

The 2013-2018 Annual Update

November 2015

Comprehensive Economic Development Strategy



Presented by

County of Orange

Orange County Workforce Investment Board

TABLE OF CONTENTS

Introduction	1
Red-Zone Analysis: 2015 Update	2
Red-Zones by City	2
Red-Zones by Tract	3
CEDS Goals and the Current Orange County Economic Climate	6
Orange County Economic Overview: 2014 to Present	7
Demographics	7
Employment Overview	11
Economic Development	20
The Housing Market	24
Education	28
Transportation Infrastructure	30
Supporting Red-Zone Investment	34
Education and Workforce Opportunities	36
Infrastructure and New Capacity in OC	37
Advancements in Global Competitiveness	39
Progress Toward Performance Standards	42
Conclusion	44
Appendix A: Red-Zone Data Tables	45
Appendix B: Measure M2 Project Schedule	49
Appendix C: City Updates	51

INTRODUCTION

The Comprehensive Economic Development Strategy (CEDS) is an annual report created with oversight from the Orange County Workforce Investment Board (OCWIB) to identify economically troubled areas within Orange County. As the designated coordinator of local workforce development initiatives, the OCWIB developed the CEDS to provide Orange County business executives, community leaders and policy-makers with important information regarding the County's current economic environment and trends along with potential strategies for overcoming workforce and wage shortfalls. As a result, these individuals can make more informed decisions regarding local policies aimed at improving Orange County's economic landscape.

In the 2014 CEDS report, 78 "Red-Zone" census tracts were identified throughout the County due to below average unemployment rates and per capita income measures. This 2015 update provides a more recent snapshot of economic performance within Orange County, identifying newly-designated Red-Zones, as well as census-tracts that showed improvement and were able to move off this list. In addition, this update summarizes the progress Orange County cities and census tracts have made thus far into 2015. Additionally, this report looks to update the primary goals and strategies identified in the previous report to ensure that they match the challenges currently being faced by Orange County residents in these economically troubled areas.

RED-ZONE ANALYSIS: 2015 UPDATE

Red Zones in Orange County are defined as census tracts which exhibit higher than average unemployment rates and lower than average per capita income levels. More specifically, a census tract is identified as a Red-Zone if one of two conditions is met: the unemployment rate is at least 2 percentage points above the United States average unemployment rate, or if the area's per capita income measures 80 percent or less of the United States average. The data used for identifying current Red-Zones in Orange County

stem from the 2013 American Community Survey provided by the U.S. Census Bureau. When compared to the 2014 Comprehensive Economic Development Strategy report, the total number of Red-Zones in the County has decreased recently, indicating that OC's economically troubled areas are showing signs of recovery post the Great Recession, likely due to localized initiatives and investments having a positive effect in helping to push certain areas out of economic stagnation.

RED-ZONES BY CITY

Encouragingly, many of the Orange County cities highlighted in last year's report have improved their overall economic standing, though a few still remain in Red-Zone designated areas. While Anaheim was able to reduce the number of Red-Zone census tracts from 22 in 2014 to 18 in 2015, the city-wide unemployment rate stands at 11.7 percent, the threshold required to qualify as a Red-Zone. The city of Westminster retained its Red Zone designation due to its unemployment rate of 12.7 percent, the highest unemployment rate among all cities within Orange County. While Garden Grove and Santa Ana were able to improve their unemployment rate standings, their per capita incomes remain below the Red-Zone threshold of \$22,547, with Garden Grove registering a per capita income of \$20,849 and Santa Ana registering a per capita income of \$16,374, the lowest of any Orange County city. Stanton remained as one of the worst performing

Orange County cities in terms of Red-Zone status, retaining an unemployment rate of 12.2 percent and per capita income of \$19,779.

Interestingly, a few cities which have traditionally performed very well in these two metrics were found to have census tracts which began to struggle according to the 2013 ACS. Irvine, Mission Viejo, and San Juan Capistrano were not listed for having struggling economies during last year's report due to their great overall performance. This year however, all three of the above mentioned cities had at least one census tract identified as a Red-Zone. This indicates that while certain strategies have served to reduce the overall number of Red-Zone census tracts, there are pockets in certain cities which are underperforming and those areas require some form of assistance in order to lift them from this designation.

RED-ZONES BY TRACT

In this new report, OCBC and the OCWIB have been able to identify 72 tracts which simultaneously fulfill both criteria of a Red-Zone, a reduction when compared to the 78 Red-Zone census tracts identified by last year's report. Santa Ana saw the largest improvement year-over-year reducing the number of census tracts within its borders from 18 to 13; Anaheim also displayed improvements, shifting 4 census tracts out of the

Red-Zone designation. Additionally, while Garden Grove was able to move 4 census tracts out of this designation, 5 other census tracts were added during the same time, resulting in an increase in the number of Red-Zones when compared to the previous year. The full breakdown of new and returning Red-Zones by tract can be found in the appendix.

Red-Zone Tracts	2013	2014	2015
Anaheim	19	22	18
Buena Park	1	2	2
Costa Mesa	1	3	3
Fullerton	4	6	7
Garden Grove	14	10	11
Huntington Beach	1	1	1
Irvine	0	0	1
La Habra	0	2	3
Mission Viejo	0	0	1
Orange	2	1	1
Placentia	2	2	1
Santa Ana	18	18	13
San Juan Capistrano	0	0	1
Stanton	4	5	5
Westminster	5	6	4

Source: OCBC Analysis of American Community Survey Data

Overall, 54 of the census tracts identified by last year's report remained on the Red-Zone list, while 18 new census tracts were added in 2015. The majority of these newly-designated Red-Zone

census tracts were identified in Garden Grove, which contributed 5 of the 18 new Red-Zone census tracts. Other cities which added Red-Zone census tracts to the list include Fullerton,

La Habra, and Santa Ana. Despite these additions, a higher number of census tracts were moved out of the Red-Zone designation, amounting to the overall reduction of Red-Zones in Orange County. Specifically, 24 census tracts were moved out of the Red-Zone designation with 16 of those being in the cities of Anaheim, Garden Grove, and Santa

Ana; areas which have traditionally suffered the most. This indicates that localized initiatives and general economic activity have worked in improving these areas in the short-term, helping to identify successful programs which could be implemented in other cities.

SUMMARY

In summary, the number of Red-Zones in Orange County have decreased since last year's CEDS report, indicating a general improvement in Orange County's local economies. While some census tracts were able to show significant economic improvement and progress from this designation, new census tracts were added. This indicates mixed overall economic performance and the need for specialized programs focused on the specific needs of certain areas. Higher emphasis should also be placed on the overall

performance of a city with a macro-level focus on how policies can benefit the entire local area, rather than specific neighborhoods within certain cities. The following section of this report will provide a roadmap to how the CEDS hopes to improve the economic performance of Red-Zone designated census tracts and cities in Orange County, while also providing strategies to prevent additional, new areas from falling into this designation.

CEDS GOALS AND THE CURRENT ORANGE COUNTY ECONOMIC CLIMATE

When Orange County selected its five overarching goals for the 2013-2018 CEDS, it targeted the relationship between workforce, infrastructure, and low-income residents as its chief areas to advance in tandem. Preparing residents of all income levels for new jobs and enabling them to utilize a multitude of travel methods to reach them is the fundamental approach used to increase regional prosperity.

The initial goals put forth by the CEDS are as follows:

- Goal 1: Advance the Lives of Red-Zone Residents
- Goal 2: Provide World-Class Education and Workforce Opportunities
- Goal 3: Plan and Develop State-of-the-Art Infrastructure
- Goal 4: Promote Competitive and Growing Clusters
- Goal 5: Improve Orange County's Economic Competitiveness in a Global Economy

The original 2013-2018 CEDS document describes the specifics of these five goals in greater detail. Although the goals themselves have not changed since last year, the climate in which they can be achieved has already seen significant changes. Thus far, Orange County's economic climate in 2014 has been characterized by:

- Employment improvements for several key industry sectors including: Construction, Health Care, and Information Technology
- Housing prices returning near pre-recessionary levels
- An ongoing state of drought throughout the region, raising questions about diminishing water supplies
- Major progress on new transit-related infrastructure projects, particularly in low-income regions
- New groundwork increasing the economic viability of alternative fuel vehicles

Additionally, there are several exciting new developments supporting CEDS implementation that have already launched this year. In this update, we hope to mention these and other changes in brief to summarize how Orange County is able to adapt to the shifting economic climate while remaining on track to achieve the 2013-2018 CEDS goals.

ORANGE COUNTY ECONOMIC OVERVIEW: 2014 TO PRESENT

In order for Orange County to remain competitive and continue to improve, it is important to understand how and why certain economic and social changes have occurred. The following section of this report provides a comprehensive snapshot of the County's current economic standing, how it has evolved over the past year, and how professionals expect it to change over the

next year or so. Thus far in 2015, economic trends have been positive with unemployment rates, industrial employment, and home prices almost overtaking pre-recessionary levels. Additionally, future expectations remain positive and bright, indicating strong economic performance in the near-term.

DEMOGRAPHICS

Average Age and Diversity of Population Continues to Increase

Consistent with established trends and projections, the average age of Orange County residents has increased over the past year and is expected to continue to increase over the next few decades. The average age for Orange County residents in 2014 was 37.2 years old compared 36.7 years old in 2012, and 33.3 years old in 2000.

Additionally, in 2014 13.2 percent of the population or slightly over 415,000 residents were above the age of 65, compared to 12.8 percent in 2013, and 12.3 percent in 2012. Concurrently, the percent of the population under the age of 25 was 32.9 percent in 2014, compared to 33.4 percent in 2013, and 34.1 percent in 2012.

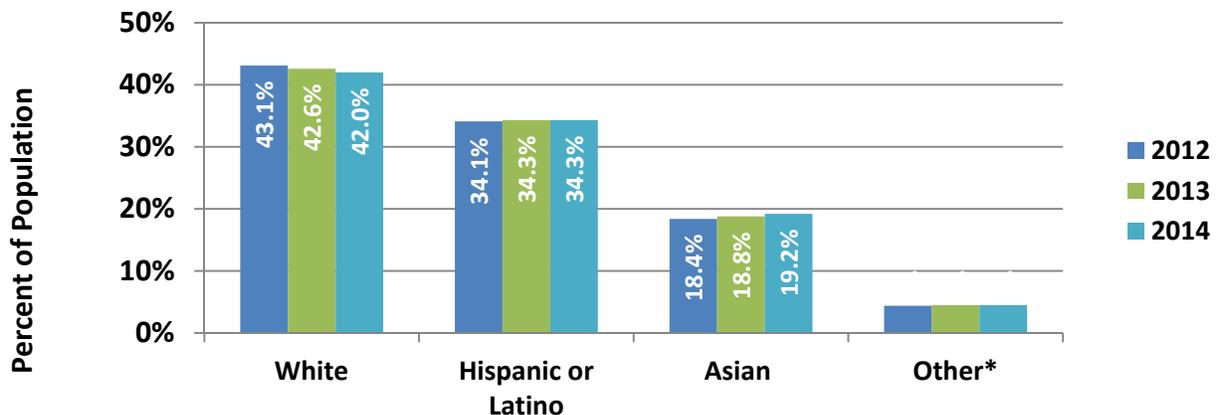
Population by Age	2012	2013	2014
Total	3,055,745	3,114,363	3,145,515
5 and Below	6.3%	6.1%	6.1%
5-9	6.5%	6.3%	6.1%
10-14	6.9%	6.7%	6.7%
15-19	7.2%	6.9%	6.7%
20-24	7.3%	7.4%	7.3%
25-29	7.1%	7.1%	7.2%
30-34	6.7%	6.8%	6.9%
35-39	6.8%	6.5%	6.5%
40-44	7.5%	7.3%	7.0%
45-49	7.5%	7.3%	7.3%
50-54	7.2%	7.3%	7.3%
55-59	6.0%	6.3%	6.6%
60-64	5.1%	5.1%	5.2%
65-69	3.7%	4.1%	4.3%
70-74	2.7%	3.0%	3.1%
75-79	2.1%	2.1%	2.3%
80-84	1.7%	1.8%	1.7%
85 and Above	1.7%	1.8%	1.8%

Source: U.S. Census Bureau, Population Estimates Program

As observed over the past few years, Orange County’s population has been getting increasingly

“White” decreased from 43.1 percent in 2012 to 42.6 percent in 2013 and further down to 42

Orange County Population by Ethnicity



* Includes African American, American Indian, Native Hawaiian, and Two or More Races.

Source: U.S. Census Bureau, Population Estimates Program

older and more diverse (see graph above). The percent of the population that identifies as

percent in 2014. Concurrently, the percent of the population which identifies as “Hispanic”

increased compared to 2012, though it remained the same when compared to 2013 at 34.3 percent of the population. The “Asian” demographic experienced the largest increase out of Orange

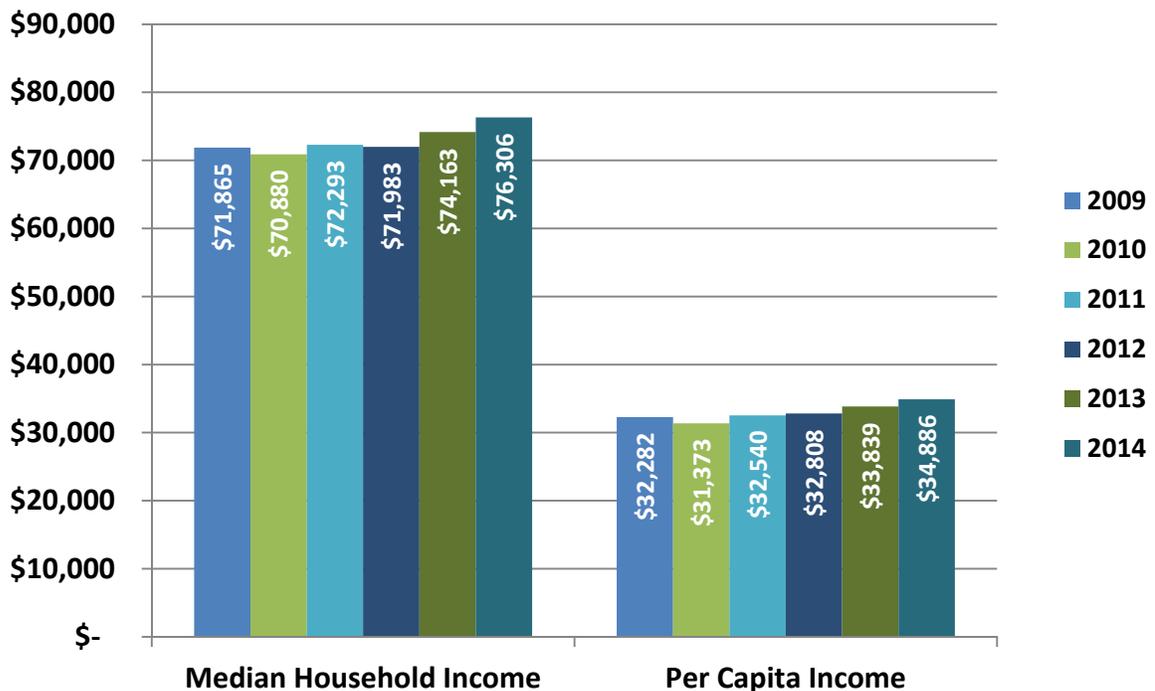
County’s primary ethnic groups, expanding from 18.4 percent in 2012, to 18.8 percent in 2013, and to 19.2 percent in 2014.

INCOME GROWTH RECOVERED AND IS ACCELERATING

A high concentration of top-tier businesses in strong industry clusters, and a well-educated workforce has traditionally provided County residents with access to comparatively lucrative employment opportunities. Despite reductions in overall income levels brought on by the Great Recession, Orange County residents have since seen the median household and per capita incomes surpass pre-recessionary levels in 2014,

reaching \$76,306 and \$34,486, respectively. Since 2009, median household income has increased by \$4,441 or 6.2 percent, while per capita income has increased by \$2,604 or 8.1 percent. Considering the relatively higher cost of living associated with Orange County, it is crucial that income levels continue to increase so that residents can continue to afford rising apartment rents and home prices.

Orange County Income Measures, 2009-2014



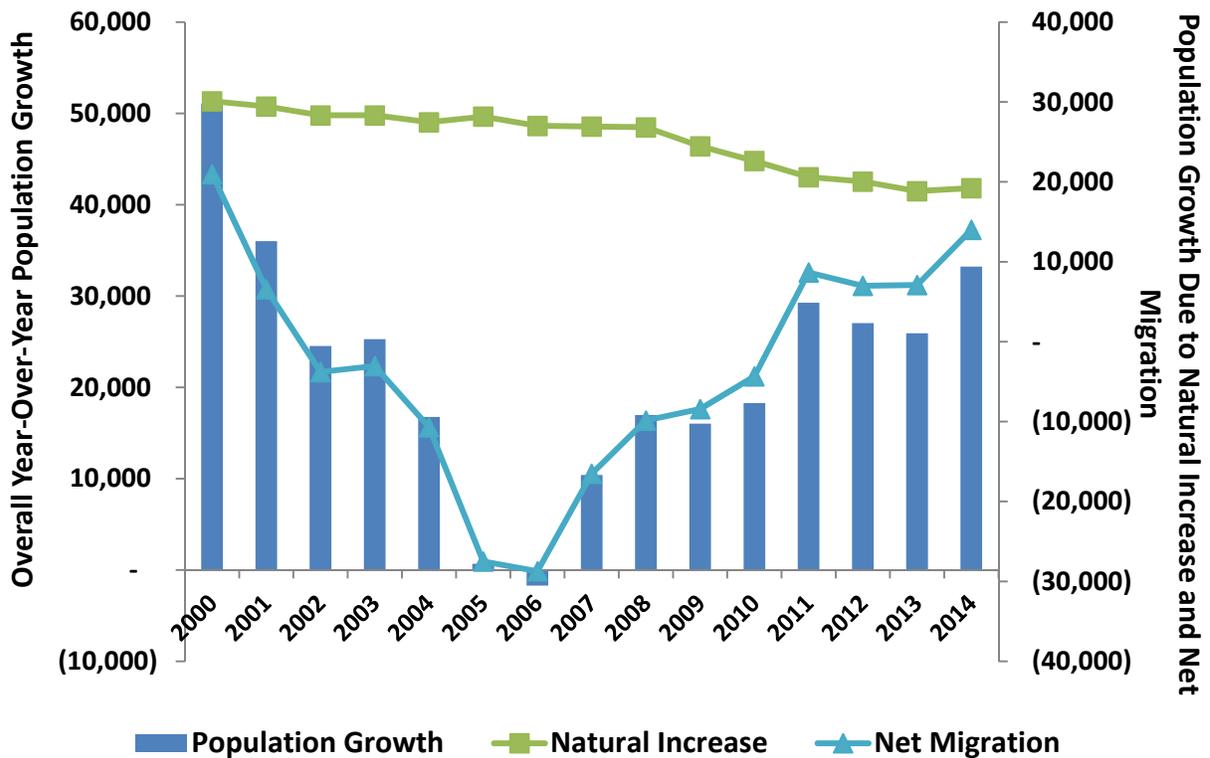
Source: American Community Survey

NET MIGRATION CONTINUES WHILE NATURAL INCREASE HOLDS SLOW DESCENT

According to the California Department of Finance, from 2010 to 2014, Orange County's population has increased by 115,433, an average of 28,858 per year, driven primarily by natural increase. More specifically, between 2000 and 2014, natural increase accounted for 78,694 or 68.2 percent of the County's total population increase, while net migration accounted for 36,739 or 31.8 percent of the County's total population increase. In 2014 alone, natural

increase and net migration added 19,210 and 13,999 individuals, respectively, to the total population. While the recession helped to drastically reduce overall net migration, in more recent years, it has recovered partly due to a large increase in net immigration and a decrease in domestic migration. This resurgence in net migration was solidified in 2014, considering net migration totaled 13,999, an increase of 6,912 or close to 100 percent compared to 2013 levels.

Orange County Population Growth, 2000-2014



Source: California Department of Finance

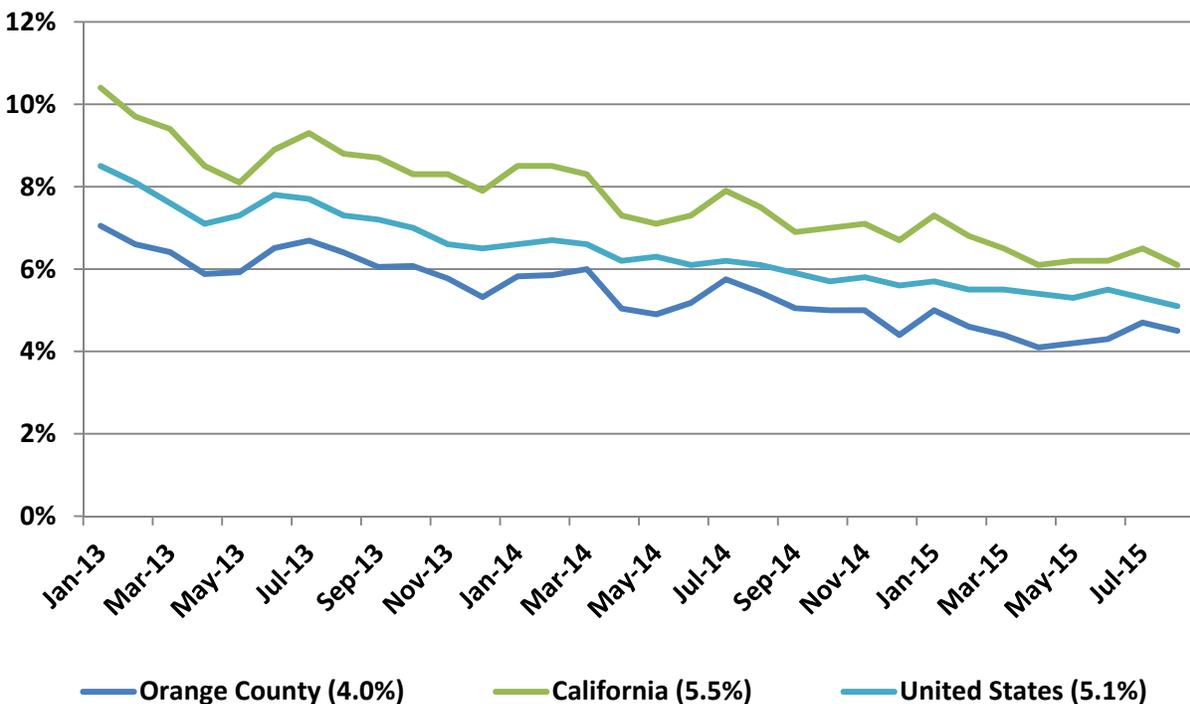
EMPLOYMENT OVERVIEW

PRE-RECESSION LEVELS OF EMPLOYMENT NEARLY ATTAINED

In January 2014, Orange County had an unemployment rate of 6.0 percent. Since then, it has continually reduced to its current standing of 4.0 percent, as of September 2015. Prior to the recession, the unemployment rate averaged 3.4 percent in 2006, only 0.6 percentage points below the most recent reading. A year ago, as of September 2014, the unemployment rate was

5.3 percent, indicating that the unemployment rate has dropped 1.3 percentage points within a year. In mid-2015, Orange County achieved pre-recessionary unemployment levels, partly due to strong labor market and industry clusters in the area, as well as effective recovery policies and programs.

Unemployment Rate, January 2013 - September 2015



Source: California Employment Development Department

LABOR FORCE AND EMPLOYMENT LEVELS RISE WHILE UNEMPLOYMENT DROPS

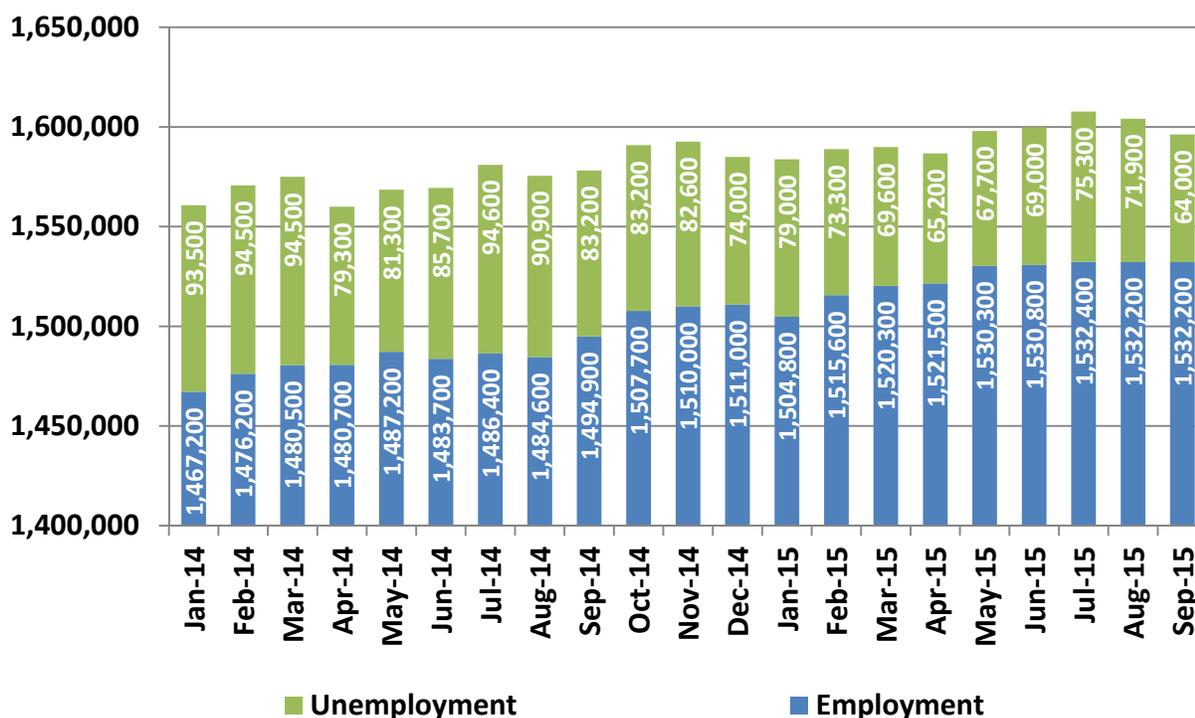
Orange County's total labor force peaked during July 2008 at 1,625,600 participants. During 2014, it averaged 1,575,608, a difference of almost 50,000. More recently, the labor force has

increased to 1,596,200 participants in September 2015, an indication that more people are beginning to have faith in the recovering job market. Many individuals during the recession

opted to go back to school or enroll in training programs in order to increase their chances of finding gainful employment, which served to reduce the overall labor force. In recent years, many of the individuals who gained their degrees or who dropped from the labor force due to dismal employment opportunities are re-joining the

workforce to take advantage of the growing job opportunities. Out of the total 1,596,200 people in the labor force as of September 2015, 64,000 were unemployed, a significant decrease of 7,900 compared to August 2015, and a decrease of 19,200 since September 2014.

Orange County Labor Force



Source: California Employment Development Department

INDUSTRY EMPLOYMENT POINTS TO INCREASING ECONOMIC ACTIVITY

As of September, 2015, Professional & Business Services, Leisure & Hospitality, and Education & Health Services continue to be the largest employment industries in Orange County, providing 283,400 jobs (18.5 percent of total nonfarm employment), 202,200 jobs (13.2 percent of total nonfarm employment), and

199,900 jobs (13 percent of total nonfarm employment), respectively. Over the past year, the largest absolute job growth stemmed from Orange County's largest industries including Educational & Health Services adding 9,300 jobs, followed by Leisure & Hospitality adding 7,000 jobs, and Government adding 6,300 jobs.

On a percentage basis, the largest growth came from the Construction industry, which expanded by 6.2 percent (5,200 jobs), followed by Other Services with 6.0 percent growth (2,900 jobs), and Transportation, Warehousing & Utilities with 5.6 percent growth (1,500 jobs). Since August 2014, only the Information industry experienced a

contraction in employment, shrinking by 0.8 percent or 200 jobs. While the Information industry continues to lack in overall employment growth, the Construction industry showing high percentage growth over the past year indicates an increase in overall economic activity in the region.

Orange County Industry Employment	January 2014	January 2015	September 2015
Mining and Logging	700	700	700
Construction	77,700	81,300	89,100
Durable Goods Manufacturing	115,100	116,500	120,400
Nondurable Goods Manufacturing	41,800	43,100	43,900
Wholesale Trade	80,300	82,700	82,800
Retail Trade	147,700	149,100	149,700
Transportation, Warehousing & Utilities	26,700	27,600	28,100
Information	24,500	23,800	23,700
Financial Activities	111,900	116,000	115,300
Professional & Business Services	266,900	278,400	283,400
Educational & Health Services	186,500	196,200	199,900
Leisure & Hospitality	186,100	192,300	202,200
Other Services	45,700	48,900	51,100
Government	148,600	152,700	154,900

Source: California Employment Development Department

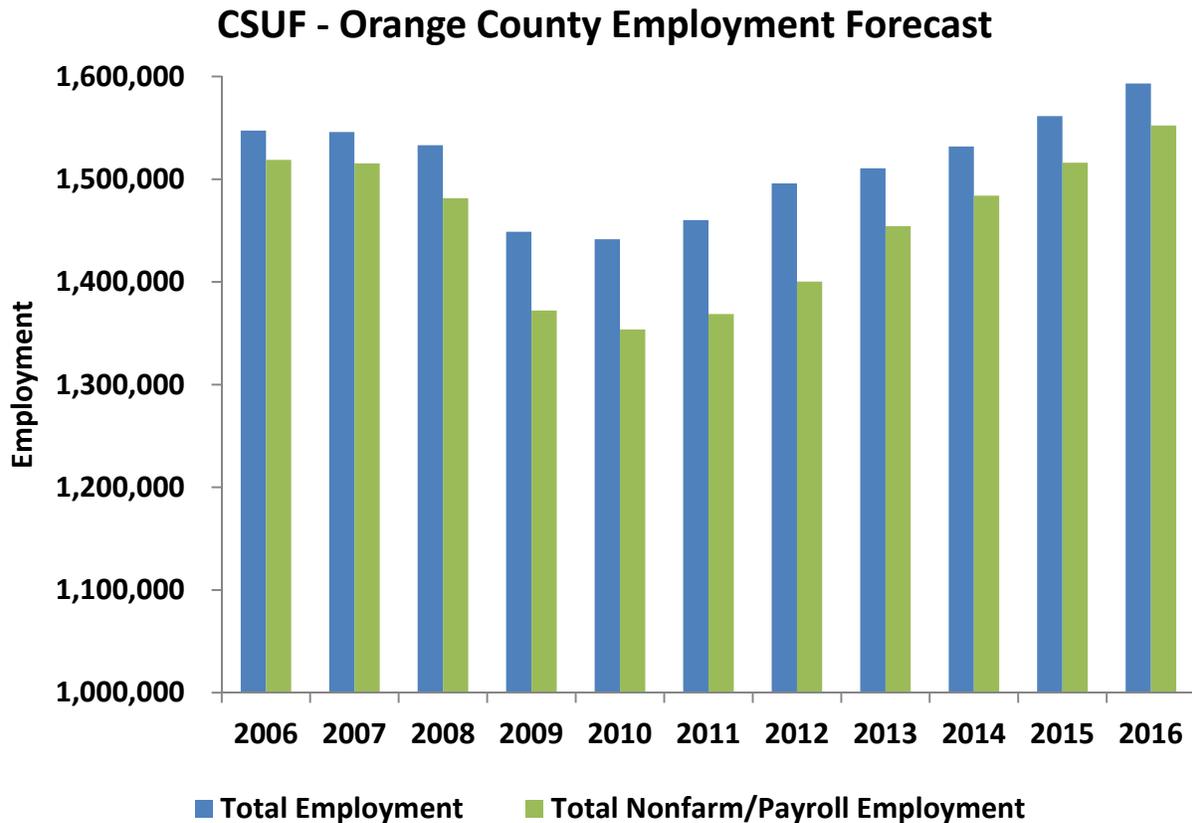
TOTAL EMPLOYMENT INCHES CLOSER TO A FULL RECOVERY

In line with most forecasts which predict that Orange County will re-attain pre-recessionary employment levels in the next year, California State University Fullerton (CSUF) recently released their employment projections for Orange County over the next few years and indicated that nonfarm employment will reach 1,516,100 in

2015, only 2,800 below 2006 levels. By 2016, CSUF estimates that nonfarm employment will total 1,552,300, an increase of over 36,000 compared to 2015 levels of nonfarm employment and officially above pre-recession levels of employment.

While non-farm employment is expected to surpass pre-recession levels in 2016, according to CSUF, total employment is expected to surpass pre-recession levels sometime during 2015. In 2006, total employment peaked at 1,547,300 and

in 2015, total employment is expected to reach 1,561,500, 14,200 above 2006 levels; and by 2016, total employment is expected to reach 1,593,200 which is 45,900 above 2006 total employment levels.



Source: OCBC Analysis of CSUF Economic Forecast 2015

KEY INDUSTRIES ARE DRIVING ORANGE COUNTY'S ECONOMIC GROWTH

Using data provided by the California Employment Development Department (EDD), the table below provides a comprehensive snapshot of Orange County's economic recovery by industry. Since October 2007, Education & Health Services, Leisure & Hospitality, Professional & Business Services, and Other Services have experienced accelerated employment growth and have surpassed their pre-recession employment levels.

Notable industries include Education & Health services, where employment has grown by 32 percent or 48,800 jobs since October 2007, and Leisure & Hospitality where employment levels has increased by 15 percent or 26,800 jobs for the same time period. Industries that have been unable to keep pace in terms of overall growth since October 2007, include Information which remains 23 percent or 7,100 jobs below

October 2007 levels, and Nondurable Goods Manufacturing which remains 18 percent or 9,700 jobs below October 2007 levels. While employment gains have not been consistent across Orange County's varied industries and total

employment remains 11,800 jobs below October 2007 levels, the unemployment rate was able to surpass the October 2007 measure of 4.1%, dropping to 4.0% in September 2015.

Orange County Industry Employment Change Since 2007		Vs. Aug 2015		Vs. Sep 2014		Vs. Oct 2007	
Industry	Sept. 2015	Actual Change	% Change	Actual Change	% Change	Actual Change	% Change
Civilian Labor Force	1,596,200	-7,600	-0.5	18,100	1.2	-14,200	-0.9
Civilian Employment	1,532,200	0	0.0	37,300	2.5	-11,800	-0.8
Civilian Unemployment	64,000	-7,600	-10.6	-19,200	-23.1	-2,400	-3.6
Total, All Industries	1,547,800	3,400	0.2	44,900	2.9	18,200	1.2
Total Nonfarm	1,545,200	3,400	0.2	44,900	2.9	20,700	1.4
Mining and Logging	700	0	0.0	0	0.0	100	16.7
Construction	89,100	-2,000	-2.2	5,200	6.2	-13,500	-13.1
Durable Goods Manufacturing	120,400	-400	-0.3	3,100	2.6	-4,900	-3.9%
Nondurable Goods Manufacturing	43,900	500	1.2	2,000	4.8	-9,700	-18.1
Wholesale Trade	82,800	-600	-0.7	600	0.7	-4,800	-5.5
Retail Trade	149,700	-600	-0.4	1,900	1.3	-11,600	-7.2
Transportation, Warehousing & Utilities	28,100	100	0.4	1,500	5.6	-1,400	-4.8
Information	23,700	-100	-0.4	-200	-0.8	-7,100	-23.1
Financial Activities	115,300	-500	-0.4	1,200	1.1	-5,800	-4.9
Professional & Business Services	283,400	-3,100	-1.1	4,100	1.5	6,800	2.5
Educational & Health Services	199,900	2,200	1.1	9,300	4.9	48,800	32.3
Leisure & Hospitality	202,200	-2,000	-0.9	7,000	3.6	26,800	15.3
Other Services	51,100	-200	-0.4	2,900	6.0	3,200	6.7
Government	154,900	10,100	6.9	6,300	4.2	-6,200	-3.9
Civilian Unemployment Rate	4.00	-0.5	-	-1.3	-	-0.1	-

Source: California EDD

ORANGE COUNTY WAGES STAGE A MUCH NEEDED COMEBACK

Contrary to employment trends, wages across all industries have experienced increases since October 2007. In the first quarter of 2015, the average salary across all industries was \$62,868, an increase of \$5,668 or 9.9 percent compared to the first quarter 2014, and \$11,336 or 22 percent above October 2007 levels. Since October 2007, the largest wage increases on a percentage basis were seen in Professional and Technical Services which increased by 86.5 percent (\$62,452 increase), followed by Information which

increased by 34.9 percent (\$25,844 increase), and Management of Companies and Enterprises which increased by 30.3 percent (\$27,092 increase). On a year-over-year basis, nearly all industries were able to increase their overall earnings with the exception of Management of Companies and Enterprises, where average wages dropped by \$1,976 or 1.7 percent, Arts, Entertainment and Recreation, where average wages dropped by \$520 or 1.7 percent, and Manufacturing where average wages dropped by \$156 or 0.2 percent.

Orange County Industry Salary Change Since 2007		Vs. Q1 2014		Vs. Q1 2007	
Industry	Q1 2015	Actual Change	Percent Change	Actual Change	Percent Change
Total, All Industries	\$62,868	\$5,668	9.9%	\$11,336	22.0%
Agriculture, Forestry, Fishing & Hunting	\$28,860	\$4,940	20.7%	\$4,368	17.8%
Construction	\$61,880	\$1,248	2.1%	\$6,084	10.9%
Manufacturing	\$73,996	(\$156)	-0.2%	\$13,884	23.1%
Wholesale Trade	\$88,088	\$8,164	10.2%	\$13,624	18.3%
Retail Trade	\$34,216	\$1,092	3.3%	\$936	2.8%
Transportation and Warehousing	\$50,908	\$2,652	5.5%	\$8,216	19.2%
Information	\$99,892	\$5,772	6.1%	\$25,844	34.9%
Finance and Insurance	\$113,776	\$5,096	4.7%	\$17,004	17.6%
Real Estate and Rental and Leasing	\$75,192	\$6,188	8.9%	\$15,652	26.3%
Professional and Technical Services	\$134,628	\$45,916	51.8%	\$62,452	86.5%
Management of Companies and Enterprises	\$116,532	(\$1,976)	-1.7%	\$27,092	30.3%
Administrative and Waste Services	\$38,948	\$728	1.9%	\$6,448	19.8%
Educational Services	\$36,400	\$156	0.4%	\$3,120	9.4%
Health Care and Social Assistance	\$47,320	\$1,144	2.5%	\$1,508	3.3%
Arts, Entertainment, and Recreation	\$30,212	(\$520)	-1.7%	\$3,848	14.6%
Accommodation and Food Services	\$22,100	\$1,612	7.9%	\$3,016	15.8%
Other Services, Ex. Public Admin	\$34,164	\$1,092	3.3%	\$5,148	17.7%

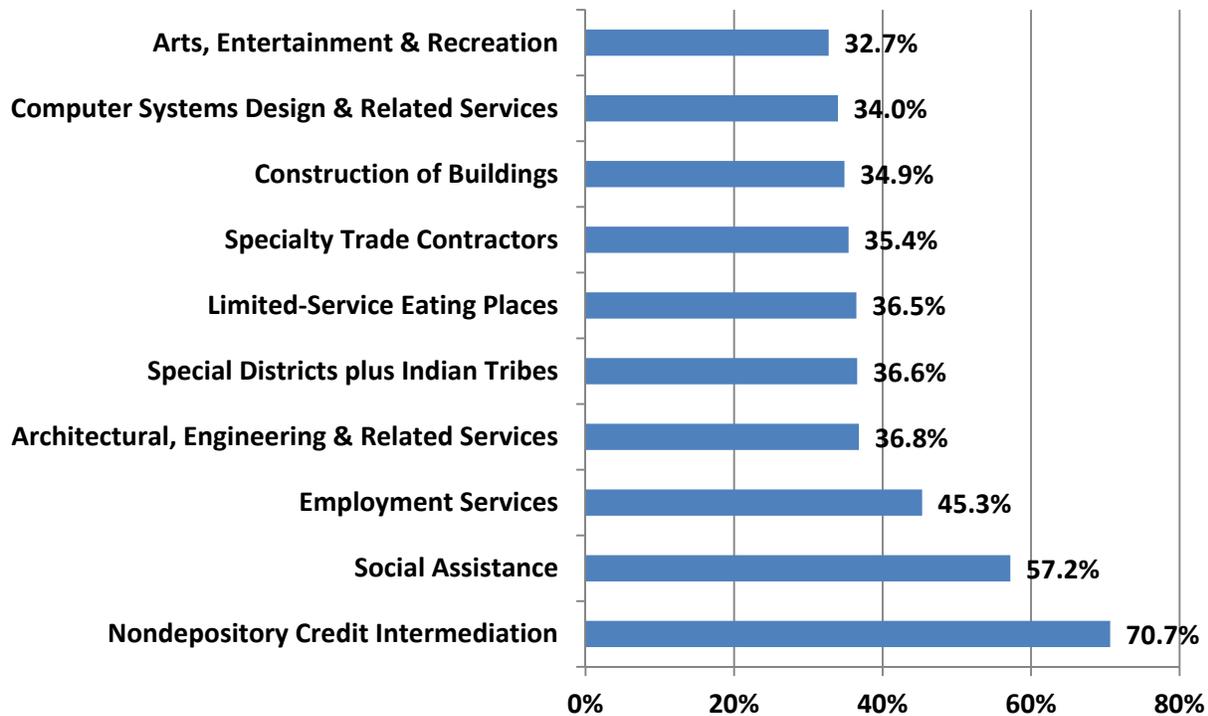
Source: California EDD

CONSTRUCTION, HEALTHCARE AND PROFESSIONAL SERVICES IS DRIVING INDUSTRY EMPLOYMENT

Non-Depository Credit Intermediation remains as one of the fastest growing industries in Orange County, experiencing over 70 percent growth between January 2010 and September 2015. This industry includes establishments, both public and private, primarily engaged in extending credit or lending funds raised by credit market borrowing, such as issuing commercial paper or other debt instruments or by borrowing from other financial intermediaries. This is followed by Social Assistance with 57 percent growth, and Employment

Services with 45 percent growth. Construction-related industries had a significant presence on the list as well with Construction of Buildings and Specialty Trade Contractors growing by approximately 35 percent each. The graph below helps to reinforce current employment trends in Orange County, which has been driven by Healthcare related occupations and more recently, construction-related employment.

Ten Fastest Growth Industries by Percent Growth



Percent Growth (Jan 2010 - Sept 2015)

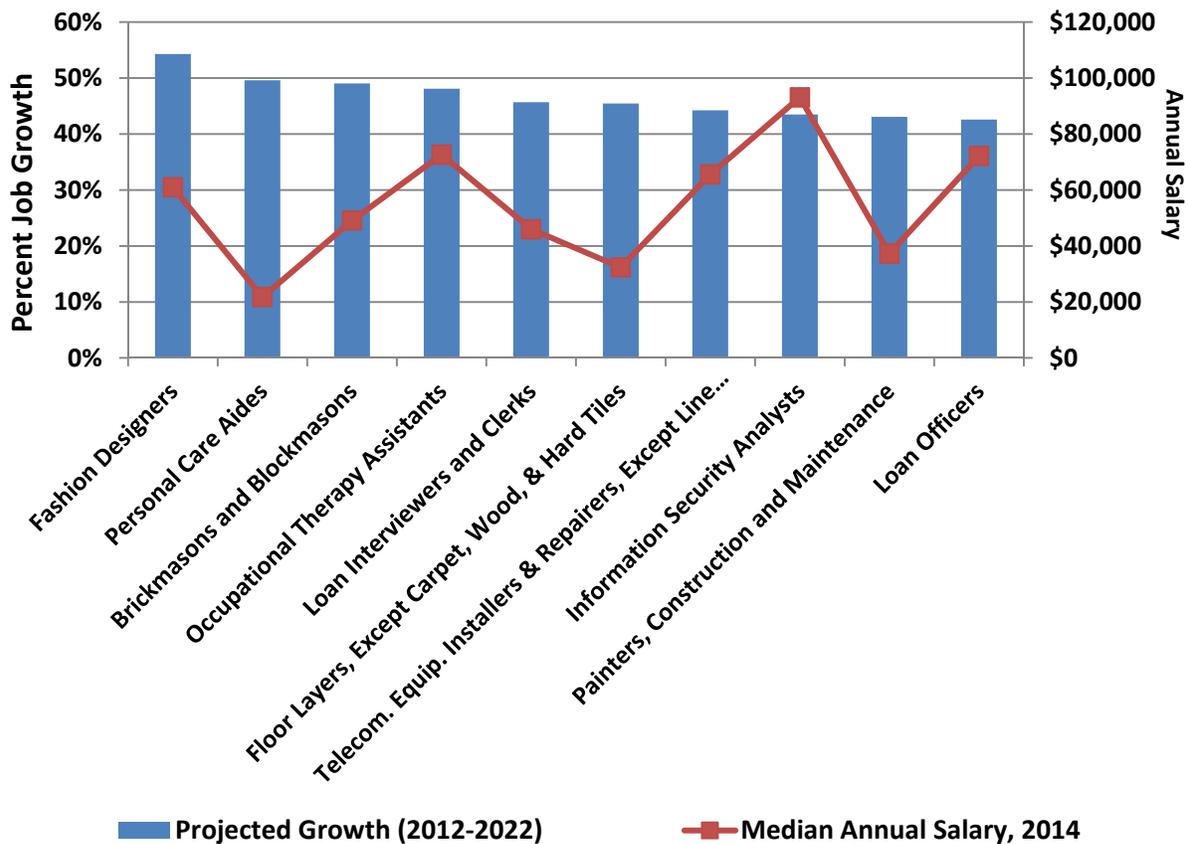
Source: California EDD

ORANGE COUNTY'S FASTEST-GROWING OCCUPATIONS MIRROR THE FASTEST-GROWING INDUSTRIES

Following the trend established by industry employment trends, data provided by the EDD regarding occupational employment shows that Healthcare and Construction related occupations have experienced comparatively higher growth rates. According to the EDD, the fastest growing occupation in Orange County, between 2012 and 2022, will be Fashion Designers, which is expected to grow by 54.3 percent. This is followed by Personal Care Aides with an anticipated growth by

49.6 percent, and Brick masons and Block masons at 49 percent. While the wages of those occupations vary between \$20,000 and \$60,000, Information Security Analysts, an occupation which is expected to expand by 43.5 percent, registered average wages of \$93,088 in 2014, a very promising estimate as Orange County's information industry is currently struggling to provide positive employment growth.

Average Salaries of Fastest Growing Occupations

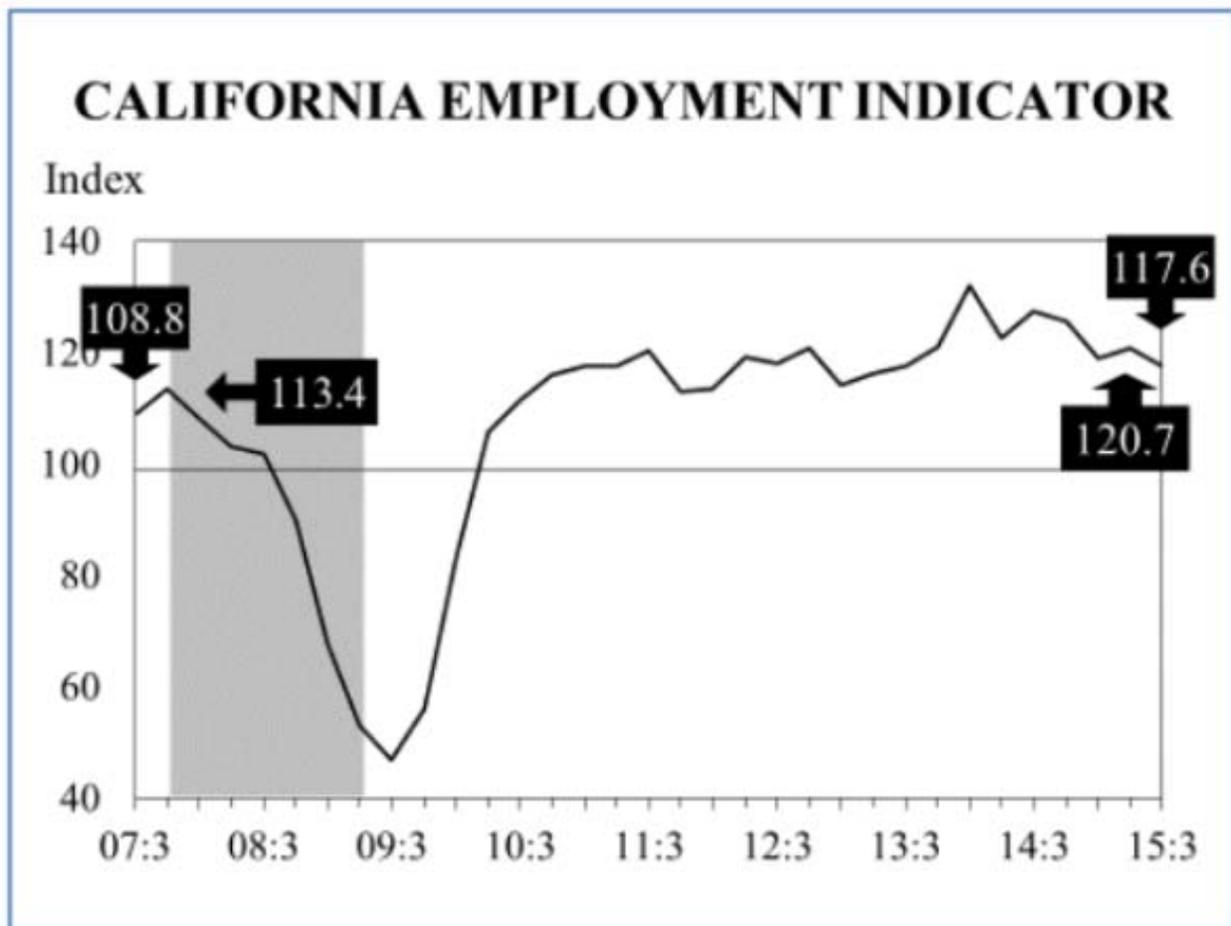


Source: OCBC Analysis of California EDD Data

AFTER PEAKING IN 2014, AGGREGATE EMPLOYMENT INDICATOR RETREATS SLIGHTLY

The California Employment Indicator, created by Chapman University, aggregates a variety of variables which influence California's payroll employment growth including lagged values of real GDP, real exports, the S&P 500, and California's total construction spending. This information is used to assess overall employment activity in the state. Overall, the employment situation in Orange County looks positive, and is in-line with

statewide employment expansions. After hitting a record high index of 125.6 in 2014, the California Employment Indicator has seen a consistent decrease, falling to 120.7 in Q2, 2015 and even further to 117.6 in Q3, 2015. While a value of 100 or more indicates positive job growth, this metric has been continually decreasing over the past few quarters, possibly suggesting that the rate of economic recovery is beginning to slow down.



Source: Chapman University

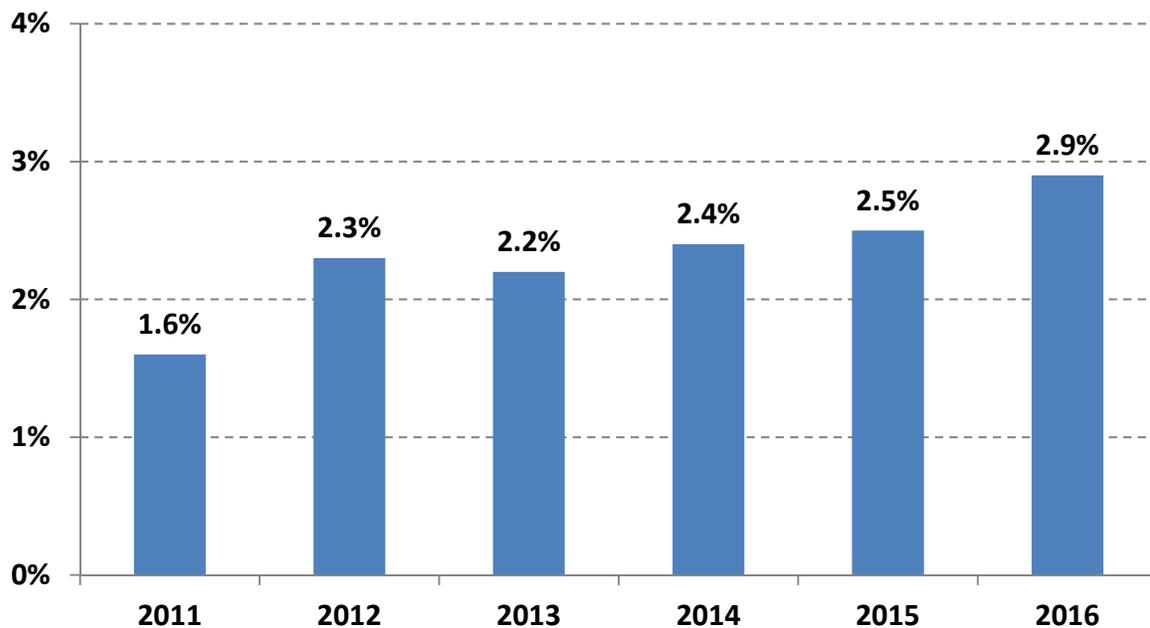
ECONOMIC DEVELOPMENT

ORANGE COUNTY'S GDP IS EXPECTED TO IMPROVE MODERATELY

According to Chapman University, Orange County's real GDP is expected to increase by 2.5 percent, year-over-year, in 2015 and further by 2.9 percent in 2016. While this estimated growth rate suggests positive economic growth in the near term, it should be noted that Chapman revised these predictions to lower their 2014 economic

forecast, which predicted 3.0 percent growth in 2015. The real GDP projections by Chapman University also fall closely in line with those of California State University Fullerton, which predicts real GDP growth of 2.6 percent in 2015, and 2.8 percent in 2016.

Orange County Real GDP - Annual Percent Change



Source: Chapman University Economic Forecast 2015 Midyear Update

MANUFACTURING AND BUSINESS EXPECTATIONS REMAIN STEADY, INDICATES MODERATED GROWTH

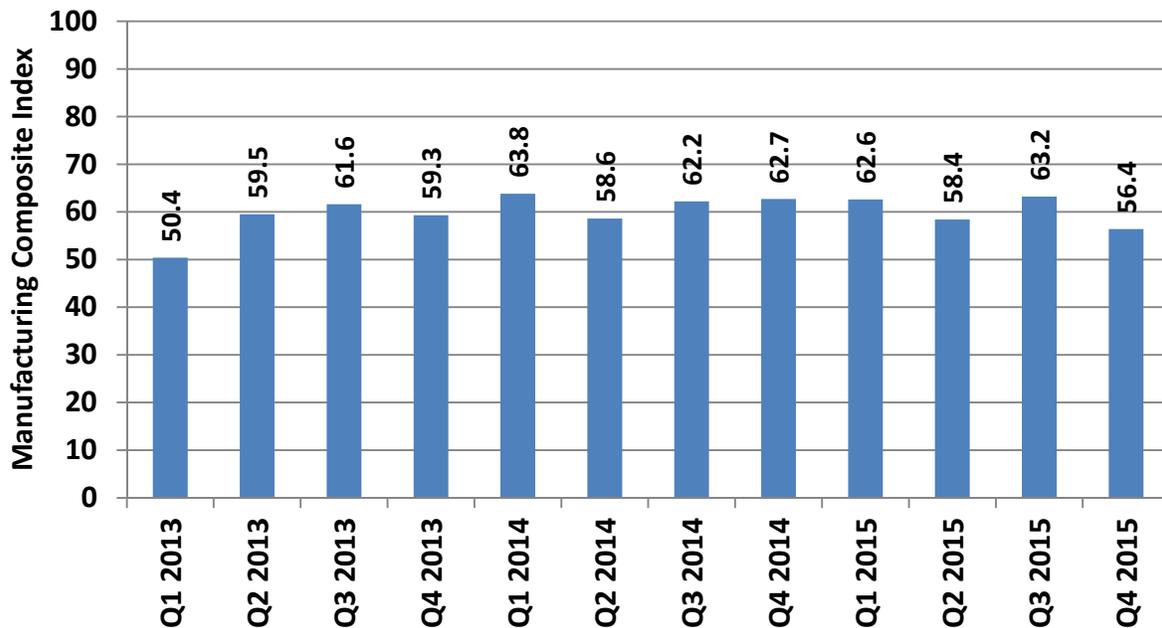
The Orange County Manufacturing Composite Index, an alternative indicator created by the Chapman University, provides a snapshot of the current manufacturing conditions within the County based on an aggregation of purchasing

manager surveys. A value of 50 for the composite index shows a general expansion of the manufacturing economy within the county, and a value below 50 shows a decline. Since registering an index reading of 50.4 in Q1, 2013, the

Manufacturing Composite Index has held an average reading of 61.0, indicating that Orange County’s manufacturing base has been continually expanding over the past few quarters. The most recent measure registered in Q4, 2015 at 56.4, the

lowest reading since Q1, 2013, decreased 6.8 points compared to Q3, 2015. This most recent rating of 56.4 suggests that while manufacturing activity is expected to expand, it will do so at a very moderate pace

Orange County Manufacturing Composite Index

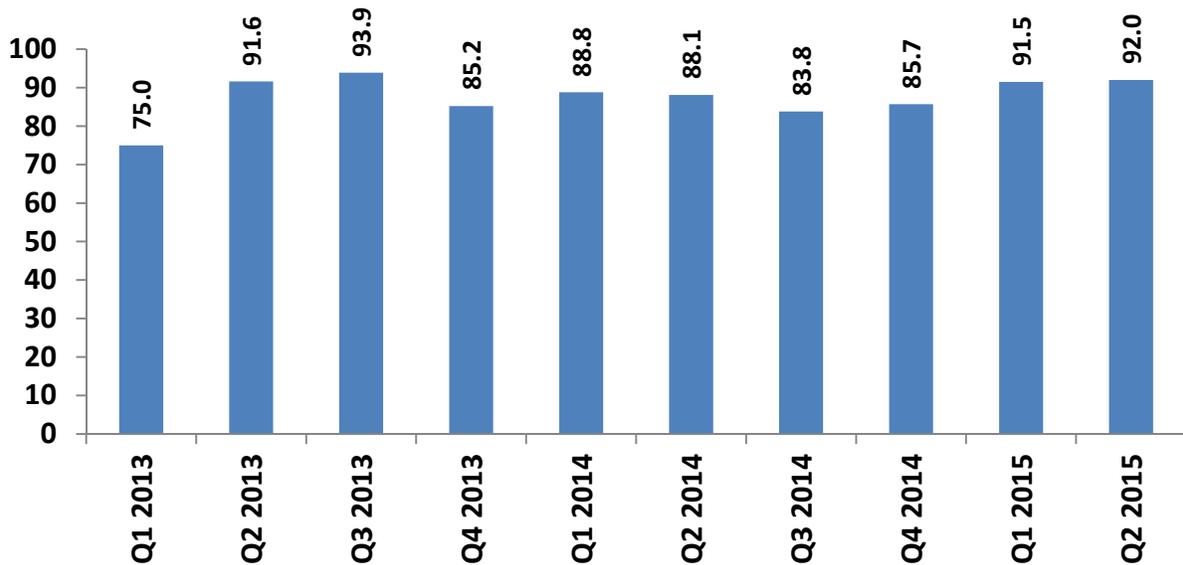


Source: Chapman University

In order to gauge future business activity, the California State University Fullerton releases The Orange County Business Expectations Survey (OCBX), providing a gauge of future business expectations by surveyed Orange County firms. Similar to Chapman University’s Manufacturing Composite Index, a value of 50 or over indicates a general expansion in local economic activity, while a reading of 50 or below indicates a contraction. Since Q1, 2013, the OCBX has consistently

measured well above the 50-point mark, indicating an overall positive attitude regarding the Orange County economy. After recent index measures peaked in Q2, 2013 at 93.9, the index declined to stay within a range between 83 and 88 for 2014. More recently, it increased to 91.5 in Q1, 2015, and further to 92 in Q2, 2015. This indicates business executives are optimistic regarding the County’s business activity in the near-term.

Orange County Business Expectations - OCBX



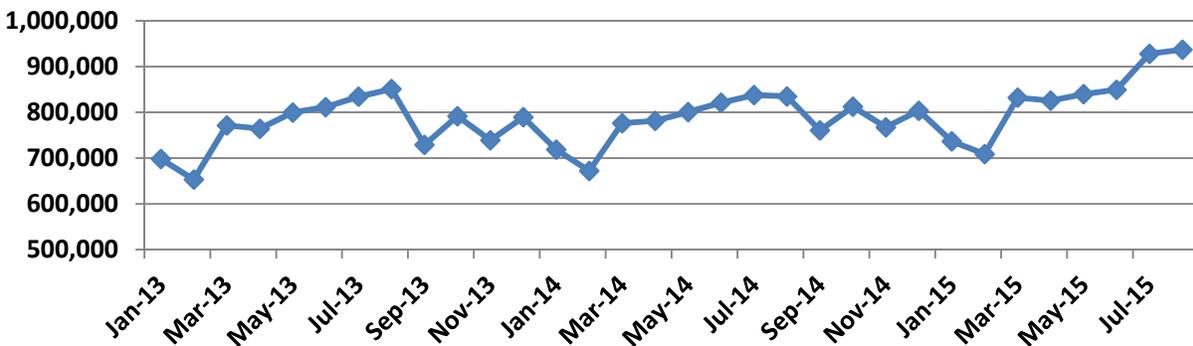
Source: Cal State Fullerton

TRAVEL RATES REMAIN CONSISTENT THROUGH 2014, WITH A JUMP IN LATE 2015

John Wayne Airport is centrally located in Orange County and acts as the primary travel hub for many residents. Total passenger volume followed usual trends in 2013 and 2014, with travel continually increasing early in the year and during summer months before dropping in the second half of the year, during winter months. Orange

County has seemingly broken this trend with total passengers equaling 936,949 in August 2015, representing an increase of 12.2 percent when compared to August 2014 measures. Additionally, total passengers year-to-date was 6,657,648 as of August 2015, which is an increase of 6.7 percent when compared to the same time period last year.

John Wayne Airport - Total Passengers

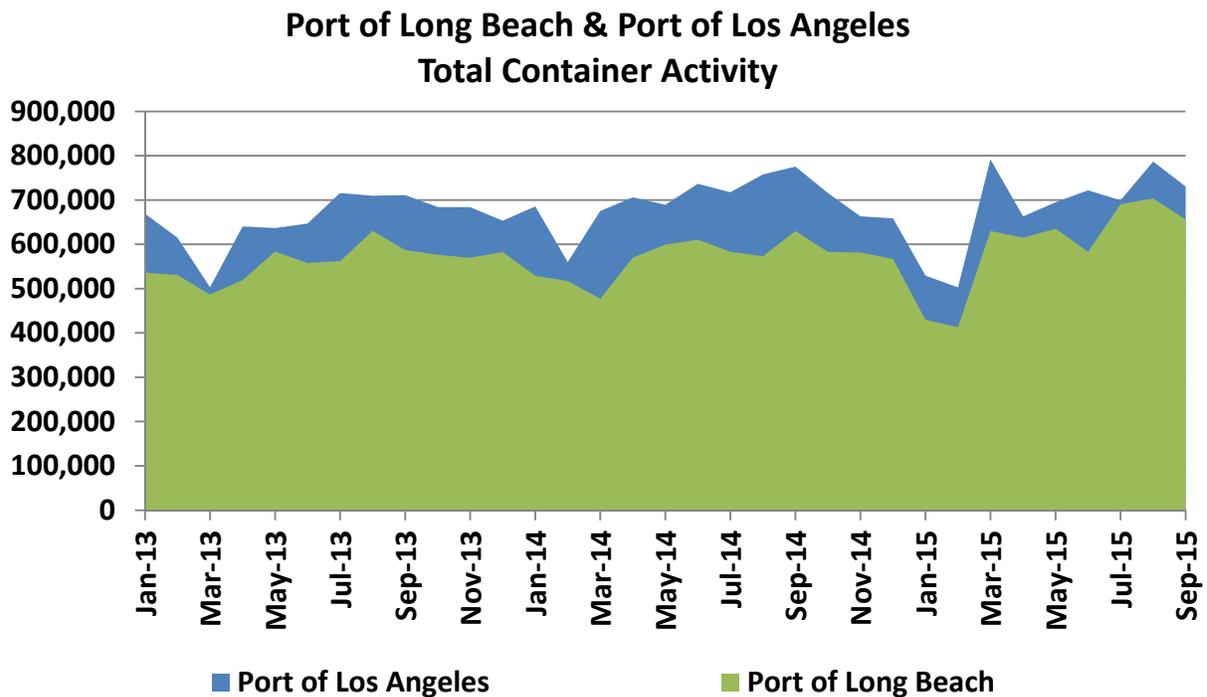


Source: John Wayne Airport

**TOTAL PORT ACTIVITY STRONG IN LOS ANGELES, BUT LAGGING IN LONG BEACH
THOUGH LONG BEACH INDICATES YEAR-OVER-YEAR GROWTH**

The table below provides an overview of total container activity, measured by the number of TEUs (20-foot-equivalent units or 20-foot cargo containers) inbound, outbound, and empty at the ports of Los Angeles and Long Beach. At the Port of Los Angeles, total combined container activity measured 730,307 in September, 2015, which

represents a decrease of 44,825 or 5.8 percent compared to September, 2014. The Port of Long Beach experienced a year-over-year increase with 655,624 TEUs in September, 2015, an increase of 25,853 TEUs or 4.1 percent compared to September, 2014.



Source: Port of Long Beach, Port of Los Angeles

AS COMMERCIAL VACANCY CONTINUES TO DROP, COMMERCIAL RENTS CONTINUE TO RISE

Since Q3, 2014, office vacancy has decreased from 12.7 percent to 10.5 percent, while office rents increased from \$2.04 per square foot to \$2.20 per square foot during the same time period. Historically, Orange County’s commercial real estate market has enjoyed relatively low vacancies and high rents, a trend which is forecasted to

continue into the remaining half of 2015. Similar trends can be observed for industrial spaces in Orange County, where vacancies shrunk from 3.09 percent to 2.62 percent from Q3, 2014 to Q3, 2015, while rents increased from \$0.63 to \$0.67 during the same time period.

Orange County Office and Industrial Climate	Q3 2014	Q3 2015
Office Vacancy	12.68%	10.45%
Office Rents	\$2.04	\$2.20
Industrial Vacancy	3.09%	2.62%
Industrial Rents	\$0.63	\$0.67

Source: Voitco

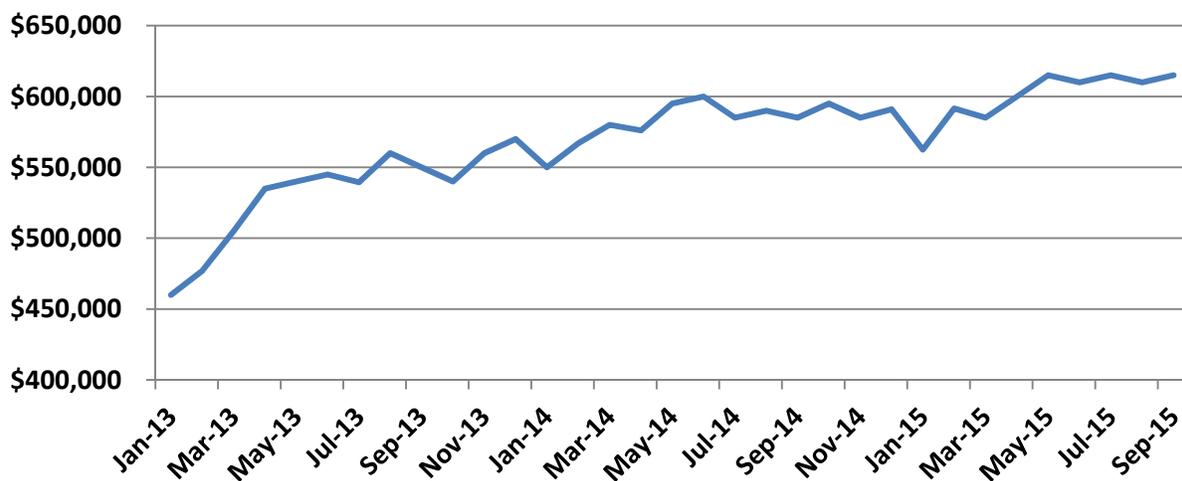
THE HOUSING MARKET

MEDIAN HOME PRICES REACH \$615,000 BEFORE STAGNATING IN THE MIDDLE OF 2015

Home prices in Orange County experienced rapid appreciation in 2013, before settling in 2014 and 2015. According to CoreLogic, as of September, 2015, the median home price in Orange County was \$615,000, which represents a \$30,000 or 5.1 percent increase over September, 2014 home prices. When looking at month-over-month changes, the median home price rose by \$5,000 compared to August 2015 median home prices. While many are predicting continued demand

and home price growth into 2016, the decision by the Fed to increase interest rates may have debilitating effects on affordability. This can therefore serve to drastically reduce the number of potential home buyers on the market. The Fed must ensure that any interest rate increase will be moderate to ensure minimal impact on future consumer and business spending. This can help ensure that the recent gain in home prices will not be affected detrimentally.

Orange County Median Home Prices



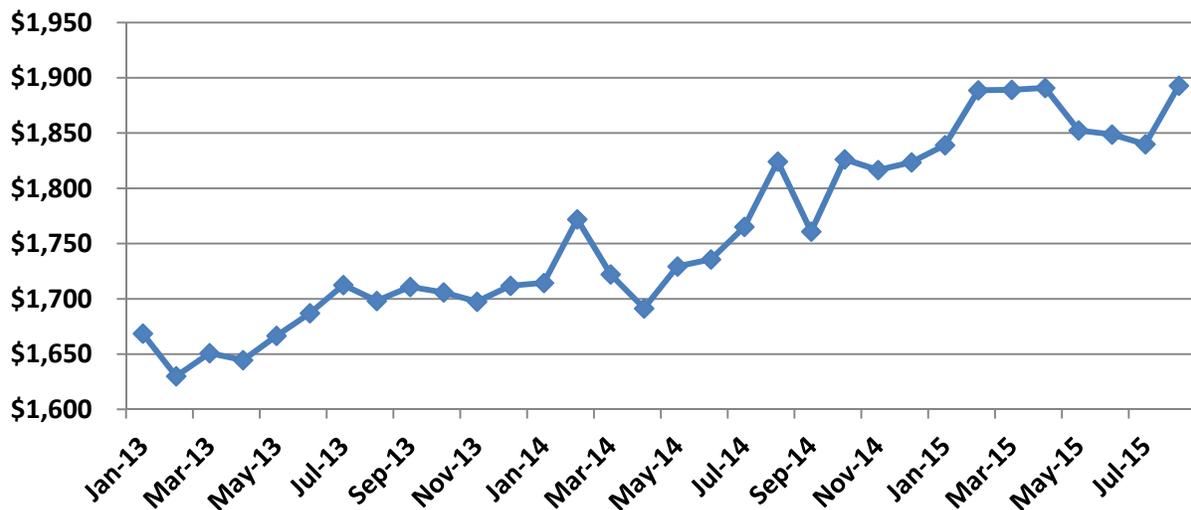
Source: DQNews.com

AS HOUSING AFFORDABILITY DROPS, RENTAL RATES RISE

As home prices continue to increase and housing affordability continues to drop, an increasing number of residents are being forced to delay home purchases and instead remain as renters. As of August 2015, the average apartment rent in Orange County was \$1,893, which represents a \$69 increase over August 2014 and a \$53 increase over July 2015 rental rates. In line with

historic trends, the cities of Irvine and Huntington Beach have served to increase the countywide average rent with rental rates at \$2,235 and \$2,171 in August 2015, respectively. Alternatively, Garden Grove and Fullerton have served to decrease average rental rates, totaling \$1,549 and \$1,655, respectively.

Orange County Average Apartment Rent Rates



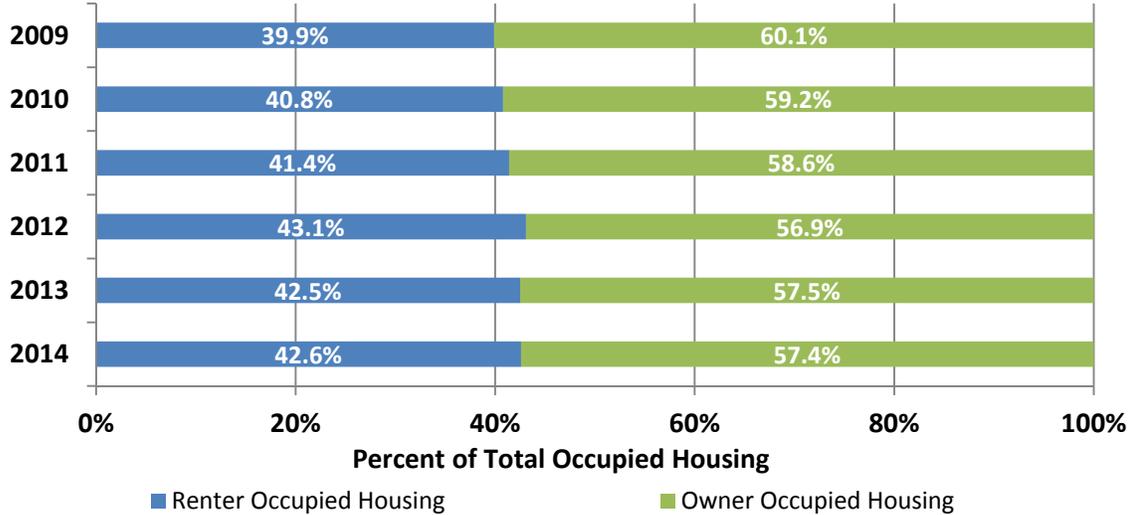
Source: RentBits

HIGH HOME PRICES INCREASE RENTER LEVELS IN THE COUNTY

Over the past several years, the portion of Orange County residents who rent has been increasing while those who own their homes has been decreasing - a trend likely brought on by large increases in home prices without a rise in wages to support that growth. As previously discussed, high housing prices and low affordability rates has effectively forced many residents to delay home purchases, a limiting factor to the overall rate of recovery. In turn, many residents continue to rent apartments despite the rapidly increasing rental

rates. According to the U.S. Census, in 2014, 42.6 percent of the population were renters while 57.4 percent owned their homes, a significant change from 2009 when 39.9 percent of residents were renters and 60.1 percent owned their homes. Besides increased home prices and lower affordability, social trends have also reduced the number of potential home buyers in the market as younger generations prefer the flexibility available through renting.

Renter vs. Owner Occupied Housing



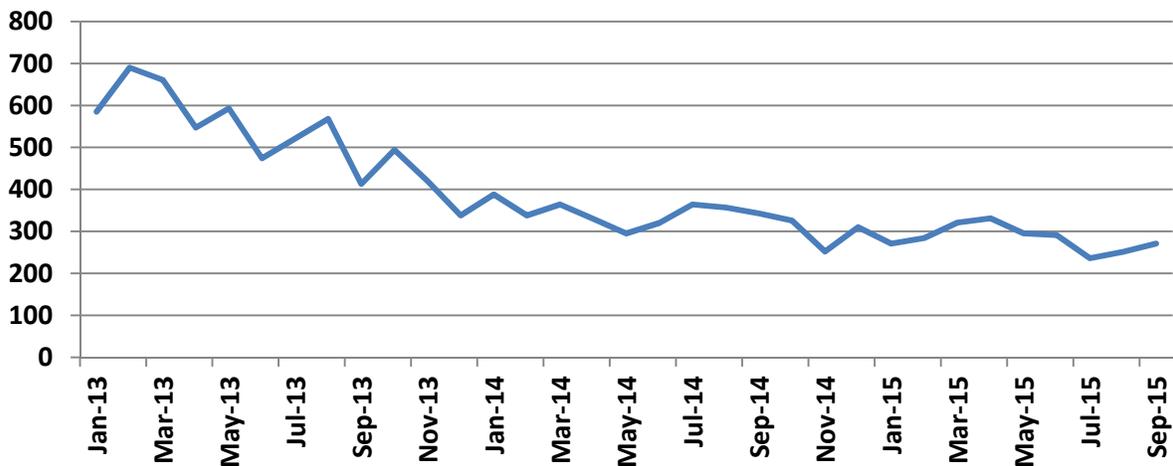
Source: U.S. Census Bureau

AFTER LESSONS LEARNED FROM THE GREAT RECESSION, FORECLOSURES CONTINUE TO DECREASE

Looking back at the past two years, foreclosures in Orange County peaked in February, 2013 at 690 foreclosures and has since steadily decreased averaging 283 per month in 2015. The most recent measure in September, 2015 indicated that

foreclosures totaled 271 in Orange County, a small increase of 20 compared to August, 2015 levels, but 72 below the 343 total measured in September, 2014.

Orange County Foreclosures



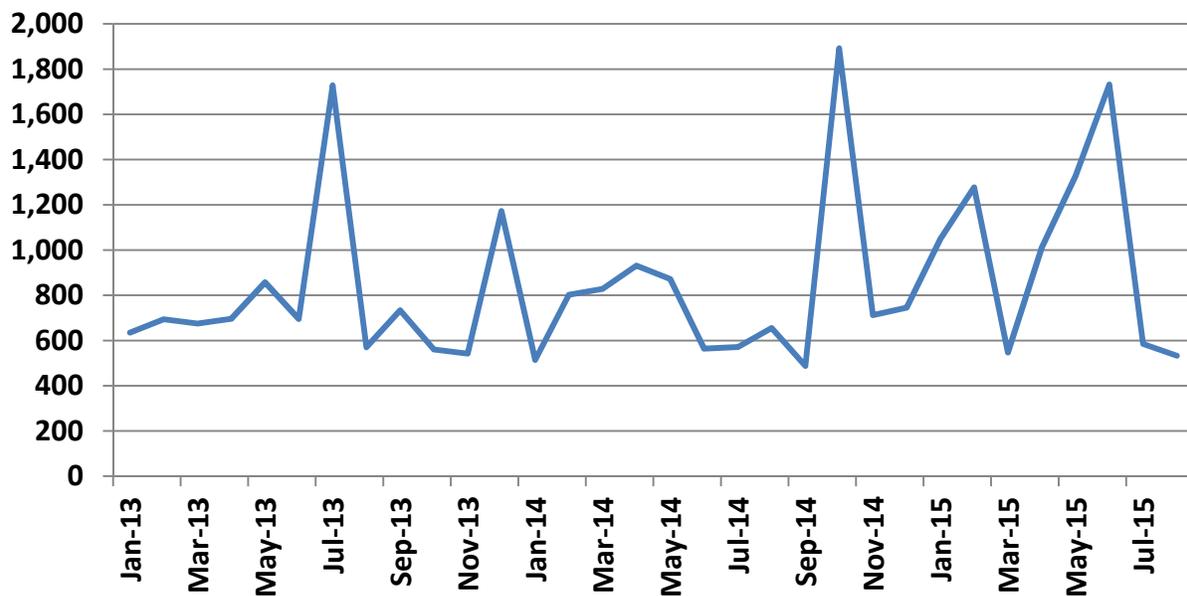
Source: Foreclosure Radar

BUILDING PERMITS ISSUED AVERAGING OVER 1,000 PER MONTH IN 2015

Thus far, 2015 has seen an increased number of building permits compared to previous years, an indication that construction and economic activity is beginning to pick up speed. Year-to-date, Orange County has issued over 8,062 building permits, compared to 5,737 for the same time period last year; an increase of 40.5 percent. Additionally, the average number of monthly permits issued in 2015 was 1,008, which is significantly higher than the average for 2014 at 798 and for 2013 at 796. Irvine, has largely driven permit issuance in Orange County accounting for

3,320 or 41.2 percent of the 8,062 building permits issued in 2015. Irvine has successfully established itself as the major business hub in Orange County, attracting firms from all over the world looking to capitalize on the competitive advantages offered by the region. As a result, Irvine has also experienced a large increase in its resident population. As the supply of single-family homes declines and the buildable land decreases, more emphasis is being placed on multi-family housing, made apparent by multiple existing, and planned developments in the city and around the County.

Orange County Building Permits



Source: U.S. Census Bureau

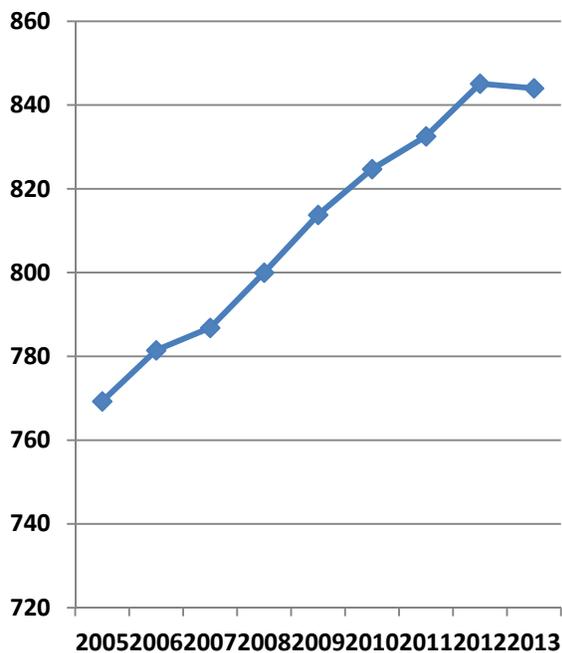
EDUCATION

API SCORES SLIPPING IN OC

The Academic Performance Index (API) measures the academic performance of individual schools based on the results of statewide testing. Orange County has steadily improved its API results year-over-year since 2005, but the trend reached a plateau in 2013, falling by 1 point year-over-year

to a total of 844 in 2013. Individual school districts have also shown mixed results for 2013 – with only 2 out of 15 high school districts showing improvement in their API scores from 2012 to 2013.

Countywide API Score



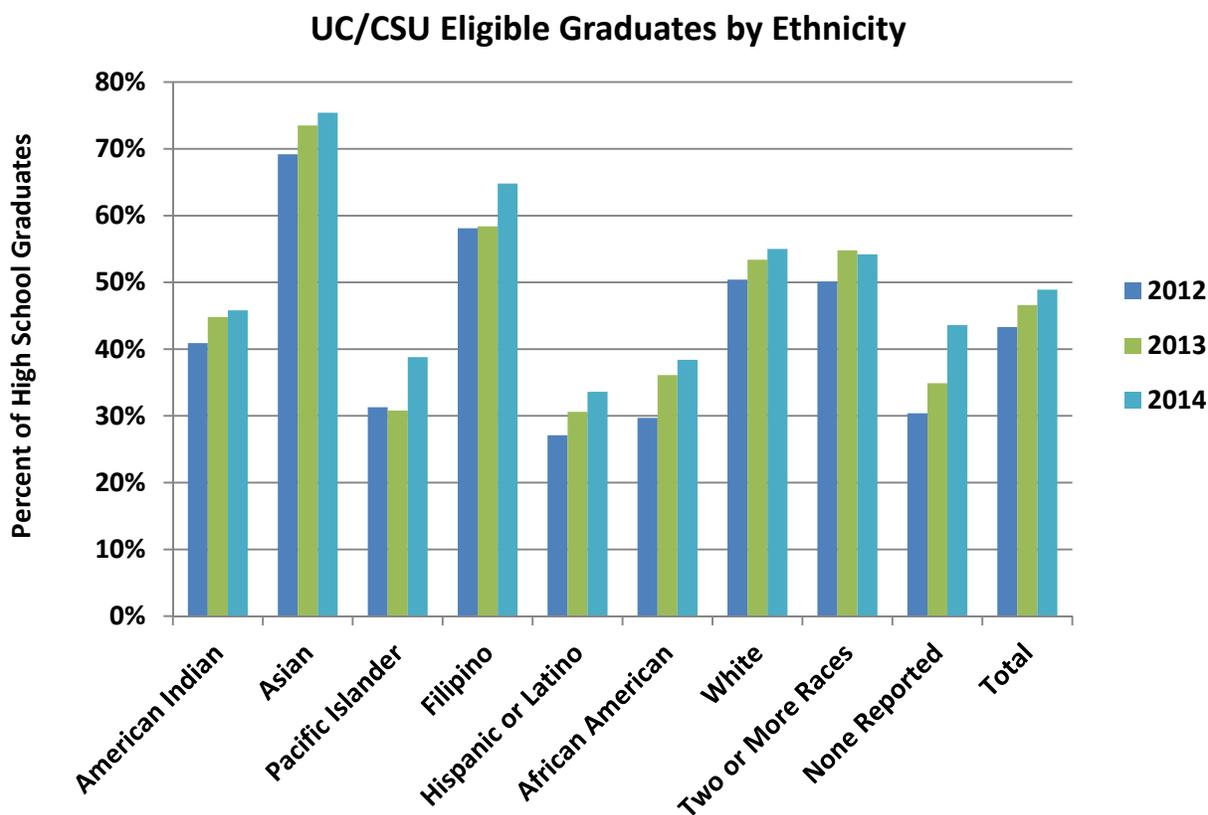
Source: California Department of Education

API Score by School District	2012	2013	Change
Irvine Unified	926	925	-1
Los Alamitos Unified	922	922	0
Laguna Beach Unified	923	918	-5
Capistrano Unified	883	874	-9
Placentia-Yorba Linda Unified	871	873	2
Brea-Olinda Unified	876	871	-5
Saddleback Valley Unified	871	868	-3
Tustin Unified	868	867	-1
Newport-Mesa Unified	842	840	-2
Huntington Beach Union High	847	838	-9
Orange Unified	839	838	-1
Fullerton Joint Union High	826	833	7
Garden Grove Unified	821	820	-1
Anaheim Union High	781	777	-4
Santa Ana Unified	755	743	-12

EDUCATIONAL ATTAINMENT RISES ACROSS NEARLY ALL ETHNICITIES

During the 2013-2014 school year, 48.9 percent of Orange County high school students were eligible for entry into the UC/CSU university system, an increase of 2.3 percentage points compared to the 2012-2013 school year, and an increase of 5.6 percentage points compared to 2011-2012 school

year. Excluding individuals who identified as two or more races, all ethnic groups saw an increase in eligibility rates compared to the previous year, indicating that students are becoming more prepared to gain successful entry to the state university system.



Source: California Department of Education

ENGLISH LANGUAGE LEARNERS ARE STAGNANT IN GROWTH BETWEEN 2014 AND 2015

During the 2014-2015 school year, Orange County's percentage of English Language Learners stood at 26.0 percent, a 0.1 percentage point decrease compared to the previous year. However, this value was still the highest among

neighboring counties and the state. With over a quarter of Orange County's students being English learners, it is imperative for the County's high schools to adopt effective English language learning programs.

High School English Language Learners			
	Year	Orange County	California
Total Enrollment	2014	500,487	6,236,672
	2015	497,116	6,235,520
Number of English Learners	2014	130,570	1,413,114
	2015	129,390	1,392,263
Percent English Language Learners	2014	26.10%	22.70%
	2015	26.03%	22.30%

Source: California Department of Education

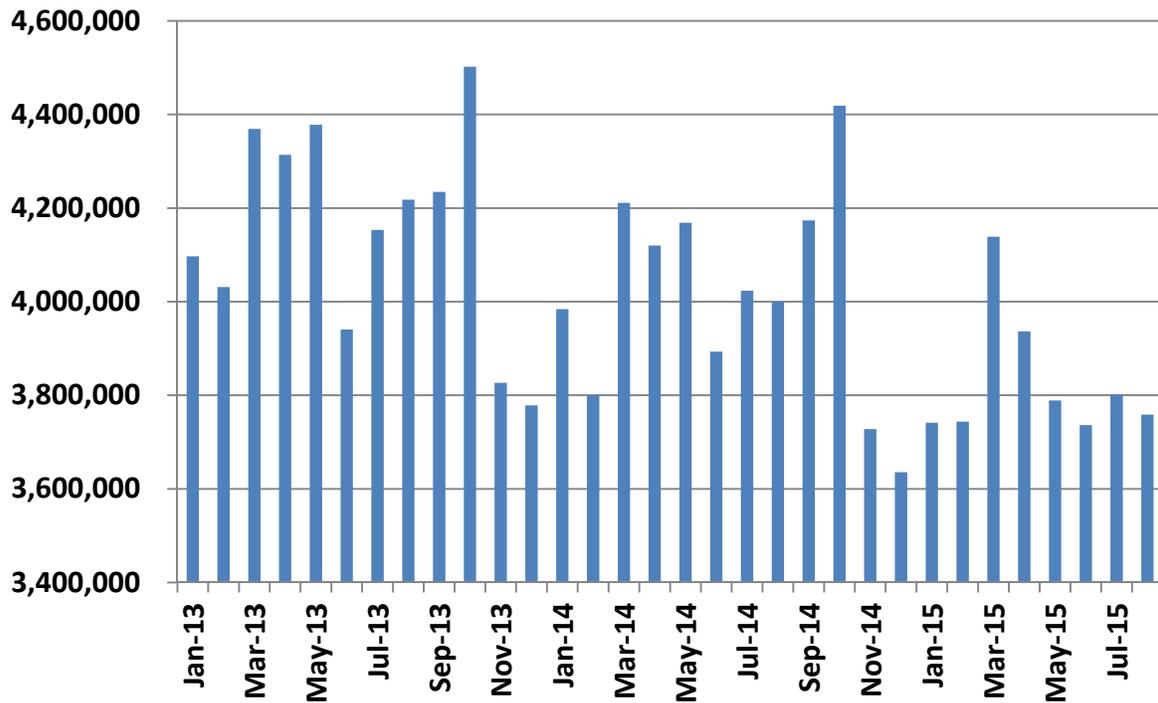
TRANSPORTATION INFRASTRUCTURE

BUS RIDERSHIP CONTINUES ITS STEADY DECLINE

Bus ridership levels in Orange County are continuing to steadily decline into 2015 with the most recent reading in August, 2015 at 3.76 million, a massive decline of 241,437 when compared to the August, 2014 reading of just over 4.0 million. While public transportation has not been the first-choice preference for Orange County residents as many own their own vehicles, it should also be noted that emerging services

such as Uber and Lyft, ride-sharing services which provide transportation services at lower than traditional costs, may also be impacting the use of public transportation. Additionally, many large businesses are beginning to provide car-pooling and other transportation services to their employees, further limiting the need for public transportation.

OCTA Bus Ridership



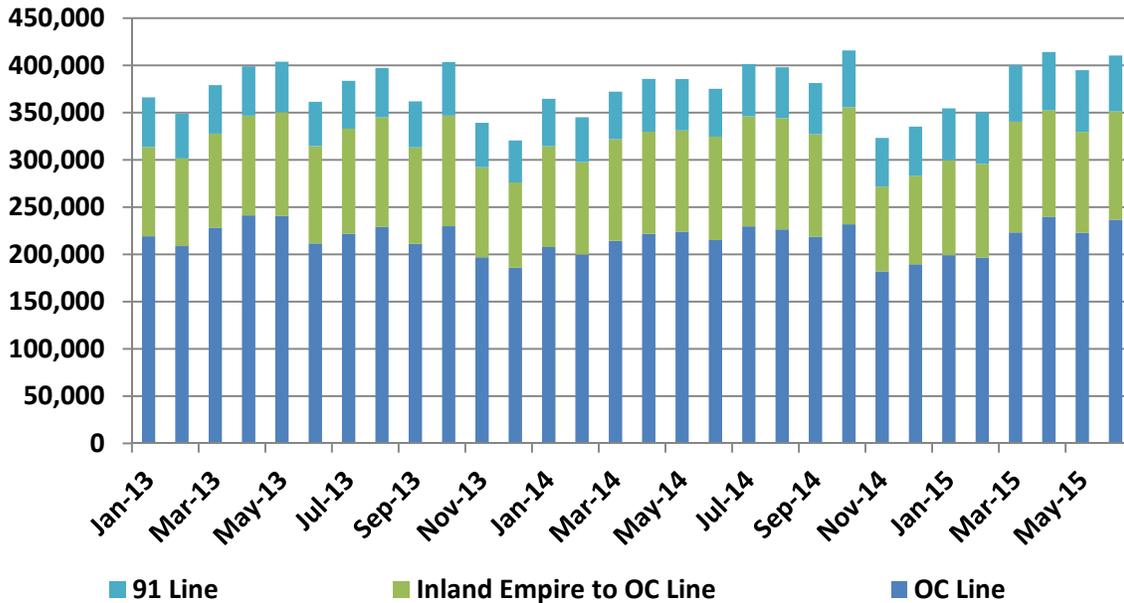
Source: Orange County Transportation Authority

ORANGE COUNTY METROLINK INCREASING FROM 91 LINE AND INLAND EMPIRE TO ORANGE COUNTY LINE

Metrolink usage in Orange County has remained steady through the first few months of 2015, averaging 219,752 per month between January and June 2015 for the Orange County line, 108,580 per month for the Inland Empire to Orange County line, and 59,135 per month for the 91 Line, during the same time period. For the first six months of 2015, the total ridership for the Orange County line was 1,318,514, a decline of 193,621 riders compared to the first six months of 2014. This is however, only a decline of 31,060 when compared to the first six months of 2013. Alternatively, bus ridership totaled 651,482 for the first six months of 2015 on the Inland Empire to Orange County

line, an increase of 14,464 compared to the same time period in 2014, and an increase of 46,134 compared to the same time period in 2013. Finally, on the 91 Line, bus ridership totaled 354,807 for the first six months of 2015, an increase of 45,743 compared to the same time period in 2014, and an increase of 50,931 compared to the same time period in 2013. The increase in bus ridership stemming from the Inland Empire is most likely due to the increasing number of residents choosing to take advantage of the lower home prices in inland counties, while having the opportunity to continue to work in more economically active coastal counties.

Monthly Average Metrolink Ridership



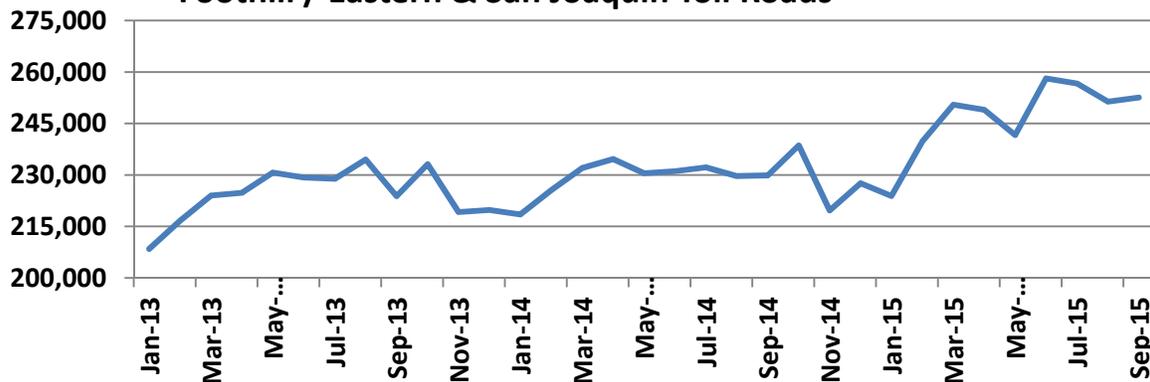
Source: Southern California Regional Rail Authority

TOLL ROAD ACTIVITY RETURNS TO ORANGE COUNTY

Orange County drivers using the Foothill and San Joaquin toll roads have increased dramatically in 2015. Looking at the first eight months of 2015, total average daily transactions have increased by a staggering 7.4 percent when compared to the

first eight months of 2014. As of September 2015, average daily transactions totaled 252,588, an increase of 9.9 percent compared to the 229,849 average daily transactions recorded in September, 2014.

Average Daily Transaction, Foothill / Eastern & San Joaquin Toll Roads



Source: TheTollRoads.com

SUMMARY

Since 2014, Orange County has seen broad improvements in nearly all economic metrics. Continued job growth, declining unemployment, increasing home prices, increased building permit activity, and the return of public transportation, with the exception of bus ridership rates. All these factors together, have greatly contributed to the current, and improved economic landscape of the

County. The next section of this report provides a comprehensive update on several programs, initiatives, and construction projects currently happening in Orange County, in addition to an overview of the progress the region is making toward achieving its CEDS benchmarks for the remainder of the decade.

SUPPORTING RED-ZONE INVESTMENT

A HEALTHIER EMPLOYMENT CLIMATE

The CEDS' first goal for Orange County through 2018 is, to target economically disadvantaged neighborhoods, fostering full-time employment opportunities and improving educational outcomes to better prepare the local workforce for emerging job areas. Encouraging business interaction is just as important in this process as educators are, and only by working together can these two groups create clear pathways to career success for low-income residents throughout

Orange County. So far, Orange County had made great strides in reducing unemployment countywide; over 100,000 residents were unemployed on average in 2013, and 2014 has averaged only 88,300 unemployed citizens to-date. This has led to an unemployment rate of 5.5 percent on average in 2014, down 0.7 percentage points from last year. For Red-Zones, unemployment rates have also generally decreased year-over-year.

EDA PROJECTS IN THE PIPELINE

The Economic Development Administration (EDA) has continued to provide investments for Orange County to study and pursue new ways to enrich the lives of residents living in Red-Zone regions.

One new project on the horizon is centered in Huntington Beach. The Center for Entrepreneurship & Leadership at Golden West College is a new endeavor to support workforce and economic development. The Center for Entrepreneurship & Leadership at Golden West College will provide both leadership development and enterprise development for small business,

social enterprise and micro enterprise for the Oak View community, as well as for other residents and future leaders in Huntington Beach. The program is a collaborative effort of the Oak View Renewal Partnership, a 501(c)(3) nonprofit organization and Golden West College. This Center will support the CEDS goals #1 and #2 to advance lives of red zone residents living in the Oak View community, as well as citizens throughout Huntington Beach who will have access to the available programs and opportunities.

Although no new Orange County projects were awarded by the EDA since the past year, a number of new projects were awarded in neighboring counties since the original CEDS submission that may have an impact in Orange County, including:

- \$371,399 in Local Technical Assistance funds to the University of Southern California, Los Angeles, California, to support the development of an investment operations strategy for EDA's Seattle Regional Office. This project will provide a summary of economic trends, opportunities, and challenges within this 8 state region and result in a Knowledge Sharing Training forum for best practices. This investment is part of a \$560,191 project.

- \$200,000 in Economic Adjustment Assistance-IMCP funds to the University of Southern California, Los Angeles, California, to develop a manufacturing strategy for the state of California by assessing the existing industrial ecosystem. This project will identify gaps and opportunities, and leverage existing assets and comparative advantages, while forging new partnerships between the public and private sector and educational institutions. The resulting state-wide strategy will expand, strengthen and enhance advanced manufacturing. This investment is part of a \$440,578 project.

EDUCATIONAL INVOLVEMENT FOR PARENTS

Programs for minority and low-income communities are also taking new steps in 2014 to motivate parents to become meaningfully involved in educational success for their children. The Latino Educational Attainment (LEA) initiative reports several new accomplishments in 2014 supporting this goal:

- Completing the final year of a longitudinal study demonstrating that LEA has made a positive impact in student performance and increased parental knowledge about the California education system.
- Creating an LEA manual that guides how to teach LEA principles and expand outreach to communities of disadvantaged parents.
- Updating the “Ten Educational Commandments” to include the Common Core State Standards and the Next Generation Science Standards, preparing parents and students for the latest advances in the public education system.

CAREER TECHNICAL EDUCATION FOR SKILL-BUILDING IN RED-ZONE REGIONS

Adult workers with access to affordable retraining programs can more seamlessly adapt to high-wage, high-demand careers, and transitional training is also essential to help Red-Zone residents improve their lives. The Oak View Renewal Partnership (OVRP) has partnered with Golden West College (GWC) to design and implement a targeted business incubator to aid the growth of small service-oriented businesses, sole proprietorships, and improved workplace skills for disadvantaged residents in the Huntington Beach area. The proposed “HUB Center” is open to all, but tailored specifically to addressing the job needs of low-income residents

from the Oak View neighborhood of Huntington Beach and GWC students. Benefits of the HUB Center are not limited to those that establish new businesses – even participants who do not eventually create new businesses will gain job-applicable experience that can improve their employability or business acumen in their already-existing small businesses. For all participants, the HUB Center is an excellent opportunity to gain improved business and workplace skills leading to increased lifetime earning potential and significant economic benefits for the community and region. The full program is expected to roll out in 2015.

EDUCATION AND WORKFORCE OPPORTUNITIES

CAREER PATHWAYS PARTNERSHIP TARGETS THE 21ST CENTURY WORKFORCE

The CEDS aims to help create a cutting-edge workforce throughout Orange County that relies on a quality education system, improving career preparedness. The bridge between employers and educators is once again particularly important for Orange County to achieve this goal – retaining high-skill graduates in the region is only possible if the jobs opportunities they have been trained for are available at home.

May 2014 saw an exciting new project for career readiness through the efforts of the Orange County Department of Education. The Orange County Career Pathways Partnership (OCCPP) was awarded \$15 million by the California Department

of Education to form new career pathways programs in K-12 schools throughout the region with a special emphasis on high-tech, high-growth career track preparation. Students in the pathway programs will participate in career exploration and on-the-job training that prepare them to earn certificates, associate degrees, baccalaureate degrees, and advanced degrees in three target sectors: Health Care/Biotechnology; Engineering/Advanced Manufacturing and Design; and Information Communication Technology/Digital Media. The goal of this initiative is to enroll 17,000 Orange County students in career pathways within these sectors by 2017-18.

IT CLUSTER COMPETITIVENESS PROJECT CONTINUES TO PERFORM

Initiated in 2013 and moving forward with ongoing implementation in 2014, The Orange County IT Cluster Competitiveness Project is funded as a Type A project (New and Untested Idea) by the U.S. Department of Labor Workforce Innovation Fund. The project tackles the observed disconnect between the skills businesses need and the availability of IT education and training programs

that effectively train for in-demand skills. The Orange County Business Council is facilitating an employer-led strategic planning effort that ensures business and education stakeholders work together to address emerging and longer-range workforce needs of industries in which IT skills are a critical element to company success.

Some major accomplishments achieved through the grant in 2014 include:

- **Newly Developed IT Curriculum Available to OC Businesses** - As one of the pilot projects produced via OCBC's IT Cluster Competitiveness Program, a new set of IT curriculum developed by Brandman University is now available to Orange County businesses and their employees. Included in the curriculum are new certificate based courses focusing on four specific disciplines which include mobile applications, business process analytics, cloud computing, and IT security.
- **Veterans IT Pipeline Initiative** - Also developed in conjunction with OCBC's IT Cluster Competitiveness Program, Saddleback College has established a streamlined system that connects Orange County businesses with Veterans in order to fill IT jobs. The Veterans IT Pipeline Initiative is designed to increase the pipeline of qualified IT veteran applicants; enhance career,

academic, and supportive services for veterans seeking IT related careers; and create a centralized resource for businesses seeking to hire veterans for IT positions.

- **Online Internship Matching** - The Online Internship Matching website is live and ready for employers, schools, and students. Employers can be matched with hundreds of interns in a multitude of IT occupations using this centralized online tool, available at www.ocinternship.com.

INFRASTRUCTURE AND NEW CAPACITY IN OC

MEASURE M2 HIGHWAY PROJECTS MOVING FORWARD

Based on the success of M1, Measure M2 was passed in November 2006 by 70% of Orange County voters to continue with transportation investments funded by the local half cent sales tax for another 30 years, financing road improvements, and new transit centers from 2011 to 2041. Of the 40 projects proposed through 2022, seven have been completed so far, with three more scheduled to be completed by the end of 2014. The table below describes the six projects

completed and to be completed in 2014. The Anaheim Regional Transportation Intermodal Center (ARTIC) is a particularly major milestone for Anaheim, serving as a central access point for Metrolink, Amtrak, OCTA buses, Anaheim Resort Transportation, shuttles, taxis, and charter buses. A full list of Measure M2 projects and their estimated completion dates is located in the appendix.

Measure M2 Projects of 2014			
Project	Stage	Description	Completion Date
G	Construction	SR-57 (NB), Orangethorpe to Yorba Linda	End of 2014
R	Construction	Sand Canyon Grade Separation	End of 2014
R,T	Construction	Anaheim Regional Trans Intermodal Center	End of 2014
G	Completed	SR-57 (NB), Yorba Linda to Lambert	Complete
O	Completed	Placentia Grade Separation	Complete
O	Completed	Kraemer Grade Separation	Complete

Source: Orange County Transportation Authority

OCTA'S NEW BALANCED BUDGET GAINS APPROVAL

In June 2014, the Orange County Transportation Authority (OCTA) outlined its 2014-2015 budget that covers all projects and programs administered by OCTA, including sustaining bus and rail service levels, closing out Measure M1, continuing Measure M2 improvements and operating the 91 Express Lanes. The budget is allocated to provide:

- \$429 million for bus operations
- \$297 million for streets and roads improvements
- \$176 million for freeway projects
- \$121 million for Metrolink service, rail and station projects in Orange County
- \$11 million for motorists and taxi services

DROUGHT MEASURES AND THE STATE OF EMERGENCY

In response to the record-setting dry year of 2013, Governor Brown declared a drought emergency in January 2014 and asked that all Californians voluntarily reduce their water use by 20 percent. The harsh reality of drought conditions has spurred renewed interest in expanding Orange County's water reserves and protecting the public from shortage. In May, the Orange County Grand Jury released an investigative report on water supply and reliability titled *Sustainable and Reliable Orange County Water Supply: Another Endangered Species?* and required the Orange County Water District (OCWD) and the Metropolitan Water District (MWD) to review and address their findings. The Grand Jury asks that "...Orange County water suppliers with significant public support should immediately select, expedite and execute seawater desalination projects with sufficient total capacity to replace up to 40% of OC's imported water." Both organizations filed responses to the Grand

Jury's recommendations agreeing "...with the spirit of the recommendations..." but requiring further research before implementing.

OCWD is prepared to introduce an additional 30 million gallons per day (MGD) of ultra-pure water to the system in early 2015, when OCWD will begin operating its Initial Expansion of the Groundwater Replenishment System (GWRS). Currently, the GWRS produces 70 MGD. The \$143 million Initial Expansion will create an additional 31,000 acre-feet per year (AFY) of new water supplies to serve north and central Orange County. This brings the total production of the GWRS to 103,000 AFY, enough water for 850,000 people.

The state of Orange County's water access and supply sources may have further-reaching ramifications on infrastructure investment throughout the five-year CEDS period and should be closely monitored for further developments.

ADVANCEMENTS IN GLOBAL COMPETITIVENESS

NEW STATE-LEVEL INCENTIVES PLAY TO ORANGE COUNTY'S STRENGTHS

The CEDS calls for Orange County to harness its unique strengths while establishing a business-friendly economic environment that can match up favorably with other states and countries. A new law implemented on July 1, 2014 allows businesses to obtain a partial exemption of sales and use tax on certain manufacturing and research and development equipment purchases by companies engaged in manufacturing or biotechnology research and development. Although this is a statewide initiative, both key industries are critical players in Orange County's long-term growth plan and the county stands to greatly benefit from the law relative to its peers. The Sales Tax Exemption law allows businesses to exclude the first \$200 million in equipment

purchases from the state share of sales tax (4.19%).

Additionally, the New Employment Credit (NEC) supports the Orange County CEDS' Red-Zone targeted employment efforts by granting incentives to employers who hire residents for work in low-income neighborhoods. The credit is available from 2014 through 2021 to qualified taxpayers hiring full-time employees paid experience-commensurate wages in a designated census tract or economic development area. In order to be allowed a credit, the qualified taxpayer must have a net increase in full-time employees in California, determined on an annual full-time equivalent basis.

EMERGING ALTERNATIVE FUEL OPPORTUNITIES DEVELOPING IN ORANGE COUNTY

In 2013, the California Workforce Investment Board awarded the Orange County Workforce Investment Board (OCWIB) a \$248,000 grant for developing a greater presence in the alternative fuels and advanced transportation cluster,

through California's Regional Industry Cluster of Opportunity (RICO) program.

RICO II PROGRAM SUMMARY AND ACTIVITY UPDATES

The grant deliverable is a cluster investment diagnosis and strategic action plan that identifies fruitful areas of investment that improve alternative fuel infrastructure and workforce training in advanced transportation, detailing the employer parties involved in implementation and timelines required for chosen investment areas.

In Orange County's subsequent stakeholder meetings held in 2014 to determine the direction of the grant, the county chose alternative fuel

infrastructure and alternative fuel workforce development as their broad areas of investment, paving the way for new fuel types to reach commercial viability in Orange County. Hydrogen fuel cell vehicles have made their commercial debut in Orange County this year through the efforts of Hyundai, with a hydrogen fueling station network developing far ahead of its neighboring regions. The following information provides an update on the RICO II initiatives by focus areas:

Focus Area #1 – Sustainability

1. *Enhance and promote public education of alternative fuel vehicle technology through career fairs and public STEM events, such as the 2015 Solar Decathlon, including outreach to colleges and universities to attract students to alternative fuel vehicles. Such activities may be done in partnership/leverage with local partners associated or hosting such events.*

The City of Irvine gave OCBC's Economic Development Committee a presentation on the 2015 Solar Decathlon which has just recently began. This presentation provided OCBC committee members with a comprehensive view of the competition, its teams, and the potential benefits associated with increasing awareness as it relates energy efficient buildings and alternative fuels and vehicles.

Since the Solar Decathlon launched on October 8, 2015, OCBC has been closely tracking the various teams, their projects and results thus far into the competition. The competition is expected to conclude on October 18, 2015, at which point OCBC will review the various successes and identify those best suited to increase energy efficiency and alternative fuel and vehicle adoption in the region.

In order to ensure greater awareness and understanding of the 2015 Solar Decathlon, OCBC was presented an offer by The U.S. Department of Energy to provide board members with an hour long tour of the competition, teams and the progress they have made thus far. In doing so, OCBC hopes to maximize student, general public and stakeholder awareness and education of alternative fuel vehicle technologies and energy efficiency strategies. The tour is currently scheduled for October 16, 2015.

2. *Education/outreach campaign to local Orange County elected officials on opportunities and benefits of hydrogen fuel and other alternative fuel infrastructure and advanced vehicle technology.*

OCBC has been conducting outreach to local elected officials on alternative fuels and advanced vehicle technology, both individually and through Association of California Cities – Orange County's Energy/Environment Committee.

OCBC began to create various marketing materials aimed at increasing awareness of the benefits of employment in alternative fuel and vehicle occupations. These materials include PowerPoint presentations and infographics which highlight employment growth, wage levels and career pathways.

3. *Continued engagement of alt fuel and vehicle technology stakeholder groups*

OCBC has identified the major vehicle technology stakeholder groups and through research of the fuel cell and alternative fuel vehicle technologies identified various recommendations and pathways on how to continually promote and expand the fuel cell vehicle market.

OCBC also continually tracks the current status of various hydrogen fueling stations located in the region in order to best report their operational status to stakeholder groups. While some of the Orange County stations experienced recent closures for maintenance and upgrades, the Newport Beach station has since reopened and can again serve Orange County hydrogen fuel customers. The station at the University of

California, Irvine just recently went through an upgrade, construction is now complete and an opening date is near. The hydrogen station located at the Orange County Sanitation District is open as well.

Focus Area #2 – Talent Pipeline

1. *Recruit and encourage student participation in internship, mentorship, and career awareness programs such as:*
 - a. *Orange County Green Champions of Tomorrow Program*
 - b. *2015 Solar Decathlon: Collaborating on Alternative Fuel Vehicle Showcase*
 - c. *UC Irvine*

OCBC has developed the framework for the Green Champions of Tomorrow Program by creating a series of outreach materials aimed at high school students to connect them with educational and employment opportunities in the green transportation technology sector in Orange County. These materials include outreach slideshow both describing the current and projected demand in the sector, an educational matrix outlining educational programs at select accredited colleges and universities in the area, and an infographic with sample career pathway information in the green transportation sector.

In order to continually draw interest into energy efficiency and alternative fuel vehicles, OCBC has highlighted and promoted the 2015 Solar Decathlon, which is currently underway and set to end by October 18, 2015, in an effort to draw interest not only from OCBC members but from students at all regional secondary educational institutions. In doing so, OCBC hopes to increase student participation in these programs as well as highlight the benefits associated with employment in alternative fuel and vehicle industries. Once winners are chosen, OCBC will analyze the efficiency strategies participating teams in the Solar Decathlon have presented and further promote these strategies in an effort to better educate RICO stakeholders and the general public.

UC Irvine was recently named the 2015 “Greenest University in the Nation” by the Sierra Club, taking the title for the second year in a row out of over 150 colleges across the nation. UCI received high marks in both transportation and waste, both major sectors in Orange County’s green economy. By highlighting this achievement, OCBC hopes to increase awareness and promote the campus, while also showcasing the regional dedication to energy efficiency and alternative fuels and vehicles.

PROGRESS TOWARD PERFORMANCE STANDARDS

The CEDS has identified four benchmarks of progress for Orange County to meet from 2013 to 2018: jobs created after implementation of the five-year CEDS plan, number of investments undertaken in the region, number of jobs retained

in the region, and private sector investments made post-implementation. Each standard had made significant progress even in the CEDS period’s first year, highlighted by new job growth and major new investments coming to fruition in 2014.

JOBS CREATED

Orange County is aiming to create 50,000 cumulative new jobs in the region from June 2013 through June 2018, and thus far is showing good progress in growing overall employment. As of September 2014, the total Orange County labor force has grown by 18,100 while total employment has increased by 37,300.

Orange County Population	June 2013	September 2015
Civilian Labor Force	1,570,900	1,596,200
Civilian Employment	1,464,800	1,532,200

Source: California Employment Development Department

RED-ZONE INVESTMENTS

During CEDS implementation, **Orange County must undertake at least two Red-Zone specific economic investment projects involving infrastructure and transit-transportation centers.** Orange County has no shortage of new transit-focused projects enabling low-income resident access to everything the county has to offer, and several major projects are already nearing completion within the CEDS timeframe.

Anaheim’s ARTIC project launched in 2014, a 16-acre transportation gateway that will bring considerable new transit options to the city with the greatest number of Red-Zone tracts in the county. ARTIC “...will serve as a hub for Orange County and the region, a landmark where freeways, major arterials, bus routes and Orange County’s backbone rail system converge.” This state-of-the-art transit center encourages the growth and coverage of Orange County transit as the number of Metrolink and Amtrak trains

servicing Anaheim and local and express bus routes increase.

Additionally, the Santa Ana/Garden Grove fixed guideway project proposes a new street car system to travel along an east-west corridor between the Santa Ana Regional Transportation Center (SARTC) and a new multi-modal transit hub on Harbor Boulevard in Garden Grove. The system would provide transit service for commuters traveling from the train station to employment and activity centers in the heart of Orange County

and to residents and visitors wanting to circulate throughout the area. Approximately \$12 million in Project S and additional funds have been awarded to the Santa Ana/Garden Grove team. The environmental clearance was completed in 2014, and construction to begin in 2017.

Both are funded in part by Measure M2 funds – These and other projects through the half-cent sales tax are set to propel Orange County’s infrastructure needs forward and adequately fulfill this CEDS goal.

CONSTRUCTION, MANUFACTURING AND FINANCE EMPLOYMENT

By June 2018, **Orange County is targeting 5,000 new jobs in each of the Construction, Manufacturing, and Financial Services clusters.** Construction employment has increased by over 6,000 since June 2013, but Manufacturing has only expanded by 500 jobs and Financial Activities jobs have actually decreased by over 4,000. The

rebound in Construction is a healthy boon to Orange County’s infrastructure growth, but more efforts will need to be made to open up training and employment opportunities for Manufacturing and Finance, both of which experienced harsh declines during the recent Recession.

Orange County Employment	June 2013	September 2015
Construction	77,400	89,100
Manufacturing	158,000	164,300
Financial Activities	113,800	115,300

Source: California Employment Development Department

THE END RESULT: NEW PRIVATE-SECTOR INVESTMENT IN TRANSPORTATION-TRANSIT

The CEDS anticipates that **private investment in Orange County will be at least \$50 million after the CEDS is successfully implemented.** Progress toward making this goal is on-track thanks to the

seamless flow of new highway expansions planned in-progress and delivered in 2014 and in the coming years.

CONCLUSION

In its first year of implementation, Orange County is capitalizing well on opportunities aligned with the 2013-2018 CEDS goals through successful infrastructure projects. A solid first wave of OCTA-supported road improvements and transit centers are rapidly coming online, and the region has taken preemptive measures to keep Orange County's water supply intact in the prolonged drought aftermath. Moving forward, Orange County needs to be ready to combat the rise in Red-Zones at the tract level; alleviating the hardship of residents in Red-Zone neighborhoods

is at the core of achieving all planned CEDS goals, and Orange County should intensify its efforts to open up new employment and transit options for low-income residents. The Information Technology cluster is a bright spot for such opportunities, and Orange County has made great strides in bridging the gap between educators and employers through its IT Cluster Competitiveness Project. In total, a solid baseline of strategies, goals and action projects are in place to capitalize on Orange County's economic assets in this successful year of rapid expansion.

APPENDIX A: RED-ZONE DATA TABLES

Red-Zone Census Tracts by City			
City	Census Tract(s)	Unemployment	Per Capita
Anaheim	863.01	17.5	\$17,845
	864.02	14.6	\$19,067
	864.04	15.7	\$16,627
	865.02	14.1	\$10,789
	866.01	16.1	\$11,616
	866.02	14.0	\$17,789
	867.02	13.3	\$18,136
	868.02	12.4	\$17,011
	869.01	17.6	\$15,790
	870.01	17.3	\$18,570
	870.02	12.4	\$21,499
	871.06	12.0	\$19,226
	873.00	12.3	\$18,484
	874.03	22.7	\$12,432
	874.04	11.7	\$13,850
	874.05	18.1	\$11,261
	876.01	13.5	\$17,216
877.03	16.4	\$20,267	
Buena Park	1102.02	14.1	\$21,700
	1103.02	11.8	\$20,671
Costa Mesa	636.04	14.4	\$21,030
	636.05	16.5	\$17,777
	637.01	14.6	\$16,465
Fullerton	18.01	14.5	\$17,060
	18.02	17.6	\$14,160
	19.02	16.8	\$19,835
	19.03	14.3	\$21,177
	111.01	14.2	\$19,224
	111.02	13.5	\$19,979
	116.02	12.0	\$17,556
Garden Grove	880.01	14.3	\$21,566
	881.05	14.2	\$21,399
	882.01	17.9	\$20,628
	882.03	18.9	\$20,997
	884.01	11.7	\$22,466
	884.03	14.5	\$22,443
	885.01	11.9	\$20,279

	887.01	13.9	\$17,950
	888.02	12.8	\$17,210
	889.02	11.8	\$17,256
	890.03	18.8	\$13,581
Huntington Beach	994.02	16.4	\$13,239
Irvine	524.04	13.8	\$17,730
La Habra	11.03	12.9	\$17,957
	12.02	16.4	\$16,670
	14.02	14.4	\$21,305
Mission Viejo	320.22	12.1	\$22,200
Orange	762.05	12.0	\$17,892
Placentia	117.20	17.4	\$8,973
San Juan Capistrano	423.12	11.7	\$17,985
Santa Ana	741.02	11.9	\$16,086
	744.03	12.3	\$9,135
	745.01	12.4	\$9,912
	745.02	14.0	\$11,970
	746.01	12.4	\$12,510
	748.02	15.0	\$11,149
	748.06	14.1	\$11,906
	752.01	12.2	\$12,535
	752.02	17.5	\$16,270
	753.02	12.0	\$20,860
	890.04	12.1	\$14,258
	891.04	18.5	\$11,582
	992.02	12.5	\$17,306
Stanton	878.01	14.4	\$21,614
	878.03	16.4	\$12,195
	878.06	15.4	\$14,188
	879.02	14.4	\$16,185
	881.06	11.8	\$20,994
Westminster	889.04	14.3	\$18,871
	889.05	21.3	\$17,691
	996.01	13.7	\$19,237
	999.03	15.0	\$17,233

Tracts Moved Into Red-Zone Status			
City	Census Tract	Unemployment	Per Capita Income
Anaheim	871.06	12.0	\$19,226
Costa Mesa	637.01	14.6	\$16,465
Fullerton	19.03	14.3	\$21,177
	116.02	12.0	\$17,556
Garden Grove	880.01	14.3	\$21,566
	882.01	17.9	\$20,628
	884.01	11.7	\$22,466
	884.03	14.5	\$22,443
	888.02	12.8	\$17,210
Irvine	524.04	13.8	\$17,730
La Habra	11.03	12.9	\$17,957
	14.02	14.4	\$21,305
Mission Viejo	320.22	12.1	\$22,200
San Juan Capistrano	423.12	11.7	\$17,985
Santa Ana	741.02	11.9	\$16,086
	746.01	12.4	\$12,510
Stanton	878.01	14.4	\$21,614
Westminster	999.03	15.0	\$17,233

Tracts Moved Out of Red-Zone Status			
City	Census Tract	Unemployment	Per Capita Income
Anaheim	869.02	14.9%	\$23,393
	871.02	11.3%	\$18,119
	871.03	10.9%	\$21,148
	875.04	8.8%	\$11,777
	877.01	9.6%	\$20,240
Costa Mesa	637.02	13.3%	\$23,420
Fullerton	115.04	11.1%	\$17,868
Garden Grove	883.01	11.6%	\$19,954
	884.02	10.6%	\$16,189
	886.01	11.4%	\$20,453
	888.01	11.5%	\$18,412
La Habra	14.04	10.9%	\$17,200
Placentia	117.21	11.2%	\$16,873
Santa Ana	740.05	11.3%	\$15,693
	741.03	9.9%	\$16,573
	742.00	11.1%	\$14,052
	744.05	10.6%	\$12,067
	750.03	11.4%	\$9,416
	890.01	11.3%	\$17,197
	891.07	13.6%	\$22,671
Stanton	881.04	11.3%	\$21,903
Westminster	998.01	11.4%	\$20,010
	998.02	11.3%	\$17,653
	999.04	10.2%	\$17,663

APPENDIX B: MEASURE M2 PROJECT SCHEDULE

Measure M2 Projects			
Project	Stage	Description	Completion Date
E	Completed	SR-22 Access Improvements	Complete
G	Completed	SR-57 (NB), Katella to Lincoln (Open to Traffic)	Complete
G	Completed	SR-57 (NB), Orangethorpe to Yorba Linda	Complete
G	Completed	SR-57 (NB), Yorba Linda to Lambert	Complete
J	Completed	SR-91, SR-241 to SR-55	Complete
J	Completed	SR-91 (EB), Riv. County Line to SR-241	Complete
O	Completed	Placentia Grade Separation	Complete
O	Completed	Kraemer Grade Separation	Complete
R	Completed	Rail-Highway Grade Crossing Safety Enhancement	Complete
R,T	Completed	Anaheim Regional Trans Intermodal Center	Complete
R	Completed	Sand Canyon Grade Separation (Open to Traffic)	Complete
D	Construction	I-5, I-5/Ortega Interchange	2015
C	Construction	I-5, PCH to San Juan Creek Rd.	2016
H	Construction	SR-91 (WB), I-5 to SR-57	2016
I	Construction	SR-91 (WB), Tustin Interchange to SR-55	2016
O	Construction	Orangethorpe Grade Separation	2016
O	Construction	Tustin/Rose Grade Separation	2016
S	Environmental	Anaheim Rapid Connection	2016
B	Environmental	I-5, I-405 to SR-55 (Further Schedule TBD)	2017
C	Construction	I-5, Vista Hermosa to Pacific Coast Highway	2017
G	Environmental	SR-57 (NB), Orangethorpe to Katella (Further Schedule TBD)	2017
L	Environmental	I-405, I-5 to SR-55 (Further Schedule TBD)	2017
O	Construction	I-5, Vista Hermosa to Pacific Coast Highway	2017

J	Construction	SR-91, SR-241 to I-15 (RCTC's Design-Build)	2017
O	Construction	Lakeview Grade Separation	2017
C,D	Construction	I-5, Pico to Vista Hermosa/ Pico Interchange	2018
F	Environmental	SR-55, I-5 to SR-91 (Further Schedule TBD)	2018
I	Environmental	SR-91, SR-55 to SR-57 (Further Schedule TBD)	2018
M	Environmental	I-605, I-605/Katella Interchange (Further Schedule TBD)	2018
O	Construction	Raymond Grade Separation	2018
O	Construction	State College Grade Separation (Fullerton)	2018
A	Design, Advertise & Award	I-5, SR-55 to SR-57	2019
D	Environmental	I-5, I-5/El Toro Interchange (Further Schedule TBD)	2019
G	Environmental	SR-57 (NB), Lambert to County Line (Envn. Cleared/Further Schedule TBD)	2019
S	Design, Advertise & Award	Santa Ana/Garden Grove Fixed Guideway	2019
C	Design, Advertise & Award	I-5, Alicia Pkwy to El Toro Road	2022
C,D	Design, Advertise & Award	I-5, SR-73 to Oso Pkwy/Avery Pkwy Interchange	2022
C,D	Design, Advertise & Award	I-5, Oso Pkwy to Alicia Pkwy/La Paz Road Interchange	2022
F	Environmental	SR-55, I-405 to I-5	2022
K	Design, Advertise & Award	I-405, Euclid to I-605 (Design Build)	2022

** Expected Date of Environmental Clearance*

APPENDIX C: CITY UPDATES

ANAHEIM

1. **Hotel Incentive Program**

The City of Anaheim has long-recognized the Anaheim Resort as a critically important economic engine and the significance of Transient Occupancy Tax (TOT) generation. For more than a decade, Anaheim has attempted to induce the development of a new, upscale hotel market based on the premise that it could triple TOT and greatly enhance sales of property tax revenue and capture a new segment of the hospitality industry.

Additionally, Anaheim has entered into two Economic Assistance Agreements (EAAs) with a Garden Walk Hotel developer to induce the development of two, four diamond hotels by providing assistance equal to 70% of the project-generated TOT over 20 years.

BUENA PARK

1. **Crescent Avenue Sewer Project**

The lack of sewer capacity in a stretch of Crescent Avenue from just west of Western Avenue going East to Stanton Avenue and continuing South down Stanton Avenue to its terminus has slowed potential housing, retail, and hotel development. This was to be a Redevelopment Agency funded project in 2011/2012 but could not be funded due to the elimination of redevelopment agencies by Governor Jerry Brown in 2012.

This project will construct a new sewer line in Crescent Avenue from Western Avenue to Stanton Avenue and install a sewer line in Stanton Avenue for 350 feet south of Crescent Avenue. The project consists of 350 feet of 12" vitrified clay pipe (VCP), 1250 feet of 15" VCP, 1400 feet of 18" VCP, and 10 sewer manholes at an estimated cost of \$2,300,000.

CYPRESS

1. **Condominium Project**

The City Ventures has submitted an application to construct 66 condominium units at 5300 and 5400 Orange Avenue.

2. **Barton Place Project**

The proposed Barton Place Project consisting of the 33 acre site located at the northeast corner of Katella Avenue and Enterprise Drive in the City of Cypress. A development proposal was approved by the City Council on October 26, 2015, for the construction of 244 senior residential units and a 5-acre retail commercial center on the subject site.

3. Mackay Place

Mackay Place will debut April 2016 in Cypress, a highly anticipated collection of brand new single-family homes. This detached neighborhood will feature three beautifully appointed floorplans to accommodate the expectations of young and growing families as well as mature couples. Contemporary two-story designs will range from approximately 2,603 to 2,815 square feet, with up to four bedrooms plus a bonus room and four baths. Ranch and Spanish-style architecture will grace the homes' exteriors. The neighborhood's convenient Cypress location at the corner of Walker and Delong streets will offer homeowners close proximity and easy accessibility to the area's major business centers.

HUNTINGTON BEACH

1. Center for Entrepreneurship & Leadership (CIELO) Program

Huntington Beach is the home of the Center for Entrepreneurship & Leadership (CIELO) at Golden West College. This one year-old program supports workforce/economic development through providing leadership training and enterprise development for small business, social enterprise and micro enterprise for the Oak View community, as well as for other residents and future leaders in Huntington Beach. The program is a collaborative efforts of the Oak View Renewal Partnership, a 501(c)(3) nonprofit organization and Golden West College. This Center will support the CEDS goals #1 and #2 to advance lives of red zone residents living in the Oak View community, as well as citizens throughout Huntington Beach who will have access to the available programs and opportunities.

LA HABRA

1. Civic Center Relocation Project

The City of La Habra's Civic Center includes City Hall, Community Center, Library, and Police Station. In 2016, The City of La Habra's Civic Center will be relocating from its current site to a new 45,000 SF Civic Center within existing buildings located on 100-110 E La Habra Blvd, directly across La Habra Boulevard from the La Habra Police Department. Once the move is complete, the site where City Hall currently stands will be replaced with approximately 70 new homes.

2. Commercial Development Projects

A majority of the manufacturing and commercial space in La Habra is located in the southeast region of the City. Future development in the area include a 25,000 SF Kaiser Permanente Medical Office, CVS Pharmacy, 4.2 acres of commercial space, as well as 62,000 SF for retail space. The northwestern region of the City will also see new businesses emerge along Whittier Blvd in the coming year. This includes the addition of a new state of the art Carwash, Chase Bank, Starbucks Drive-Thru, Auto Zone, and over 100,000 SF of additional retail space.

3. Residential Development Projects

Several new residential projects are currently underway throughout the City. Housing developer D.R. Horton will be constructing 64 new townhomes. 32 of the homes will be located on 1220-1240 W La Habra Blvd. The other 32 homes will be located on 1001 E Whittier Blvd. Both developments are expected to be completed by early 2017. There is also a 12-unit condominium project on 306 S Monte Vista St being developed by Apel Construction Management. Construction for this project is currently underway and is expected to be completed by early 2016. 71 new units will be built by City Ventures to replace the existing Civic Center on 201 E La Habra Blvd. In 2017, the City will also see an increase in rental properties available in the area with the addition of 335 Luxury Apartments on 951 S Beach Blvd.

4. Community Shuttle – La Habra Express

The City of La Habra was awarded 1.7 million dollars in Measure M funding towards the operation of two community shuttles. The shuttles operate year-round throughout the City, down to the St. Jude Hospital in Fullerton, and continue to the Fullerton Transportation Center, a major transportation hub in the area. The operation of these shuttles increases access to local businesses and community services for La Habra residents, employees, and visitors. Shuttles are equipped with complementary wireless internet access and USB charging ports, providing additional conveniences to riders.

5. Red-Zones Update

- **Census Tract 12.02**

- a. Tract is comprised of:

- i. 0.34 Square Miles
 - ii. 3,586 Population
 - iii. 947 Housing Units
 - iv. 912 Households
 - v. 29.4 Median Age

- b. Activity in the Area:

- i. The City of La Habra's Civic Center includes City Hall, Community Center, Library, and Police Station. In 2016, The City of La Habra's Civic Center will be relocating from its current site to a new 45,000 SF Civic Center within existing buildings located on 100-110 E La Habra Blvd, directly across La Habra Boulevard from the La Habra Police Department. Once the move is complete, the site where City Hall currently stands will be replaced with approximately 70 new homes.

- **Census Tract 14.04**

- a. Tract is comprised of:

- i. 1.13 Square Miles
 - ii. 3,972 Population
 - iii. 1,065 Housing Units
 - iv. 1,000 Households
 - v. 30.3 Median Age

- b. Activity in the Area:

- i. A majority of the manufacturing and commercial space in La Habra is located in the southeast region of the City. Future development in the area include a 25,000 SF Kaiser Permanente Medical Office, CVS Pharmacy, 4.2 acres of commercial space, as well as 62,000 SF for retail space.

LAGUNA HILLS

1. Trails and Open Space Program - Multi-use Trail Community Center to Indian Hill

The purpose of this project is to create a trail linkage for recreational enhancement. It aims to develop a bike path and multi-use trail from the Community Center & Sports Complex, within the SCE transmission line easement, to Indian Hill Lane per the Open Space and Trails Master Plan. The trail has been substantially designed and the right of way acquisition is pending. Additionally, a Letter of Consent is required from Southern California Edison Company to allow the formal trail development to occur within their easement area. Additional trail and minor landscape maintenance estimated at \$1,000 per year with the overall cost estimates being at \$600,000.

2. Pavement Rehabilitation Program - Via Lomas street

The purpose of this project is to bring the sidewalk, access ramps and driveways into compliance with the Americans with Disability Act (ADA) for accessibility and rehabilitate the existing asphalt concrete pavement along the entire length of the roadway. Via Lomas Street is local collector street between and connecting from Alicia Parkway to Moulton Parkway in the City of Laguna Hills. The street provides access to multi-family residential properties consisting of both rental apartments and condominiums. Via Lomas street is in need of accessibility improvements to serve the residents of this street to include the removal and replacement of two access ramps at Alicia Parkway with current ADA standards ramps, the removal and replacement of 23 driveways to reconstruct them in compliance with ADA standards for sidewalk cross-fall and site specific sidewalk repairs. Via Lomas street is 2756' in length and 40' in width. The street is in need of pavement rehabilitation to consist of as-needed replacements of curb and gutter, site specific asphalt concrete repairs, crack sealing, edge grinding, an asphalt concrete resurfacing and striping. The total cost estimate is \$439,000.

LOS ALAMITOS

1. Purple Pipe Project

The City of Los Alamitos is engaging in the development of a \$3-\$9.5 million project to import reclaimed water from the City of Cerritos into the City of Los Alamitos for irrigation purposes. The project will include installation of infrastructure of "Purple Pipe" to import reclaimed water from the City of Cerritos to Los Alamitos via 16" pipe running south on Bloomfield Avenue at Centralia Street into the City of Cypress. Our project would extend 16" pipe from Centralia Street south on Bloomfield Avenue to Cerritos Avenue. Then the project could branch off as follows:

- South on Bloomfield Avenue to Katella Avenue where it could branch off east and west on Katella to feed the center median islands and eventually Oak Middle School
- South on Bloomfield Avenue to Farquhar Avenue to feed Little Cottonwood Park
- West on Cerritos Avenue to Los Alamitos High School and Coyote Creek Park
- Distance on Bloomfield Avenue from Centralia Street to:
 - Cerritos Avenue – 2 miles
 - Katella Avenue – 2.5 miles
 - Farquhar Avenue – 2.75 miles
- Length of Purple Pipe branching off of mainline on Bloomfield into parks, fields and medians is another 3.5-4 miles

2. Los Alamitos Blvd. Beautification Project

The Los Alamitos Boulevard Beautification Project including the design and construction of a raised center median on Los Alamitos Boulevard between Farquhar north to the boundary just beyond Cerritos Avenue. The estimated \$1,000,000 project will include 5,250 linear feet of new raised center medians which will both beautify the City and direct traffic appropriately while increasing the traffic capacity of Los Alamitos Blvd.

SANTA ANA

1. **Fixed Guideway Project**

The cities of Santa Ana and Garden Grove in cooperation with the Orange County Transportation Authority (OCTA) are proposing to build a Fixed Guideway (Streetcar) Transportation system between the Santa Ana Regional Transportation Center (SARTC) and a new transportation center in Garden Grove. The system would provide transit service for commuters traveling from the train station to employment and activity centers in the heart of Orange County and to residents and visitors wanting to circulate throughout the area. The proposed streetcar project would service Santa Ana's historic downtown which includes government offices, federal, state and local courthouses, unique businesses, and artists' village, several colleges and a variety of organizations that cater to the community's needs. The most recent cost estimate assumes the street car alternatives would cost up to \$212 million to build and the TSM/best bus alternative would cost roughly \$14.5 million. Funding would come from a variety of sources including Renewed Measure M, Orange County's half-cent tax for transportation, as well available state and federal transportation funding sources.

2. **Third and Broadway by the Artists Village Development Project**

The City constructed the 440-space parking garage located on 3rd Street and Broadway in the early 1980s. The three-level garage is situated on approximately 61,243 square feet of land area and encompasses approximately 146,000 square feet of building area. The 3rd Street Garage is not currently encumbered by any debt. The construction costs for this public parking garage were funded by a tax-exempt bond. A portion of the bond debt service payment obligations on the bond were funded with assessments imposed on property owners within a defined district. The City has determined that the parking garage is at the point of functional obsolescence. In turn, the City's Community Development Department and Public Works Agency have been evaluating the costs associated with making the necessary design, drainage and structural improvements versus the costs associated with demolishing and replacing the existing garage. However, this effort has been constrained by the lack of available funds to take on the improvements. The land value supported by vacant land is estimated at \$2.25 million. The City is currently looking at options to develop this land.

3. **Fiber-Optic Network Infrastructure Development Project**

Install and connect new fiber directly to the home, creating a fiber-to-the-home ([FTTH](#)) network. This would enable the City to provide a very fast service at much lower cost to homes and businesses alike. From an Economic Development perspective, these faster speeds and affordable prices can be a lifeline for smaller businesses that cannot afford thousands of dollars per month for the faster connections generally available.

4. **Local Infrastructure Improvements**

- a. Santa Ana Blvd. Grade Separation: The project proposes to grade separate the existing Santa Ana Boulevard/OCTA Metrolink at-grade railroad crossing. The grade separation will eliminate the at-grade crossing of Santa Ana Boulevard and the OCTA Metrolink tracks to improve pedestrian and bicycle user safety, enhance traffic operations, improve emergency response times, reduce existing traffic congestion and reduce greenhouse gas emissions to improve air quality along Santa Ana Boulevard.
- b. 17th St Grade Separation (OCTA Lead): The project proposes to grade separate the existing 17th St. and Lincoln intersection from the OCTA Metrolink at-grade railroad crossing. The grade separation will eliminate the at-grade crossing of 17th Street and the OCTA Metrolink tracks to improve pedestrian and bicycle user safety, enhance traffic operations, improve emergency response times, reduce existing traffic congestion and reduce greenhouse gas emissions to improve air quality along 17th Street.

- c. Grand Avenue Grade Separation (OCTA Lead): The project proposes to grade separate the existing Grand Avenue/OCTA Metrolink at-grade railroad crossing. The grade separation will eliminate the at-grade crossing of Grand Avenue and the OCTA Metrolink tracks to improve pedestrian and bicycle user safety, enhance traffic operations, improve emergency response times, reduce existing traffic congestion and reduce greenhouse gas emissions to improve air quality along Grand Avenue.

5. Local Street Improvements

- a. Bristol Street Improvements - 17th to Santiago Creek: Improvements include landscaped medians; landscaped buffers for pedestrians in the parkways; bike lanes; storm drain improvements; undergrounding overhead utilities; upgrade of street lighting and the building of sound walls where necessary. The street will also be widened from two to three lanes in each direction.
- b. Warner Avenue Improvements - Main to Grand: Improvements include landscaped medians; landscaped buffers for pedestrians in the parkways; bike lanes; storm drain improvements; undergrounding overhead utilities; upgrade of street lighting and the building of sound walls where necessary. The street will also be widened from two to three lanes in each direction.
- c. Fairview Improvements - Civic Center to 17th: Improvements include widening of the bridge over the Santa Ana River to accommodate sidewalks and 3 lanes in each direction. The roadway approaches to the bridge would also be improved to include landscaped medians; landscaped buffers for pedestrians in the parkways and bike lanes. The street will also be widened from two to three lanes in each direction.
- d. Dyer Road Improvements - SR-55 to RR Crossing E/O Pullman: Improvements include landscaped medians; landscaped buffers for pedestrians in the parkways; bike lanes; storm drain improvements and the upgrade of street lighting. The street will also be widened from three to four lanes in each direction.
- e. Grand Avenue Improvements - 4th to 17th: Improvements include landscaped medians; landscaped buffers for pedestrians in the parkways; bike lanes; storm drain improvements; undergrounding overhead utilities; upgrade of street lighting and the building of sound walls where necessary. The street will also be widened from two to three lanes in each direction.

6. Regional Infrastructure Developments

- a. Alton Overcrossing at SR-55: The cities of Santa Ana and Irvine, in corporation with California Department of Transportation (Caltrans), propose to build an overcrossing structure over SR-55, the Costa Mesa Freeway, between the western terminus of Alton Avenue in the City of Santa Ana and the eastern terminus of Alton Parkway in the City of Irvine, Orange County. The proposed project will include the construction of an overcrossing on Alton Avenue/Parkway over SR-55, the widening Alton Avenue between Main Street to Standard Avenue in the City of Santa Ana, the addition of bike lanes, and the relocation of an existing drainage channel.

7. Climate Action Plan Program

A roadmap to reducing greenhouse gas emissions within the City of Santa Ana. The Plan is scheduled to go to Council on December 15, 2015 for adoption. The Plan includes measures in the following sectors: Transportation and Land Use, Energy, and Water, Waste Water, and Solid Waste. Implementation has already begun on a few measures, with most implementation beginning in 2016. Many of the measures will create jobs within the city, such as retro-commissioning of commercial and industrial buildings. Other benefits include improved air quality, lower energy usage, reduced fossil fuel reliance, reduced traffic congestion, and improved public health.

STANTON

1. Stanford Central Park Project

The Stanton City Council awarded a construction contract for the development of Stanton Central Park and construction has begun. The new 11.5 acre park is located on a city-owned parcel and the address is 10660 Western Avenue, with Katella Avenue being the closest major cross street. The projected cost of the 11.5 acre park is \$11.2 million. The project's design, construction, and construction management are funded from a Redevelopment Agency Bond, a State Grant, and Park-In-Lieu Fees and has no impact on the City's General Fund. The anticipated opening for Stanton Central Park is June 2016.