was issued by U.S. Fish & Wildlife Service in February 2014.

Design Phases 1, 2A, and 2B design is complete. Upon project completion, U.C. Davis will continue monitoring the undercrossings and conduct post-construction monitoring to document the project's effectiveness in reducing wildlife-vehicle collisions. U.C. Davis' monitoring will also include the use of GPS collars on mountain lions, as well as cameras placed at the undercrossings to document the use of the SR 241 wildlife undercrossings in a manner that was agreed to by USFWS.

Construction Phase 1, 2A, and 2B (6.4 miles) of the new wildlife fence project completed construction in FY 2016.

Cost/Budget The initial project costs are shown in Table 4.

Schedule Should future phases be implemented, they would be designed in conjunction with the 241 Widening Project (133 to Chapman) and begin at the juncture of the 241/133 and extend north to Chapman/Santiago Canyon Road.

---

[1] Biological Opinion (BO) 1-6-94-F-17 issued by the U.S. Fish and Wildlife Service

Wildlife Safety Fencing					
	In $1,000				
Activity	**FY15 & Prior**	**FY16 Actual Plus Projected**	**Proposed FY17**	**FY18 & Later**	**Total**
Consultant	$ 153	$ 29	**$ 60**	TBD	TBD
Design	92	30	**-**	TBD	TBD
Construction	7,122	1,806	**-**	TBD	TBD
Const. Engineering Mgmt.	43	1,036	**-**	TBD	TBD
Contingency & Miscellaneous	-	-	**-**	TBD	TBD
Total	$ 7,410	$ 2,900	**$ 60**	TBD	$ 10,370

Table 4

Toll Plaza Water Supply Upgrade (Tomato Springs)

F/ETCA Project No. 4

Description The project consists of two elements:

1) The domestic water connection for the Tomato Springs and Orange Grove mainline toll plazas will be converted to the Irvine Ranch Water District (IRWD) Zone 6 system. The new connection allows the Agency to deactivate and abandon the existing 180,000 gallon water reservoir which formerly served these toll plazas.

2) Conversion of the irrigation system to non-domestic water use. Currently the toll plazas and surrounding Caltrans landscaped areas are irrigated by a single domestic irrigation system. IRWD's preference is that landscaping be irrigated with non-domestic or reclaimed water. The Agency has developed plans for this conversion, which will allow the Agency to utilize reclaimed water as well as turn over the Caltrans portion of the irrigation system (along with the related water costs) to the State.

Purpose and Need When constructing segments of the 133, 241, and 261 Toll Roads and the associated toll collection facilities, utility services were provided from public utilities whenever possible. Certain areas were too remote, or the needed utility was not available, to economically provide the desired public utility connections. Such was the case at the Tomato Springs Mainline Toll Plaza where fire flow pressure did not exist and the Agency was forced to construct its own vinyl lined water reservoir to meet the prescribed fire flow demand. Direct feeds from a newly constructed IRWD reservoir have eliminated the need for the TCA-maintained reservoir and provide a permanent solution for the plaza's water supply.

Environmental A Categorical Exemption was prepared as there are minimal impacts associated with this project.

Design Construction drawings have been developed for the reservoir decommissioning. Design work has been substantially completed for the irrigation system conversion.

Construction Impacts No impacts are anticipated.

Cost/Budget A cost estimate for the proposed irrigation change from potable to non-potable water will be developed in the near future. A breakdown of costs is included in Table 5.

Schedule The schedule for the non-domestic irrigation switchover has yet to be determined.

Toll Plaza Water Supply Upgrade (Tomato Springs)					
	In $1,000				
Activity	FY15 & Prior	FY16 Actual Plus Projected	Proposed FY17	FY18 & Later	Total
IRWD Design	$ 42	$ -	$ -	$ -	$ 42
IRWD Construction	145	-	-	-	145
Reservoir Decommissioning Design	82		-	-	82
TCA Construction	5	485	-	-	490
Irrigation Switch to Non-Potable	-	-	-	TBD	TBD
Contingency and Miscellaneous	9	-	-	-	9
Total	$ 283	$ 485	$ -	TBD	$ 768

Table 5

Signage Improvements

F/ETCA Project No. 5

Description This project provides updated messaging on the large overhead signage on the freeway and major arterial approaches to the toll road system. Also included are improved signage for ramp entrances, roadside signage, freeway-to-toll road transition signs and changes to signage to simplify messaging related to our payment method for infrequent users (Pay Online).

Purpose and Need Supplemental signage along with refinements to existing signs are recommended in order to better communicate to drivers how to use the toll road system. The proposed changes incorporate the latest federal and state standards for use on toll facilities.

Project Status The project is currently in the concept development phase with final design expected to be complete in the next fiscal year. Implementation of all signage improvements is expected to continue through FY 2017.

Environmental No environmental impacts are foreseen.

Design Customer research regarding sign messaging was performed in FY 2016 and the results incorporated into the signage modifications. In December 2014, the Boards approved one-half of the estimated design costs to develop proposed signage concepts based on the customer research feedback for review and approval by the Boards. The proposed signage concepts and the balance of the design costs were approved by the Boards in April 2016 and final design has commenced.

Construction The signage replacement on the overhead facilities will require extensive lane and ramp closures throughout the toll road and freeway system. Major closures will be done at night and other off-peak travel times in order to minimize inconvenience to drivers.

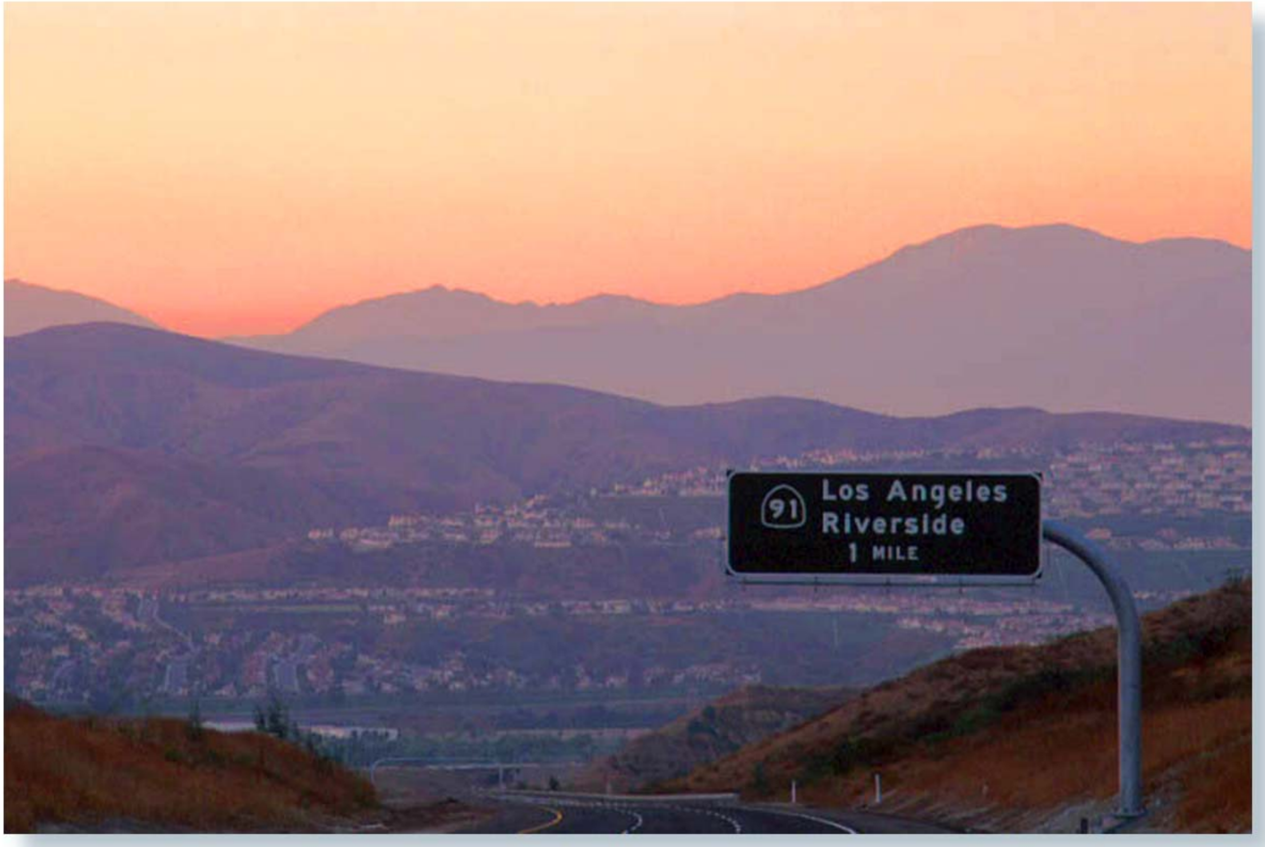
Cost/Budget A breakdown of costs is provided in Table 6.

Schedule Preliminary concept development is anticipated to last through April 2016. The design work and Caltrans approval will follow with approval scheduled for July 2016. Minor sign work can be accomplished through the use of an on-call signage contractor, however it is anticipated that the major overhead signs would be done under a separate construction contract. This work will last through FY 2017.

Foothill/Eastern Signage Improvements

	In $1,000				
Activity	FY15 & Prior	FY16 Actual Plus Projected	Proposed FY17	FY18 & Later	Total
Customer Research	$ -	$ 25	$ -	$ -	$ 25
Engineering Oversight	-	-	**100**	-	100
Special Studies	-	-	**200**	-	200
Design	-	87	**58**	-	145
Construction	-	100	**1,900**	-	2,000
Construction Management	-	-	**280**	-	280
Contingency and Miscellaneous	-	-	**450**	-	450
Total	$ -	$ 212	**$ 2,988**	$ -	$ 3,200

Table 6



Toll Plaza Facility Improvements

F/ETCA Project No. 6

Description The project consists of two elements:

1) A formal study is underway to research possible uses for the toll booth and other toll plaza buildings throughout the system. The recommendations developed as part of this study will be brought before the Board for further action.

2) Toll Booth removal – In order to minimize the initial costs of the All-Electronic Tolling conversion project, the majority of the toll booths on the system were left in place. It is proposed to remove the toll booths and related equipment in a prioritized manner.

Purpose and Need The implementation of All-Electronic Tolling has substantially changed the facilities usage throughout the toll road system. Analysis of the best use of the cash toll facilities no longer in use and planning for removal of the toll booths no longer needed is underway.

Project Status The project started in FY 2016 with scope definition.

Environmental The environmental impacts of the proposed improvements will be evaluated in detail; however, they appear at this stage to be minimal.

Design The design for the toll booth removals will be performed in phases. Phase I to remove the toll booths at dual lane entrance and exit ramps is underway and expected to be completed in June of 2016. Design of future phases has not yet commenced. The design scope of other improvements will follow further definition of the project.

Construction There will be lane and ramp closures along with demolition related to the toll booth removal work.

Cost/Budget Total Project Costs are estimated as shown in Table 7.

Schedule The study will be developed and finalized in FY 2016 along with Phase I of the toll booth removals. Construction for Phase I of the toll booth removals is scheduled for FY 2017.

Foothill/Eastern Toll Plaza Facility Improvements					
	In $1,000				
Activity	FY15 & Prior	FY16 Actual Plus Projected	Proposed FY17	FY18 & Later	Total
Preliminary Study	$ -	$ 126	**$ -**	$ -	$ 126
Toll Booth Removal Phase 1	-	233	**2,957**	-	3,190
Toll Booth Removal Phase 2	-	-	**-**	TBD	TBD
Toll Booth Removal Phase 3	-	-	**-**	TBD	TBD
Total	$ -	$ 359	**$ 2,957**	TBD	TBD

Table 7

F/ETCA Future Widening Projects

Over the past two decades, the Orange County toll roads have become an integral part of the regional transportation system. Customer surveys show that people depend on The Toll Roads for reliability in the travel time it takes to reach their destination. As regional travel demand grows and the freeway and arterial system become more congested, the toll road system can sometimes experience congestion as well. In order to preserve dependable travel times, system expansion projects may be warranted.

The transportation corridor system is designed to be expanded with additional lanes as traffic demand and volumes grow. Space is also provided within the median for either additional travel lanes and/or potential transit facilities as the County of Orange and surrounding communities mature. Since the corridors were originally planned there have been several changes to key factors that influence travel demand. These factors include residential and non-residential development changes, shifts in population and employment, changes to the arterial highway system and changes in commuter behavior.

Several widening projects have taken place on the toll road system since the original project construction in the late 1990's (see Completed Projects). There have also been widening projects that were initiated yet not implemented as a result of the changes to travel demand (see Table 8).

Foothill/Eastern Widening Projects						
		In $1,000				
Activity	Limits	FY15 & Prior	FY16 Actual Plus Projected	Proposed FY17	FY18 & Later	Total
241 Southbound Widening	Bake to Santa Margarita	$ 3,902	$ -	$ -	TBD	TBD
241 Widening (Loma)	133 to Chapman	961	3	**3**	TBD	TBD
Total		$ 4,863	$ 3	**$ 3**	TBD	TBD

Table 8

F/ETCA Future Interchanges

Just as all lanes of the toll road system were not constructed along with the original projects, several interchanges were also deferred during the original construction. The need for these deferred interchanges has changed over the years, for many of the same reasons affecting the widening projects. Major developer open space land dedications have reduced the need for some planned interchanges while new land uses have created demand for interchanges at previously unplanned locations. The following interchanges have been included in the long range plans for the toll road system and are included in the CIP. The timing for development of these interchanges will be evaluated annually as part of this document. As projects are advanced, they will be moved into the near- or mid-term categories.

Five future interchanges and one interchange expansion were included in the Eastern Transportation Corridor environmental document. The interchange numbers listed are from that original document:

Interchange #2 - 241 @ Jeffrey Road Interchange
The extension of Jeffrey Road north of Portola Parkway to the SR 241 (and beyond) remains on the OCTA Master Plan of Arterial Highways (MPAH). Development in this area is not expected to begin until 2025 at the earliest. This interchange is included in a reimbursement agreement between the Irvine Company and TCA. No reimbursements have been made to date.

Interchange #3 - 241 @ North Culver Drive & Interchange #4 - 241 @ South Culver Drive
These two interchanges were removed from further consideration as Culver Drive has been removed from the MPAH north of Portola Parkway.

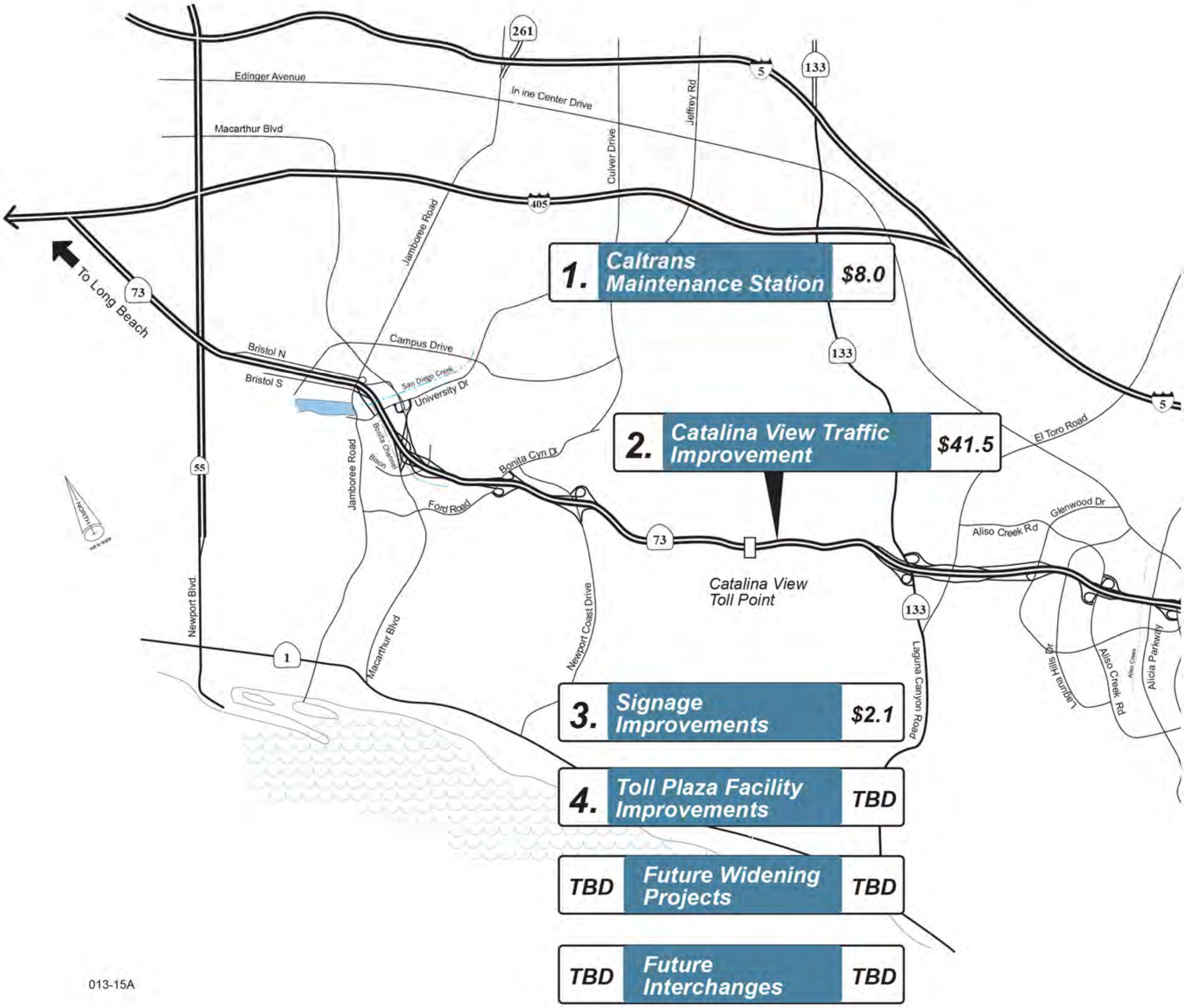
Interchange #5 - 241 @ North Lake Road
A reduction in the Irvine Company development plans for the area north and west of the 241/261 interchange has eliminated any need for this interchange.

Interchange #6 - 241 @ Coal/Weir Canyon Road Interchange
Weir Canyon Road remains on the MPAH; however, plans for development in the area have been shelved as this property was recently dedicated as permanent open space to the County of Orange. This interchange is included in a reimbursement agreement between the Irvine Company and TCA. Costs to date for this interchange amount to $47,000.

241 @ 261 East Orange Interchange Expansion
This interchange was planned to be expanded along with the development of the Santiago Hills Phase II development. As a portion of this property was recently dedicated as permanent open space to the County of Orange, this interchange has been included in a reimbursement agreement between the Irvine Company and TCA. Costs to date for this interchange amount to $61,000. the Irvine Company has recently informed the F/ETCA that they will no longer be participating in the funding for this interchange.

133 @ Trabuco Road Interchange
This interchange was not included in the ultimate plans for the 133. This interchange is included in the North Irvine Traffic Mitigation program and is currently under consideration for implementation by the City of Irvine. As the project moves forward, and is further established, it will be advanced into near- or mid-term categories. No TCA funding has been identified for this interchange.

San Joaquin Hills TCA Capital Projects ($M) Estimated Total Project Costs



Caltrans Maintenance Station

SJHTCA Project No. 1

Description The project is to develop a permanent 3.0-acre maintenance station at a location acceptable to Caltrans in South Orange County. The Station will be designed to house two maintenance crews, offices, equipment, shop and storage for a total building area of 8,480 sq. ft. Gas, sewer, water, telephone and electrical utility lines will be constructed to the building for service.

Purpose and Need Construction and opening of the three Corridors increased the need for Caltrans maintenance facilities and the Cooperative Agreements with Caltrans for each of the Corridors define the Agency's responsibilities for providing these facilities. The maintenance station represents the commitment for providing such a station related to the San Joaquin Hills (SJH) Corridor (SR-73) as specified in District Cooperative Agreement No. 12-079 (as amended).

Project Status The project has not been advanced beyond that which has been defined in Exhibit A to Amendment 7 of Cooperative Agreement No. 12-079. Conceptual layouts have been discussed with Caltrans representatives to better define the requirements. The original mutual agreement had been to complete the station for Caltrans use and occupancy by December 31, 2015; however, negotiations are currently underway to determine a new date for completion.

Environmental The Agency will prepare the environmental documents for construction of the station including impacts on the site surroundings and an Initial Site Assessment.

Construction Impacts The maintenance site is currently planned for an undefined site in South Orange County. Impacts should be minimal.

Cost/Budget Costs are forecast as shown in Table 9.

Schedule No detailed schedule has been developed to date, pending Agency and Caltrans decision and approval of the location. Design and construction of the facility will take approximately 2-1/2 years after site selection. Negotiations are underway to determine a new date for completion.

Caltrans Maintenance Station					
	In $1,000				
Activity	FY15 & Prior	FY16 Actual Plus Projected	Proposed FY17	FY18 & Later	Total
Design	$ -	$ -	$ -	$ 600	$ 600
Construction	-	-	-	6,500	6,500
Const. Engineering Mgmt.	-	-	-	300	300
Contingency	-	-	-	313	313
Subtotal	$ -	$ -	$ -	$ 7,713	$ 7,713
Interest per Agreement 12-079				260	260
Total	$ -	$ -	$ -	$ 7,973	$ 7,973

Table 9

Catalina View Traffic Improvement

SJHTCA Project No. 2

Description The project consists of adding a fourth lane to northbound SR 73 between the SR 133 to the Sand Canyon Undercrossing north of the Catalina View toll plaza.

Purpose and Need Transactions on the SR 73 have increased by six percent each year since 2013 with approximately 70 percent of that growth attributed to the mainline toll plaza at Catalina View. In particular, an increase in congestion in the northbound direction has been experienced in the mainline lanes during the morning peak period. A potential solution to relieve the traffic congestion in the northbound direction during the AM peak period is to increase the roadway capacity by adding a fourth lane leading up to and through the Catalina View Toll Plaza.

Project Status In order to determine the feasibility of this roadway improvement, staff is proceeding with the development of a preliminary concept study. The required preliminary engineering, environmental studies and final design necessary to advance the project through construction will follow. The following phases are needed to obtain Caltrans approval to proceed with construction of the proposed roadway improvements:

- Phase 1 – Project Study Report-Project Development Support (PSR-PDS)
- Phase 2 – Project Approval and Environmental Document (PA&ED)
- Phase 3 – Plans, Specifications and Estimate (PS&E)

Environmental The environmental impacts of the proposed improvements will be evaluated during the upcoming phases of the project development.

Design It is anticipated that Phase 1 through Phase 3 will be developed through the Caltrans oversight process with the completion of final design anticipated in June 2019. The project will be delivered under the conventional design-bid-build process.

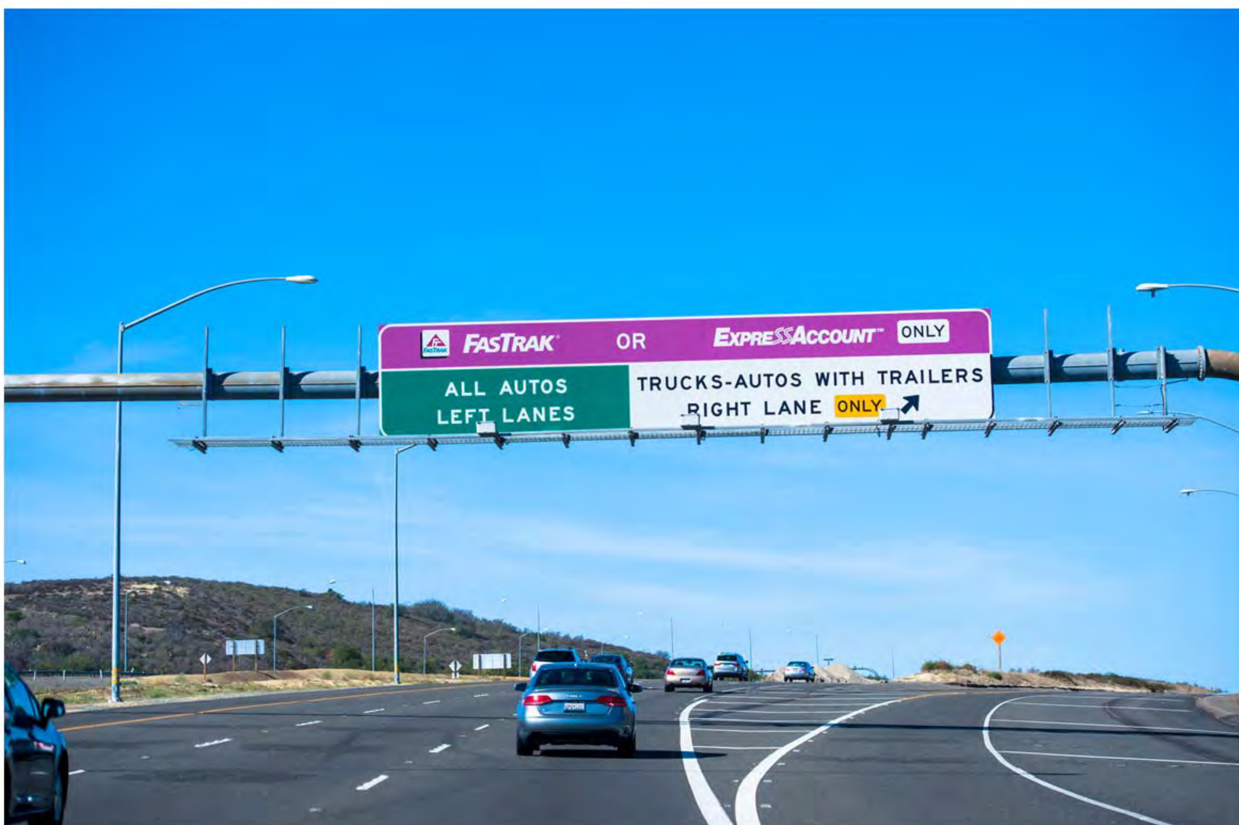
Construction The project would impact traffic during the estimated 18-month construction period; however, all traffic lanes would be maintained open to traffic during construction.

Costs/Budget A breakdown of the project costs is shown in Table 10.

Schedule Completion of preliminary engineering and environmental documentation is anticipated in June 2018 with final design anticipated in FY 2019. Construction is estimated at 18-months and would complete in FY 2021.

Catalina View Traffic Improvement					
	In $1,000				
Activity	**FY15 & Prior**	**FY16 Actual Plus Projected**	**Proposed FY17**	**FY18 & Later**	**Total**
Engineering Oversight	**-**	$ -	**$ 189**	$ 681	$ 870
Concept Study	**-**	30		**-**	30
Project Initiation	**-**	**-**	**300**	**160**	460
Preliminary Engineering/Environmental	**-**	**-**	**-**	850	850
Traffic Studies	**-**	**-**	**-**	50	50
Final Engineering	**-**	**-**	**-**	3,000	3,000
Right-of-Way	**-**	**-**	**-**	-	-
Construction	**-**	**-**	**-**	30,000	30,000
Const. Engineering Mgmt.	**-**	**-**	**-**	2,500	2,500
Contingency & Miscellaneous	**-**	**-**		3,686	3,686
Total	$ -	$ 30	**$ 489**	$ 40,927	$ 41,446

Table 10



Signage Improvements

SJHTCA Project No. 3

Description This project provides updated messaging on the large overhead signage on the freeway and major arterial approaches to the toll road system. Also included are improved signage for ramp entrances, roadside signage, freeway-to-toll road transition signs and changes to signage to simplify messaging related to our payment method for infrequent users (Pay Online).

Purpose and Need Supplemental signage along with refinements to existing signs are recommended in order to better communicate to drivers how to use the toll road system. The proposed changes incorporate the latest federal and state standards for use on toll facilities.

Project Status The project is currently in the concept development phase with final design expected to be complete in the next fiscal year. Implementation of all signage improvements is expected to continue through FY 2017.

Environmental No environmental impacts foreseen.

Design Customer research regarding sign messaging was performed in FY 2016 and the results incorporated into the signage modifications. In December 2014, the Boards approved one-half of the estimated design costs to develop proposed signage concepts based on the customer research feedback for review and approval by the Boards. The proposed signage concepts and the balance of the design costs were approved by the Boards in April 2016 and final design has commenced.

Construction Impacts The signage replacement on the overhead facilities will require extensive lane and ramp closures throughout the toll road and freeway system. Major closures will be done at night and other off-peak travel times in order to minimize inconvenience to drivers.

Cost/Budget A breakdown of costs is provided in Table 11.

Schedule Preliminary concept development is anticipated to last through April 2016. The design work and Caltrans approval will follow with approval scheduled for July 2016. Minor sign work can be accomplished through the use of an on-call signage contractor, however it is anticipated that the major overhead signs would be done under a separate construction contract. This work will last through FY 2017.

San Joaquin Hills Signage Improvements					
	In $1,000				
Activity	FY15 & Prior	FY16 Actual Plus Projected	Proposed FY17	FY18 & Later	Total
Customer Research	$ -	$ 31	**$ -**	$ -	$ 31
Engineering Oversight	-	-	**90**	-	90
Special Studies	-	-	**-**	-	-
Design	**-**	234	**40**	-	274
Construction	**-**	**-**	**1,200**	**-**	1,200
Construction Management	**-**	**-**	**170**	**-**	170
Contingency and Miscellaneous	**-**	**-**	**300**	-	300
Total	$ -	$ 265	**$ 1,800**	$ -	$ 2,065

Table 11

Toll Plaza Facility Improvements

SJHTCA Project No. 4

Description The project consists of two elements:

1) A formal study is underway to research possible uses for the toll booth and other toll plaza buildings throughout the system. The recommendations developed as part of this study will be brought before the Board for further action.

2) Toll Booth removal – In order to minimize the initial costs of the All-Electronic Tolling conversion project, the majority of the toll booths on the system were left in place. It is proposed to remove the toll booths and related equipment and this will be done in a prioritized manner.

Purpose and Need The implementation of All-Electronic Tolling has substantially changed the facilities usage throughout the toll road system. Analysis of the best use of the cash toll facilities no longer in use and planning for removal of the toll booths no longer needed is underway.

Project Status The project started in FY 2016 with scope definition.

Environmental The environmental impacts of the proposed improvements will be evaluated in detail; however, they appear at this stage to be minimal.

Design The design for the toll booth removals will be performed in phases. Phase I to remove the toll booths at dual lane entrance and exit ramps is underway and expected to be completed in June of 2016. Design of future phases has not yet commenced. The design scope of other improvements will follow further definition of the project.

Construction There will be lane and ramp closures along with demolition related to the toll booth removal work.

Cost/Budget Total Project Costs are estimated as shown in Table 12.

Schedule The study will be developed and finalized in FY 2016 along with Phase I of the toll booth removals. Construction for Phase I of the toll booth removals is scheduled for FY 2017.

San Joaquin Hills Toll Plaza Facility Improvements					
	In $1,000				
Activity	**FY15 & Prior**	**FY16 Actual Plus Projected**	**Proposed FY17**	**FY18 & Later**	**Total**
Preliminary Study	$ -	$ 59	**$ -**	$ -	$ 59
Toll Booth Removal Phase 1	-	137	**2,588**	-	2,725
Toll Booth Removal Phase 2	-	-	**-**	TBD	TBD
Toll Booth Removal Phase 3	-	-	**-**	TBD	TBD
Total	$ -	$ 196	**$ 2,588**	$ -	TBD

Table 12

SJHTCA Future Widening Projects

Over the past two decades, the Orange County toll roads have become an integral part of the regional transportation system. Customer surveys show that people depend on The Toll Roads for reliability in the travel time it takes to reach their destination. As regional travel demand grows and the freeway and arterial system become more congested, the toll road system can sometimes experience congestion as well. In order to preserve dependable travel times, system expansion projects may be warranted.

The transportation corridor system is designed to be expanded with additional lanes as traffic demand and volumes grow. Space is also provided within the median for either additional travel lanes and/or potential transit facilities as the County of Orange and surrounding communities mature. Since the corridors were originally planned there have been several changes to key factors that influence travel demand. These factors include residential and non-residential development changes, shifts in population and employment, changes to the arterial highway system and changes in commuter behavior.

Several widening projects have taken place on the toll road system since the original project construction in the late 1990's (see Completed Projects).

SJHTCA Future Interchanges

Just as all lanes of the toll road system were not constructed along with the original project, several interchanges were also deferred during the original construction. The need for these deferred interchanges has changed over the years, for many of the same reasons affecting the widening projects. Major developer open space land dedications have reduced the need for some planned interchanges while new land uses have created demand for interchanges at previously unplanned locations. The following interchanges have been included in the long range plans for the toll road system and are included in the CIP. The timing for development of these interchanges will be evaluated annually as part of this document. As projects are advanced, they will be moved into the near- or mid-term categories.

<u>73 @ Glenwood/Pacific Park Drive Phases 2 & 3</u>

This interchange was deferred during the original construction of the 73 toll road. In 2003, the Agency, in partnership with OCTA and the County of Orange, developed a partial interchange (ramps to and from the 73 to the north). The future Phase 2 of the interchange completes the interchange movements with ramps to and from 73 to the south. The future Phase 3 is an expansion/reconfiguration of the northbound on ramp from Glenwood and provides for more intersection and mainline capacity by braiding the northbound on-ramp with the El Toro off-ramp. The need for the future phases of this interchange will be evaluated annually during the CIP approval process.

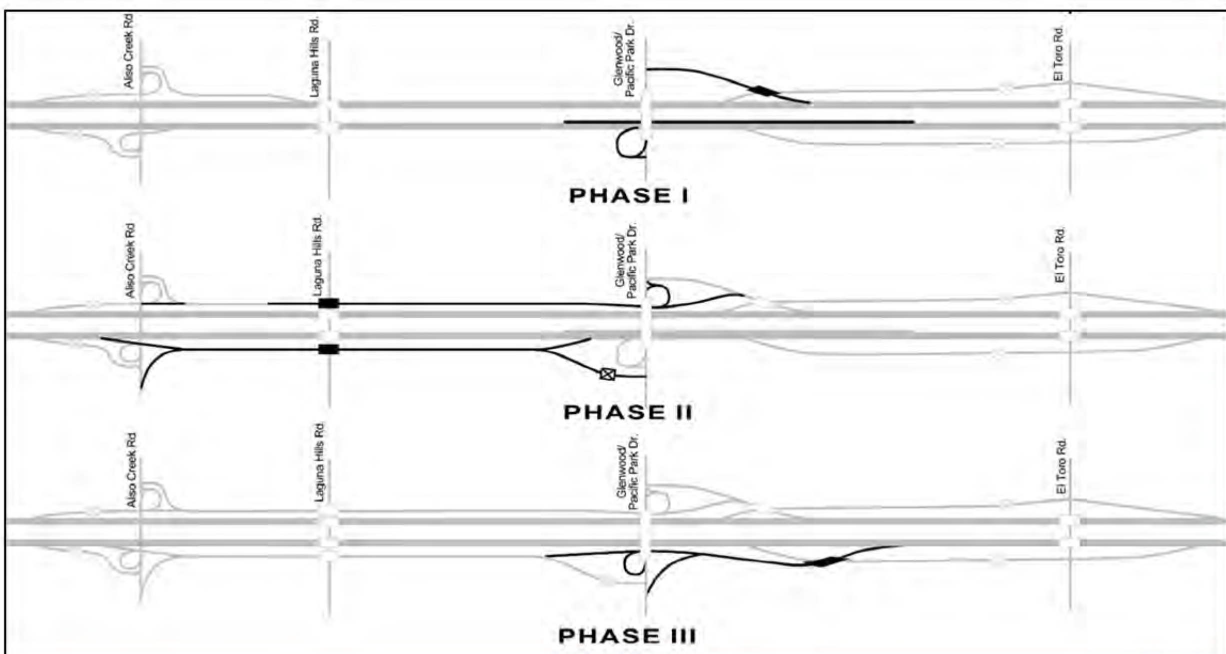


Figure 2

73 @ Jamboree Road

Two of the ramps at the 73/Jamboree Road interchange were deferred during the original construction of the 73 toll road.

Ramp JR-1

This ramp is a northbound 73 off-ramp to Jamboree Road (intersection at Bristol Street North). The northbound 73 MacArthur Boulevard exit currently serves this movement with drivers turning left at Jamboree to access Bristol Street North. The current design requires removal of the existing northbound loop ramp from Jamboree to the 73.

Ramp JR-5

This ramp is a northbound on-ramp to the 73 from Jamboree Road. This ramp exits northbound Jamboree Road before San Diego Creek and is a flyover structure over San Diego Creek, Bayview Way, the Fletcher-Jones Mercedes-Benz dealership, Jamboree Road and State Route 73 before merging into the northbound mainline of the 73.

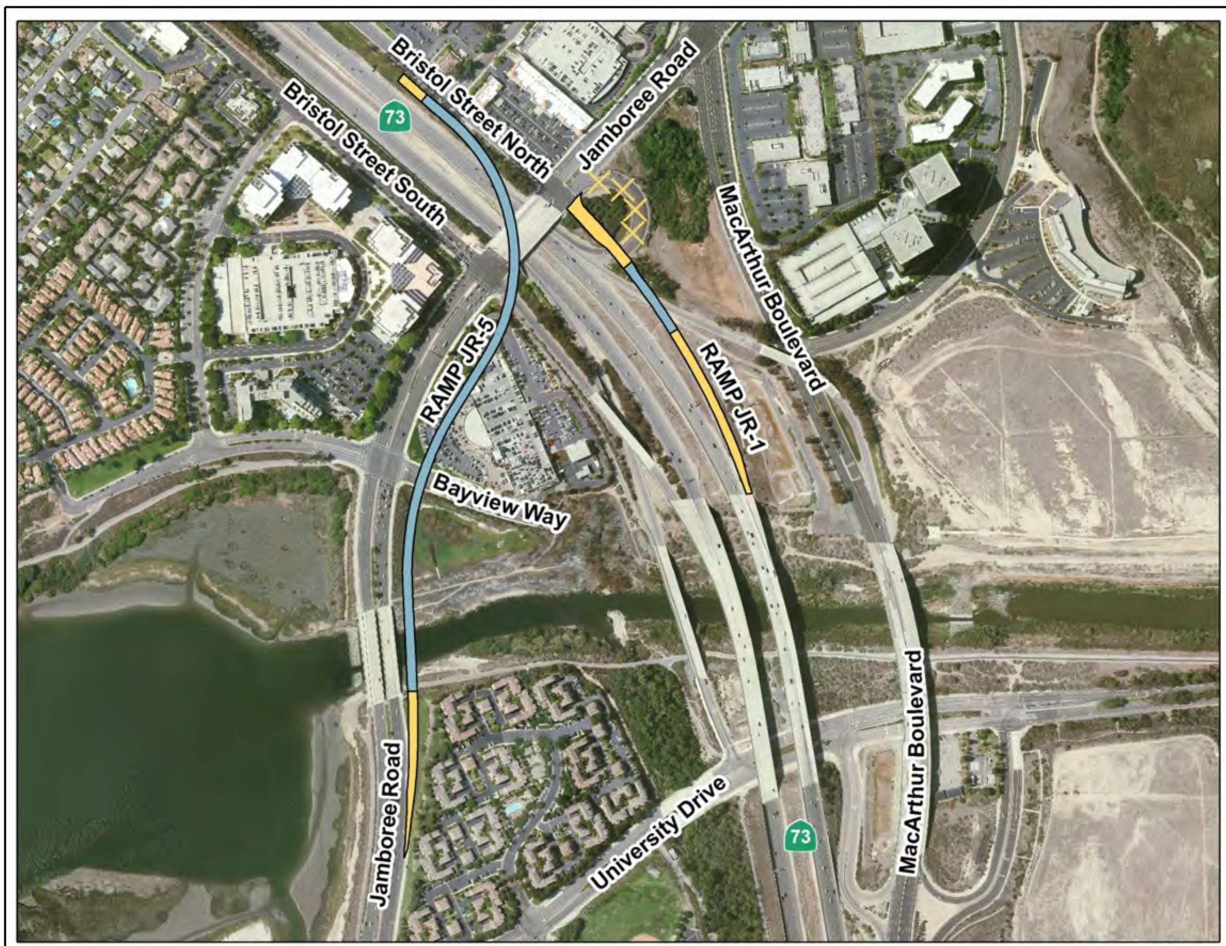
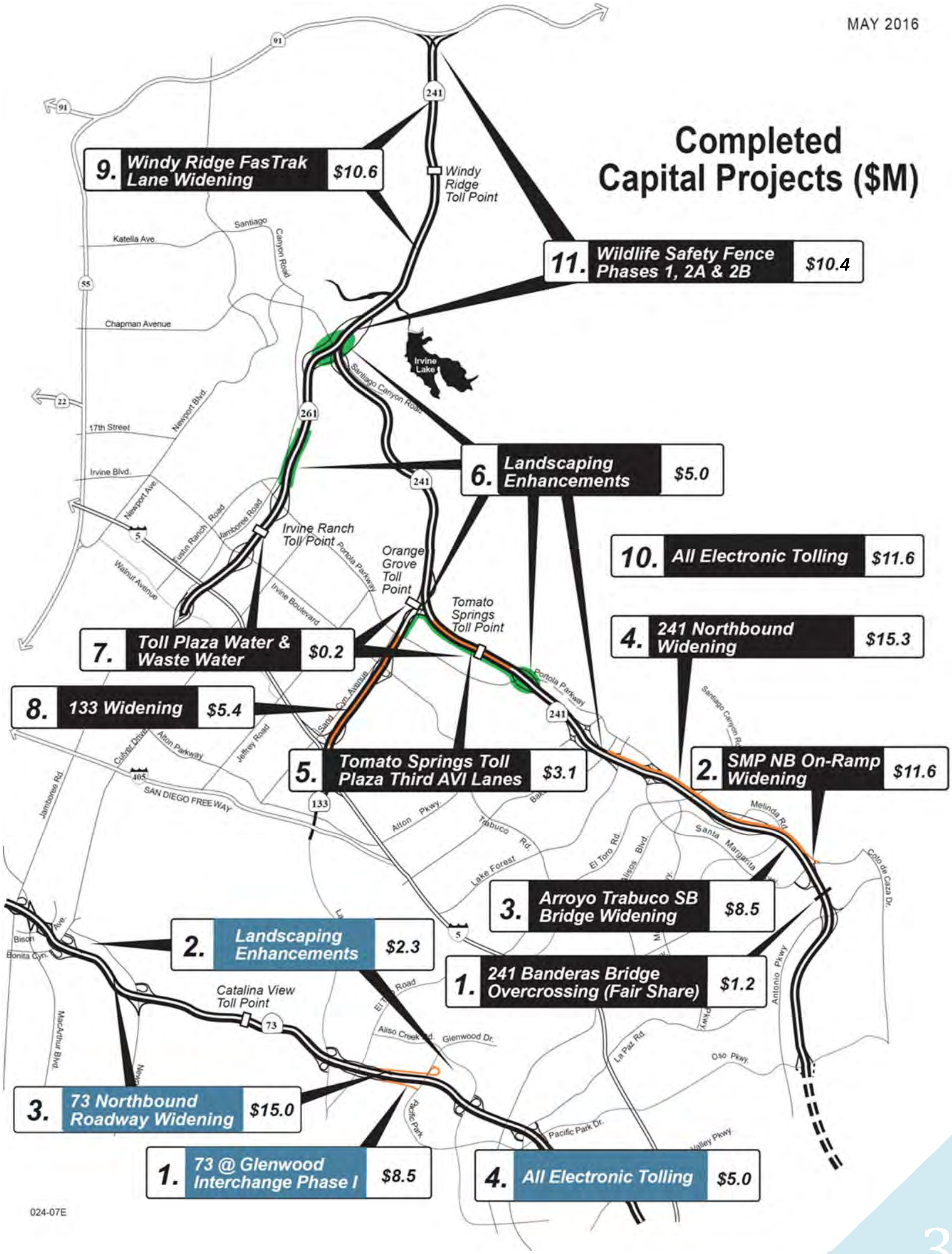


Figure 3


MAY 2016
Completed Capital Projects ($M)
9. Windy Ridge FasTrak Lane Widening $10.6
11. Wildlife Safety Fence Phases 1, 2A & 2B $10.4
6. Landscaping Enhancements $5.0
10. All Electronic Tolling $11.6
4. 241 Northbound Widening $15.3
7. Toll Plaza Water & Waste Water $0.2
8. 133 Widening $5.4
5. Tomato Springs Toll Plaza Third AVI Lanes $3.1
2. SMP NB On-Ramp Widening $11.6
3. Arroyo Trabuco SB Bridge Widening $8.5
1. 241 Banderas Bridge Overcrossing (Fair Share) $1.2
2. Landscaping Enhancements $2.3
3. 73 Northbound Roadway Widening $15.0
1. 73 @ Glenwood Interchange Phase I $8.5
4. All Electronic Tolling $5.0
Windy Ridge Toll Point
Irvine Ranch Toll Point
Orange Grove Toll Point
Tomato Springs Toll Point
Catalina View Toll Point
Irvine Lake
SAN DIEGO FREEWAY
024-07E

Foothill/Eastern Transportation Corridor Agency Completed Projects

1. 241 Banderas Bridge Overcrossing. - This project provided a new overcrossing of the 241 Toll Road between Antonio Parkway and Santa Margarita Parkway. It was sponsored by the City of Rancho Santa Margarita to provide improved traffic circulation within the City. The F/ETCA contributed $1.22 million as its fair share of the project costs. The project was completed and opened to traffic in October 2002.

2. Santa Margarita Parkway On-Ramp Widening - The northbound on-ramp at this location previously narrowed to a single lane prior to merging into the mainline. This project added a second lane to the ramp to address high peak-hour traffic volumes, which also required widening the 1,500 foot long Arroyo Trabuco Creek Bridge. The bridge was widened to the Ultimate Corridor configuration at a total project cost of $11.57 million. This project was completed in 2005.

3. Arroyo Trabuco Southbound Bridge Widening. - In bidding Project No. 3 above, the contractor was asked to price a similar widening of the southbound traffic structure thereby allowing both northbound and southbound structures to be widened to their Ultimate Corridor width at the same time. This would allow only one disruption of the Arroyo Trabuco Creek below the bridge. The project was designed and constructed including the addition of a second exit lane to Santa Margarita Parkway at a total project cost of $8.52 million. This project was completed in early 2005.

4. 241 northbound widening – One additional mixed flow lane was constructed in the median of the 241 northbound from Arroyo Trabuco Creek to Bake Parkway. This project included the widening of five twin northbound and southbound bridges to their Ultimate Corridor configuration. Construction was completed in late 2003 at a total project cost of $15.28 million.

5. 241 Tomato Springs Toll Plaza Third FasTrak Lanes – These lanes were added to address increasing traffic volumes and FasTrak usage at this SR 241 location. Included was a reconfiguration of the lane delineation between the toll plaza and the adjacent SR 133 Interchange to encourage FasTrak as the predominant toll payment method. Construction was completed in the spring of 2004 at a total project cost of $3.11 million.

6. Landscaping Enhancements – Two separate contracts were designed and constructed/installed on the 241 and 261 Corridors. These were completed at project costs totaling $5 million. Grant funds of $750,000 reduced the Agency's net cost by that amount. Implementation was completed in 2004.

7. Toll Plaza Water & Wastewater – Improvements to the toll plaza water and wastewater systems were completed at three mainline toll plazas on the 241, 261 and 133 Toll Roads, including one new connection to a public sewer. These were completed in early 2002 at a cost of $223,000.

8. 133 Widening – One mixed flow lane was added in each direction from I-5 to 241 along with median guard rail for most of the 2.5 mile project length. Construction was completed in the fall of 2005 at a project cost of $5.39 million.

9. Windy Ridge FasTrak Lane Widening - The project added a third general purpose FasTrak lane in each direction within the 241 roadway median through the Windy Ridge Mainline Toll Plaza from south of the Southern California Edison (SCE) wildlife undercrossing to north of the

Windy Ridge wildlife undercrossing, a distance of 3.0 miles. Widening the southbound SCE bridge and the northbound Windy Ridge Wildlife bridge was also included in the project. The project was opened to traffic in October 2009.

10. All-Electronic Tolling – In May 2014, the Agencies ceased collecting cash on the system. This was a multi-year process that involved each of the departments within the TCA. All-Electronic Tolling provides for license plate tolling for those that do not have a FasTrak account. The work was done in conjunction with a pressing need to replace outdated tolling equipment throughout the system.

11.Wildlife Safety Fence Phases 1, 2A, and 2B – In FY 2016, Phases 1, 2A, and 2B were constructed. This 6.4 mile stretch along SR 241 from the Chapman/Santiago Canyon Road interchange to SR-91 is the first portion of the fence to be completed and is expected to reduce the wildlife-vehicle collisions on the SR 241.

San Joaquin Hills Transportation Corridor Agency Completed Projects

1. 73 @ Glenwood Interchange Phase I – This project included the design and construction of ramps to and from the north at Glenwood/Pacific Park Drive on the 73 Toll Road. Work was performed under a design-build contract with construction completed in April 2003 at a total project cost of $8.50 million. Just under $6.7 million was received by the San Joaquin Hills Agency in grant funding for the project.

2. Landscaping Enhancements – A contract was completed to enhance the landscaping at interchanges along the SR 73, at a cost of $2.30 million.

3. 73 Northbound Roadway Widening – This project added a fourth lane to the northbound mainline in two locations: 1) from the former lane drop north of Aliso Viejo Parkway to north of the Laguna Canyon Road entrance ramp, a distance of 2.4 miles, and 2) from the Catalina View Mainline Toll Plaza cash lane merge, to the MacArthur Blvd. exit, a distance of 3.3 miles. The project was opened to traffic in December 2009.

4. All-Electronic Tolling – In May 2014, the Agencies ceased collecting cash on the system. This was a multi-year process that involved each of the departments within the TCA. All-Electronic Tolling provides for license plate tolling for those that do not have a FasTrak account. The work was done in conjunction with a pressing need to replace outdated tolling equipment throughout the system.