

AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Annual Public Hearing**
 - A. Overview of Taxpayer Oversight Committee
 - B. Review of the 2017 Taxpayer Oversight Committee Actions
 - C. Local Eligibility Subcommittee Report
 - D. Audit Subcommittee Report
 - E. Public Comments*
 - F. Adjournment of Public Hearing
- 4. Approval of Minutes/Attendance Report for February 13, 2018**
- 5. Action Items**
 - A. Measure M2 Annual Eligibility Review Subcommittee Recommendations for Fiscal Year 2016-17 Expenditure Reports
Matt McGuinness, Annual Eligibility Review Subcommittee
 - B. 2018 Measure M Annual Hearing Follow-Up and Compliance Findings
Eric Woolery, Taxpayer Oversight Committee Chair
- 6. Presentation Items**
 - A. OC Streetcar Status Report
Jim Beil, Executive Director, Capital Programs
 - B. Measure M2 Quarterly Progress Report (Oct. 2017 - Dec. 2017)
Tamara Warren, Measure M Program Manager
 - C. Autonomous Vehicles
Kurt Brotcke, Director, Strategic Planning
- 7. OCTA Staff Updates**
- 8. Environmental Oversight Committee Report**
- 9. Committee Member Reports**
- 10. Public Comments***
- 11. Adjournment**

The next meeting will be held on June 12, 2018

*Public Comments: At this time, members of the public may address the Taxpayer Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

INFORMATION ITEMS

<u>Staff Report Title</u>	<u>Board Meeting Date</u>
1. Environmental Mitigation Program Endowment Fund Investment Report For December 31, 2017	February 26, 2018
2. Measure M2 Environmental Cleanup Program - Tier 1 Grant Program Call for Projects	March 12, 2018
3. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2017	April 9, 2018
4. Fiscal Year 2018-19 Measure M2 Eligibility and Countywide Pavement Management Plan Guidelines and City of Placentia's Maintenance of Effort Benchmark	
5. Interstate 405 Improvement Project Update	

*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the TOC.

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Measure M2 Taxpayer Oversight Committee
Orange County Transportation Authority
550 S. Main Street, Orange CA, Room 07
February 13, 2018 @ 5:00 p.m.

MEETING MINUTES

Committee Members Present:

Eric Woolery, Orange County Auditor-Controller, Chair
Richie Kerwin Lim, First District Representative
Anthony Villa, First District Representative, Co-Chair
Larry Tekler, Second District Representative
Alan P. Dubin, Second District Representative
Eugene Fields, Third District Representative
Andrew Lesko, Third District Representative
Stanley F. Counts, Fourth District Representative
Matt McGuinness, Fifth District Representative
Guita Sharifi, Fifth District Representative

Committee Member(s) Absent:

Richard Rojas, Fourth District Representative

Orange County Transportation Authority Staff Present:

Julianne Brazeau, Public Reporter Specialist
Christine Byrne, Department Manager, Public Outreach
Rose Casey, Director, Highway Programs
Marissa Espino, Community Relations Officer
Ross Lew, Program Manager, Highway Programs
Emily Mason, Community Relations Specialist
Jeff Mills, Program Manager, Highway Programs
Kia Mortazavi, Executive Director, Planning
Andrew Oftelie, Executive Director, Finance
Tresa Oliveri, Community Relations Officer
Sean Murdock, Director, Finance & Administration
Alice Rogan, Director, Marketing & Public Outreach
David Simpson, Principal Government Relations Representative, Regional Initiatives
Tamara Warren, Program Manager, M Program Management Office

1. Welcome

Chair Eric Woolery welcomed everyone to the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) meeting at 5:10 p.m.

2. Pledge of Allegiance

Co-Chair Anthony Villa led the Pledge of Allegiance to the Flag.

3. Approval of the Minutes/Attendance Report for October 10, 2017

Alan Dubin asked about the status of TOC Member Sony Soegiarto. Alice Rogan explained Sony had officially resigned.

Richie Lim asked that the October minutes reflect his exact comments regarding the I-405 item. He said his comments were a direct response to a public comment and were summarized in the minutes. He would like the minutes to say: "There is a concern by a member of the public as to why Measure M should be paying for the total infrastructure cost of the I-405 Project when it benefits both the express lane and the general purpose lane and so Measure M should be paying at best only 50 percent of the infrastructure cost."

Larry Tekler asked if the information was correct on page three, paragraph two of the October minutes regarding no fees for cars with two or more riders using the I-405 Express Lanes during non-peak hours in the years 2023-2026 and after 2026 three or more will be free during *all hours*. Andrew Oftelie clarified 3+ will always be free regardless of the year or time of day, 2+ will be free during *non-peak* in the years 2023-26.

Anthony Villa questioned there being no reason for Matt McGuinness's absence at the October meeting. Alice Rogan said it was an oversight on staff's part for not adding Matt McGuinness's reason for absence. Matt was out of town on business.

A motion was made by Alan Dubin, seconded by Richie Lim, and carried unanimously to approve the October 10, 2017 TOC Minutes and the Attendance Report with amendments.

4. Action Items

A. M2 Quarterly Revenue & Expenditure Report (Dec 17)

Sean Murdock presented the M2 Quarterly Revenue & Expenditure Report for December, 2017.

A motion was made by Richie Lim, seconded by Alan Dubin, and carried unanimously to receive and file the M2 Quarterly Revenue & Expenditure Report for December 2017.

5. Presentation Items

A. I-5 Widening Project from SR-73 to El Toro Road

Rose Casey presented the I-5 Widening Project from SR-73 to El Toro Road. She said the groundbreaking for this project will be in early 2019.

Matt McGuinness asked how many bridges need to be widened between La Paz Road and El Toro Road due to the project. Rose Casey said two bridges will be widened. She said the bridges will be at Avery Parkway and at La Paz Road.

Rose said there will need to be some work done on retaining walls and some bridges over creeks and culverts.

B. OC Bridges Completion

Ross Lew presented the completion of the OC Bridges Project. Ross also presented a video on the project.

Andrew Lesko asked about the total project cost. Ross Lew said it was \$664 million project for all seven bridges.

Stanley Counts said he is impressed with the design of the project. He asked if there is a cost difference in the treatments in each of the area – some seem to be done with steel and others seem to be done with cement. Ross Lew said there were minor cost differences; both types of construction have wall liners. Committee members generally agreed the treatments look good and fit each area.

Richie Lim commented on the amazing support from the different agencies involved with the project.

C. Project V Update

Tamara Warren presented an update on Project V.

D. Measure M Next 10 Plan Update

Tamara Warren presented an update on the Measure M Next 10 Plan.

Guita Sharifi asked if construction workers are paid prevailing wages. Tamara Warren said yes, OCTA has to abide by all state and federal requirements.

Richie Lim asked if sales tax estimates continue to come in low over the next years, what the primary options are left for OCTA. Tamara Warren said OCTA believes the forecast is on target due to the changes made to the forecasting methodology over the past year. She said OCTA uses very conservative projections which may allow for some cushion. She said OCTA is watching all changes closely and asking Caltrans to not add anything to projects. Tamara said in the future, OCTA may have the ability to get money from the I-405 excess revenues as well to use for other I-405 projects. Richie asked when the I-405 funds would be available. Tamara said 10 years after the completion of the I-405 Project. Richie wonders if there is a way to leverage those excess revenues. Andrew Oftelie said the I-405 excess will be available to OCTA after substantial completion of the project which means revenue will be available in about 2028. He said 50 percent of the excess revenue will go to the pay back of the TIFIA Loan. Tamara said Project L will be the only project eligible for the I-405 excess revenue funds because it is in the 405 corridor. She also mentioned SB1 has the opportunity to contribute to some of the projects.

Anthony Villa asked what will happen if SB 1 is repealed. Tamara Warren said within the Next 10 Plan there are no SB1 assumptions.

Matt McGuinness asked about the work on SR-91 in Riverside County and how that might affect Orange County negatively. Tamara Warren said Orange County may be negatively affected by the cost of labor and material resources due to projects in Los Angeles, Riverside, San Bernardino, and San Diego Counties. Matt wonders if more revenue will flow into Orange County due to the work on the SR-91/I-15 Interchange. Tamara said OCTA is not in the business to make money from the 91 Express Lanes. Andrew Oftelie said it has become a net positive for OCTA. He said OCTA is bring the most money into Measure M from the Express Lanes that is allowable due to the restriction in place stating the money from the 91 Express Lanes can only be used in the SR-91 corridor.

6. OCTA Staff Updates

- I-405 Improvement Project Groundbreaking Event – Christina Byrne shared a video of Chairwoman Bartlett speaking at the I-405 Improvement Project Groundbreaking Event. She also provided information on outreach for the project.

TOC member Larry Tekler mentioned that he was in attendance at the event.

- Environmental Mitigation Program – Marissa Espino provided a brief overview of the Environmental Mitigation Program, announcing OCTA has received programmatic permits for advanced mitigation.
- OC Go – Alice Rogan gave an overview of activities regarding the re-branding of Measure M2.

Guita Sharifi asked if there are specific colors for OC Go. Alice Rogan said the words OC Go can be Black, Blue or White.

- Upcoming Annual Hearing – Alice Rogan handed out the Measure M2 Annual Hearing Outline and went through what will happen at the April Meeting.
- Other – There were no further reports.

7. Audit Subcommittee Report

Eric Woolery reported the Audit Subcommittee found OCTA in compliance with the Measure M Ordinance for FY 2017, based on the audit and information provided.

8. Environmental Oversight Committee (EOC) Report

Anthony Villa reported the endowment was funded for the seven preserves. Anthony also reported on the renaming contest for the OCTA owned preserves. He presented a video on the renaming contest along with an overview of the preserves.

9. Committee Member Reports

Eric Woolery passed around copies of the County of Orange Citizens Report.

4. Public Comments

There were no public comments.

5. Adjournment

The Measure M Taxpayer Oversight Committee meeting adjourned at 6:30 p.m. The next meeting will be held on April 10, 2018.

Taxpayer Oversight Committee

Fiscal Year 2017-2018

Attendance Record

X = Present E = Excused Absence * = Absence Pending Approval U = Unexcused Absence -- = Resigned

Meeting Date	11-Jul	8-Aug	12-Sep	10-Oct	14-Nov	12-Dec	9-Jan	13-Feb	13-Mar	10-Apr	8-May	12-Jun	
Stanley F. Counts		X		X		M E T I N G C A N C E L L E D		X					
Alan Dubin		X		X				X					
Eugene Fields		X		X				X					
Andrew Lesko		X		X				X					
Richie Kerwin Lim		X		X				X					
Matt McGuinness		X		E				X					
Richard Rojas		N/A		N/A				*					
Guita Sharifi		X		X				X					
Sony Soegiarto		U		N/A				--			--		--
Larry Tekler		X		X				X					
Anthony Villa		X		X				X					

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
2/13/18	Richard Rojas	Work

Action Items



April 10, 2018

To: Taxpayer Oversight Committee

From: Orange County Transportation Authority Staff

Subject: Measure M2 Annual Eligibility Review Subcommittee
Recommendations for Fiscal Year 2016-17 Expenditure Reports

Overview

The Measure M2 Ordinance requires all local jurisdictions to annually satisfy eligibility requirements in order to receive Measure M2 net revenues. The Annual Eligibility Review Subcommittee review process for the fiscal year 2016-17 expenditure reports has been completed.

Recommendations

1. Affirm Ordinance compliance regarding the fiscal year 2016-17 expenditure reports for 35 local jurisdictions in Orange County and find 35 local jurisdictions eligible to receive Measure M2 revenues for fiscal year 2017-18.
2. Recommend to the Taxpayer Oversight Committee Audit Subcommittee that the Local Fair Share Program for the City of Costa Mesa and the Local Fair Share and Senior Mobility Programs for the City of San Clemente be considered for audit next year.
3. Direct Orange County Transportation Authority staff to communicate concern to the City of Rancho Santa Margarita regarding the Maintenance of Effort benchmark being reported as actual expenditures.

Background

The Taxpayer Oversight Committee (TOC) is responsible for reviewing each local agency's Local Signal Synchronization Plan, Mitigation Fee Program, Expenditure Report, Congestion Management Plan, and Pavement Management Plan for compliance with Measure M2 Ordinance. The eligibility component, due this eligibility cycle, includes fiscal year (FY) 2016-17 expenditure reports for each local jurisdiction in Orange County. The other elements required for the annual eligibility review were approved by the Orange County Transportation Authority Board of

Directors in December 2017. The Annual Eligibility Review (AER) Subcommittee has been designated by the TOC to review the eligibility submittals with support from Orange County Transportation Authority (OCTA) staff.

Local jurisdictions are required to annually submit expenditure reports within six months of the close of local agencies' FY (December 31st). The City of Huntington Beach is an exception since the local jurisdiction follows a federal FY (October 1 to September 30) and submits an expenditure report by March 31st. However, the City plans to transition from a federal fiscal year to a July-June fiscal year beginning July 1, 2018.

Discussion

OCTA staff reviewed the Measure M2 (M2) expenditure reports to ensure consistency and accuracy. The AER Subcommittee convened on March 28, 2018 to review and discuss the expenditure reports. The M2 Ordinance requires local jurisdictions to satisfy the maintenance of effort (MOE) requirements by maintaining a minimum level of local streets and roads expenditures from local agencies' discretionary funds. Local jurisdictions are required to report MOE expenditures in M2 expenditure reports.

During the review process, the AER Subcommittee annually recommends local agencies for audit consideration to the TOC Audit Subcommittee. Based on the review of all of the local jurisdictions' expenditure reports, the AER subcommittee has recommended that the Local Fair Share program for the City of Costa Mesa and the Local Fair Share and Senior Mobility Program for the City of San Clemente be considered for audit next year, as the TOC Audit Subcommittee selects local jurisdictions for audit.

The AER Subcommittee also re-stated prior year concerns with the level of MOE expenditures reported by the City of Rancho Santa Margarita in order to satisfy the MOE benchmark. The Subcommittee asked OCTA staff to communicate the Subcommittees concern to City of Rancho Santa Margarita on reporting MOE expenditures that are exactly equal to the city's MOE benchmark. In the event that any MOE expenditures are deemed ineligible through a future audit, the city may jeopardize their eligibility status and risk being ineligible to receive Measure M2 funds since expenditures would potentially be below the required MOE benchmark.

The FY 2017-18 Measure M2 Eligibility Review of Expenditure Reports for FY 2016-17 Summary is included as Attachment A. The AER Subcommittee recommends eligibility approval to the TOC. Upon TOC consideration, OCTA staff will present the eligibility findings to the OCTA Regional Planning and Highways Committee on June 4, 2018, and to the OCTA Board of Directors on June 11, 2018.

Summary

The AER Subcommittee reviewed M2 expenditure reports and found the 35 local jurisdictions compliant with the Measure M2 Ordinance.

Attachment

- A. FY 2017-18 Measure M2 Eligibility Review of FY 2016-17 Expenditure Reports Summary

**FY 2017-18 Measure M2 Eligibility Review
of FY 2016-17 Expenditure Reports Summary**

Local Jurisdiction	Expenditure Report Received by Deadline	Resolution Received by Deadline	MOE Reported	Compliant
Aliso Viejo	Yes	Yes	Yes	Yes
Anaheim	Yes	Yes	Yes	Yes
Brea	Yes	Yes	Yes	Yes
Buena Park	Yes	Yes	Yes	Yes
Costa Mesa	Yes	Yes	Yes	Yes
County of Orange	Yes	Yes	N/A	Yes
Cypress	Yes	Yes	Yes	Yes
Dana Point	Yes	Yes	Yes	Yes
Fountain Valley	Yes	Yes	Yes	Yes
Fullerton	Yes	Yes	Yes	Yes
Garden Grove	Yes	Yes	Yes	Yes
Huntington Beach	Yes	Yes	Yes	Yes
Irvine	Yes	Yes	Yes	Yes
La Habra	Yes	Yes	Yes	Yes
La Palma	Yes	Yes	Yes	Yes
Laguna Beach	Yes	Yes	Yes	Yes
Laguna Hills	Yes	Yes	Yes	Yes
Laguna Niguel	Yes	Yes	Yes	Yes
Laguna Woods	Yes	Yes	Yes	Yes
Lake Forest	Yes	Yes	Yes	Yes
Los Alamitos	Yes	Yes	Yes	Yes
Mission Viejo	Yes	Yes	Yes	Yes
Newport Beach	Yes	Yes	Yes	Yes
Orange	Yes	Yes	Yes	Yes
Placentia	Yes	Yes	Yes	Yes
Rancho Santa Margarita	Yes	Yes	Yes	Yes
San Clemente	Yes	Yes	Yes	Yes
San Juan Capistrano	Yes	Yes	Yes	Yes
Santa Ana	Yes	Yes	Yes	Yes
Seal Beach	Yes	Yes	Yes	Yes
Stanton	Yes	Yes	Yes	Yes
Tustin	Yes	Yes	Yes	Yes
Villa Park	Yes	Yes	Yes	Yes
Westminster	Yes	Yes	Yes	Yes
Yorba Linda	Yes	Yes	Yes	Yes

FY - Fiscal Year


MOE - Maintenance of Effort

Presentation Items



COMMITTEE TRANSMITTAL

March 26, 2018

To: Members of the Board of Directors
From:  Laurena Weinert, Clerk of the Board
Subject: OC Streetcar Project Update

Transit Committee Meeting of March 8, 2018

Present: Directors Davies, Do, Jones, Murray, Pulido, and Winterbottom
Absent: Director Tait

Committee Vote

Following the discussion, no action was taken on this receive and file information item.

Staff Recommendation

Receive and file as an information item.



March 8, 2018

To: Transit Committee
From: Darrell Johnson, Chief Executive Officer
Subject: OC Streetcar Project Update

A blue ink signature of Darrell Johnson, Chief Executive Officer, is written over a light blue rectangular background.

Overview

The Orange County Transportation Authority, in coordination with the cities of Santa Ana and Garden Grove, is underway with the development and construction of the OC Streetcar project. An update on the OC Streetcar project activities is provided for the Board of Directors' review.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), in coordination with the cities of Santa Ana and Garden Grove, is implementing the OC Streetcar project (Project), a new east-west double track streetcar between the Santa Ana Regional Transportation Center in the City of Santa Ana, and the Harbor Boulevard/Westminster Avenue intersection in the City of Garden Grove. The modern streetcar project includes track, overhead electrical power supply, ten stops in each direction, four traction power substations, and two bridges. In addition, a new maintenance and storage facility (MSF) will be constructed for the streetcar vehicles, administration, operations, parts storage, and maintenance-of-way.

In 2017, OCTA achieved several significant Project development milestones with the approval to enter into the Federal Transit Administration's (FTA) New Starts Engineering phase. Subsequently, OCTA completed the FTA Risk Assessment process, 100 percent design plans and specifications, and the Board of Directors (Board) approved the release of invitation for bids (IFB) for construction. In addition, the vehicle manufacturing and delivery procurement is nearing completion, and an operations and maintenance (O&M) industry forum was held. Along the Project alignment, third-party utility providers have performed relocation

engineering, and many of the necessary utility relocations are underway. Approximately \$30 million has been expended to date on project development activities.

Discussion

Significant progress continues to be made to advance the Project. Following the release of the construction IFB, two key actions have occurred. The construction bid opening date has been extended from March 5, 2018 to April 27, 2018, because of direct feedback from the construction industry and continued discussion by Congress of the 2018 FTA New Starts funding levels. The right-of-way (ROW) schedule to obtain possession of the ROW necessary for construction has also been extended because of the ongoing funding discussion in Congress. A detailed discussion of these activities is provided below.

Federal Funding

On May 22, 2017, the OCTA Board authorized the Chief Executive Officer to request and enter into a Full Funding Grant Agreement (FFGA) with FTA to secure a federal contribution of \$148.96 million through the Capital Investment Grant New Starts Program. New Starts is a competitive, discretionary grant program subject to annual appropriations by Congress, with extensive requirements and commitments to demonstrate the project sponsor has the technical and financial capacity to deliver the project. OCTA has completed and submitted all the necessary Project readiness documents to FTA.

The federal fiscal year (FFY) 2017 appropriations bill included \$50 million for the Project. On February 9, 2018, the President signed into law a continuing resolution (CR) through March 23, 2018, that significantly increased overall discretionary funding levels. Shortly thereafter, Congress began drafting FFY 2018 funding bills to fund all departments of the federal government, including transportation programs. Previous versions of the FFY 2018 funding bills considered in both the House and Senate increased funding capacity for New Starts. The increase in overall discretionary spending in the CR will likely allow for funding increases for New Starts projects, including the planned FFGA for the Project.

With an FFY 2018 appropriations bill expected by the end of March 2018, it is important to note that OCTA is permitted to purchase vehicles and seek future federal reimbursement given the pre-award authority granted to OCTA from FTA, prior to the signing of the FFGA.

As a result of ongoing discussions with the Orange County congressional delegation regarding the FFGA and the importance of New Starts, a bipartisan

letter signed by delegation members was sent to FTA in December 2017, supporting the Project and urging immediate signing of the FFGA. A response to that request has not yet been received. Staff continues to work with FTA, the California State Transportation Agency, as well as the congressional delegation regarding the status of the FFGA and will continue updating the Board on the progress of these discussions.

ROW

Possession of the one residential ROW parcel being acquired for construction of the MSF is proceeding on schedule, with the motion for pre-judgment possession hearing scheduled for March 19, 2018. However, the ongoing discussion over federal funding has impacted the ability to gain early possession of the adjacent two commercial parcels needed for construction of the MSF.

In July 2017, the City of Santa Ana adopted a resolution of necessity and filed an eminent domain lawsuit with the Superior Court of California (Court) to obtain ROW needed for the MSF. In December 2017, the City of Santa Ana sought a motion for pre-judgment possession of the ROW, which is typical for public works projects going through the eminent domain process. This action allows the agency to gain possession of ROW and construct projects while the value of a parcel is determined through a longer legal process. The Court denied the motion for pre-judgment possession because the FFGA has yet to be finalized. The Court said it could not be proven that the FFGA is in jeopardy at this time if pre-judgment possession of ROW is not granted. The next step in ROW acquisition for the two commercial parcels is the eminent domain trial, with the right-to-take hearing scheduled for April 9, 2018. Results of this hearing will determine when OCTA can take possession of the ROW, begin demolition of the structures, and make it available to the contractor for construction. OCTA's general counsel is working closely with City of Santa Ana legal counsel in preparation for the hearing and will keep the Board apprised of the outcome.

Construction IFB

On August 14, 2017, the OCTA Board approved the use of a pre-qualification process for construction of the Project. Five firms have been pre-qualified through that process. On December 11, 2017, OCTA released the IFB for Project construction, with bids planned to be open on March 5, 2018. Given the status of the federal funding and ROW acquisition process, an addendum was issued moving the bid opening to April 27, 2018.

OCTA will need assurance that the FFGA is proceeding, or another funding program is available, prior to the construction bid opening but no later than April 13, 2018. In addition, if the FFGA is not executed by early June 2018, the

construction award could not be made if OCTA proceeds with the current funding program.

If the construction bid opening is delayed, the construction contract award, as well as the overall project schedule, would be delayed. With a bid opening of April 27, 2018, the current estimated date for revenue service is February 2021.

Vehicle Manufacturing and Delivery

The vehicle manufacturing and delivery schedule is a critical element in order to start revenue service in February 2021. Vehicles must be available for the integrated testing that is required to confirm that vehicles, infrastructure, and systems are functional. The vehicle manufacturing and delivery contract award is scheduled to go to the Board for approval on March 26, 2018. Upon Board approval, staff would complete contract negotiations and the Buy America audit, with a notice to proceed (NTP) estimated by early June 2018. Issuing an NTP by early June 2018 is necessary to achieve the delivery schedule for the vehicles, which is 24 months duration from NTP for the first vehicle (June 2020), and 28 months for the last vehicle (October 2020).

Critical dates for the construction and vehicle activities, how these are interrelated, and the implications of delay on both cost and schedule are shown in Attachment A.

Potential Cost Impacts of Delay

The best and final offers (BAFO) submitted by the two proposers remain in effect until June 4, 2018. Beyond this date, there is a risk that the vehicle manufacturer may not honor the prices submitted, and vehicle costs could potentially increase. These costs could be even higher if a new vehicle procurement has to be issued. A vehicle contract delay impacts the February 2021 opening date; therefore, there would be additional costs for professional services and staff, estimated at approximately \$450,000 a month. In addition, if the construction contract has been already awarded, there would be construction delay costs as the integrated testing of the infrastructure and systems (track, switches, signals, etc.) requires the vehicles in order to be completed.

If award of the construction contract is delayed further, potential delay costs are estimated at \$450,000 a month for professional services and staff, and \$400,000 for the monthly construction escalation costs (three percent annual escalation). As noted earlier, approximately \$30 million has been expended to date on project development activities.

Next Steps

Work continues to progress on the Project as it relates to finalizing permits, coordination with third parties on utility relocation, finalizing the California Public Utilities Commission approvals for the Project's safety certification, acquisition and possession of required ROW, finalizing of the scope of services for the O&M request for proposals, and continued coordination with FTA.

Staff will return to the Board with an update on the federal funding, securing of the Project ROW, and any additional updates to the overall Project funding plan and schedule.

Summary

An update on the OC Streetcar project activities, including federal funding, right-of-way status, and construction invitation for bid is presented for the Board of Directors' review.

Attachment

- A. OC Streetcar Construction and Vehicle Schedules - Critical Dates and Interrelationships

Prepared by:



Kelly Hart
Project Manager
(714) 560-5725

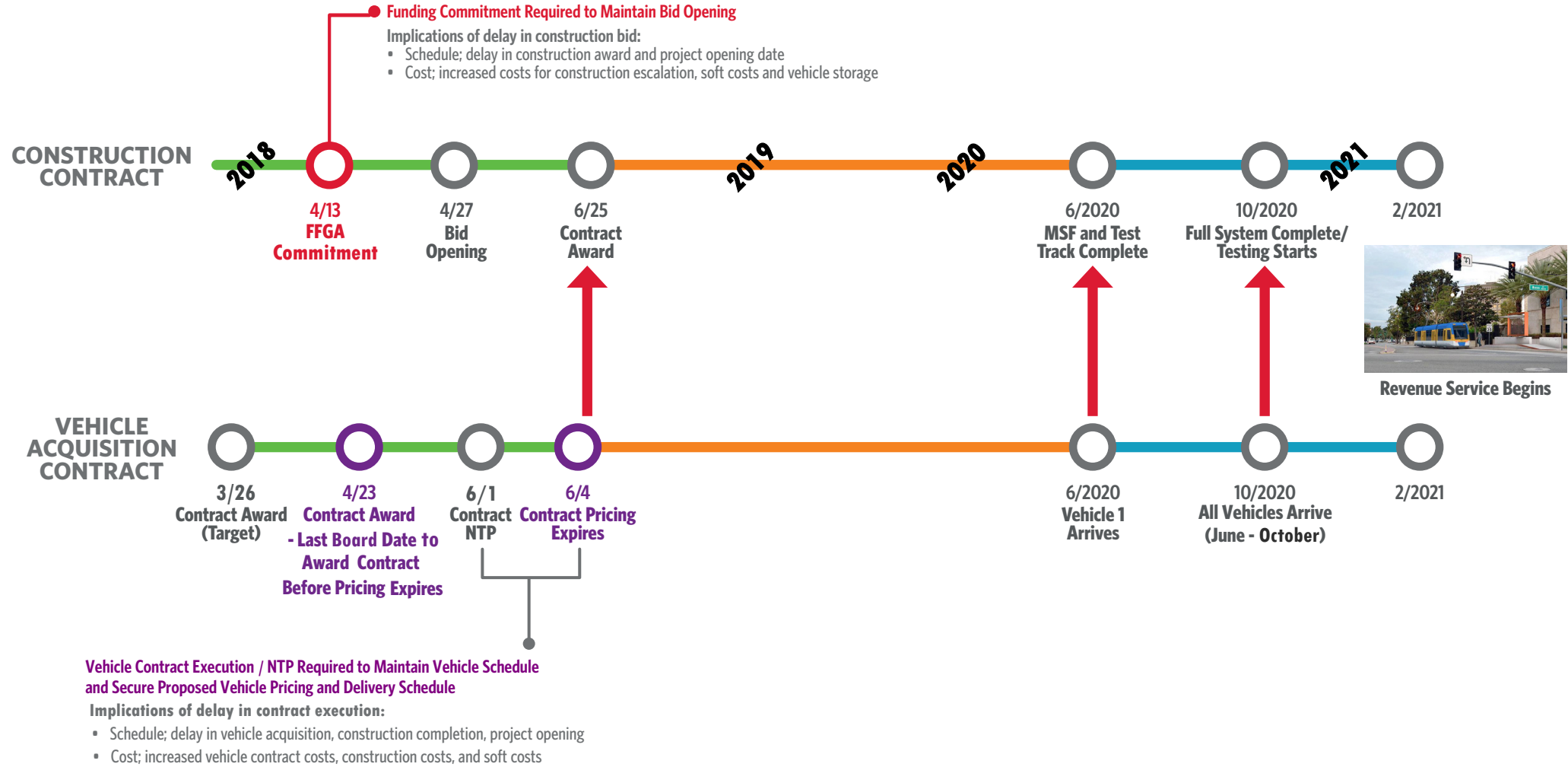
Approved by:



James G. Beil, P.E.
Executive Director, Capital Programs
(714) 560-5646



Construction and Vehicle Schedules - Critical Dates and Interrelationships



LEGEND

- Contract Award Activities
- Construction & Vehicle Manufacturing
- Integrated Testing, Training, Safety Certification
- Critical Interrelationships



MEMO

March 26, 2018

To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer

Subject: **H.R. 1625 - Consolidated Appropriations Act, 2018**

A handwritten signature in blue ink, appearing to be "DEJ", is written over the name "Darrell E. Johnson" in the "From:" line.

This memo is provided as an update to Item #9 - OC Streetcar Project Update. On Thursday, March 22, 2018, the U.S. House of Representatives (House) passed H.R. 1625, the Consolidated Appropriations Act, 2018 by a vote of 256-167. Shortly after midnight Friday, March 23, 2018, the U.S. Senate approved the funding bill by a vote of 65-32. The President signed the measure into law that afternoon.

Attached please find an overview of the Transportation section of H.R. 1625 outlined by the House Appropriations Committee noting funding levels pertaining to Infrastructure, Aviation, Highways, Rail and Transit. The overview highlights the Capital Investment Grant Program is funded at over \$2.6 billion with \$1.5 billion for projects within the New Starts program. Congress directed funding for this program at an increase of over \$1.4 billion than the Administration's request. Additionally, statutory and report language are included listing the funding amounts with Congressional direction to the Secretary of Transportation to continue to administer the capital investment program in accordance to the requirements of the program.

If you have any questions, please contact me.

DEJ: lml

House Appropriations Committee

Chairman Rodney Frelinghuysen

Website address: <http://appropriations.house.gov/>

Fiscal Year 2018 Transportation, Housing and Urban Development Funding Bill
Legislation targets funding to essential infrastructure that will help keep the nation moving, and supports community development and housing programs.

The fiscal year 2018 Transportation, Housing and Urban Development Appropriations bill includes funding for the Department of Transportation, the Department of Housing and Urban Development, and other related agencies.

The bill includes \$70.3 billion in net discretionary spending – \$12.65 billion above the fiscal year 2017 level. This large increase in funding, agreed to as part of the recent budget “caps” agreement, makes critical investments in transportation infrastructure. The bill also includes funding for important community development and housing programs that will help our economy grow and thrive.

Infrastructure Funding – The bill provides an increase of \$10.6 billion above the fiscal year 2017 enacted level to begin to rebuild the nation’s aging infrastructure. This funding is targeted to our nation’s airports, roads, bridges, rail, and community development, and will create jobs and spur economic growth.

Department of Transportation (DOT) – The bill includes \$27.3 billion in discretionary appropriations for the Department of Transportation for fiscal year 2018. This is \$8.7 billion above the fiscal year 2017 enacted level. In total budgetary resources, including offsetting collections, the bill provides \$86.2 billion to improve and maintain our nation’s transportation infrastructure.

The bill targets funding to projects that will increase efficiency, safety, reliability, and quality of life for the traveling public, and that will help improve commerce and increase economic growth.

- **Air** – The bill includes \$18 billion in total budgetary resources for the Federal Aviation Administration (FAA) – \$1.6 billion above the fiscal year 2017 enacted level. These investments will help ease future congestion and help reduce delays for travelers in U.S. airspace.

This includes full funding for all air traffic control personnel, including 14,500 air traffic controllers, 7,400 safety inspectors, and operational support personnel. In addition, this provides \$1.3 billion for NextGen investments, an increase of \$239 million above the fiscal year 2017 enacted level. These investments will accelerate the modernization of the air traffic control system to ensure safe and reliable travel for the flying public, and to provide more certainty for the aviation industry.

The bill provides \$165 million for the Contract Tower program and language to ensure that towers ready to enter the program are not delayed further.

The agreement provides an additional \$1 billion in airport discretionary grants for airports with the greatest need for infrastructure improvements, particularly targeting small and rural airports.

- **Highways** – The bill provides \$45 billion from the Highway Trust Fund to be spent on the Federal-aid Highways Program, which is \$1 billion above the fiscal year 2017 enacted level. This funding mirrors the FAST Act authorized levels and will provide much needed growth and improvements within America’s highway system. In addition, the bill provides an extra \$2.5 billion in discretionary highway funding – a total increase of \$3.5 billion for roads and bridges over fiscal year 2017.
- **TIGER (National Infrastructure Investments)** – The multimodal TIGER program is funded at \$1.5 billion, a \$1 billion increase over the fiscal year 2017 enacted level. This program will fund states’ and local communities’ most critical transportation projects, and language is included in the bill to ensure that at least 30% of these funds go to rural communities.
- **Rail** – Federal investments in rail infrastructure and safety programs are funded at \$3.1 billion, which is \$1.2 billion over the fiscal year 2017 enacted level.

The bill provides a total of \$1.9 billion for Amtrak, of which \$650 million is for Northeast Corridor grants and \$1.3 billion is to support the national network. The bill also continues to require overtime limits for Amtrak employees to reduce unnecessary costs.

Also included is funding for the Federal-State Partnership for State of Good Repair grants at \$250 million, which is \$225 million above the fiscal year 2017 enacted level. This funding will address critical rail investments nationwide and on the Northeast Corridor – needs that must be addressed to sustain current rail services.

Rail safety and research programs are funded at \$287 million, \$29 million over the fiscal year 2017 enacted level. This will fund inspectors and training, plus maintenance and safety investments to the physical rail infrastructure, to help ensure the safety of passengers and local communities.

Consolidated Rail Infrastructure and Safety Improvements grants are funded at \$593 million, an increase of \$525 million from the fiscal year 2017 enacted level, to fund capital and safety improvements, planning, environmental work, and research.

The bill also includes \$250 million for grants to rail operators to install positive train control (PTC) technologies, which will significantly improve the safety of our rail system.

- **Transit** – The bill provides \$13.5 billion in total budgetary resources for the Federal Transit Administration (FTA) – \$1 billion above the fiscal year 2017 enacted level and \$2.3 billion above the request. Transit formula grants total \$9.7 billion – consistent with the FAST Act – to help local communities build, maintain, and ensure the safety of their mass transit systems.

Within this amount, \$2.6 billion is included for Capital Investment Grants transit projects. “New Starts” projects are funded at \$1.5 billion, Core Capacity projects at \$716 million, and Small Starts projects at \$400 million. These programs provide competitive grant funding for major transit

capital investments – including light rail, bus rapid transit, and commuter rail – that are planned and operated by local communities. The bill limits the federal match for “New Starts” projects to 51 percent.

The bill provides an additional \$834 million in transit infrastructure grants compared to the fiscal year 2017 level. This includes \$400 million to help communities modernize their bus systems, and \$400 million for capital assistance to transit systems across the country to maintain a state of good repair.

- **Maritime** – The bill includes \$980 million for the Maritime Administration, \$457 million above the fiscal year 2017 enacted level. This funding will continue to increase the productivity, efficiency, and safety of the nation’s ports and intermodal water and land transportation.

The Maritime Security Program is funded at the full authorized level of \$300 million. In addition, the bill provides \$300 million for a new national security multi-mission vessel, and provides \$121 million for the United States Merchant Marine Academy, including \$52 million for capital improvements and repairs.

- **Road Safety** – The bill contains funding for the various transportation safety programs and agencies within the Department of Transportation. This includes \$947 million in total budgetary resources for the National Highway Traffic Safety Administration, an increase of \$36 million over the fiscal year 2017 enacted level, and \$845 million for the Federal Motor Carrier Safety Administration, \$201 million above the fiscal year 2017 enacted level. Also included is \$272 million for the Pipeline and Hazardous Materials Safety Administration, an increase of \$8 million over the fiscal year 2017 enacted level.

Within these amounts, the bill provides more than \$100 million for research and demonstrations of automated vehicles, a technology that has the potential to save tens of thousands of lives.

1 hicle tested shall pay 20 percent of the cost of testing:
2 *Provided further*, That a low or no emission vehicle new
3 bus model tested that receives a passing aggregate test
4 score in accordance with the standards established under
5 section 5318(e)(2) of such title, shall be deemed to be in
6 compliance with the requirements of section 5318(e) of
7 such title: *Provided further*, That amounts made available
8 by this heading shall be derived from the general fund:
9 *Provided further*, That the amounts made available under
10 this heading shall not be subject to any limitation on obli-
11 gations for transit programs set forth in any Act.

12 TECHNICAL ASSISTANCE AND TRAINING

13 For necessary expenses to carry out 49 U.S.C. 5314,
14 \$5,000,000.

15 CAPITAL INVESTMENT GRANTS

16 For necessary expenses to carry out fixed guideway
17 capital investment grants under section 5309 of title 49,
18 United States Code, \$2,644,960,000 to remain available
19 until September 30, 2021: *Provided*, That of the amounts
20 made available under this heading, \$2,252,508,586 shall
21 be obligated by December 31, 2019: *Provided further*,
22 That \$5,050,000 from unobligated amounts appropriated
23 for the buses and bus facilities program under section
24 5309 of such title from fiscal years 2000 to 2005 shall
25 remain available until September 30, 2021 to carry out

1 section 5309: *Provided further*, That of the amounts made
2 available under this heading, \$1,506,910,000 shall be
3 available for projects authorized under section 5309(d) of
4 such title, \$715,700,000 shall be available for projects au-
5 thorized under section 5309(e) of such title, \$400,900,000
6 shall be available for projects authorized under section
7 5309(h) of such title: *Provided further*, That the Secretary
8 shall continue to administer the capital investment grant
9 program in accordance with the procedural and sub-
10 stantive requirements of section 5309 of such title.

11 GRANTS TO THE WASHINGTON METROPOLITAN AREA

12 TRANSIT AUTHORITY

13 For grants to the Washington Metropolitan Area
14 Transit Authority as authorized under section 601 of divi-
15 sion B of Public Law 110–432, \$150,000,000, to remain
16 available until expended: *Provided*, That the Secretary of
17 Transportation shall approve grants for capital and pre-
18 ventive maintenance expenditures for the Washington
19 Metropolitan Area Transit Authority only after receiving
20 and reviewing a request for each specific project: *Provided*
21 *further*, That prior to approving such grants, the Secretary
22 shall certify that the Washington Metropolitan Area Tran-
23 sit Authority is making progress to improve its safety
24 management system in response to the Federal Transit
25 Administration’s 2015 safety management inspection:

Xerox

DIVISION L – TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS ACT, 2018

CONGRESSIONAL DIRECTIVES

Unless otherwise noted, the language and allocations set forth in the House report (House Report 115-237) and the Senate report (Senate Report 115-138) carry the same weight as the language included in this joint explanatory statement and should be complied with unless specifically addressed to the contrary in this division or joint explanatory statement. House report language and Senate report language, neither of which is changed by this joint explanatory statement, is a result of the 2018 appropriations agreement. The joint explanatory statement, while repeating some report language for emphasis, does not intend to negate the language referred to above unless expressly provided herein. In cases where the House or the Senate has directed the submission of a report, such report is to be submitted to both the House and Senate Committees on Appropriations. The Department of Transportation and the Department of Housing and Urban Development are directed to notify the House and Senate Committees on Appropriations seven days prior to the announcement of a new program, initiative, or authority. Any reprogramming requests must be submitted to the Committees on Appropriations no later than June 30, 2018.

provide quarterly reports within 30 days of the quarter's end on cap waivers granted, and amounts paid above the cap for each month. The agreement also requires Amtrak's president to provide an annual report 60 days after enactment of this Act that summarizes Amtrak's total overtime expenses incurred by the corporation in 2017 and the three prior years, and the number of employees receiving overtime cap waivers and total overtime payments resulting from waivers by month of the 2017 calendar year and the three prior calendar years.

FEDERAL TRANSIT ADMINISTRATION

ADMINISTRATIVE EXPENSES

The agreement provides \$113,165,000 for administrative expenses.

TRANSIT FORMULA GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

The agreement limits obligations from the Mass Transit Account for transit formula grants to \$9,733,353,407, as authorized by the FAST Act. Funds are to be distributed as authorized. Further, the agreement provides \$10,300,000,000 for the liquidation of contract authority.

TRANSIT INFRASTRUCTURE GRANTS

The agreement provides an additional \$834,000,000 in transit infrastructure grants to remain available until expended. Of the funds provided, \$400,000,000 is available for buses and bus facilities grants authorized under 49 U.S.C. 5339, of which \$209,104,000 is provided for formula grants, \$161,446,000 is provided for competitive grants, and \$29,450,000 is provided for low or no emission grants. In addition, \$400,000,000 is available for state of good repair grants

authorized under 49 U.S.C. 5337, \$30,000,000 is provided for high density state apportionments authorized under 49 U.S.C. 5340(d), \$2,000,000 is provided for the bus testing facility authorized under 49 U.S.C. 5318, and \$2,000,000 is provided for bus testing facilities authorized under 49 U.S.C. 5312(h). The agreement provides funding from the general fund, and the funding is not subject to any limitation on obligations.

TECHNICAL ASSISTANCE AND TRAINING

The agreement provides \$5,000,000 for research activities under 49 U.S.C. 5314.

CAPITAL INVESTMENT GRANTS

The agreement provides \$2,644,960,000 for fixed-guideway projects, to remain available until September 30, 2021, and directs the Secretary to administer the capital investment grants program in accordance with the requirements of 49 U.S.C. 5309 and move projects through the program from initial application to construction. The agreement directs the FTA to use \$5,050,000 from unobligated amounts for fixed-guideway projects. Of the funds provided, \$1,506,910,000 is available for projects authorized under 5309(d), \$715,700,000 is available for projects authorized under 5309(e), \$400,900,000 is for projects authorized under 5309(h), and \$26,500,010 is available for oversight activities. The agreement directs the Secretary to obligate \$2,252,508,586 of the amount provided for the capital investment grants program by December 31, 2019. The agreement directs the Secretary to provide updated project ratings expeditiously at the request of the project sponsor.

GRANTS TO THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

The agreement provides \$150,000,000 to carry out section 601 of division B of Public Law 110-432, to remain available until expended. The agreement no longer requires the Secretary to certify that WMATA is making progress toward full implementation of the



COMMITTEE TRANSMITTAL

April 9, 2018

To: Members of the Board of Directors
From: *RW*
Laurena Weinert, Clerk of the Board
Subject: Measure M2 Quarterly Progress Report for the Period of October 2017 Through December 2017

Executive Committee Meeting of April 2, 2018

Present: Chairwoman Bartlett, Vice Chairman Shaw, and Directors Do, M. Murphy, Murray, and Nelson
Absent: Director Hennessey

Committee Vote

Following the discussion, no action was taken on this receive and file as on information item.


Staff Recommendation

Receive and file as an information item.



April 2, 2018

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Measure M2 Quarterly Progress Report for the Period of October 2017 Through December 2017

Overview

Staff has prepared a Measure M2 quarterly progress report for the period of October 2017 through December 2017, for review by the Orange County Transportation Authority Board of Directors. This report highlights progress on Measure M2 projects and programs, and will be available to the public via the Orange County Transportation Authority website.

Recommendation

Receive and file as an information item.

Background

On November 7, 2006, Orange County voters, by a margin of 69.7 percent, approved the Renewed Measure M Transportation Investment Plan (Plan) for the Measure M2 (M2) one half-cent sales tax for transportation improvements. The Plan provides a 30-year revenue stream for a broad range of transportation and environmental improvements, as well as a governing ordinance, which defines all the requirements for implementing the Plan. Ordinance No. 3 designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed.

OCTA is committed to fulfilling the promises made in M2. This means not only completing the projects described in the Plan, but adhering to numerous specific requirements and high standards of quality called for in the measure, as identified in the ordinance. Ordinance No. 3 requires that quarterly status reports regarding the major projects detailed in the Plan be brought to the

OCTA Board of Directors (Board). On September 25, 2017, the Board approved rebranding M2 externally to OC Go to promote OCTA's Measure M awareness and public perception, as well as to avoid confusion with the recently approved, similarly named Los Angeles Metropolitan Transportation Authority's "Measure M." M2 progress is summarized in these quarterly progress reports, which are posted online for public review.

Discussion

This quarterly report reflects current activities and progress across all M2 programs for the period of October 1, 2017 through December 31, 2017 (Attachment A).

The quarterly report is designed to be easy to navigate and public friendly, reflecting OCTA's Strategic Plan transparency goals. The report includes budget and schedule information provided from the Capital Action Plan, and Local Fair Share and Senior Mobility Program payments made to cities during the quarter, as well as total distributions from M2 inception through December 2017.

Additionally, Attachment A includes a summary of the Program Management Office activities that have taken place during the quarter. Two areas in particular are highlighted below.

Next 10 Delivery Plan

On November 13, 2017, the Board approved the updated Next 10 Plan Delivery (Next 10), providing guidance to staff on delivery of M2 projects and programs between 2017 and 2026. The Next 10 was updated to address and incorporate the 2017 sales tax revenue forecast of \$13.5 billion.

Future Outlook

A Market Conditions Forecast and Risk Analysis was conducted to analyze current resource demands and provide information on the impact on OCTA's delivery of Next 10. The results of the analysis were presented to the Board in September 2017, and identified a strong potential that during the Next 10 delivery years OCTA will experience an increasing cost environment. This, coupled with a tight funding situation, could present the potential for significant challenges in the delivery of M2 and the Next 10.

Given this analysis, the Board directed staff to continue to work with the consultant to monitor and track key early warning indicators and provide the Board with updates in a timeline consistent with updates on the M2 sales tax

revenue forecast. Attachment B identifies the scope of the monitoring and tracking effort to be conducted. A summary of the monitoring reports will be presented to the Board bi-annually and, if noteworthy, more frequent updates will be provided through these M2 quarterly progress reports.

Additionally, final sales tax receipts through the second quarter of fiscal year 2017-18 (December 31, 2017) reflected a growth in sales tax revenue over the same period of the prior fiscal year. The growth is consistent with the budgeted sales tax growth rate of 3.3 percent and may be an indication that the sales tax revenue forecast we are currently using is on target. As always, staff continues to closely monitor sales tax receipts and will keep the Board informed.

Progress Update

The following highlights the M2 accomplishments that occurred during the first quarter:

- The OCTA Board approved the consultant selection for construction management services for Interstate 5 (I-5), between State Route 55 (SR-55) to State Route 57, on November 13, 2017. The Board also increased the construction capital and support funds due to anticipated higher construction cost estimates and professional labor rates. (Project A)
- During the quarter, the Board approved an amendment for additional design services on the I-5, between State Route 73 to Oso Parkway, to comply with updates to the California Department of Transportation (Caltrans) Highway Design Manual. Construction is anticipated to begin in January 2019. (Project C and Project D)
- The final environmental document and project report on SR-55, between Interstate 405 (I-405) and I-5, were approved and signed August 31, 2017, and September 11, 2017, respectively. With design underway, staff is working with Caltrans to further minimize right-of-way impacts for this project. Construction is anticipated to begin in fall 2021. (Project F)
- The consultant submitted the 100 percent design package for the I-5, between Oso Parkway and Alicia Parkway, to Caltrans on December 20, 2017. (Project C and Project D)
- The draft environmental document for the I-405, between I-5 to SR-55, was circulated to the public, and an open house public hearing was held in December 2017. A final environmental document is expected to be complete in July 2018. (Project L)

-
- Project applications for the Regional Capacity Program and the Regional Traffic Signal Synchronization Program were due October 20, 2017. Staff is currently reviewing the 19 applications received and will provide final recommendations to the Board by June 2018. (Project O and Project P)
 - The Raymond Avenue grade separation opened to traffic in October and the State College Boulevard grade separation opened to traffic in November 2017. With all seven OC Bridges grade separations open to the public, OCTA held a closing ceremony for the OC Bridges Program on October 24, 2017. (Project O)
 - The Fullerton Transportation Center elevator improvements have been on hold due to the BNSF Railway moratorium. Construction work reinitiated in January 2018. (Project R)
 - During excavation of the Orange Transportation Center Metrolink parking structure, contaminated soils were encountered. The Board was notified and approved a contract change order for removal and disposal of the contaminated materials. The issue is not expected to impact completion schedule of early 2019. (Project R)
 - On December 18, 2017, the United States Army Corps of Engineers issued a programmatic permit to OCTA and Caltrans to comply with federal clean water permit requirements. This, coupled with the State Water Resources Control Board assurance letter to OCTA in January 2018, provides certainty that the mitigation provided to date is sufficient to offset related M2 freeway project impacts. These permits were acquired through leveraging the M2 environmental program actions, which are over and above the mitigation required in the freeway program and facilitates delivery. (Projects A-M)
 - Staff finalized and submitted the 2018 State Transportation Improvement Program (STIP) funding application to the California Transportation Commission (CTC) on December 15, 2017. The 2018 STIP will be adopted by the CTC in March 2018. The application includes substantial funding for the I-5, between Alicia Parkway to El Toro Road, (Project C and Project D) and the SR-55, between I-405 to I-5 (Project F).

A critical factor in delivering M2 freeway projects successfully is to ensure project scopes, schedules, and budgets remain on target. Project scope increases, schedule delays, and resulting cost increases can quickly affect project delivery and have a cascading effect on other activities. In light of a tighter funding situation, and the potential for cost increases due to market conditions,

this factor is even more significant. As such, ability to secure external funding while managing projects tightly is critical. One pending external funding issue is receipt of the Capital Investment Grant (CIG) New Starts full funding grant agreement for the OC Streetcar. The project continues to progress as planned through OCTA's pre-award authority for design and vehicle procurement. The missing piece toward receipt of the grant was the lack of a signed federal transportation bill. On March 23, 2018, Congress passed a \$1.3 trillion federal funding package which was signed by the President later that same day. The funding package appropriates more than \$2.6 billion for the CIG program which includes over \$1.5 billion for New Starts. The Federal Transit Administration and the Orange County Congressional Delegation continue to show strong support for the project, and with the funding package in place, finalized grant approval should be expedited and is anticipated as early as June 2018. M2 project delivery is monitored closely, and progress, as well as challenges, are presented to the Board through these quarterly staff reports, individual project staff reports, as well as through the Capital Action Plan quarterly performance metrics reports from the Capital Programs Division.

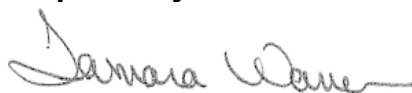
Summary

As required by M2 Ordinance No. 3, a quarterly report covering activities from October 2017 through December 2017 is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program. To be cost-effective and to facilitate accessibility and transparency of information available to stakeholders and the public, M2 progress reports are presented on the OCTA website. Hard copies are available by mail upon request.

Attachments

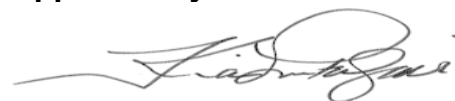
- A. Measure M2 Progress Report, Second Quarter of Fiscal Year 2017-18, October 1, 2017 through December 31, 2017
- B. Tracking and Reporting Market Forecast Indicators Work Plan, December 2017

Prepared by:



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Approved by:



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OCGO

MEASURE M2 PROGRESS REPORT

SECOND QUARTER FISCAL YEAR 2017-18
OCTOBER 1, 2017 THROUGH DECEMBER 31, 2017

SECOND QUARTER HIGHLIGHTS:

- Freeway Projects
- Streets and Roads Projects
- Transit Projects
- Environmental Programs
- Finance Matters
- Program Management Office
- Summary





SUMMARY

On November 7, 2006, Orange County voters, by a margin of 69.7 percent, approved the renewal of the Measure M one-half cent sales tax for transportation improvements. Voters originally endorsed Measure M in 1990 with a sunset in 2011. The renewal of Measure M continues the investment of local tax dollars in Orange County's transportation infrastructure for another 30 years to 2041.

As required by the Measure M2 (M2) Ordinance No. 3, a quarterly report covering activities from October 1, 2017 through December 31, 2017 is provided to update progress in implementing the Measure M2 Transportation Investment Plan. On September 25, 2017, the Board approved externally rebranding M2 to OC Go to promote OCTA's Measure M awareness and public perception.

To be cost effective and to facilitate accessibility and transparency of information available to stakeholders and the public, Measure M2 progress reports are presented on the Orange County Transportation Authority (OCTA) website. Hard copies are mailed upon request.



The cover photo is of the completed Lakeview Grade Separation, one of the OC Bridges projects. All seven of the OC Bridges Grade Separation projects are now open to traffic. A closing ceremony for the OC Bridges Program was held on October 24, 2017. By 2030, the number of daily freight trains is expected to nearly double from 70 to 130. The OC Bridges Program helps preserve quality of life by keeping motorists moving while allowing trains to transport goods.



OC GO
MEASURE M2 PROGRESS REPORT

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COMMON ABBREVIATIONS

Americans with Disabilities Act	ADA
Annual Eligibility Review	AER
Board of Directors	Board
Burlington Northern Santa Fe	BNSF
California Department of Fish and Wildlife	CDFW
California Department of Transportation	Caltrans
California Transportation Commission	CTC
Capital Action Plan	CAP
Capital Investment Grant	CIG
Chief Executive Officer	CEO
Congestion Mitigation and Air Quality	CMAQ
Environmental Cleanup Allocation Committee	ECAC
Environmental Cleanup Program	ECP
Environmental Document	ED
Environmental Impact Report	EIR
Environmental Impact Statement	EIS
Environmental Mitigation Program	EMP
Environmental Oversight Committee	EOC
Federal Highway Administration	FHWA
Federal Transit Administration	FTA
Federal Transportation Improvement Program	FTIP
Freeway Service Patrol	FSP
Full Funding Grant Agreement	FFGA
High Occupancy Vehicle	HOV
Interstate 15	I-15
Interstate 405	I-405
Interstate 5	I-5
Interstate 605	I-605
Invitation for Bids	IFB
Local Faire Share Program	LFSP
Los Angeles – San Diego – San Luis Obispo	LOSSAN
Los Angeles County Metropolitan Transportation Authority	LA Metro
Measure M2 or Renewed Measure M	M2
Memorandum of Understanding	MOU
Metrolink Service Expansion Program	MSEP
Notice to Proceed	NTP
Next 10 Delivery Plan	Next 10
Orange County Transportation Authority	OCTA



COMMON ABBREVIATIONS

Orange County Unified Transportation Trust	OCUTT
Pacific Coast Highway	PCH
Plans, Specifications and Estimates	PS&E
Program Management Office	PMO
Project Development Team	PDT
Project Study Report	PSR
Request for Proposals	RFP
Resource Management Plan	RMP
Right-of-Way	ROW
Riverside County Transportation Commission	RCTC
Santa Ana Regional Transportation Center	SARTC
Senate Bill 1	SB 1
Senior Mobility Program	SMP
Senior Non-Emergency Medical Transportation	SNEMT
Southern California Association of Governments	SCAG
State Route 133	SR-133
State Route 22	SR-22
State Route 241	SR-241
State Route 55	SR-55
State Route 57	SR-57
State Route 71	SR-71
State Route 74	SR-74
State Route 91	SR-91
State Transportation Improvement Program	STIP
State Water Resources Control Board	SWRCB
Southern California Regional Rail Authority	SCRRA
Taxpayer Oversight Committee	TOC
To Be Determined	TBD
Transportation Infrastructure Finance and Innovation Act	TIFIA
United States Army Corps of Engineers	ACOE
United States Fish and Wildlife Service	USFWS
United States Department of Transportation	USDOT



OCGO

MEASURE M2 PROJECT SCHEDULES



Conceptual



Environmental



Design, Advertise, & Award



Design-Build



Construction



Complete

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
A	I-5, SR-55 to SR-57														
B	I-5, I-405 to SR-55 (Further Schedule TBD)														
C,D	I-5, Avenida Pico to Avenida Vista Hermosa/Avenida Pico Interchange														
C	I-5, Avenida Vista Hermosa to Pacific Coast Highway (Complete)														
C	I-5, Pacific Coast Highway to San Juan Creek Road														
C,D	I-5, SR-73 to Oso Parkway/Avery Parkway Interchange														
C,D	I-5, Oso Parkway to Alicia Parkway/La Paz Road Interchange														
C	I-5, Alicia Parkway to El Toro Road														
D	I-5, El Toro Interchange (Further Schedule TBD)														
D	I-5, Ortega Interchange (Complete)														
E	SR-22, Access Improvements (Complete)	<i>Completed in 2008</i>													
F	SR-55, I-405 to I-5														
F	SR-55, I-5 to SR-91 (Further Schedule TBD)														
G	SR-57 NB, Katella Avenue to Lincoln Avenue (Complete)														
G	SR-57 NB, Orangethorpe Avenue to Yorba Linda Boulevard (Complete)														
G	SR-57 NB, Yorba Linda Boulevard to Lambert Road (Complete)														
G	SR-57 NB, Lambert Road to Tonner Canyon Road (Further Schedule TBD)														
G	SR-57, Oranewood Avenue to Katella Avenue (Further Schedule TBD)														
H	SR-91 WB, I-5 to SR-57 (Complete)														
I	SR-91 WB, SR-55 to Tustin Avenue Interchange (Complete)														
I	SR-91, SR-55 to SR-57 (Further Schedule TBD)														
J	SR-91, SR-55 to SR-241 (Complete)														
J	SR-91, SR-241 to SR-71 (Complete)	<i>Completed in 2011</i>													

Project schedules are based on phase start dates. Shown schedules are subject to change.

*Projects managed by local agencies



MEASURE M2 PROJECT SCHEDULES

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
J SR-91, SR-241 to I-15 (Env. Cleared/Further Schedule TBD)	<i>Environmental Complete in 2012</i>												
K I-405, SR-73 to I-605	[Green bar from 2013 to 2017, then blue and orange hatched bar through 2023]												
L I-405, I-5 to SR-55 (Further Schedule TBD)	[Green bar from 2014 to 2018]												
M I-605, Katella Interchange (Further Schedule TBD)	[Green bar from 2015 to 2018]												
O Kraemer Boulevard Grade Separation (Placentia)	[Orange bar from 2013 to 2014]												
O Lakeview Avenue Grade Separation (Anaheim/Placentia)	[Blue bar from 2013 to 2014, then orange bar from 2014 to 2017]												
O Orangethorpe Avenue Grade Separation (Anaheim/Placentia)	[Blue bar from 2013 to 2014, then orange bar from 2014 to 2017]												
O Placentia Avenue Grade Separation (Placentia)	[Orange bar from 2013 to 2014]												
O Raymond Avenue Grade Separation (Fullerton)	[Blue bar from 2013 to 2014, then orange bar from 2014 to 2018]												
O State College Blvd Grade Separation (Fullerton)	[Blue bar from 2013 to 2014, then orange bar from 2014 to 2017]												
O Tustin Ave/Rose Drive Grade Separation (Anaheim/Placentia)	[Blue bar from 2013 to 2014, then orange bar from 2014 to 2017]												
R Sand Canyon Grade Separation (Irvine)	[Orange bar from 2013 to 2015]												
R 17th Street Railroad Grade Separation	[Green bar from 2014 to 2017]												
R Rail-Highway Grade Crossing Safety Enhancement	<i>Completed in 2011</i>												
R San Clemente Beach Trail Safety Enhancements	[Blue bar from 2013 to 2014, then orange bar from 2014 to 2015]												
R Anaheim Canyon Metrolink Station Improvements	[Green bar from 2015 to 2017, then blue bar from 2017 to 2019, then orange bar from 2019 to 2020]												
R Fullerton Transportation Center Improvements	[Blue bar from 2013 to 2015, then orange bar from 2015 to 2018]												
R Laguna Niguel/Mission Viejo Metrolink Station Americans with Disabilities Act (ADA) Ramps	[Green bar from 2013 to 2014, then blue bar from 2014 to 2017, then orange bar from 2017 to 2018]												
R Orange Transportation Center Metrolink Parking Structure	[Blue bar from 2013 to 2015, then orange bar from 2015 to 2019]												
R Placentia Metrolink Station Improvements and Parking Structure	[Blue bar from 2013 to 2015, then orange bar from 2015 to 2020]												
R San Clemente Pier Station Lighting	[Blue bar from 2015 to 2016, then orange bar from 2016 to 2017]												
R Laguna Niguel to San Juan Capistrano Metrolink Station Passing Siding Project	[Green bar from 2013 to 2014, then blue bar from 2014 to 2018, then orange bar from 2018 to 2020]												
R Tustin Metrolink Station Parking Structure	<i>Completed in 2011</i>												
R,T Anaheim Regional Transportation Intermodal Center (ARTIC)*	[Orange bar from 2013 to 2014]												
S OC Streetcar	[Green bar from 2013 to 2014, then blue bar from 2014 to 2018, then orange bar from 2018 to 2020]												

Project schedules are based on phase start dates. Shown schedules are subject to change.

*Projects managed by local agencies



MEASURE M2 PROGRESS REPORT

M2 DELIVERY RISK UPDATE ▼

This section discusses the risks and challenges related to Measure M2 and the Updated Next 10 Delivery Plan (Next 10) that the Measure M2 Program Management Office (PMO) is monitoring – complete with associated explanations and proposed actions.

Delivery Risk	Explanation	Proposed Action	
Financial			
1	Impact of the recession and changes in consumer spending resulted in a 44% decrease in forecasted revenues, to \$13.5 billion. If sales tax revenue continues to be lower than projections, this will further impact delivery.	The new lower forecast results in a greater reliance on external funding to deliver the entire Freeway Program as listed.	Continue to actively pursue all available state and federal revenue. Identify lower cost freeway alternative options for Board consideration as appropriate.
2	Inability to scale the Freeway Program to available revenue and still deliver the promise.	The freeway program includes set project scopes leaving very little flexibility in what is delivered.	OCTA will work closely with Caltrans and involved parties to seek cost-saving measures on freeway projects through changes in design parameters where possible.
3	Delay in receipt of OC Streetcar Full Funding Grant Agreement (FFGA) from the Federal Transit Administration (FTA). While OCTA has pre-award authority for vehicle and design procurement, delay in receipt of the FFGA could impact the overall delivery schedule.	While the FTA and the Orange County Congressional delegation continue to show strong support for the project, authorization for the New Starts FFGA remains outstanding due to a lack of a signed federal transportation bill. The recent passage of the federal funding package appropriated money for the New Starts program, which should accelerate the grant approval process.	Continue to communicate the merits of the OC Streetcar and need for swift action on receipt of the FFGA to FTA, Congress and the Administration as possible. Move forward cautiously to protect the delivery schedule while at the same time minimizing financial risk.
4	Sustain Metrolink train service, as an attractive alternative to driving in Orange County with the limits of available revenue.	Operational cost of Metrolink service continues to grow as system ages, track-sharing arrangements with BNSF are revised, and new air quality requirements are enacted. These changes could impact the level of service in the long term.	Staff will continue to work closely with Metrolink and our partners to ensure cost increases are minimized while service is optimized.



MEASURE M2 PROGRESS REPORT

Delivery Risk	Explanation	Proposed Action
5	The Next 10 Market Conditions Forecast and Risk Analysis identified strong potential for an increasing-cost environment during the Next 10 delivery years.	Four near-term cost risks were highlighted: neighboring county transportation construction programs, construction wage pressures, sustained low statewide unemployment, and residential construction demand and the effect on the public works construction market.
Organizational		
6	Availability of specialized staff, given the scope of Right-of-Way (ROW) activities for various freeway construction activities.	OCTA will monitor and track key early warning indicators as recommended through the completed Market Analysis and will provide the Board annual updates on changes to risk factors.
7	Timely ROW acquisition and utility clearance have proven to be key factors in reducing risk on construction projects. Early acquisition is challenged by the heavy demand on Caltrans' ROW resources and further by a change in meeting frequency by the California Transportation Commission (CTC), a necessary step in ROW settlement.	Expert and timely coordination between OCTA and Caltrans are imperative to manage this risk. Staff is currently working with Caltrans to ensure ROW resource needs are met through determining project lead responsibility for projects as they move forward. If resource issues become a problem, OCTA could consider taking full responsibility for ROW activities.
8	New operational responsibilities with the OC Streetcar.	OCTA holds a strong track record in operating various transportation systems including both a fixed and demand-based bus network. To ensure success of the OC Streetcar, OCTA hired a rail manager with proven start-up experience to oversee start-up and daily operations.
Policy		
8	New statewide directives create additional hurdles for the Freeway Program in particular.	With new statewide directives focused on greenhouse gas reductions and an interest in a network of managed lane corridors, the remaining six freeway projects that add general purpose lanes.
		OCTA will work closely with Caltrans to ensure that when freeway improvement projects are reviewed for environmental clearance, they are viewed as part of a larger suite of improvements.



Next 10 Plan Update ▼

Contact: Tami Warren, PMO Manager • (714) 560-5590

On November 13, 2017, the Board approved the updated Next 10 Delivery Plan (Next 10), providing guidance to staff on delivery of M2 projects and programs between 2017 and 2026. The Next 10 was updated to address and incorporate the 2017 sales tax revenue forecast of \$13.5 billion. The updated Next 10 incorporates current revenue projections, bonding assumptions, project costs and schedule, and adjustments ensuring continued delivery of the complete M2 Program by 2041 as promised.

A Market Conditions Forecast and Risk Analysis was conducted to analyze current resource demands and provide information on the impact on OCTA's delivery of Next 10. The results of the analysis were presented to the Board in September 2017, and identified a strong potential that during the Next 10 delivery years OCTA will experience an increasing-cost environment. This, coupled with a reduction in revenue, could present the potential for significant challenges in the delivery of the M2 Program and the Next 10. Given this analysis, the Board directed staff to continue to work with the consultant to monitor and track key early warning indicators and provide the Board with updates in a timeline consistent with updates on the M2 sales tax revenue forecast. A summary of findings from the monitoring effort will be presented to the Board bi-annually and, if noteworthy, more frequent updates will be provided through these M2 quarterly progress reports.

Updated Next 10 Plan Deliverables

The Next 10 identified 10 objectives. Significant progress has been made, with many projects advancing to construction. A summary of the progress to date for each of the 10 objectives identified in the Next 10 is outlined below.

1. Deliver \$3.1 billion of freeway improvements approved through construction (Projects A-M).

The M2 freeway program currently consists of 27 projects or project segments. At the point of Next 10 adoption, nine were already complete, and another nine designated to be complete within the Next 10 time-frame. Together, the nine segments designated for completion make up the \$3.1 billion delivery promise. Nine segments are expected to be completed by 2026. Currently, the I-5 between Avenida Vista Hermosa to the Pacific Coast Highway is completed. All other projects are in design or construction: two segments of I-5 between Avenida Pico and San Juan Creek Road (Project C); one project on I-405 between SR-55 and I-605 (Project K); another four segments on I-5, one between SR-55 and SR-57 and the other three between SR-73 and El Toro Road (Projects A and C); and one segment on SR-55 between I-405 and I-5 (Project F). For more details, see [pages iii-iv](#) (Project Schedules) and the project updates contained in the following pages.

2. Invest approximately \$1.2 billion more in revenues, bringing the completed Freeway Program improvements to \$4.3 billion (Projects A-M). Project I is a priority.

The final nine remaining project segments (of the 27 total) are on track to be environmentally cleared by 2020, making them "shelf ready" for future advancement as revenues become available. The Next 10 Plan designated another \$1.2 billion (in addition to the \$3 billion promised above) toward moving one or two projects from the




MEASURE M2 PROGRESS REPORT

nine into construction by 2026. Congestion levels, readiness, and cost risk are factors that will determine which environmentally cleared projects will be recommended to the Board to advance into the construction phase. Project I (between SR-55 and SR-57) meets the above criteria and was designated as a priority project by the Board in the Next 10 Plan and therefore is planned to move directly into design following completion of the environmental phase in 2019.

3. Allocate \$1 billion, with \$400 million in competitive funding to local jurisdictions to expand roadway capacity and synchronize signals (Project O and P) and \$600 million in flexible funding to local jurisdictions to help maintain aging streets or for use on other transportation needs, as appropriate (Project Q).

Since inception, OCTA has invested approximately \$263 million in O funds into the Regional Capacity Program (Project O), \$72.1 million in Regional Traffic Signal Synchronization Program (Project P), and \$305.7 million in the Local Fair Share Program (Project Q). Since the adoption of the Next 10 Plan, a total of \$61.48 million in Local Fair Share funds have been distributed to local agencies. On August 14, 2017, the Board approved the release of the 2018 Call for Projects that will make available approximately \$32 million for Project O and \$8 million for Project P. The 2018 Call for Projects closed on October 20, 2017. OCTA received 12 applications for a total of \$39.4 million in M2 funding requests for the Regional Capacity Program and 7 applications for a total of \$16.5 million for the Regional Traffic Signal Synchronization Program. For more details, see the project updates on [page 19](#).

a. Complete the remaining three grade separation projects (Project O).

When the Next 10 was adopted, grade separation projects under construction included: Raymond Avenue, State College Boulevard, and Lakeview Avenue. Lakeview Avenue grade separation was completed in June 2017. The Raymond Avenue Grade Separation opened to traffic on October 2, 2017 and the State College Boulevard Grade Separation opened to traffic on November 1, 2017. With all seven of the OC Bridges projects open to traffic, a closing ceremony was held on October 24, 2017. Minor punch list construction activities remain, with construction on Raymond Avenue expected to be complete in March 2018 and State College Boulevard in January 2018. To date, the Board has approved \$664 million in committed M2 and external funds for all seven of the OC Bridges Program grade separation projects.

4. Extend Metrolink service from Orange County into Los Angeles County, contingent upon cooperation and funding participation from route partners; complete six rail station improvements (Project R).

The Riverside County Transportation Commission (RCTC), Los Angeles County Metropolitan Transportation Authority (Metro), and OCTA continue to work together to secure approval of a Memorandum of Understanding (MOU) with Burlington Northern Santa Fe (BNSF) Railway, which is necessary to operate train service on BNSF-owned tracks. Metrolink is the lead in the discussions with the BNSF Railway to evaluate the current shared use and indemnification/liability agreements that govern the use of each agency’s respective railroad rights of way. Special counsel has been brought in to assist in these discussions.




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Within this program, funding is provided for rail corridor and station improvements to accommodate increased train service and commuter use - including station upgrades, parking expansions, and safety enhancements. The Next 10 Plan identifies six projects to be completed by 2026. 1. Laguna Niguel/Mission Viejo Metrolink station ADA ramps (completed September 2017), 2. Orange Metrolink station parking structure (construction 20% complete), 3. Placentia Metrolink station (construction to begin late 2018 contingent on BNSF MOU approval), 4. Anaheim Canyon Metrolink station improvement project (construction to begin late 2019), 5. Fullerton Transportation Center elevators (construction 20% complete), and 6. San Clemente Pier Metrolink/Amtrak station lighting (completed March 2017). For more details, see the project updates on [page 25](#).

5. Complete design and construction, secure vehicles, and begin operating the OC Streetcar (Project S) and work with local agencies to consider recommendations from planning studies to guide development of future transit connections (Project S).

OC Streetcar

To date, the Board has approved up to \$306.4 million for the OC Streetcar project, including preliminary studies, environmental, project development and construction. OCTA is waiting for receipt of the FFGA for the OC Streetcar. The FTA continues to show strong support for the project. While OCTA does have pre-award authority for construction and vehicle procurement and has initiated both, authorization for the FFGA for the New Starts federal grant remains outstanding. See [page 28](#) for more information.

OC Transit Vision

During this quarter, the Board was presented with the results of the Transit Opportunity Line evaluation which refined and ranked the corridors presented in the previous quarter. The Board was also presented with a list of potential next steps which could be included in the final plan. A public survey was conducted in November and December to solicit feedback on the Transit Opportunity Lines and potential next steps. Project documents can be downloaded from the project website at www.octa.net/octransitvision. The OC Transit Vision Plan is expected to be complete next quarter.

Harbor Corridor Transit Study

During the quarter, the Harbor Study team finished the technical evaluations of the twelve conceptual transit alternatives and met with the project development team (PDT) on October 5th to review and discuss the results. All comments received from city staff were addressed in the following weeks and a revised results package was provided to the PDT in early December. The technical evaluation results and a summary of the city and community input received to date was presented to the OCTA Transit Committee on December 14, 2017. The same presentation will be presented to the OCTA Board on January 8, 2018. The Draft Final Report will be shared with key stakeholders and made available to the public on the Harbor Study webpage. Any comments received from the cities and public will be reviewed and incorporated into the Final Report and an update will be provided to the OCTA Board in early 2018.



6. Provide up to \$115 million in funding to expand mobility choices for seniors and persons with disabilities (Project U).

Since inception, approximately \$52 million in Project U funds has been provided for the Senior Mobility Program (SMP), the Senior Non-Emergency Medical Transportation Program (SNEMT), and the Fare Stabilization Program. Included in this amount, approximately \$12.8 million has been provided for the SMP, SNEMT, and Fare Stabilization programs since the Next 10 Plan adoption. See [page 30](#) for more information.

7. Work with local agencies to develop a plan for the next community circulator projects to provide grant opportunities for local agencies to implement effective local transit services (Project V).

In December 2017, OCTA staff requested letters from local agencies to determine the demand for a future round of Project V funding. X letters were received and staff plans to seek Board support in February 2018 to issue another call for projects. For additional details and information on current project program performance and service see [page 31](#).

8. Allocate up to \$7 million in funding to improve the top 100 busiest bus stops and support the modernization of the bus system to enhance the customer experience (Project W).

To date, the Board has approved up to \$1,205,666 to support 51 city-initiated improvements and \$370,000 for OCTA-initiated improvements. The City of Anaheim postponed development of eight stops and will move forward in a future funding cycle. Of the remaining 43 stops, 14 stops have been completed and the remaining 29 stop improvements are underway by the City of Santa Ana. OCTA invested its \$370,000 portion in a mobile ticketing application to make it more convenient for bus customers to purchase bus passes, obtain trip information, and board buses by enabling riders to use smart phone devices to display bus passes as proof of payment. Following implementation of the existing projects, staff will work with local agencies to assess future funding needs. Future funding recommendations will be brought to the Board in 2018. For additional details see [page 32](#).

9. Ensure the ongoing preservation of purchased open space (Preserves) which provides comprehensive mitigation of the environmental impacts of freeway improvements and higher-value environmental benefits in exchange for streamlined project approvals (Projects A-M).

The Freeway Mitigation Program is proceeding as planned, with seven properties (Preserves) acquired (1,300 acres), and 12 restoration projects approved for funding by the Board, totaling approximately 350 acres. These Preserves and restoration projects are folded into the OCTA Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan), which contributes mitigation to streamline the permitting process for M2 freeway projects. The program's Conservation Plan and Final Environmental Impact Report and Environmental Impact Statement (EIR/EIS) were approved by the Board in November 2016. The final permits were approved by the Wildlife Agencies in June 2017. As part of the Conservation Plan process, an endowment is required to be established to pay for the long-term management of the Preserves. The second



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deposit into the endowment was made in August 2017, and approximately \$2.9 million will be deposited on an annual basis. Staff will continue to oversee and manage the Preserves until a long-term manager(s) is established. Management of the Preserves includes the development and release of Preserve specific resource management plans. Additionally, staff will monitor the progress of all restoration projects and provide status updates to the Environmental Oversight Committee until each project is implemented. For more details, see the project updates on [page 33](#).

10. Work with the Environmental Cleanup Allocation Committee (ECAC) to develop the next tiers of water quality programs, with a goal of providing \$40 million in grants to prevent the flow of trash, pollutants, and debris into waterways from transportation facilities. In addition, focus on improving water quality on a regional scale that encourages partnerships among the local agencies as part of the Environmental Cleanup Program (ECP) (Project X).

Since inception, the Board has awarded approximately \$48 million for 154 Tier 1 and 22 Tier 2 projects. An eighth Tier 1 Call for Projects is anticipated to be released in March 2018. Staff is working with the ECAC and the County of Orange to determine the best timing for the next Tier 2 call based on projected cash flow and local jurisdictions' interest in potential viable Tier 2 projects. For more details, see the project updates on [page 33](#).

FREWAYS

INTERSTATE 5 (I-5) PROJECTS ▾

Segment: I-5, Between SR-55 and SR-57

PROJECT A

Status: Design complete. Construction bid package preparation underway.

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will increase high occupancy vehicle (HOV) capacity by adding a second HOV lane in both directions along I-5 between SR-55 and SR-57 in Santa Ana. This quarter, the Project achieved Ready-to-List status. On November 13, 2017 the OCTA Board approved Amendment #1 to the OCTA/Caltrans Construction Cooperative Agreement to increase construction capital and construction support funds due to cost estimate increases in higher bids, increasing the finalized Construction Cost Estimate by \$654,000. Board also approved the consultant selection for consultant construction management services. Due to changes in scope and the replacement of STIP funds with CMAQ funds, this project is marked “red” in the Capital Action Plan (CAP), signifying a delay of over three months beyond the original schedule. In the first quarter of 2018, the project is expected to receive federal authorization (via an E-76) to advertise the construction contract.

Segment: I-5, I-405 to SR-55

PROJECT B

Status: Environmental Phase Underway - 76% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will add one general purpose lane in each direction of the I-5 corridor and improve the interchanges in the area between SR-55 and SR-133 (near the El Toro “Y” and I-405) in Tustin and Irvine. The environmental study will consider the addition of one general purpose lane on I-5 between just north of I-405 to SR-55. Additional features of Project B include improvements to various interchange ramps. Auxiliary lanes could be added in some areas and re-established in other areas within the project limits. During the quarter, the consultant continued working on last few technical studies and obtained Caltrans approval on more technical studies. The draft Environmental Document (ED) has been submitted for the first review. The final ED is expected to be complete in November 2018.

Segment: I-5, Avenida Pico to Avenida Vista Hermosa/Avenida Pico Interchange

PROJECT C AND PART OF PROJECT D

Status: Construction Underway - 90% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This segment adds a carpool lane in each direction on I-5 between Avenida Pico and Avenida Vista Hermosa in San Clemente, and also includes major improvements to the Avenida Pico Interchange (part of Project D), which will also add bicycle lanes in both directions of Avenida Pico. Construction began in February 2015. During the quarter, construction of the main line roadway section continued. Ramp paving and Avenida

FREEWAYS

Pico paving, sidewalks, driveways and curb and gutters work have been completed along with relocation of utilities and traffic. Insulation of irrigation systems and planting work continued. Lane openings are anticipated next quarter with construction is scheduled to be complete in Spring 2018.

Segment: I-5, Avenida Vista Hermosa to Pacific Coast Highway

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: This segment adds a carpool lane in each direction of I-5 between Avenida Vista Hermosa and Pacific Coast Highway (PCH) in San Clemente, and also includes reconstructing on and off ramps at Avenida Vista Hermosa and Camino de Estrella. Construction began in September 2014. During the quarter, construction was completed (July 2017). The added carpool lanes will be open to traffic when the segments at either side of this improvement (Avenida Pico to Avenida Vista Hermosa and Pacific Coast Highway to San Juan Creek Road) are complete, which is anticipated in Spring 2018.

Segment: I-5, Pacific Coast Highway to San Juan Creek Road

Status: Construction Underway - 95% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This segment will add one carpool lane in each direction of the I-5 between PCH and San Juan Creek Road in the cities of San Clemente, Dana Point, and San Juan Capistrano. Project improvements also include reconstructing on and off ramps at PCH/Camino Las Ramblas. Construction began in March 2014. During the quarter, work on the median and installation of irrigation systems continued. In the fall of 2015, the Board was informed that a soil issue was identified, which would delay project completion. As a result, this project is marked “red” in the CAP, signifying a delay of more than three months, with a revised completion date extending at least 19 months past the original schedule (September 2016). Construction work is scheduled to be complete in Spring 2018.

Segment: I-5, SR-73 and Oso Parkway/Avery Parkway Interchange

Status: Design Phase Underway - 95% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will make improvements along I-5 between SR-73 and Oso Parkway in the cities of Laguna Hills, Laguna Niguel, and Mission Viejo. The proposed improvements include the addition of a general purpose lane in each direction and reconstruction of the Avery Parkway Interchange (part of Project D). During the quarter, the consultant continued working on ROW appraisals and coordinated with utility agencies. Staff continued to coordinate



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with Caltrans to finalize and approve the required Fact Sheet. In November, the Board approved an amendment to the final PS&E agreement for additional design services as a result of updated Caltrans requirements. It is anticipated that the 100% Plans, Specifications, and Estimates (PS&E) will be submitted to Caltrans late February 2018. The plans identify a higher cost estimate due to unit price increases, rise in Caltrans support costs, and schedule changes to address bird nesting season restrictions. This segment is included in the 2018 STIP project recommendations for additional funding to address the increased cost estimate, which was approved by the Board in September and expected to be adopted by the CTC in March 2018. Due to extended ROW coordination, this project is marked “red” in the CAP, signifying a delay of over three months beyond the original schedule. Design work is anticipated to be complete in Spring 2018.

Segment: I-5, Oso Parkway to Alicia Parkway/La Paz Road Interchange

Status: Design Phase Underway - 100% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will make improvements along I-5 between Oso Parkway and Alicia Parkway in the cities of Mission Viejo, Laguna Hills, and Lake Forest. The proposed improvements include the addition of a general purpose lane in each direction and reconstruction of the La Paz Road Interchange. Major activities this quarter included submittal of the 100% Design package on December 20, 2017. Staff also continued coordination of the service contract with Southern California Regional Rail Authority (SCRRA)/Metrolink, and with Caltrans on ROW and utilities. Due to extended ROW coordination, this project is marked “red” in the CAP, signifying a delay of over three months beyond the original schedule. This project is anticipated to begin construction in early 2019.

Segment: I-5, Alicia Parkway to El Toro Road

Status: Design Phase Underway - 95% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will make improvements along I-5 between Alicia Parkway to El Toro Road in the cities of Lake Forest, Laguna Hills, Laguna Woods and Mission Viejo, including the extension of the second HOV lane from El Toro Road to Alicia Parkway. Major activities this quarter included continued coordination with Caltrans, Orange County Parks and Orange County Flood Control regarding the planned work at Aliso Creek. The E-76 package to allow Caltrans to begin work was approved on August 31, 2017 by Federal Highway Administration (FHWA). Due to extended ROW coordination with Caltrans and delayed design start date, this project is marked “red” in the CAP, signifying a delay of over three months beyond the original schedule. The 100% Design Submittal is anticipated for July 2018.



FREEWAYS

PROJECT D

This project will update and improve key I-5 interchanges at Avenida Pico, Ortega Highway, Avery Parkway, La Paz, and at El Toro Road. Three interchange improvements at La Paz, Avery Parkway, and Avenida Pico are part of Project C.

Segment: I-5, El Toro Interchange
Status: Environmental Phase Underway - 20% Complete
Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project includes four different alternatives that consider modifications to the existing interchange, which range from a I-5 southbound direct connector to El Toro Road to modifications in how existing off ramp intersections operate. The E-76 package to allow Caltrans to begin work was approved in April 2017 by FHWA and work began in May 2017. Work during the quarter included conducting the Value Analysis Study and a Right-of-Way review meeting between Caltrans and OCTA. The Value Analysis Final Report is expected next quarter. An update by Caltrans on this project was presented to the OCTA Board in May 2017 and the next update is expected in March 2018. The environmental phase is anticipated to be completed in late 2019.

Segment: I-5, Ortega Highway Interchange

Status: PROJECT COMPLETE
Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: Construction began in February 2013 to reconstruct the SR-74 Ortega Highway Bridge over I-5, and improve local traffic flow along SR-74 and Del Obispo Street in the City of San Juan Capistrano. All lanes on the new bridge were opened to traffic on September 4, 2015. A dedication ceremony was held on October 1, 2015. The project was officially completed on January 15, 2016.

STATE ROUTE 22 (SR-22) PROJECTS ▾

Segment: SR-22 Access Improvements
Status: PROJECT COMPLETE
Contact: Rose Casey, Capital Projects • (714) 560-5729



PROJECT E

Summary: Completed in 2008, Project E made improvements at three key SR-22 interchanges (Brookhurst Street, Euclid Street, and Harbor Boulevard) in the City of Garden Grove to reduce freeway and street congestion in the area. This M2 project was completed early as a “bonus project” provided by the original Measure M (M1).



FREeways

STATE ROUTE 55 (SR-55) PROJECTS ▾

PROJECT F

Segment: SR-55, I-405 to I-5

Status: Design Phase Underway - 10% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will widen SR-55 in the cities of Irvine, Santa Ana, and Tustin. Through a cooperative agreement, Caltrans is preparing the 35% design work and is responsible for developing and seeking approval of the required Fact Sheet addressing necessary design variations on the project. With OCTA staff oversight, Caltrans is refining the geometrics to eliminate and minimize the potential ROW risk and costs. The final Fact Sheet is anticipated to be signed by mid-February 2018. OCTA consultant contract will be executed in February 2018 for the Board authorized consultant selection for PS&E services. ROW and utility coordination have been initiated. The design baseline schedule will be finalized in January 2018.

Segment: SR-55, I-5 to SR-91

Status: Environmental Phase Underway - 17% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will add capacity between I-5 and SR-22, and provide operational improvements between SR-22 and SR-91 in the cities of Orange, Santa Ana, Tustin, and Anaheim. The environmental study will consider the addition of one general purpose lane in each direction to SR-55 between SR-22 and the I-5, and provide operational improvements on SR-55 between SR-22 and SR-91. During the quarter, the consultant continued to work on traffic studies and initiated some of the environmental technical studies. The environmental phase is anticipated to be complete in early 2020.

STATE ROUTE 57 (SR-57) PROJECTS ▾

PROJECT G

Segment: SR-57 Northbound, Katella to Lincoln Avenue

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: This project increased capacity and improved operations on northbound SR-57 between Katella Avenue and Lincoln Avenue in the City of Anaheim with the addition of a new 3-mile general purpose lane, on- and off-ramp improvements, and sound walls. Bridges at Katella Avenue and Douglas Road were also widened in the northbound direction. The project opened to traffic on November 19, 2014 and completed on April 21, 2015.



FREEWAYS

Segment: SR-57 Northbound, Orangethorpe to Yorba Linda Boulevard

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: This project increased capacity and improved operations on northbound SR-57 with a new 2.5-mile northbound general-purpose lane between Orangethorpe Avenue in the City of Placentia to Yorba Linda Boulevard in the City of Fullerton. In addition to the new lane, capital improvements include reconstruction of northbound on- and off-ramps, widening of seven bridges, and the addition of soundwalls. The new general purpose lane was opened to traffic on April 28, 2014. The project was completed on November 6, 2014.

Segment: SR-57 Northbound, Yorba Linda Boulevard to Lambert Road

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: Completed on May 2, 2014, this project improved capacity, operations, and traffic flow on SR-57 with the addition of a new 2.5-mile northbound general-purpose lane between Yorba Linda Boulevard in the City of Fullerton and Lambert Road in the City of Brea. Additional project benefits include on- and off-ramp improvements, the widening and seismic retrofit (as required) of six bridges in the northbound direction and the addition of soundwalls. Existing lanes and shoulders were also widened to standard widths, enhancing safety for motorists. The new general purpose lane was opened to traffic on September 23, 2013.

Segment: SR-57 Northbound, Lambert Road to Tonner Canyon Road

Status: Environmental phase expected to begin in mid-2020 (pending STIP funding approval)

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: Caltrans previously completed a PSR/Project Development Support document for the Lambert Road to Tonner Canyon Road segment, which will add a truck-climbing lane from Lambert Road to Tonner Canyon Road in the City of Brea. The environmental phase is expected to begin in mid-2020 and will take into consideration any related work by LA Metro across the county line. Funding for the environmental phase for this project is included in the 2018 STIP which is scheduled to be approved in March of 2018. Additionally, Caltrans and the City of Brea are moving forward with interchange improvements at Lambert Road using M2 streets and roads, STIP, and other Federal funds. Additionally the interchange project was submitted for Senate Bill 1 Trade Corridor Enhancement Program funds and the implementing agencies will get notification regarding approval in May of 2018. The interchange improvements will complement and serve as a first phase to the freeway improvement project.



FREEWAYS

Segment: SR-57 Northbound, Orangewood Avenue to Katella Avenue

Status: Environmental Phase Underway - 35% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will add capacity in the northbound direction of SR-57 from Orangewood Avenue to Katella Avenue in the cities of Anaheim and Orange. Improvements under study include adding a northbound general purpose lane to join the northbound general purpose lane which was opened to traffic in 2014 between Katella Avenue and Lincoln Avenue. During the quarter, comments were received from Caltrans pertaining to the draft technical studies that had been previously submitted. Also, a “schedule-specific” meeting was held on December 20, 2017 to review the overall schedule and determine timelines for remaining tasks. The environmental phase is anticipated to be complete in late 2018.

STATE ROUTE 91 (SR-91) PROJECTS ▾

Segment: SR-91 Westbound, I-5 to SR-57

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



PROJECT H

Summary: This project increased capacity in the westbound direction of SR-91 by adding an additional general purpose lane in the westbound direction between Anaheim and Fullerton, and provided operational improvements at on and off-ramps between Brookhurst Street and State College Boulevard. Construction is 100 percent complete, as of June 23, 2016. Consultant-supplied construction management services ended on September 29, 2016. The general purpose lane was opened to traffic on March 7, 2016.

Segment: SR-91, SR-55 to Tustin Avenue Interchange

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



PROJECT I

Summary: This project improved traffic flow at the SR-55/SR-91 interchange by adding a westbound auxiliary lane beginning at the northbound SR-55 to westbound SR-91 connector through the Tustin Avenue interchange in the City of Anaheim. The project was intended to relieve weaving congestion in the area and included reconstruction of the westbound side of the Santa Ana River Bridge to accommodate the additional lane. The bypass lane was open to traffic on May 14, 2016. Construction is 100 percent complete. Contract Acceptance was granted on October 31, 2016.



FREEWAYS

Segment: SR-91, SR-55 to SR-57

Status: Environmental Phase Underway - 60% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will improve traffic flow and operations along SR-91 within the cities of Fullerton and Anaheim. The study will look at the addition of one general purpose lane eastbound between SR-57 and SR-55, and one general purpose lane westbound from Glassell Street to State College Boulevard. Additional features of this project include improvements to various interchanges. Auxiliary lanes will be added in some segments and re-established in others within the project limits. This quarter, the consultant continued working on technical documents. M2 and federal funds would pay for the mainline freeway improvements and future funding would need to be identified for connector portions of the project. Due to Caltrans requiring extra work to study interchange improvements outside of the completed Project Study Report (PSR), the project is marked “red” in the CAP with a delay of more than one year from its original schedule. The environmental phase is expected to be complete in mid-2019.

Segment: SR-91, SR-55 to SR-241

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



PROJECT J

Summary: This completed Project J segment added six miles in the westbound and eastbound direction to a key stretch of SR-91 between SR-55 and SR-241 in the cities of Anaheim and Yorba Linda. In addition to adding 12 lane miles to SR-91, the project also delivered a much needed second eastbound exit lane at the Lakeview Avenue, Imperial Highway and Yorba Linda Boulevard/Weir Canyon Road off-ramps. Beyond these capital improvements, crews completed work on safety barriers, lane striping and soundwalls. Completion of this project in March 2013 means a total of 18 lane miles have been added to SR-91 since December 2010.

Segment: SR-91, SR-241 to SR-71

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: Completed in January 2011, this segment added six miles through a key stretch of SR-91 between Orange County’s SR-241 and Riverside County’s SR-71. The project improves mobility and operations by reducing traffic weaving from traffic exiting at SR-71 and Green River Road. An additional eastbound general purpose lane on SR-91 was added and all existing eastbound lanes and shoulders were widened. Because this project was shovel-ready, OCTA was able to obtain American Recovery and Reinvestment Act funding for this M2 project, saving M2 revenues for future projects.

FREEWAYS

Segment: SR-91, SR-241 to I-15

Status: RCTC's Design-Build - Initial Phase Complete March 20, 2017

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: The purpose of this project is to extend the 91 Express Lanes eastward from its current terminus in Anaheim to I-15 in Riverside County. This project will also add one general purpose lane in each direction of SR-91, from SR-71 to I-15, and construct various interchange and operational improvements. On March 20, 2017, the RCTC contractors completed the \$1.3 billion initial phase freeway improvement project which extended the 91 Express Lanes from Orange County to I-15 in Riverside County, added a general purpose lane east of SR-71 to I-15, and provided tolled express connectors between SR-91 and I-15. While the portion of this project between SR-241 and the Orange County/Riverside County line is part of OCTA's M2 Project J, the matching segment between the county line and SR-71 is part of RCTC's Measure A. Construction of the final additional general purpose lane between SR-241 and SR-71 will take place post-2035. The ultimate project widens all SR-91 general purpose lanes to standard lane and shoulder widths from SR-241 to SR-71 (RCTC is responsible for the lane improvements between Green River and SR-71 while OCTA will be responsible for the lane improvements west of Green River to SR-241). To maintain synchronization, these general purpose lanes improvements, which span both counties, will be scheduled to ensure coordinated delivery of both portions of the project, and will provide a continuous segment that stretches from SR-241 to SR-71. This action is consistent with the 2017 SR-91 Implementation Plan.

INTERSTATE 405 (I-405) PROJECTS ▼

Segment: I-405, SR-73 to I-605

PROJECT K

Status: Design-Build Underway

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: OCTA and Caltrans are working together to widen I-405 through the cities of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, and Westminster. These improvements will add one general purpose lane, add a second lane to be combined with the existing HOV lane to provide a dual express lanes facility, and improve the local interchanges along the corridor from SR-73 to I-605. *

During the quarter, work continued on public outreach, ROW acquisition, utility coordination, and environmental permitting. Other work includes review of design-builder submittals, including design submittals, quality management plan, transportation management plan, and other administrative plans necessary to be completed prior to commencement of construction. The design-builder continued their pre-construction investigations, including utility potholing to positively locate utilities and geotechnical borings to analyze soil conditions throughout the project site. On October 24, 2017, OCTA, Caltrans and the City of Long Beach executed a settlement



FREEWAYS

agreement related to ongoing litigation. OCTA approved the first Resolutions of Necessity for the project on November 27, 2017. Construction is expected to begin in early 2018 and be complete in 2023. Efforts were initiated to plan the groundbreaking ceremony in late January 2018.

* The general purpose lane portion of the project is a M2 project and will be funded by a combination of local, state and federal funds, with the express lanes portion of the project financed and primarily paid for by those who choose to pay a toll and use the 405 Express Lanes.

Segment: I-405, I-5 to SR-55

PROJECT L

Status: Environmental Phase Underway - 90% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will add one general purpose lane in each direction of the I-405 corridor and improve the interchanges in the area between I-5 and SR-55 in Irvine. Additional features of Project L include improvements to various interchanges, auxiliary lanes and ramps. During the quarter, the consultant obtained approval on remaining engineering technical studies, draft ED and draft PR. The draft ED has been circulated to the public and an open house format Public Hearing was held in December 2017. The final ED is expected to be complete in July 2018.

INTERSTATE 605 (I-605) PROJECTS ▼

Segment: I-605, Katella Interchange Improvements

PROJECT M

Status: Environmental Phase Underway - 79% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: This project will improve freeway access and the arterial connection to I-605 at Katella Avenue in the City of Los Alamitos and the County of Orange. Improvements under this project may include enhancements at the on-ramps and off-ramps in addition to operational improvements on Katella Avenue at the I-605 Interchange. The remaining two build alternatives include modification of interchange ramps and lane configurations on Katella Avenue from Coyote Creek Channel to Civic Center Drive. During the quarter, the consultant continued working on the last remaining technical study and obtained Caltrans approval on all others completed. The draft ED has been submitted for the first review. The final ED is anticipated to be completed in November 2018.



FREWAYS

FREWAY SERVICE PATROL ▼

Status: Service Ongoing

Contact: Cliff Thorne • (714) 560-5975

PROJECT N

Summary: M2’s Freeway Service Patrol (FSP) began operation in June 2012 and provides tow truck service for motorists with disabled vehicles on the freeway system to help quickly clear freeway lanes and minimize congestion. During the quarter, the midday service provided assistance to 1,476 motorists, weekend service provided assistance to 857 motorists, and construction service provided assistance to 299 motorists. Since inception, M2 and construction-funded FSP has provided a total of 64,442 assists to motorists on the Orange County freeway system.



REGIONAL CAPACITY PROGRAM ▼

Status: 2018 Call for Projects in Progress

PROJECT O

Contact: Joseph Alcock, Planning • (714) 560-5372

Summary: This program, in combination with required local matching funds, provides funding for improvements on Orange County’s Master Plan of Arterial Highways. Since 2011, 135 projects totaling more than \$263 million have been awarded through seven calls for projects by the Board. On August 14, 2017, the Board approved the release of the 2018 Call for Projects that will make approximately \$32 million available to fund additional road improvements throughout the County. One-on-one meetings are being held with local agencies to assist in the preparation and submittal of grant applications. Applications for funding were due by October 20, 2017. OCTA received 12 applications for a total of \$39.4 million in M2 funding requests. Staff is currently reviewing applications and will provide final recommendations to the Board in the spring 2018.

OC Bridges Railroad Program

This program will build seven grade separations (either under or over passes) where high volume streets are impacted by freight trains along the BNSF Railroad in North County. A status for each of the seven projects is included below. As of the end of this quarter, five are complete (Kraemer, Placentia, Orangethorpe, Tustin/Rose, and Lakeview), and the two remaining projects are scheduled to be completed in 2018. A OC Bridges closing ceremony was held on October 24, 2017 and all seven grade separations are now open to traffic. Minor activities continue to complete punch list items and close out the projects.

Segment: Kramer Boulevard Grade Separation

Status: PROJECT COMPLETE



Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: The project located at Kraemer Boulevard railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the City of Placentia by building an underpass for vehicular traffic. The grade separation was opened to traffic on June 28, 2014, and an event was held on July 8, 2014 to commemorate the opening. Project acceptance by the City of Anaheim and the City of Placentia, respectively, occurred in December 2014 and the cities assumed full maintenance responsibilities. In December 2015, the one-year warranty period expired with no issues or repairs identified.

STREETS AND ROADS

Segment: Lakeview Avenue Grade Separation

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: The project located at Lakeview Avenue railroad crossing grade separated the local street from railroad tracks in the cities of Anaheim and Placentia by building a bridge for vehicular traffic over the railroad crossing and reconfiguring the intersection of Lakeview Avenue and Orangethorpe Avenue. Construction began on July 1, 2014.

Lakeview Avenue was reopened on June 6, 2017. Construction acceptance from the cities of Anaheim and Placentia was obtained on June 2, 2017 and OCTA has turned over the maintenance responsibilities to the cities and commenced the one year warranty. Close-out activities will be ongoing till January 2018.

Segment: Orangethorpe Avenue Grade Separation

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: The project located at Orangethorpe Avenue railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the cities of Placentia and Anaheim by building a bridge for vehicular traffic over the railroad tracks. On May 17, 2016, a joint-grand opening event was held to commemorate the opening to traffic for the Orangethorpe and Tustin/Rose Grade Separation projects. OCTA oversaw construction of the project which was completed during the quarter. Final construction activities included landscaping, irrigation, survey monumentation, and construction close-out activities. Construction was completed in October 2016 and construction acceptance was obtained from the cities of Anaheim and Placentia on October 25, 2016. OCTA has turned over the maintenance responsibilities to the cities and commenced the one-year warranty.

Segment: Placentia Avenue Grade Separation

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: The project located at Placentia Avenue railroad crossing is grade separated and open to traffic. This project separated the local street from railroad tracks in the city of Placentia by building an underpass for vehicular traffic. An event was held on March 12, 2014, to commemorate the opening to traffic. Project acceptance by the City of Anaheim and the City of Placentia, respectively, occurred in December 2014, and the cities assumed full maintenance responsibilities. In December 2015, the one-year warranty period expired with no issues or repairs identified.



STREETS AND ROADS

Segment: Raymond Avenue Grade Separation

Status: Construction Underway - 92% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: The project located at Raymond Avenue railroad crossing will grade separate the local street from railroad tracks in the City of Fullerton by taking vehicular traffic under the railroad crossing. The City of Fullerton is managing construction and OCTA is providing construction oversight, public outreach, railroad coordination, and ROW support. Construction began on June 2, 2014. Activities this quarter continue to include pump station, electrical, street lighting, traffic signal, and roadway excavation, pavement, and striping. Raymond Avenue has been opened to traffic since October 2017. Construction is forecasted to be completed by March 2018.

Segment: State College Boulevard Grade Separation

Status: Construction Underway - 99% Complete

Contact: Rose Casey, Capital Projects • (714) 560-5729

Summary: The project located at State College Boulevard railroad crossing will grade separate the local street from railroad tracks in the City of Fullerton by taking vehicular traffic under the railroad crossing. The City of Fullerton is managing the construction and OCTA is providing construction oversight, public outreach, railroad coordination, and ROW support. Construction activities this quarter continue to include work on pump station, electrical, and roadway excavation, pavement and striping. State College Boulevard was opened to through traffic on November 1, 2017. Construction is expected to be completed by the end of January 2018.

Segment: Tustin Avenue/Rose Drive Grade Separation

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital Projects • (714) 560-5729



Summary: The project located at Tustin Avenue/Rose Drive railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the cities of Placentia and Anaheim by building a bridge over the railroad crossing for vehicular traffic. On May 17, 2016, a joint-grand opening event was held to commemorate the opening to traffic for the Orangethorpe and Tustin/Rose Grade Separation projects. OCTA oversaw construction of the project, which was completed during the quarter. Final construction activities included traffic signal controller, landscaping, irrigation, survey monumentation, and construction close-out and warranty activities. Construction was completed in October 2016 and construction acceptance was obtained from the cities of Anaheim and Placentia on October 25, 2016. OCTA has turned over the maintenance responsibilities to the cities and commenced the one-year warranty.



STREETS AND ROADS

REGIONAL TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM ▼

Status: Ongoing

PROJECT P

Contact: Anup Kulkarni, Planning • (714) 560-5867

Summary: This program provides funding and assistance to implement multi-agency signal synchronization. The target of the program is to regularly coordinate signals for 2,000 intersections along 750 miles of roadway as the basis for synchronized operation across Orange County. The program will enhance the efficiency of the street grid and reduce travel delay.

To date, OCTA and local agencies have synchronized more than 2,000 intersections along more than 540 miles of streets (or 59 completed projects). There have been seven rounds of funding to date, providing a total of 91 projects with more than \$89.17 million in funding awarded by the Board.

On August 14, 2017, the Board approved the release of the 2018 Call for Projects Regional Traffic Signal Synchronization Program, making approximately \$8 million available for signal synchronization projects. The Call for Projects closed on October 20, 2017. OCTA received 7 applications for a total of \$16.5 million in M2 funding requests. Staff is currently reviewing applications and will provide final recommendations to the Board in the spring, 2018.

LOCAL FAIR SHARE ▼

PROJECT Q

Status: Ongoing

Contact: Vicki Austin, Finance • (714) 560-5692

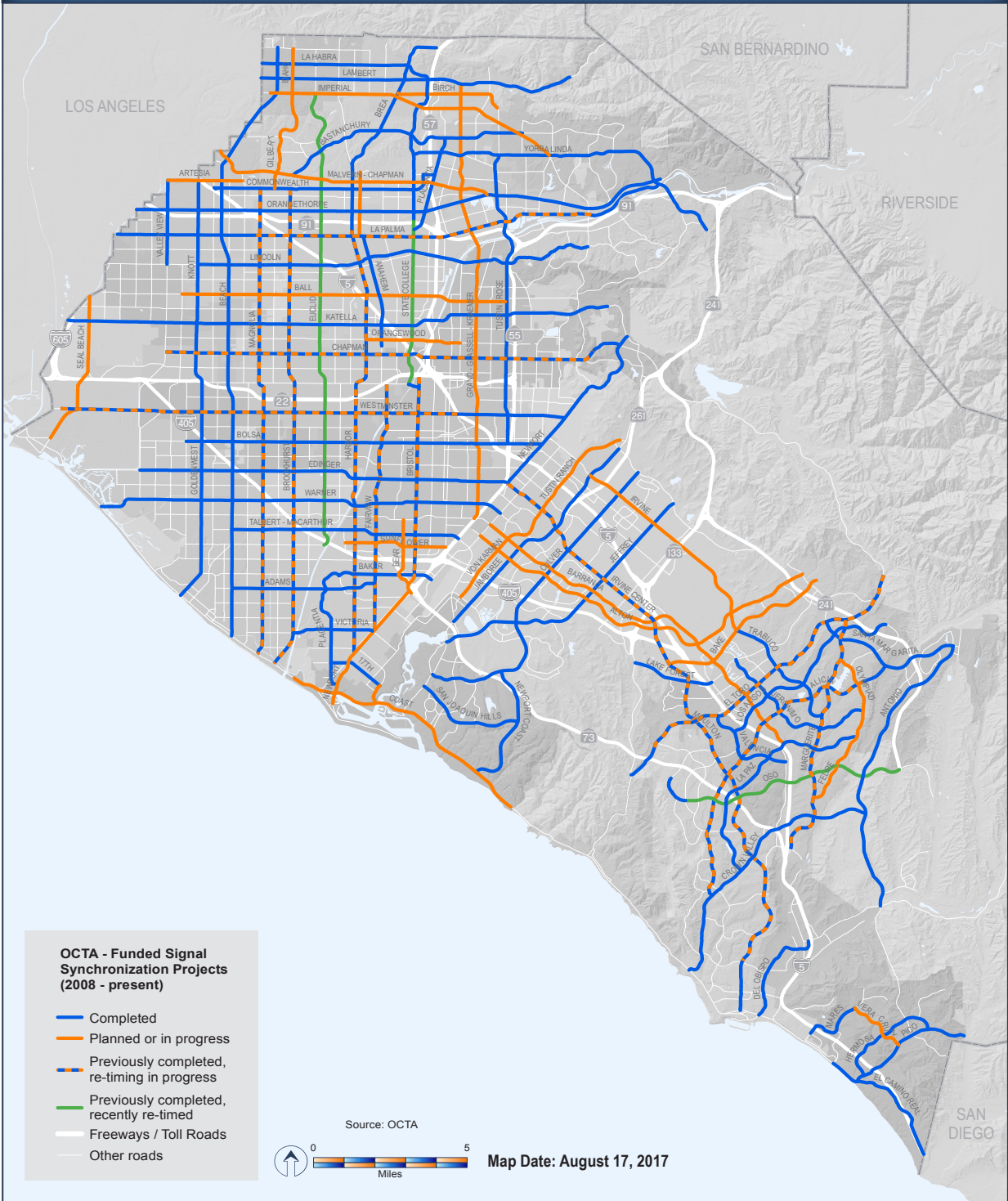
Summary: In order to help cities and the County of Orange keep up with the rising cost of repairing the aging street system, this program provides flexible funding intended to augment, not replace, existing transportation expenditures of the cities and the County. All local agencies have been found eligible to receive Local Fair Share funds. On a bi-monthly basis, 18 percent of net revenues are allocated to local agencies by formula. Approximately \$305.7 million in Local Fair Share payments have been provided to local agencies as of the end of this quarter.

See [pages 47-48](#) for funding allocation by local agency.



STREETS AND ROADS

OCTA - Funded Signal Synchronization Projects (2008 - present)



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TRANSIT

HIGH FREQUENCY METROLINK SERVICE ▾

PROJECT R

Project R will increase rail services within the County and provides additional Metrolink service north of Fullerton to Los Angeles. The program provides for track improvements, the addition of trains and parking capacity, upgraded stations, and safety enhancements to allow cities to establish quiet zones along the tracks. This program also includes funding for grade crossing improvements at high volume arterial streets, which cross Metrolink tracks.

Project: Metrolink Grade Crossing Improvements

Status: PROJECT COMPLETE

Contact: Jennifer Bergener, Rail • (714) 560-5462



Summary: Enhancement of the designated 52 Orange County at-grade rail-highway crossings was completed as part of the Metrolink Service Expansion Program (MSEP) in October 2012. Completion of the safety improvements provided each corridor city with the opportunity to establish a “quiet zone” at their respective crossings. Quiet zones are intended to prohibit the sounding of train horns through designated crossings, except in the case of emergencies, construction work, or safety concerns identified by the train engineer. The cities of Anaheim, Dana Point, Irvine, Orange, Santa Ana, San Clemente, San Juan Capistrano, and Tustin have established quiet zones within their communities.

Project: Metrolink Service Expansion Program

Status: Service Ongoing

Contact: Jennifer Bergener, Rail • (714) 560-5462

Summary: Following the completion of the MSEP improvements in 2012, OCTA deployed a total of ten new Metrolink intra-county trains operating between Fullerton and Laguna Niguel/ Mission Viejo, primarily during the midday and evening hours. Efforts to increase ridership through a redeployment of the trains without significantly impacting operating costs have been underway since 2014. Average daily ridership on intra-county trains has increased by 11 percent over the last five fiscal years.

In April 2015, several schedule changes added a connection between the 91/Perris Valley Line and the intra-county service at Fullerton to allow a later southbound peak evening departure from Los Angeles to Orange County. Ridership on these two trains has increased by 45 percent since the improvement was implemented.

Part of OCTA’s re-deployment plan involves providing new trips from Orange County to Los Angeles. Staff continues to work with BNSF, RCTC, and Metro to address track-sharing issues, operating constraints and funding that will impact the options for redeployment. Metrolink is the lead in negotiations with the BNSF Railway to evaluate the current shared use and indemnification/liability agreements that govern the use of each agencies respective railroad rights of way. These discussions are ongoing and special counsel has been brought in to



TRANSIT

assist. Operation of additional Metrolink trains to Los Angeles is contingent on addressing indemnification and liability agreements and the completion of a triple track project on the BNSF Railway between Fullerton and Los Angeles, which is currently anticipated to be in early 2018.

Rail Corridor and Station Improvements

Additionally, under MSEP, funding is provided for rail line and station improvements to accommodate increased service. Rail station parking lot expansions, better access to platforms, among other improvements have been made or are underway. For schedule information on station improvement projects, please see the CAP pages at the back of this report.

Segment: Anaheim Canyon Metrolink Station Improvements

Status: Notice to Proceed to Begin Design Anticipated early 2018

Contact: Jennifer Bergener, Rail • (714) 560-5462

Summary: This OCTA-led project will include construction of a second main track and platform, lengthening the existing platform, and improved pedestrian circulation. The project will also include the addition of benches, shade structures, and ticket vending machines. In August, the Board selected a consultant to prepare final PS&E. The notice to proceed to begin design is anticipated in early 2018 and the project is expected to be complete and ready to bid in June 2019. Construction of the project is expected to begin in October 2019 with completion anticipated in December 2020.

Segment: Fullerton Transportation Center Improvements

Status: Construction Phase Underway - 20% Complete

Contact: Jennifer Bergener, Rail • (714) 560-5462

Summary: Completed early on, a new 5-level parking structure was constructed to provide additional transit parking at the Fullerton Transportation Center for both intercity rail service and commuter rail passengers. This City-led project was completed on June 19, 2012. After completion, an elevator upgrade project was initiated with leftover savings. The elevator project will modify the existing pedestrian bridge to add two new traction elevators, one on each side. The City of Fullerton is the lead on this project as well. Shoring and excavation for the elevator pits has been completed. Due to the BNSF moratorium period, the project has been on hold and construction is expected to continue in January 2018. The City of Fullerton is now projecting the completion of the project to be in September of 2018. Due to sub-contractor issues and utility conflicts, this project is marked “red” in the CAP signifying a delay of more than three months.



TRANSIT

Segment: Laguna Niguel/Mission Viejo Metrolink Station Americans with Disabilities Act (ADA) Ramps

Status: PROJECT COMPLETE

Contact: Jennifer Bergener, Rail • (714) 560-5462



Summary: The Laguna Niguel/Mission Viejo station accessibility improvements project was completed in September 2017. Improvements include new ADA-compliant access ramps on either side of the pedestrian undercrossing and a unisex ADA-compliant restroom, vending machine room, and three passenger canopies.

Segment: Orange Transportation Center Metrolink Parking Structure

Status: Construction Phase Underway - 20% Complete

Contact: Jennifer Bergener, Rail • (714) 560-5462

Summary: This project will include a 611-space, 5-level shared use parking structure that will be located on Lemon Street between Chapman Avenue and Maple Street in Orange. Per a cooperative agreement between OCTA and the City of Orange, the City of Orange is the lead on the design phase, and OCTA is the lead on the construction phase of the project. A construction contract was awarded by the OCTA Board on June 12, 2017. Construction began on July 17, 2017. During excavation, contaminated soils were encountered. In October 2017, the Board was notified and approved a contract change order for removal and disposal of the contaminated materials. The contaminated soils and two underground storage tanks were removed on a time and material basis. The contaminated soils issue is not expected to impact the schedule and the project is expected to be completed in early 2019.

Segment: Placentia Metrolink Station Improvements and Parking Structure

Status: Design Complete - Ready for Advertisement subject to BNSF track sharing agreement

Contact: Jennifer Bergener, Rail • (714) 560-5462

Summary: Plans for the proposed Placentia Metrolink Station Project were near completion when the City of Placentia requested to modify them to include a parking structure to be built where surface parking had been designed. On June 27, 2016, the Board approved a new Cooperative Agreement with the City of Placentia that revised the project's scope and budget. There will now be a parking structure as part of the project and the City of Placentia will contribute towards the cost. The station will include platforms, parking, a new bus stop, and passenger amenities. OCTA is the lead for design and construction of the project. The project will also include a third track which should assist with the on-time performance of train operations and provide operational flexibility for both freight and passenger trains. BNSF will be the lead on the rail construction. Design plans have been completed and reviewed by the construction management consultant. It is anticipated that the plans will be ready to advertise in July 2018. This project's ability to move into construction is subject to finalizing a track sharing agreement with BNSF.



TRANSIT

Segment: San Clemente Pier Station Lighting

Status: PROJECT COMPLETE

Contact: Jennifer Bergener, Rail • (714) 560-5462



Summary: This project was completed on March 17, 2017, and is in the closeout phase. OCTA was the lead for design and installation of this project which added lighting to the existing platform and new decorative hand rails at the San Clemente Pier Station.

Additional rail corridor improvements include: completion of the San Clemente Beach Trail Audible Warning System (AWS) project, which provides additional safety improvements and AWS devices at seven pedestrian grade crossings along the beach trail (AWS activation occurred on June 24, 2016); completed PSRs or environmental clearance for six potential grade separation projects along the LOSSAN corridor (State College Boulevard, Ball Road, 17th Street, Santa Ana Boulevard, Grand Avenue, and Orangethorpe Avenue); replacement of the San Juan Creek railroad bridge in the City of San Juan Capistrano, which will also accommodate a future bike trail on the south end along the creek (design is 60 percent complete and ROW acquisition is in progress); the Control Point project at Fourth Street in the City of Santa Ana, which will provide rail operational efficiencies (construction anticipated to be completed in the first quarter of 2018); the Railroad ROW Slope Stabilization project, which includes eight locations within the OCTA-owned LOSSAN rail corridor that have been identified for improvements to prevent future erosion and slope instability (construction ready and preparing for advertisement); and continued implementation of video surveillance systems and Positive Train Control.

Segment: Laguna Niguel to San Juan Capistrano Passing Siding Project

Status: Design Phase Underway - 80% Complete

Contact: Jennifer Bergener, Rail • (714) 560-5462

Summary: Currently in the design phase, this project will add approximately 1.8-miles of new passing siding railroad track adjacent to the existing mainline track, which will enhance operational efficiency of passenger services within the LOSSAN rail corridor. The 100 percent design plans have been reviewed by SCRRRA and the City of San Juan Capistrano. Final design comments from SCRRRA and the city are being resolved and incorporated. Completion of the design phase is expected in first quarter of 2018 and construction is expected to begin in late-2018. This project is marked “red” in the CAP, signifying a delay of more than three months.



TRANSIT

Segment: Sand Canyon Grade Separation

Status: PROJECT COMPLETE

Contact: Rose Casey, Capital • (714) 560-5729



Summary: The project located at Sand Canyon Avenue railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the City of Irvine by constructing an underpass for vehicular traffic. The westbound lanes were opened to traffic on June 12, 2014, and the eastbound lanes were opened to traffic on July 14, 2014. A road opening ceremony was held on August 11, 2014. The project is completed and construction acceptance was obtained from the City of Irvine on January 15, 2016. The project completed the one-year warranty period and no repairs were identified. The project was closed out in mid-January 2017.

Segment: Tustin Metrolink Station Parking Structure

Status: PROJECT COMPLETE

Contact: Jennifer Bergener, Rail • (714) 560-5462



Summary: Also completed early on, this project provided additional parking at the Tustin Metrolink Station to meet increased requirements associated with the MSEP by constructing a new 4-story parking structure with approximately 735 spaces, plus on-site surface parking. The parking structure was opened to the public on September 22, 2011.

TRANSIT EXTENSIONS TO METROLINK ▾

In order to broaden the reach of Metrolink to other Orange County cities, communities, and activity centers, Project S includes a competitive program which allows cities to apply for funding to connect passengers to their final destination via transit extension. There are currently two areas of this program: a fixed guideway program (street car) and a rubber tire transit program.

Project: OC Streetcar

Status: Design Completed; Invitation for Bids (IFB) Issued

Contact: Jennifer Bergener, Rail • (714) 560-5462

PROJECT S

Summary: The OC Streetcar Project will serve the Santa Ana Regional Transportation Center through downtown Santa Ana, and the Civic Center to Harbor Boulevard in the City of Garden Grove. OCTA is serving as the lead agency for the project.



TRANSIT

During the reporting period, plans and specifications for the infrastructure and Maintenance and Storage facility construction were finalized following completion of the design and quality assurance review processes. The procurement documents for the construction IFB were completed and the OCTA Board approved release of the IFB on December 11, 2017. The pre-bid meeting was held on December 18, 2017 and the effort to pre-qualify construction firms for the construction bid continued.

Work on the vehicle manufacturing and delivery procurement continued this quarter. A best and final offer was issued in October and submissions were received from proposers in early November. The Evaluation Committee met in early December and recommendations for the vehicle contract award are being finalized for presentation to the OCTA Board next quarter.

Work continued on development of the scope of services for the operations and maintenance contract. OCTA hosted an industry forum on November 15, 2017 and five firms attended and provided input on the scope of services. Staff is scheduled to request OCTA Board approval to release the request for proposals in April 2018.

One final issue pending is receipt of the Capital Investment Grant (CIG) New Starts FFGA for the OC Streetcar. The project continues to progress as planned through OCTA's pre-award authority for design and vehicle procurement. The missing piece towards receipt of the grant was the lack of a signed federal transportation bill. On March 23, 2018, Congress passed a \$1.3 trillion federal funding package which was signed by the President later that same day. The funding package appropriates more than \$2.6 billion for the CIG program which includes over \$1.5 billion for New Starts. The FTA and the Orange County Congressional delegation continue to show strong support for the project and with the funding package in place, finalized grant approval should be expedited and is anticipated as early as June.

Project: Bus and Station Van Extension Projects

Status: Service Ongoing for Anaheim Canyon Metrolink Bus Connection

Contact: Joseph Alcock, Planning • (714) 560-5372

Summary: Bus and Station Van Extension projects help enhance the frequency of service in the Metrolink corridor by linking communities within the central core of Orange County. To date, the Board has approved one round of funding for bus and van extension projects, totaling over \$730,000. One project located within the City of Anaheim and three proposals within the City of Lake Forest were approved for funding by the Board on July 23, 2012. Currently, one project is in service and three projects have been canceled. The Anaheim Canyon Metrolink Station Bus Connection began service in February 2013, and provides service between the station and the Anaheim Resort area.



TRANSIT

METROLINK GATEWAYS ▼

Status: PROJECT COMPLETE

Contact: Jennifer Bergener, Rail • (714) 560-5462



PROJECT T

Summary: This project constructed the Anaheim Regional Transportation Intermodal Center (ARTIC) located at 2626 East Katella Avenue in the City of Anaheim. In addition to providing transit connections for OCTA bus service, Metrolink and Amtrak service, shuttle and charter bus service, taxis, bikes, and other public and private transportation services, ARTIC also accommodates future high-speed rail trains. The City of Anaheim, which led the construction effort, opened the facility to rail and bus service on December 6, 2014. A ribbon-cutting ceremony was held on December 8, 2014, with a grand opening celebration hosted on December 13, 2014. This facility replaced the former Anaheim Station that was located on the opposite side of the freeway in the Angel Stadium parking lot.

PROJECT U

EXPAND MOBILITY CHOICES FOR SENIORS AND PERSONS WITH DISABILITIES ▼

Project U expands mobility choices for seniors and persons with disabilities, and includes the Senior Mobility Program (SMP), the Senior Non-emergency Medical Transportation Program (SNEMT), and the Fare Stabilization Program. Since inception, approximately \$52 million in Project U funding has been provided under M2.

Project: Senior Mobility Program

Status: Ongoing

Contact: Curt Burlingame, Transit • (714) 560-5921

Summary: This program provides one percent of net M2 revenues to continue and expand local community transportation service for seniors under the SMP. Since inception, more than \$15.5 million and 1,820,000 boardings have been provided for seniors traveling to medical appointments, nutrition programs, shopping destinations, and senior and community center activities. This quarter, approximately \$466,000 was paid* out to the 31 participating cities during the month of November.

Project: Senior Non-emergency Medical Transportation Program

Status: Ongoing

Contact: Curt Burlingame, Transit • (714) 560-5921

Summary: This program provides one percent of net M2 revenues to supplement existing county-wide senior non-emergency medical transportation services. Since inception, nearly \$17.0 million and 652,400 SNEMT



TRANSIT

boardings have been provided. This quarter, approximately \$492,000 in SNEMT funding was paid* to the County of Orange in the month of November.

Project: Fare Stabilization Program

Status: Ongoing

Contact: Sean Murdock, Finance • (714) 560-5685

Summary: Between years 2011-2015, one percent of net M2 revenues was dedicated to stabilize fares and provide fare discounts for bus services and specialized ACCESS services for seniors and persons with disabilities. Effective January 28, 2016, an amendment to the M2 Ordinance No. 3, adjusted this amount to 1.47 percent of net M2 revenues to be dedicated to the Fare Stabilization Program.

Approximately \$724,000* in revenue was allocated this quarter to support the Fare Stabilization Program. The amount of funding utilized each quarter varies based on ridership. During the quarter, based on 3,316,000 program-related boardings recorded on fixed route and ACCESS services, approximately \$868,000 was utilized. Since inception of the program, more than \$19.4 million and 89,700,000 program-related boardings have been provided.

**Payments are made every other month (January, March, May, July, September, and November). July payments are based on June accruals, and therefore counted as June payments. The amount totaled for one fiscal year quarter either covers one or two payments, depending on the months that fall within that quarter.*

COMMUNITY BASED TRANSIT/CIRCULATORS ▼

Status: Service Updates

PROJECT V

Contact: Joseph Alcock, Planning • (714) 560-5372

Summary: This project establishes a competitive program for local jurisdictions to develop local bus transit services such as community based circulators and shuttles that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. On June 24, 2013, the Board approved the first round of funding for \$9.8 million to fund five projects from the cities of Dana Point, Huntington Beach, La Habra, Laguna Beach, and Lake Forest. Funding was approved to implement vanpool services from local employment centers to transportation hubs, special event and seasonal services that operate during heavy traffic periods, and local community circulators that carry passengers between various shopping, medical, and transportation-related centers.

On June 13, 2016 the Board approved the second round of Project V funding in the amount of \$26.7 million



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for 17 transit service projects and \$323,780 for seven planning studies. OCTA staff has completed agreements with the local agencies to implement these projects. OCTA receives ridership reports from local agencies on a regular basis to monitor the success of these services against performance measures adopted by the Board. To date, the City of Garden Grove’s planning study has been canceled and the City of Westminster’s Little Saigon Shuttle and the City of La Habra Express services have been discontinued. Staff will continue to monitor these services to ensure the performance standards are met and will provide reports to the Board on a regular basis. In December 2017, OCTA staff requested letters from local agencies to determine interest for a future round of Project V funding. Thirteen cities sent letters of interest. Staff will bring a recommendation to move forward on a third Call for Projects to the Board in early 2018 for consideration.

SAFE TRANSIT STOPS ▼

PROJECT W

Status: City-Initiated Improvements Underway or Complete; Mobile Ticketing in Use
Contact: Joseph Alcock, Planning • (714) 560-5372

Summary: This project provides funding for passenger amenities at the 100 busiest transit stops across the County, determined by average daily weekday passenger boardings. Stop improvements are designed to ease transfers between bus lines and provide passenger amenities such as improved shelters and lighting. On July 14, 2014, the Board determined that 80 percent of available Project W funding (\$4.47 million) would be designated for supporting city-initiated projects, and the remaining 20 percent (\$1.12 million) would be directed towards the development and implementation of regional, customer-facing technologies that benefit the 100 busiest stops. On the same date, the Board approved up to \$1,205,666 for city-initiated improvements and \$370,000 for OCTA-initiated improvements in fiscal year 2014-15.

The City of Anaheim was not able to implement the improvements for their projects and will reapply for funds during the next Call for Projects. The cities of Irvine, Westminster, Costa Mesa, Orange, and Brea have completed their projects. The City of Santa Ana awarded their contract in June 2016 and anticipate completed installation of the shelters and other amenities by January 2018. Staff will continue to monitor and report on progress.

For OCTA-initiated improvements, the \$370,000 investment has been contributed towards a mobile ticketing application (app) that will make it more convenient for bus customers to purchase bus passes, obtain trip information, and board buses by allowing riders to use their smart phones to display proof of payment or “mobile ticketing.” The smart phone app was successfully launched on June 15, 2016, for OC Fair and Express Bus users and went system-wide in February 2017 - expanding mobile ticketing to include regular fixed route, college pass, and reduced fare purchases (for seniors and persons with disabilities).

ENVIRONMENTAL

CLEAN UP HIGHWAY AND STREET RUNOFF THAT POLLUTES BEACHES ▼

Project: Environmental Cleanup Program

Status: Ongoing

PROJECT X

Contact: Dan Phu, Planning • (714) 560-5907

Summary: This program implements street and highway-related water quality improvement programs and projects that assist agencies countywide with federal Clean Water Act standards for urban runoff. It is intended to augment, not replace existing transportation-related water quality expenditures and to emphasize high-impact capital improvements over local operations and maintenance costs. The ECAC is charged with making recommendations to the Board on the allocation of funds for the ECP. These funds are allocated on a countywide, competitive basis to assist agencies in meeting the Clean Water Act standards for controlling transportation-related pollution.

Project X is composed of a two-tiered funding process focusing on early priorities (Tier 1), and a second program designed to prepare for more comprehensive capital investments (Tier 2). To date, there have been seven rounds of funding under the Tier 1 grants program. A total of 154 projects, amounting to approximately \$20.1 million, have been awarded by the Board since 2011. There have been two rounds of funding under the Tier 2 grants program. A total of 22 projects in the amount of \$27.89 million have been awarded by the Board since 2013. To date, 33 of the 34 Orange County cities plus the County of Orange have received funding under this program. Board approval of the release of the eighth Tier 1 Call for Projects is anticipated in spring 2018 in the amount of approximately \$2.8 million.

Staff has estimated that over 602 million cubic feet of trash have been captured as a result of the installation of Tier 1 devices since the inception of the Tier 1 Program in 2011. This is equivalent to over 2,600 forty-foot shipping containers. Over time, the volume of trash captured is expected to increase. It is estimated that the funded Tier 2 projects, once fully functional, will have an annual groundwater recharge potential of approximately 157 million gallons of water from infiltration or through pumped and treated recharge facilities.

Staff continues to work with the ECAC and the County of Orange to recommend the appropriate timing for the next Tier 2 Call for Projects.

FREEWAY MITIGATION ▼

Project: Environmental Mitigation Program

Status: Biological Permits Issued and Conservation Plan in Place

Contact: Dan Phu, Planning • (714) 560-5907

Summary: On June 19, 2017, the United States Fish and Wildlife Service, and the California Department of Fish and Wildlife (Wildlife Agencies) finalized the issuance of their respective biological opinion, findings, and



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associated permits, as well as signed the Conservation Plan Implementing Agreement. Receipt of these permits represent the culmination of years of collaboration and support by the Board, environmental community, and Wildlife Agencies. As a result, the environmental process will be streamlined allowing OCTA to move forward with the M2 freeway projects (as described in the Conservation Plan) with little additional coordination from the Wildlife Agencies. The Conservation Plan also includes a streamlined process for coordination with CDFW for streambed alteration agreements will also be reduced. This is needed for portions of freeway projects that cross through streams and riverbeds. The OCTA Conservation Plan is unique as it is only the second state/federal conservation plans approved in Orange County.

The program is proceeding as planned, with seven properties (Preserves) acquired (1,300 acres), and 12 restoration projects approved for funding by the Board, totaling approximately 350 acres. The restoration project plans have been approved by the wildlife agencies and are currently at various stages of implementation. The Board authorized \$42 million (inclusive of setting aside funds for long-term land management) for property acquisitions, \$10.5 million to fund habitat restoration activities, and \$2.5 million for conservation plan development and program support, for a total of approximately \$55 million.

As part of the Conservation Plan requirement, an endowment has been established to pay for the long-term management of the Preserves. It is estimated that it will take up to fifteen years to fully fund the endowment, deposits are made on a fiscal year (July 1 through June 30) basis. As anticipated, the first annual deposit of \$2.9 million for the endowment was made in early 2017. A second deposit was made in August 2017. Staff will continue to oversee and manage the Preserves until a long-term manager(s) is established.

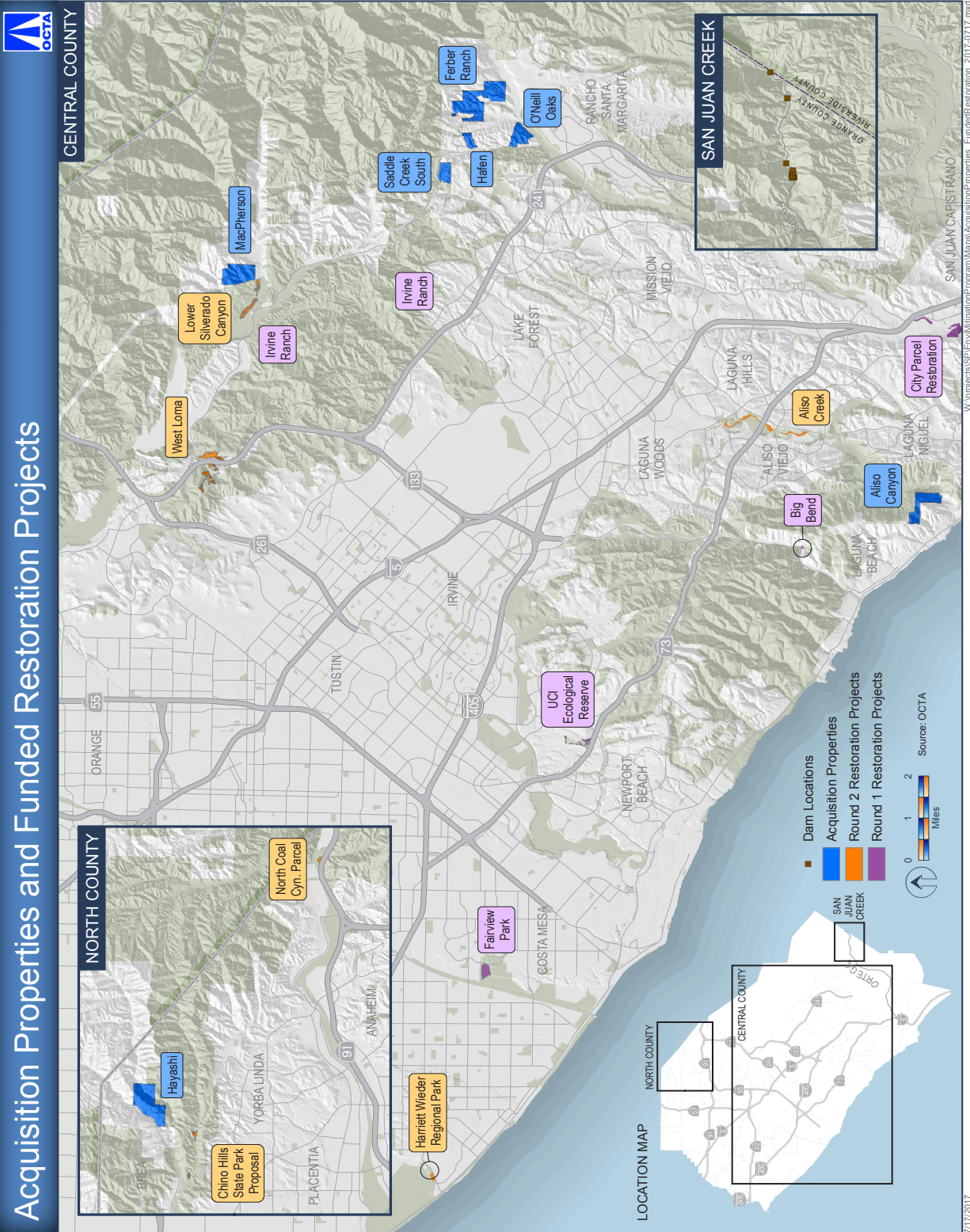
To date, five of the seven Preserve resource management plans (RMPs) have been completed and were finalized in September 2017. These RMPs guide the management of the Preserves as outlined within the Conservation Plan. OCTA publicly released the remaining two RMPs on August 31, 2017. These two RMPs were available for review and comment for a 90-day period (comment deadline was December 1, 2017). In September, the Board authorized funding to advance the streamlined federal clean water permitting requirements administered by the United States Army Corps of Engineers (Corps). Concurrently, OCTA has been working with the State Water Resources Control Board (State Board) to comply with the state clean water permit requirements. On December 18, the Corps issued a programmatic permit to OCTA and Caltrans (as owner/operator of the state highway system). These efforts are the result of years of collaboration between OCTA, the Corps, and State Board, and constitute another groundbreaking milestone for the M2 Environmental Mitigation Program. Staff will continue to monitor the progress of all restoration projects and provide status updates to the Environmental Oversight Committee (EOC) until each project is implemented. A list of scheduled 2017 wilderness Preserve hiking and equestrian riding tours is available on the M2 website at www.PreservingOurLegacy.org.

As part of the safeguards in place for the M2 Program, a 12-member EOC makes recommendations on the allocation of environmental freeway mitigation funds and monitors the implementation of the Conservation Plan between OCTA and state and federal Wildlife Agencies. The EOC has led efforts with policy recommendations to the Board and has operated in an open and transparent manner that has garnered the trust of stakeholders, ranging from the environmental community to the recreational community to Orange County citizens.

See map of Preserves and funded restoration properties on the following page.

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Acquisition Properties and Funded Restoration Projects





PROGRAM MANAGEMENT

PROGRAM MANAGEMENT OFFICE ▼

Contact: Tami Warren, PMO Manager • (714) 560-5590

The M2 PMO provides inter-divisional coordination for all M-related projects and programs. To ensure agency-wide compliance, the PMO holds a bi-monthly committee meeting comprised of executive directors and key staff from each of the divisions, who meet to review significant issues and activities within the M2 programs. This quarter, the focus of the PMO has been on several major items, including the following.

Next 10 Delivery Plan

On September 11, 2017, the Board received a presentation on the 2017 sales tax revenue forecast of \$13.5 billion which is \$700 million lower than the 2016 forecast of \$14.2 billion. In response to the lower 2017 revenue forecast, staff reviewed the Next 10 Delivery Plan and updated the revenue, bonding assumptions, project costs and schedules, and identified adjustments needed to ensure continued delivery of the M2 projects and programs.

On November 13, 2017, the Board of Directors adopted the updated Next 10 Delivery Plan providing staff guidance on the delivery of M2 projects and programs between 2017 and 2026. Per the Board’s direction, the cash flow includes net excess 91 Express Lanes revenue within the freeway program for projects on the 91 corridor, in an amount not to exceed the total cost of Project I, between State Route 55 (SR-55) and State Route 57, and Project J, between SR-55 and the Riverside County line. While the adopted Next 10 cash flow assumed \$463 million, which was less than the total of the two projects and only the amount needed at the time, with the additional revenue reduction in the freeway program, the revised cash flow now assumes the full cost of the two projects, which is estimated at \$748 million. These changes, along with revised bonding assumptions, result in a delivery plan that remains tight but solvent.

M2/OC Go Awareness and Signage

Due to the 2012-2015 M2 Performance Assessment findings regarding a lack of M2 awareness and public perception, staff began developing M2 Signage Guidelines. These uniform guidelines were intended to detail signage procedures for each of the M2 programs (Freeway, Streets & Roads, Transit, and Environmental projects) and were designed to create a common brand across all modes. The effort was stalled due to concern over the continued use of Measure M in Orange County following the passage of LA Metro’s “Measure M”. Using information gleaned from focus groups conducted in 2016 and the existing Board-approved family of OCTA logos, staff presented OC Go to externally replace Measure M for the Board’s for consideration. On September 25, 2017, the Board approved the OC Go identity and signage designs. During this quarter, Caltrans approved OC Go highway funding signs for use on projects with OCTA funding on the California State Highway System within Orange County and the public will see the first signs on the I-405 Improvement Project next quarter. Funding signs for local streets and roads projects were also finalized and will be incorporated in to future projects. Staff will complete work on the OC Go Signage Guidelines and initiate the OC Go Public Awareness Program to inform OCTA’s stakeholders of the change in Measure M. While a full transition from M2 to OC Go will take time, staff anticipates it will be substantially transitioned during 2018.



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OCTA Monitoring Structure for Federal Compliance

As a recipient and a “pass-through” agency of FTA and FHWA funding, OCTA is responsible for complying with all federal regulations. This evaluation is important to M2 projects and programs that are funded with federal monies, ensuring compliance requirements are met and internal protocols are completed efficiently. In June, OCTA selected Sjoberg Evashenk, Inc. to conduct a review of OCTA’s monitoring structure for federal compliance. The goal is to look for efficiencies and determine a preferred structure that works in OCTA’s environment. During this quarter, the consultant wrapped up their peer review of similar agencies (San Diego Association of Governments, Arizona Department of Transportation, Valley Metro Regional Public Transportation Authority, and Santa Clara Valley Transportation Authority), and developed preliminary findings and submitted a draft report to OCTA. A final report is expected in early 2018.

Market Conditions Forecast and Risk Analysis

Last quarter, the Board was presented with a Next 10 Market Conditions Forecast and Risk Analysis Report conducted by Dr. Wallace Walrod and Dr. Marlon Boarnet. The consultant’s analysis identified a strong potential for OCTA to experience an increasing cost environment during the Next 10 delivery years. This, coupled with a reduction in revenue, could present the potential for significant challenges in the delivery of M2 and Next 10.

Given this analysis, the Board directed staff to continue to work with the consultant to monitor and track key early warning indicators and provide the Board with updates in a timeline consistent with updates on the M2 sales tax revenue forecast. Working with the consultant, a scope of the monitoring and tracking effort to be conducted. The scope includes providing presentations on a summary of findings from the monitoring effort to the Board bi-annually and, if noteworthy, more frequent updates will be provided through these M2 quarterly progress reports

M2 Administrative Safeguards

M2 includes a one percent cap on administrative expenses for salaries and benefits of OCTA administrative staff on an annual basis. In a legal opinion on M2, it was determined that in years where administrative salaries and benefits are above one percent, only one percent can be allocated with the difference borrowed from other, non-M2 fund sources. Conversely, in years where administrative salaries and benefits are below one percent, OCTA can still allocate the full one percent for administrative salaries and benefits but may use the unused portion to repay the amount borrowed from prior years in which administrative salaries and benefits were above one percent.

Based on the original M2 revenue projections, OCTA expected to receive \$24.3 billion in M2 funds, with one percent of total revenues available to fund administrative salaries and benefits over the life of the program. As M2 revenue projections declined (currently \$13.5 billion or 44 percent lower) as a result of economic conditions, the funds available to support administrative salaries and benefits have also declined from the original expectations. While revenue has declined, the administrative effort needed to deliver M2 remains the same. Additionally, the

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initiation of the Early Action Plan (EAP) in 2007 required administrative functions four years prior to revenue collection. While the EAP resulted in project savings and significant acceleration of the program, administrative functions were required during this time with associated administrative costs.

As a result of the aforementioned factors, OCTA has incurred higher than one percent administrative costs. OCTA currently has Board approval to use funds from the Orange County Unified Transportation Trust (OCUTT) fund to cover costs above the one percent, with the understanding that those funds will be repaid with interest in future years that OCTA administrative costs fall below the one percent cap. As of June 30, 2012, OCTA had borrowed approximately \$5.2 million from OCUTT. Over the last few years, OCTA has experienced under-runs in the one percent administration cap and has made payments to OCUTT to reduce the outstanding balance. As of the most recent December 2017 Taxpayer Oversight Committee Report, the outstanding balance was \$1.8 million.

Staff continues to meet quarterly to review all labor costs to ensure proper cost allocation under M2. After the quarter ended, staff met on January 17, 2018 to review labor reports for this quarter to ensure costs attributed to the one percent cap were accurately reported and there were no misplaced project related costs, as well as to ensure project costs were applied to the correct projects. Staff will meet again on April 18, 2018, to conduct this quarterly review.

Taxpayer Oversight Committee

The M2 Ordinance requires a Taxpayer Oversight Committee (TOC) to oversee the implementation of the M2 plan and ensure compliance with all requirements of Measure M2 Ordinance No. 3. With the exception of the elected Auditor/Controller of Orange County who is identified as the chair of the TOC in Ordinance, all other members are not elected or appointed officials. Members are recruited and screened for expertise and experience independently by the Orange County Grand Jurors Association, and are selected from the qualified pool by lottery. The TOC meets every other month. The TOC upholds the integrity of the measure by monitoring the use of M2 funds and ensuring compliance. The responsibilities of the 11-member Measure M2 TOC are to:

- Ensure all transportation revenue collected from M2 is spent on the projects approved by the voters as part of the plan
- Ratify any changes in the plan and recommend any major changes go back to the voters for approval
- Participate in ensuring that all jurisdictions in Orange County conform with the requirements of M2 before receipt of any tax monies for local projects
- Hold annual public meetings regarding the expenditure and status of funds generated by M2
- Review independent audits of issues regarding the plan and performance of the Orange County local Transportation Authority regarding the expenditure of M2 sales tax monies
- Annually certify whether M2 funds have been spent in compliance with the plan.

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The TOC met on October 10, 2017, to review and vote on the Annual Eligibility Review Subcommittee Eligibility Report, and to hear presentations on the I-405 Improvement Project, the most recent M2 sales tax forecasts and the Next 10 Market Conditions and Risk Analysis. OCTA staff also provided the committee with information on OC Go, the new public-facing Measure M identity. The December 12, 2017, TOC meeting was canceled.

Two subcommittees have been formed to assist the TOC with their safeguard responsibilities: the Annual Eligibility Review (AER) Subcommittee and the Audit Subcommittee. The AER Subcommittee meets a few times per year, as needed, to ensure local jurisdictions have submitted the following documents in order to be deemed eligible to receive M2 funding: Congestion Management Program, Mitigation Fee Program, Local Traffic Signal Synchronization Plan, Pavement Management Plan, and an Expenditure Report. The Audit Subcommittee meets bi-monthly and is responsible for reviewing the quarterly M2 Revenue and Expenditure Reports and the Annual M2 Audit, as well as any other items related to M2 audits.

M2 FINANCING AND SCHEDULE OF FUNDING ▼

Contact: Sean Murdock, Finance • (714) 560-5685

Revenue Forecast and Collection

OCTA contracts with three universities (Chapman University; University of California, Los Angeles; and California State University, Fullerton) to provide a long-range forecast of taxable sales to forecast M2 revenues for purposes of planning projects and program expenditures. In the past, OCTA has taken an average of the three university taxable sales projections to develop a long-range forecast of M2 taxable sales. On March 28, 2016, as part of the FY 2016-17 budget development process, the Board approved a new sales tax forecast methodology. This methodology includes a more conservative approach by utilizing a five-year forecast from MuniServices, Inc. Historically, MuniServices, Inc. has been more conservative than the three universities over the first five years of M2 revenue collection (2011-2016).

Revenue forecast information is updated quarterly based on the actual revenues received for the previous quarter. As required by law, OCTA pays the State Board of Equalization a fee to collect the sales tax. The M2 Ordinance estimated this fee to be 1.5 percent of the revenues collected over the life of the program.

PROGRAM MANAGEMENT

Current Forecast

Based on long term forecasts received in July 2017, OCTA staff forecasts total nominal sales tax collections over the life of M2 to be approximately \$13.5 billion. Original projections in 2005 estimated total nominal M2 sales tax collections at \$24.3 billion. Based on the current estimated forecast of \$13.5 billion, sales tax revenue will run approximately \$10.8 billion (44.5 percent) less than the original 2005 projection. The revenue forecast for the life of the M2 Program will vary as actual sales tax revenue data is incorporated.

Final sales tax receipts through the first quarter of fiscal year 2017-18 (September 30, 2017) were received at the end of the second quarter (December 2017) and reflected a growth in sales tax revenue of 3.82 percent over the same period of the prior fiscal year. The growth is slightly greater than the budgeted sales tax growth rate of 3.3 percent for fiscal year 2017-18. Staff will continue to closely monitor sales tax receipts.

FINANCING

Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2017 (Unaudited) Schedule 1

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2017	Year to Date Dec 31, 2017 (A)	Period from Inception to Dec 31, 2017 (B)
Revenues:			
Sales taxes	\$ 83,754	\$ 161,752	\$ 1,920,841
Other agencies' share of Measure M2 costs:			
Project related	21,818	45,624	591,976
Non-project related	-	-	454
Interest:			
Operating:			
Project related	280	342	470
Non-project related	2,137	4,666	23,729
Bond proceeds	-	823	45,717
Debt service	31	49	172
Commercial paper	-	-	393
Right-of-way leases	-	-	907
Proceeds on sale of assets held for resale	2,075	2,075	8,879
Donated assets held for resale	-	-	2,071
Miscellaneous:			
Project related	-	-	270
Non-project related	-	-	100
Total revenues	<u>110,095</u>	<u>215,331</u>	<u>2,595,979</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	901	1,801	21,292
Professional services:			
Project related	9,141	9,292	320,650
Non-project related	1,949	2,031	19,229
Administration costs:			
Project related	2,228	4,457	57,914
Non-project related:			
Salaries and Benefits	640	1,280	21,280
Other	1,235	2,470	34,048
Other:			
Project related	-	5	4,854
Non-project related	22	43	3,935
Payments to local agencies:			
Project related	22,659	43,829	775,103
Capital outlay:			
Project related	69,530	116,419	747,386
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	34,560
Interest on long-term debt and commercial paper	10	10,529	147,408
Total expenditures	<u>108,315</u>	<u>192,156</u>	<u>2,187,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,780</u>	<u>23,175</u>	<u>408,289</u>
Other financing sources (uses):			
Transfers out:			
Project related	(2,786)	(3,654)	(33,571)
Transfers in:			
Project related	-	1,973	81,481
Non-project related	-	(1,973)	-
Bond proceeds	-	-	358,593
Total other financing sources (uses)	<u>(2,786)</u>	<u>(3,654)</u>	<u>406,503</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (1,006)</u>	<u>\$ 19,521</u>	<u>\$ 814,792</u>

FINANCING

Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2017 (Unaudited) Schedule 2

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2017 (actual)	Year to Date Dec 31, 2017 (actual) (C.1)	Period from Inception through Dec 31, 2017 (actual) (D.1)	Period from January 1, 2018 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Revenues:					
Sales taxes	\$ 83,754	\$ 161,752	\$ 1,920,841	\$ 11,568,278	\$ 13,489,119
Operating interest	2,137	4,666	23,729	172,604	196,333
Subtotal	<u>85,891</u>	<u>166,418</u>	<u>1,944,570</u>	<u>11,740,882</u>	<u>13,685,452</u>
Other agencies share of M2 costs	-	-	454	-	454
Miscellaneous	-	-	100	-	100
Total revenues	<u>85,891</u>	<u>166,418</u>	<u>1,945,124</u>	<u>11,740,882</u>	<u>13,686,006</u>
Administrative expenditures:					
SBOE fees	901	1,801	21,292	173,594	194,886
Professional services	1,949	2,031	15,453	82,153	97,606
Administration costs :					
Salaries and Benefits	640	1,280	21,280	115,664	136,944
Other	1,235	2,470	34,048	192,141	226,189
Other	22	43	3,935	22,294	26,229
Capital outlay	-	-	31	-	31
Environmental cleanup	2,528	3,022	31,361	231,329	262,690
Total expenditures	<u>7,275</u>	<u>10,647</u>	<u>127,400</u>	<u>817,175</u>	<u>944,575</u>
Net revenues	<u>\$ 78,616</u>	<u>\$ 155,771</u>	<u>\$ 1,817,724</u>	<u>\$ 10,923,707</u>	<u>\$ 12,741,431</u>
<hr/>					
(C.2) (D.2) (E.2) (F.2)					
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 1,885,000	\$ 2,243,593
Interest revenue from bond proceeds	-	823	45,717	98,383	144,100
Interest revenue from debt service funds	31	49	172	4,739	4,911
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>31</u>	<u>872</u>	<u>404,875</u>	<u>1,988,122</u>	<u>2,392,997</u>
Financing expenditures and uses:					
Professional services	-	-	3,776	13,195	16,971
Bond debt principal	-	-	34,560	2,199,123	2,233,683
Bond debt and other interest expense	10	10,529	147,408	995,101	1,142,509
Total financing expenditures and uses	<u>10</u>	<u>10,529</u>	<u>185,744</u>	<u>3,207,419</u>	<u>3,393,163</u>
Net bond revenues (debt service)	<u>\$ 21</u>	<u>\$ (9,657)</u>	<u>\$ 219,131</u>	<u>\$ (1,219,297)</u>	<u>\$ (1,000,166)</u>

FINANCING

Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2017 (Unaudited) Schedule 3

Project	Description	Net Revenues through Dec 31, 2017	Total Net Revenues
(G)		(H)	(I)
(\$ in thousands)			
Freeways (43% of Net Revenues)			
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 71,644	\$ 502,207
B	I-5 Santa Ana/SR-55 to El Toro	45,762	320,770
C	I-5 San Diego/South of El Toro	95,579	669,963
D	I-5 Santa Ana/San Diego Interchange Upgrades	39,329	275,679
E	SR-22 Garden Grove Freeway Access Improvements	18,293	128,223
F	SR-55 Costa Mesa Freeway Improvements	55,792	391,079
G	SR-57 Orange Freeway Improvements	39,436	276,426
H	SR-91 Improvements from I-5 to SR-57	21,341	149,593
I	SR-91 Improvements from SR-57 to SR-55	63,490	445,039
J	SR-91 Improvements from SR-55 to County Line	53,689	376,333
K	I-405 Improvements between I-605 to SR-55	163,535	1,146,310
L	I-405 Improvements between SR-55 to I-5	48,734	341,606
M	I-605 Freeway Access Improvements	3,049	21,370
N	All Freeway Service Patrol	22,866	160,278
	Freeway Mitigation	39,081	273,941
	Subtotal Projects	781,620	5,478,817
	Net (Bond Revenue)/Debt Service	-	-
	Total Freeways	\$ 781,620	\$ 5,478,817
	%		
Street and Roads Projects (32% of Net Revenues)			
O	Regional Capacity Program	\$ 181,775	\$ 1,274,159
P	Regional Traffic Signal Synchronization Program	72,707	509,641
Q	Local Fair Share Program	327,190	2,293,457
	Subtotal Projects	581,672	4,077,257
	Net (Bond Revenue)/Debt Service	-	-
	Total Street and Roads Projects	\$ 581,672	\$ 4,077,257
	%		

FINANCING

Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2017 (Unaudited) Schedule 3

Expenditures through Dec 31, 2017 (J)	Reimbursements through Dec 31, 2017 (K)	Net M2 Cost (L)
\$ 6,263	\$ 1,991	\$ 4,272
7,413	4,335	3,078
106,625	41,418	65,207
1,853	527	1,326
4	-	4
9,404	344	9,060
46,756	11,289	35,467
34,491	824	33,667
19,729	2,390	17,339
6,932	5,294	1,638
233,667	22,643	211,024
8,025	4,893	3,132
1,407	16	1,391
2,186	-	2,186
49,851	2,355	47,496
<u>534,606</u>	<u>98,319</u>	<u>436,287</u>
<u>38,400</u>	<u>-</u>	<u>38,400</u>
<u>\$ 573,006</u>	<u>\$ 98,319</u>	<u>\$ 474,687</u>
		35.8%
\$ 685,396	\$ 422,937	\$ 262,459
42,877	4,879	37,998
<u>307,166</u>	<u>77</u>	<u>307,089</u>
1,035,439	427,893	607,546
<u>42,650</u>	<u>-</u>	<u>42,650</u>
<u>\$ 1,078,089</u>	<u>\$ 427,893</u>	<u>\$ 650,196</u>
		49.0%

FINANCING

Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2017 (Unaudited) Schedule 3

Project	Description	Net Revenues through Dec 31, 2017	Total Net Revenues
(G)		(H)	(I)
<i>(\$ in thousands)</i>			
Transit Projects (25% of Net Revenues)			
R	High Frequency Metrolink Service	\$ 168,703	\$ 1,270,769
S	Transit Extensions to Metrolink	160,463	1,124,773
T	Metrolink Gateways	27,646	65,124
U	Expand Mobility Choices for Seniors and Persons with Disabilities	57,263	441,811
V	Community Based Transit/Circulators	36,345	254,761
W	Safe Transit Stops	4,012	28,119
	Subtotal Projects	454,432	3,185,357
	Net (Bond Revenue)/Debt Service	-	-
	Total Transit Projects	\$ 454,432	\$ 3,185,357
	%		
Measure M2 Program			
		\$ 1,817,724	\$ 12,741,431
Environmental Cleanup (2% of Revenues)			
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 38,891	\$ 273,709
	Net (Bond Revenue)/Debt Service	-	-
	Total Environmental Cleanup	\$ 38,891	\$ 273,709
	%		
Taxpayer Safeguards and Audits			
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 28,813	\$ 202,337
	%		
	Oversight and Annual Audits (1% of Revenues)	\$ 19,446	\$ 136,855
	%		

FINANCING

Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2017 (Unaudited) Schedule 3

Expenditures through Dec 31, 2017 (J)	Reimbursements through Dec 31, 2017 (K)	Net M2 Cost (L)
\$ 165,877	\$ 95,932	\$ 69,945
15,484	2,133	13,351
98,212	60,956	37,256
53,467	88	53,379
4,757	415	4,342
275	26	249
338,072	159,550	178,522
23,852	-	23,852
<u>\$ 361,924</u>	<u>\$ 159,550</u>	<u>\$ 202,374</u> 15.2%
<u><u>\$ 2,013,019</u></u>	<u><u>\$ 685,762</u></u>	<u><u>\$ 1,327,257</u></u>
<u>\$ 31,361</u>	<u>\$ 292</u>	<u>\$ 31,069</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 31,361</u>	<u>\$ 292</u>	<u>\$ 31,069</u> 1.6%
<u>\$ 21,292</u>	<u>\$ -</u>	<u>\$ 21,292</u> 1.1%
<u>\$ 21,280</u>	<u>\$ 1,834</u>	<u>\$ 19,446</u> 1.0%

LOCAL FAIR SHARE

M2 Funds		
ENTITY	2nd Quarter FY 2017/18	FUNDS TO DATE
ALISO VIEJO	\$110,211	\$3,804,516
ANAHEIM	\$973,916	\$33,114,470
BREA	\$155,700	\$5,523,675
BUENA PARK	\$235,866	\$8,767,107
COSTA MESA	\$405,346	\$13,933,448
CYPRESS	\$143,692	\$5,150,410
DANA POINT	\$95,306	\$3,153,553
FOUNTAIN VALLEY	\$171,034	\$6,015,651
FULLERTON	\$359,875	\$12,538,276
GARDEN GROVE	\$411,940	\$14,367,544
HUNTINGTON BEACH	\$536,505	\$18,697,256
IRVINE	\$774,303	\$25,526,039
LAGUNA BEACH	\$72,065	\$2,454,523
LAGUNA HILLS	\$94,346	\$3,286,453
LAGUNA NIGUEL	\$184,706	\$6,461,335
LAGUNA WOODS	\$34,615	\$1,236,861
LA HABRA	\$144,167	\$5,097,539
LAKE FOREST	\$221,878	\$7,570,593

LOCAL FAIR SHARE

ENTITY	2nd Quarter FY 2017/18	FUNDS TO DATE
LA PALMA	\$41,576	\$1,641,247
LOS ALAMITOS	\$36,050	\$1,249,556
MISSION VIEJO	\$256,825	\$9,041,542
NEWPORT BEACH	\$302,695	\$10,577,540
ORANGE	\$457,785	\$15,847,752
PLACENTIA	\$132,196	\$4,578,459
RANCHO SANTA MARGARITA	\$116,625	\$4,089,496
SAN CLEMENTE	\$158,987	\$5,372,634
SAN JUAN CAPISTRANO	\$104,828	\$3,660,177
SANTA ANA	\$779,536	\$26,770,359
SEAL BEACH	\$65,972	\$2,452,227
STANTON	\$82,506	\$2,902,463
TUSTIN	\$251,612	\$8,575,522
VILLA PARK	\$14,509	\$503,257
WESTMINSTER	\$237,900	\$8,242,954
YORBA LINDA	\$167,004	\$5,779,563
COUNTY UNINCORPORATED	\$537,902	\$17,762,013
TOTAL M2 FUNDS	\$8,869,977	\$305,746,008

CAPITAL ACTION PLAN

Grey = Milestone achieved

Green = Forecast milestone meets or exceeds plan

Yellow = Forecast milestone is one to three months later than plan

Red = Forecast milestone is over three months later than plan

Non-bolded = Planned/Baseline

Bold = Forecasted/Actual

Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule (Planned/Forecasted)			
		Begin Environmental	Begin Design	Begin Construction	Complete Construction
FREEWAY PROJECTS					
I-5, SR-55 to SR-57	\$38.1	Jul-11	Jun-15	Dec-17	Feb-20
Project A Cost/Schedule Risk	\$39.9	Jun-11	Jun-15	Jul-18	Sep-20
I-5, I-405 to SR-55	TBD	May-14	TBD	TBD	TBD
Project B	TBD	May-14	TBD	TBD	TBD
I-5, Avenida Pico to Avenida Vista Hermosa	\$113.0	Jun-09	Jun-11	Dec-14	Aug-18
Project C	\$85.8	Jun-09	Jun-11	Dec-14	Apr-18
I-5, Avenida Vista Hermosa to Pacific Coast Highway	\$75.6	Jun-09	Jun-11	Dec-13	Mar-17
Project C	\$71.4	Jun-09	Jun-11	Jun-14	Jul-17
I-5, Pacific Coast Highway to San Juan Creek Road	\$70.7	Jun-09	Jun-11	Oct-13	Sep-16
Project C Cost/Schedule Risk	\$71.2	Jun-09	Jun-11	Dec-13	Apr-18
I-5, SR-73 to Oso Parkway	\$151.9	Sep-11	Mar-15	Dec-18	Jan-24
Project C & D Cost/Schedule Risk	\$190.5	Oct-11	Mar-15	Oct-19	Oct-24
I-5, Oso Parkway to Alicia Parkway	\$196.2	Sep-11	Nov-14	Jun-18	Feb-23
Project C & D Cost/Schedule Risk	\$191.0	Oct-11	Nov-14	Dec-18	Aug-23
I-5, Alicia Parkway to El Toro Road	\$133.6	Sep-11	Mar-15	May-19	Jun-23
Project C Cost/Schedule Risk	\$166.5	Oct-11	Mar-15	Apr-20	May-24
I-5, El Toro Road Interchange	TBD	Apr-17	TBD	TBD	TBD
Project D	TBD	Apr-17	TBD	TBD	TBD
I-5, Ortega Interchange	\$90.9	Sep-05	Jan-09	Aug-12	Sep-15
Project D	\$75.1	Sep-05	Jan-09	Aug-12	Jan-16

*Status through December 2017. For detailed project information, please refer to the individual project section within this report.

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule (Planned/Forecasted)			
		Begin Environmental	Begin Design	Begin Construction	Complete Construction
I-5, Ortega Interchange (Landscape)	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	Jan-14	Sep-15	Sep-16
SR-55, I-405 to I-5	TBD	Feb-11	TBD	Jul-21	Aug-25
Project F Cost/Schedule Risk	\$410.9	May-11	Sep-17	Jul-21	Aug-25
SR-55, I-5 to SR-91	TBD	Dec-16	TBD	TBD	TBD
Project F	TBD	Dec-16	TBD	TBD	TBD
SR-57 Northbound (NB), Orangewood Avenue to Katella Avenue	TBD	Apr-16	TBD	TBD	TBD
Project G	TBD	Apr-16	TBD	TBD	TBD
SR-57 (NB), Katella Avenue to Lincoln Avenue	\$78.7	Apr-08	Jul-08	Aug-11	Sep-14
Project G	\$38.5	Apr-08	Aug-08	Oct-11	Apr-15
SR-57 (NB), Katella Avenue to Lincoln Avenue (Landscape)	N/A	N/A	N/A	N/A	N/A
Project G	N/A	N/A	May-09	Sep-17	Oct-18
SR-57 (NB), Orangethorpe Avenue to Yorba Linda Boulevard	\$80.2	Aug-05	Feb-08	Oct-10	May-14
Project G	\$52.6	Aug-05	Feb-08	Oct-10	Nov-14
SR-57 (NB), Yorba Linda Boulevard to Lambert Road	\$79.3	Aug-05	Feb-08	Oct-10	Sep-14
Project G	\$55.5	Aug-05	Feb-08	Oct-10	May-14
SR-57 (NB), Orangethorpe Avenue to Lambert Road (Landscape)	N/A	N/A	N/A	N/A	N/A
Project G	N/A	N/A	Oct-14	Mar-18	May-19
SR-57 (NB), Lambert Road to Tonner Canyon	TBD	TBD	TBD	TBD	TBD
Project G Cost/Schedule Risk	TBD	Jul-20	TBD	TBD	TBD

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule (Planned/Forecasted)			
		Begin Environmental	Begin Design	Begin Construction	Complete Construction
SR-91 Westbound (WB), I-5 to SR-57	\$78.1	Jul-07	Oct-09	Nov-12	Apr-16
Project H	\$59.7	Jul-07	Mar-10	Jan-13	Jun-16
SR-91 Westbound (WB), I-5 to SR-57 (Landscape)	N/A	N/A	N/A	N/A	N/A
Project H	N/A	N/A	Nov-14	Mar-17	Nov-17
SR-91, SR-55 to SR-57	TBD	Jan-15	TBD	TBD	TBD
Project I Cost/Schedule Risk	TBD	Jan-15	TBD	TBD	TBD
SR-91 (WB), SR-55 to Tustin Avenue Interchange	\$49.9	Jul-08	Jul-11	Oct-13	Jul-16
Project I	\$42.8	Jul-08	Jun-11	Oct-13	Jul-16
SR-91, SR-55 to SR-241	\$128.4	Jul-07	Jun-09	Sep-11	Dec-12
Project J	\$79.6	Jul-07	Apr-09	May-11	Mar-13
SR-91, SR-55 to SR-241 (Landscape)	N/A	N/A	N/A	N/A	N/A
Project J	N/A	N/A	May-12	Oct-13	Feb-15
SR-91 Eastbound, SR-241 to SR-71	\$104.5	Mar-05	Jul-07	Jul-09	Nov-10
Project J	\$57.8	Mar-05	Jul-07	Aug-09	Jan-11
I-405, SR-73 to I-605 (Design-Build)	\$1,900.0	Mar-09	Mar-14	Nov-16	May-23
Project K	\$1,900.0	Mar-09	Mar-14	Nov-16	May-23
I-405, I-5 to SR-55	TBD	Dec-14	TBD	TBD	TBD
Project L	TBD	Dec-14	TBD	TBD	TBD
I-605, I-605/Katella Interchange	TBD	Aug-16	TBD	TBD	TBD
Project M	TBD	Aug-16	TBD	TBD	TBD

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule (Planned/Forecasted)			
		Begin Environmental	Begin Design	Begin Construction	Complete Construction
GRADE SEPARATION PROJECTS					
Kraemer Boulevard Railroad Grade Separation (Placentia)	\$70.4	Jan-01	Jan-09	Aug-11	Oct-14
Project O	\$63.4	Jan-01	Feb-09	Sep-11	Dec-14
Lakeview Avenue Railroad Grade Separation (Anaheim/Placentia)	\$70.2	Jan-01	Feb-09	May-13	Mar-17
Project O	\$107.4	Jan-01	Feb-09	Nov-13	Jun-17
Orangethorpe Avenue Railroad Grade Separation (Anaheim/Placentia)	\$117.4	Jan-01	Feb-09	May-12	Sep-16
Project O	\$108.6	Jan-01	Feb-09	Jan-13	Oct-16
Placentia Avenue Railroad Grade Separation (Placentia)	\$78.2	Jan-01	Jan-09	Jun-11	Nov-14
Project O	\$64.6	Jan-01	Jan-09	Jul-11	Dec-14
Raymond Avenue Railroad Grade Separation (Fullerton)	\$77.2	Feb-09	Mar-10	May-13	Aug-18
Project O Cost/Schedule Risk	\$124.8	Feb-09	Mar-10	Feb-14	Aug-18
State College Boulevard Railroad Grade Separation (Fullerton)	\$73.6	Dec-08	Jul-06	May-13	May-18
Project O Cost/Schedule Risk	\$97.0	Dec-08	Jul-06	Feb-14	Jan-18
Tustin Avenue/Rose Drive Railroad Grade Separation (Anaheim/Placentia)	\$103.0	Jan-01	Feb-09	Aug-12	May-16
Project O	\$98.3	Jan-01	Feb-09	Feb-13	Oct-16
Sand Canyon Avenue Railroad Grade Separation (Irvine)	\$55.6	N/A	Jan-04	Feb-11	May-14
Project R	\$61.8	N/A	Jan-04	Feb-11	Jan-16
17th Street Railroad Grade Separation	TBD	Oct-14	TBD	TBD	TBD
Project R	TBD	Oct-14	TBD	TBD	TBD

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule (Planned/Forecasted)			
		Begin Environmental	Begin Design	Begin Construction	Complete Construction
RAIL AND STATION PROJECTS					
Rail-Highway Grade Crossing Safety Enhancement	\$94.4	Jan-08	Jan-08	Aug-09	Dec-11
Project R	\$90.4	Jan-08	Jan-08	Aug-09	Dec-11
San Clemente Beach Trail Safety Enhancements	\$6.0	Sep-10	Feb-12	Oct-12	Jan-14
Project R	\$5.0	Sep-10	Feb-12	May-13	Mar-14
Anaheim Canyon Metrolink Station	\$27.9	Jan-16	TBD	TBD	TBD
Project R	\$27.9	Jan-16	Feb-18	Sep-19	Dec-20
Fullerton Transportation Center - Elevator Improvements	\$3.5	N/A	Jan-12	Sep-14	Mar-17
Project R Cost/Schedule Risk	\$4.6	N/A	Jan-12	Apr-15	Sep-18
Laguna Niguel/Mission Viejo Metrolink Station Americans with Disabilities Act Ramps	\$3.5	Jul-13	Jul-13	Jan-15	Apr-17
Project R	\$5.2	Jul-13	Jul-13	Oct-15	Sep-17
Orange Transportation Center Metrolink Parking Structure	\$33.2	Dec-09	Nov-10	Nov-16	Feb-19
Project R Cost/Schedule Risk	\$32.3	Dec-09	Nov-10	Jun-17	Feb-19
Placentia Metrolink Station Improvements and Parking Structure	\$34.8	Jan-03	Oct-08	TBD	TBD
Project R Cost/Schedule Risk	\$34.8	Jan-03	Oct-08	Nov-18	Jun-20
Laguna Niguel to San Juan Capistrano Metrolink Station Passing Siding	\$25.3	Aug-11	Mar-15	Dec-16	Jan-19
Project R Cost/Schedule Risk	\$30.8	Aug-11	Mar-15	Nov-18	Dec-20
Anaheim Regional Transportation Intermodal Center (ARTIC)	\$227.4	Apr-09	Jun-09	Jul-12	Nov-14
Project R & T	\$232.2	Apr-09	Jun-09	Sep-12	Dec-14

*Status through December 2017. For detailed project information, please refer to the individual project section within this report.

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January 2018

FREEWAY IMPROVEMENT PROGRAM

Interstate 5 (I-5) Projects

- A** I-5, SR-55 to SR-57
- B** I-5, El Toro "Y" Area to SR-55
- C** I-5, SR-73 to El Toro Road
- C** I-5, Avenida Pico to San Juan Creek Road
- D** I-5 Highway Interchanges

State Route 22 (SR-22) Projects

- E** SR-22 Access Improvements

State Route 55 (SR-55) Projects

- F** SR-55, I-405 to I-5
- F** SR-55, I-5 to SR-91

State Route 57 (SR-57) Projects

- G** SR-57 NB, Orangewood Avenue to Katella Avenue
- G** SR-57 NB, Katella Avenue to Lincoln Avenue
- G** SR-57 NB, Orangethorpe Avenue to Lambert Road
- G** SR-57 NB, Lambert Road to Tonner Canyon Road

State Route 91 (SR-91) Projects

- H** SR-91 WB, I-5 to SR-57
- I** SR-91, SR-57 to SR-55
- J** SR-91, SR-55 to Riverside County Line

Interstate 405 (I-405) Projects

- K** I-405, I-605 to SR-73
- L** I-405, SR-55 to El Toro "Y" Area

Interstate 605 (I-605) Projects

- M** I-605 Katella Interchange Improvements

Freeway Mitigation Restoration Projects
Part of Projects A-M

Freeway Mitigation Acquisition Projects
Part of Projects A-M

STREETS & ROADS

- O** Grade Separation Program (shown)
- P** Signal Synchronization Project Corridors

TRANSIT PROJECTS

- R** Grade Separation and Station Improvement Projects
- S** Transit Extensions to Metrolink
- T** Metrolink Station Conversion to accept Future High-Speed Rail Systems

OC GO PROJECTS NOT SHOWN

- Project N:** Freeway Service Patrol
- Project O:** Streets & Roads - Regional Capacity Program
- Project Q:** Local Fair Share Program
- Project R:** Grade crossing and Trail Safety Enhancements
- Project S:** Metrolink Service Expansion Program

- Project U:** Senior Mobility Program (SMP), Senior Non-emergency Medical Transportation Program (SNEMT), and Fare Stabilization Programs
- Project V:** Community Based Transit/Circulators
- Project W:** Safe Transit Stops
- Project X:** Environmental Cleanup Program

**Tracking and Reporting Market Forecast Indicators
Work Plan
December 2017**

Background and Purpose

The Orange County Transportation Authority (OCTA) engages independent consultants and advisors who track estimated projected sales tax revenues on a regular basis. At the request of the OCTA Board of Directors, the following work plan was developed to provide OCTA with regular updates on cost factors beyond the existing cost analyses from the California Department of Transportation (Caltrans) Construction Cost Index (CCI) and internal OCTA analyses. This proposal responds to OCTA's request for a scope of work to track cost factors on a biannual basis, and builds on the unique capabilities and work in the recent market conditions analysis delivered to OCTA by the Orange County Business Council (OCBC) in 2017.

Scope of Work

OCBC will track multiple key indicators to provide OCTA with a clear, easy to use time series data collection and analysis tool/dashboard to help OCTA understand the relevance and likely direction of cost factors that relate to public works construction. The OCBC market conditions analysis identified several risk factors which may cause cost pressures to diverge from past relationships between the Caltrans CCI and building permits and the state unemployment rate. OCBC will develop an index from a combination of data, gathered at quarterly frequencies (as available). Possible data items include:

- Data on labor and materials unit costs and number of bidders from bids submitted to OCTA on a periodic (quarterly) basis, if provided to the consultant by OCTA;
- Overall employment/unemployment trends from the California Employment Development Department (EDD);
- Data available from Caltrans on estimated vs. bid costs;
- Employment in construction jobs from Bureau of Labor Statistics' Quarterly Census of Employment and Wages, and EDD;
- Data on wages in construction jobs from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages;
- Building permit data, focused on Los Angeles, Orange, Riverside, San Bernardino counties;
- Executive opinion from the California State University Fullerton Orange County Business Expectations Survey;
- Chapman University Orange County Composite Index;
- Chapman University Consumer Sentiment Index;
- Commercial and industrial vacancies, CoStar;
- Commodity prices, focused on aggregate base, concrete and Portland cement concrete pavement, and bar and structural steel, from Caltrans (statewide) and from Los Angeles (engineering news record).

Tracking and Reporting Market Forecast Indicators Work Plan December 2017

OCBC will conduct an initial research stage that will select the specific indicators to track and develop an appropriate index that summarizes those indicators. Not all of the indicators listed above may be suitable for tracking and indexing. OCBC will assess how levels, changes, and rates of change in the indicators can provide the best insight into forecasting cost risks and cost changes.

Proposed Deliverables

OCBC will deliver to OCTA a time series of the index (a composite of the data items), a brief memo interpreting the index, and a PowerPoint presentation. These deliverables will be provided biannually, per agreement with OCTA. OCBC will be available to present these results to the OCTA board or committees of the board with each data delivery.

Cost

Initial setup of data and construction of index + biannual reporting: \$15,000

*Information
Items*



COMMITTEE TRANSMITTAL

February 26, 2018

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Environmental Mitigation Program Endowment Fund Investment Report For December 31, 2017

Finance and Administration Committee Meeting of February 14, 2018

Present: Directors Do, Hennessey, Jones, and R. Murphy
Absent: Directors Donchak, Spitzer, and Steel

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Receive and file as an information item.



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report For December 31, 2017

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan; acquired conservation properties; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and the performance. Attached is the quarterly investment report for the Endowment Pool for the period ending December 31, 2017. The report has been reviewed and is consistent with the pool objectives.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Approximately \$2.9 million on an annual basis will be deposited in the endowment. On March 1, 2017, the Orange County Transportation Authority wired \$2,877,000 to CCF to be deposited in the Endowment Pool. These annual deposits are expected to continue for ten to 12 years or until the fund totals approximately \$46.2 million.

Discussion

The second scheduled deposit for the program was made on August 31, 2017 for fiscal year 2017-18. As of December 31, 2017, total pool assets in the CCF Endowment Pool were \$1.06 billion. Total foundation assets were \$1.79 billion. Performance for the Endowment Pool was 1.2 percent for the month, in line with the benchmark; 4.1 percent for the quarter, exceeding the customized benchmark by 0.5 percent. The one year return was 15.7 percent, exceeding the benchmark by 2.6 percent.

The balance as of December 31, 2017, is \$6,220,553. The number exceeds the projected balance of \$5,934,232 due to higher than projected investment earnings and lower than projected fees. The projected annualized cost for endowment services was 0.75 percent based on indications received during the due diligence process. The program is currently paying 0.35 percent fee on a sliding scale. That fee will continue to be reduced as assets grow.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending December 31, 2017.

Attachments

- A. California Community Foundation Fund Statement - December 31, 2017
- B. California Community Foundation Endowment Pool Investments – December 31, 2017

Prepared by:



Rodney Johnson
Deputy Treasurer
Treasury/Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
714-560-5649



ATTACHMENT A

Fund Name OCTA - Measure M2 Environmental Mitigation Program Fund
Fund Start Date 2/28/2017
Investment Pool(s) Endowment Pool

FUND STATEMENT

OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

10/1/2017 - 12/31/2017

Fund Summary

	Report Period 10/1/2017 - 12/31/2017	Calendar YTD 1/1/2017 - 12/31/2017
Opening Fund Balance	\$5,985,257.25	\$0.00
Contributions	0.00	5,754,000.00
Investment Activity, net	235,295.89	466,553.14
Net Changes to Fund	235,295.89	6,220,553.14
Ending Balance	\$6,220,553.14	\$6,220,553.14

Investment Pool Performance as of 9/30/2017

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	3.5%	12.6%	4.6%	7.1%	4.3%
Social Impact Endowment Pool	2.9%	9.3%	5.8%	7.6%	4.6%
Conservative Balanced Pool	1.6%	5.7%	4.3%	n/a	n/a
Short Duration Bond Pool	0.4%	0.4%	1.5%	n/a	n/a
Capital Preservation Pool	0.3%	0.7%	0.4%	0.3%	0.8%

Endowment Pool - invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps pace with inflation over time. The target asset allocation is 50% equities, 14% hedge funds, 22% fixed income and 14% real assets. Investment management fees are 66 basis points.

Social Impact Endowment Pool - invested in a diversified pool aiming for capital growth for long-term grantmaking; underlying instruments undergo rigorous environmental and social analysis, with an asset allocation of approximately 60%-75% equities and 25%-40% fixed income. Investment management fees are 68 basis points.

Conservative Balanced Pool - designed to aim for moderate growth and to offer diversified exposure to the U.S. equity market and to investment grade fixed income with maturities from one to five years and an asset allocation of 70% fixed income and 30% equities investments. Investment management fees are 9 basis points.

Short Duration Bond Pool - invested to offer diversified exposure to investment grade fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon. Investment management fees are 5 basis points.

Capital Preservation Pool - designed to preserve principal and provide liquidity for present grantmaking needs through investment in short-term fixed income and cash instruments. Investment management fees are 10 basis points.



Endowment Pool

December 2017

INVESTMENTS

The Endowment Pool returned 1.2% for the month of December 2017, in line with its benchmark. For the trailing year, the pool returned 15.7%, 260 basis points ahead of its benchmark.

Total Pool Assets

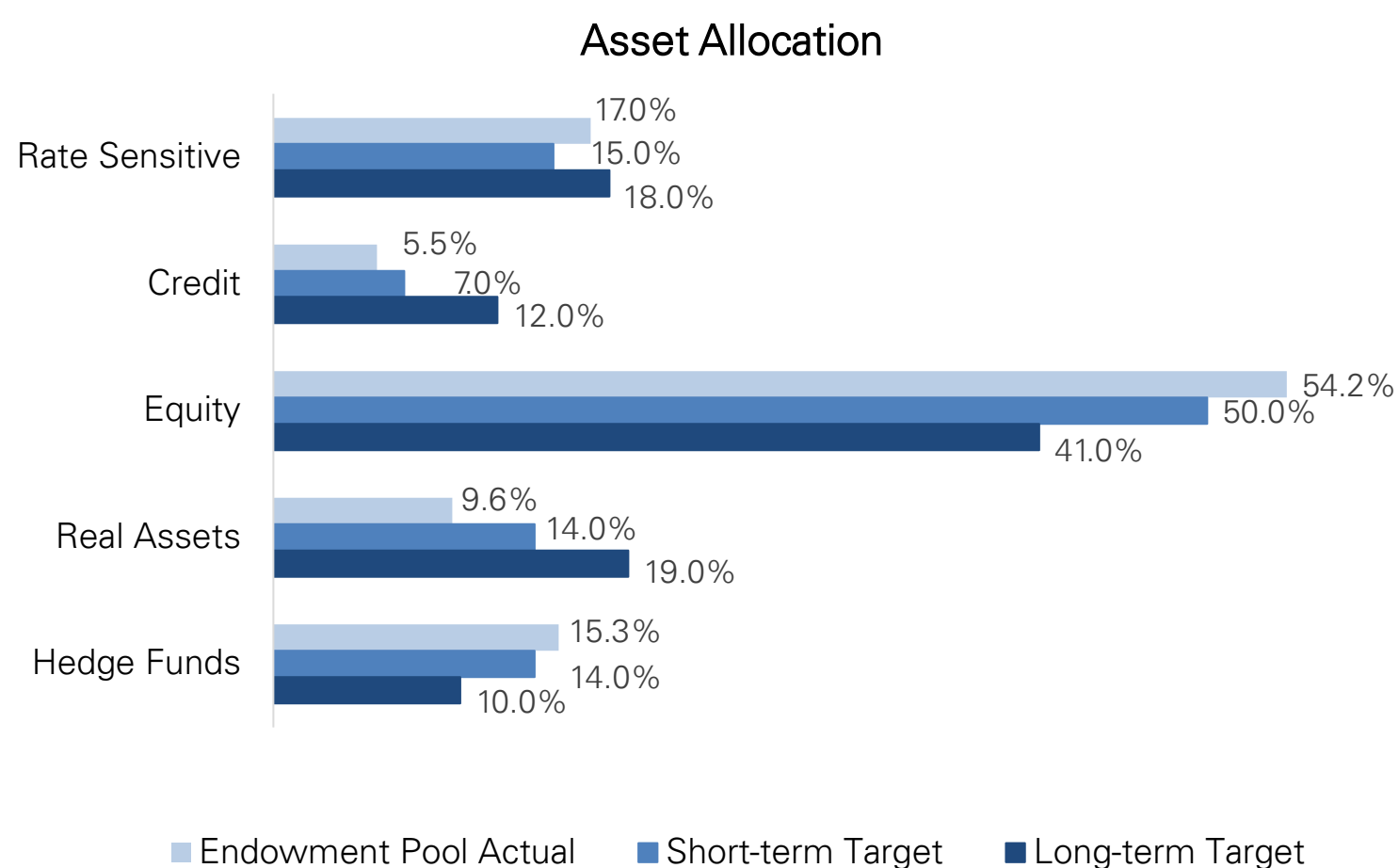
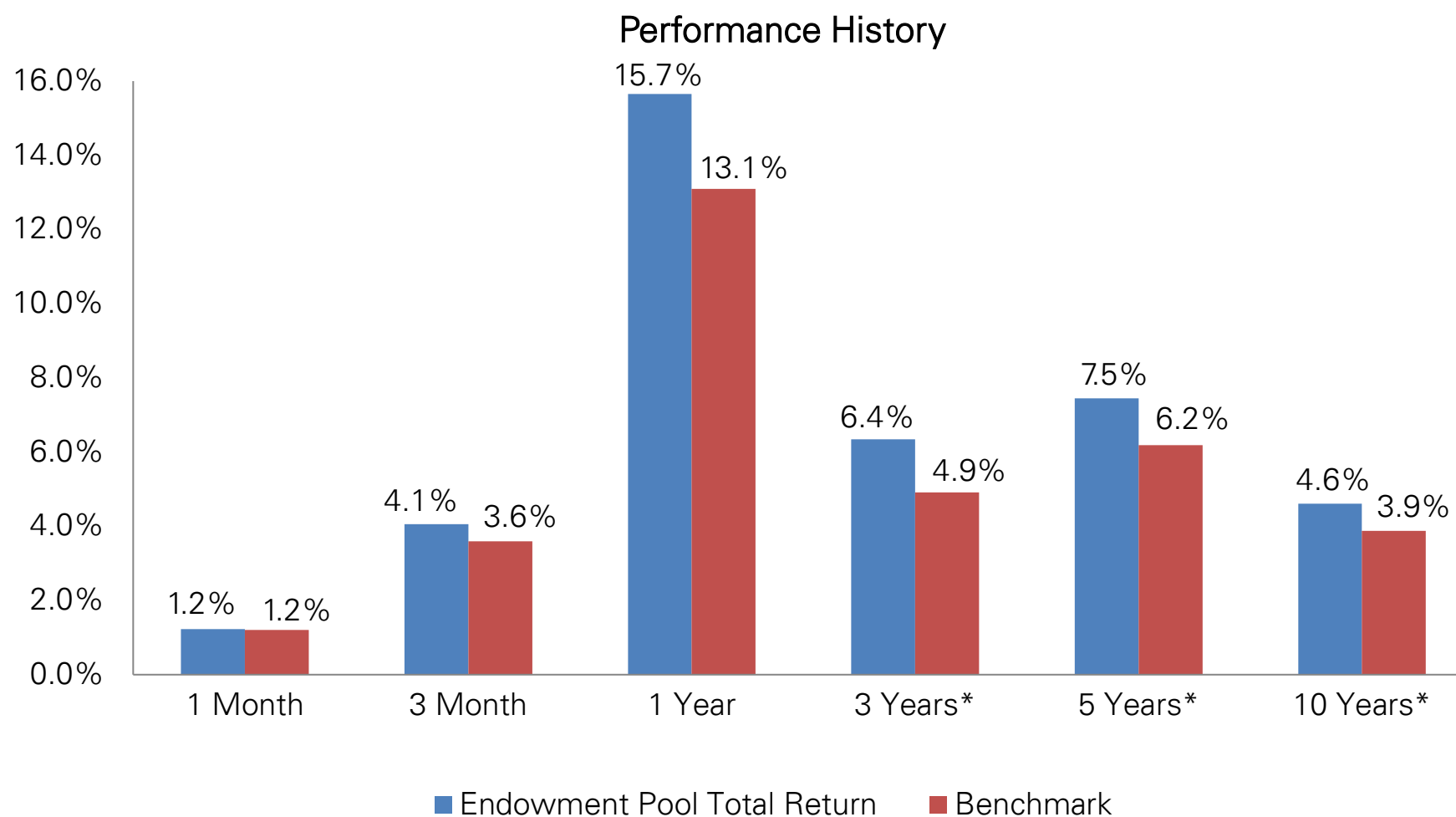
\$1.059 billion (Endowment Pool), \$1.79 billion (total foundation assets) as of December 31, 2017.

Pool Objective

Preserve the real (i.e., inflation-adjusted) purchasing power of the investment pool net of annual distributions for grants and expenses. An additional objective is to provide a relatively predictable, stable stream of distributions for grants and expenses that keep pace with inflation over time.

Investment Consultant

Meketa Investment Group



*Represents annualized returns.

1) Annual investment management fees approximate 0.66%, excluding manager incentive fees.

2) Investment performance is presented net of investment management fees, including manager incentive fees.


3) Total Fund Benchmark is a combination of: 50% MSCI ACWI / 14% HFR FOF / 14% S&P Real Assets Indx / 15% Barc Agg. / 7% Barc High Yield.

4) Short-term target allocation is over 2-5 years, long-term target allocation is over 5-10 years.



COMMITTEE TRANSMITTAL

March 12, 2018

To: Members of the Board of Directors
From:  Laurena Weinert, Clerk of the Board
Subject: Measure M2 Environmental Cleanup Program - Tier 1 Grant Program Call for Projects

Regional Planning and Highways Committee Meeting of March 5, 2018

Present: Directors M. Murphy, Nelson, Pulido, and Steel
Absent: Directors Bartlett, Delgleize, and Spitzer

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve the proposed revisions to the Comprehensive Transportation Funding Programs Guidelines for Environmental Cleanup Program Tier 1 projects.
- B. Authorize staff to issue the fiscal year 2018-19 Environmental Cleanup Program Tier 1 call for projects for approximately \$2.8 million.



March 5, 2018

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is placed to the right of the "From:" line.

Subject: Measure M2 Environmental Cleanup Program – Tier 1 Grant Program Call for Projects

Overview

The Measure M2 Environmental Cleanup Program provides grants to projects that protect Orange County waterways and beaches from roadway runoff. The updated Environmental Cleanup Program (Project X) Tier 1 call for projects program implementation guidelines are submitted for review and approval.

Recommendations

- A. Approve the proposed revisions to the Comprehensive Transportation Funding Programs Guidelines for Environmental Cleanup Program Tier 1 projects.
- B. Authorize staff to issue the fiscal year 2018-19 Environmental Cleanup Program Tier 1 call for projects for approximately \$2.8 million.

Background

The Environmental Cleanup Program (ECP), Project X, provides for the allocation of two percent of annual Measure M2 (M2) revenues to improve overall water quality in Orange County. Funding is allocated on a countywide, competitive basis to assist local agencies in controlling transportation-related pollution. These funds are intended to supplement, not supplant, existing transportation-related water quality programs. Funds are awarded to priority projects that improve water quality in streams, harbors, and other waterways that have a nexus to transportation-related pollution, consistent with the Orange County Transportation Authority's (OCTA) Ordinance No. 3. The ordinance calls for establishment of an Oversight Allocation Committee to advise the Board of Directors (Board) on priorities and process for use of the funds.

In May 2010, the Board approved a two-tiered approach to fund the M2 ECP. The Tier 1 Grant Program consists of funding for equipment purchases and upgrades to existing storm drains and related best management practices. The Tier 2 Grant Program consists of funding for regional, potentially multi-jurisdictional, and capital-intensive projects.

In August 2017, the Board approved funding for 16 Tier 1 projects. To date, the Tier 1 Program has funded 154 projects, totaling approximately \$20 million. There have been two Tier 2 calls for projects (call) to date, and the program has funded 22 projects, totaling approximately \$28 million. The current call focuses on the M2 ECP Tier 1 Program.

Discussion

OCTA staff worked with local agencies and the Environmental Cleanup Allocation Committee (ECAC) to determine areas of the M2 ECP Tier 1 Program Guidelines (Guidelines) that needed to be adjusted, as well as reviewed issues that emerged out of the previous calls. The proposed modifications to the Guidelines are included in Attachment A.

The proposed changes were reviewed and endorsed by the ECAC at the January 11, 2018 meeting. A summary of the modifications is provided below.

2018 Call Updates

- Updated ECP call application schedule and funding commitment level (approximately \$2.8 million in M2 Project X funds).

General Updates

- Added language referencing the 2015 adopted state trash provisions to clarify that new full capture devices remain eligible for ECP funding.
- Added language to clarify that ECP funds are eligible for local agencies to meet State Water Resources Control Board requirements.
- Added a cost/benefit analysis scoring criteria in lieu of assigning points for affected waterways.
- Revised scoring criteria addressing the targeted pollutants of the proposed project.
- Added language clarifying that Tier 1 applications are considered final upon submittal.
- Updated the point of contact section for application submittal.

The changes to the scoring criteria are a result of prior ECAC discussions regarding the quality of projects and point assignment. The previous criteria, which awarded points based on project location and affected waterways, is proposed to be replaced by a cost/benefit calculation.

Next Steps

Following Board approval, OCTA will notify local agencies of the call, which is anticipated to commence March 12, 2018. During the call, staff will offer two workshops, tentatively scheduled for March and April 2018, and one-on-one meetings by appointment to assist local agencies with the application process. Applications would be due to OCTA on or before May 18, 2018, and staff will return to the Board with programming recommendations by late summer 2018.

Awards would be effective with Board approval, and funds would become available starting on July 1, 2018.

Summary

OCTA staff is recommending revisions to the program Guidelines and is requesting authorization to issue the fiscal year 2018-19 call for the ECP Tier 1 Grant Program, totaling approximately \$2.8 million.

Attachment

- A. Comprehensive Transportation Funding Program, Chapter 12 - Environmental Cleanup Program (Project X)

Prepared by:



Brianna Martinez
Transportation Funding Specialist
(714) 560-5857

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

Comprehensive Transportation Funding Programs



Chapter 12 - Environmental Cleanup Program (Project X)

Overview

The Project X/Environmental Cleanup Program (ECP) provides for Measure M2 (M2) revenues to improve overall water quality in Orange County from transportation-generated pollution. Specifically, the Orange County Local Transportation Authority's Ordinance No. 3 (M2 Ordinance) dated July 24, 2006, provides 2 percent of gross M2 revenue dedicated to protecting Orange County beaches and waterways from the conveyance of urban runoff associated with transportation-generated pollution. The M2 ECP ensures that funds will be used on a countywide competitive basis to meet federal Clean Water Act standards for controlling transportation-generated pollution by funding nationally recognized Best Management Practices (BMPs).

As required by the M2 Ordinance, an Environmental Cleanup Allocation Committee (ECAC), representing a broad cross-section of the water quality community, was formed in October 2007 to provide guidance on program design and funding. The goal of the ECP is to fund projects on a countywide, competitive basis. This will assist the County of Orange and Orange County cities in reducing transportation-related water quality pollution by meeting Clean Water Act standards for local waterways and beaches.

Proposed projects must demonstrate a direct nexus (connection) to a reduction of transportation-related pollution as developed and defined by the ECAC in conformity with the M2 Ordinance. All proposing agencies must demonstrate an understanding of how their proposed projects meet the following transportation pollution nexus definition:

- Transportation-related activities can be a contributor of pollutants and/or impairments to receiving waters via aerial deposition, storm, and non-storm water discharges. Transportation-related activities are associated with the operation, construction, and maintenance of public roads, highways, and other ground transportation systems.
- The conveyance of transportation-related pollutants to surface and groundwater can occur from precipitation, runoff, and leaching entering or discharging from public roads, highways, and other ground transportation systems via drainage systems, such as catch basins, curbs, gutters, ditches, manmade channels, retention basins, or storm drains. The quality and quantity of these discharges vary considerably and are affected by hydrology, geology, land use, season, and sequence and discharge of hydrologic events.
- Pollutant sources can encompass right-of-way, properties, facilities, and activities related to motor vehicles, highway maintenance, construction site runoff, maintenance facility runoff, illegal dumping, spills, and landscaping care. Pollutant categories include, but are not limited to metals (such as copper, lead, and zinc), organic chemicals and compounds (hydrocarbons and pesticides), sediment, nutrients (nitrogen and phosphorus), litter, oxygen demanding substances (decaying

Comprehensive Transportation Funding Programs



vegetation, animal waste, and other organic matter), groundwater dewatering discharges, and pathogenic material.

The M2 ECP funds are designed to supplement, not supplant, existing water quality programs. Proposed projects must improve and not replace existing pollution reduction efforts by an eligible party. Funds will be awarded to the most competitive projects with the highest benefit to water quality.

The intent of the ECP is to provide funding for water quality projects that do not replace existing transportation water quality expenditures. In other words, if a project has components which would replace features already in place or which would fulfill project specific mitigation, those components would not be eligible for M2 funding consideration. Some upgrades and expansions may be eligible.

Proposed projects, which support compliance with the 2015 adopted Trash Provisions, are eligible for M2 ECP funding provided the funds would not replace established and programmed funds and the funds are not applied to any mandated project design features or required mitigation measures.

The eligibility of the project and its components will be determined during the evaluation process. Contact Brianna Martinez at (714) 560-5857, or bmartinez@octa.net.

~~In May 2010, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved a two-tiered approach to fund the M2 ECP. Specifically, the funding plan called for up to \$19.5 million in Tier 1 grants on a "pay-as-you-go" basis through fiscal year (FY) 2017-18, and up to \$38 million in Tier 2 grants via bonding through FY 2014-15.~~



Section 12.1 – Tier 1 Grant Program

Overview

The Tier 1 Grant Program is designed to mitigate the more visible forms of pollutants, such as litter and debris, which collect on the roadways and in the catch basins (storm drains) prior to being deposited in waterways and the ocean. It consists of grant funding for Orange County local governments to purchase equipment and upgrades for existing catch basins and other related BMPs (i.e., “street-scale” low flow diversion projects). Examples include screens, filters, and inserts for catch basins, as well as other devices designed to remove the above-mentioned pollutants. To date, ~~five-seven~~ Tier 1 calls for projects have been held. Through this process, many of the opportunities for street-scale BMPs have been fulfilled. Water quality projects, regardless of technology, are eligible for Tier 1 funding provided they have a verifiable benefit to water quality and fall within the maximum per project programming cap. The intent of this funding program is for project applicants to complete the work generally within one year from the letter agreement execution.

Tier 1 Project Types

The Tier 1 projects funded in the past include the following types. A description of each project type is provided below:

- 1) Automatic Retractable Screen and other debris screens or inserts: screen or insert units prevent debris from entering the storm drain system.
- 2) Irrigation system retrofits to reduce runoff: these projects decrease runoff from highway medians by using more efficient irrigation systems and/or replacing existing landscape to reduce the amount of water used in irrigation.
- 3) Continuous Deflection Separator (CDS): CDS units screen, separate, and trap debris, sediment, oil, and grease from storm water runoff.
- 4) Linear Radial Gross Solid Removal Device (GSRD): GSRDs are certified full capture systems which efficiently remove large solids from runoff water flows.
- 5) Marina Trash Skimmer: these devices draw in floating debris, such as plastics, bottles, paper, oil sheen, and drift wood. The installation of marina trash skimmers will reduce the amount of trash and debris reaching the open ocean.
- 6) Bioswales and Bioretention systems: pollutants and sedimentation are captured and subsequently removed from stormwater runoff.
- 7) Trash Boom: a floating boom placed across a channel captures trash and debris that have reached flood channels from being further conveyed to downstream receiving waters.



Pre-Application Process

In order to ensure the best use of M2 funds and assist eligible jurisdictions with the Tier 1 Grant Program, applicants may engage in a pre-application process with OCTA staff in project planning, cost estimate development, and determination of likely projected competitiveness. Specific meeting times will be established once the call is initiated. Subsequent to the call for projects deadline and submittal of the grant application, applicants will not be able to change the content of the application or scope of the project.

Eligible Applicants

ECP funds can be used to implement street and highway-related water quality improvement projects to assist Orange County cities and the County of Orange to meet federal Clean Water Act standards for urban runoff [and State Water Resources Control Board requirements for trash capture.](#) Applicants eligible for ECP funds include the 34 Orange County cities plus the County of Orange. Eligible applicants must meet the transportation requirements discussed in the M2 Ordinance.

Third parties, such as water and wastewater public entities, environmental resource organizations, nonprofit 501(c) environmental institutions, and homeowners associations cannot act as the lead agency for a proposed project, however; these agencies can jointly apply with an Orange County city and/or the County of Orange.

Two or more agencies may participate in a project. If a joint application among agencies and/or third party entities is submitted, a preliminary agreement with joint or third party entities must be provided as part of the application. In order to meet M2 Ordinance requirements, an eligible applicant must be the lead agency for the funding application. Per Chapter 9, if a project includes more than one jurisdiction and is being submitted as a joint application, one agency shall act as lead agency and must provide a resolution of support from all joint applicants.

Each eligible jurisdiction must meet the eligibility criteria as set forth in Chapter 1 of these guidelines.

Project Programming

The Tier 1 Grant Program approach is designed to be consistent with Chapter 2 of these Comprehensive Transportation Funding Program (CTFP) Guidelines regarding the provisions below:

- Program Consolidation
- Funding Projections
- Programming Adjustments
- Project Cost Escalation



- Programming Policies
- Schedule Change Requests
- Project Advancements
- Semi-Annual Review

Refer to Chapter 2 for explanations of the above provisions.

Funding Estimates

~~A total of up to \$19.5 million is available for the Tier 1 Grant Program over a seven-year window from FY 2011-12 through FY 2017-18.~~ Approximately \$~~3.12.8~~ million is available for the ~~20182017~~ Tier 1 call for projects.

The maximum amount for the Tier 1 Grant Program is \$500,000 per project. The maximum amount that an applicant can receive in a funding period is \$500,000.

Matching Funds

For the Tier 1 Grant Program, a minimum local match of 20 percent of the eligible project cost is required. The matching funds shall be provided as a cash contribution.

Retroactive expenditures cannot be credited towards the matching fund threshold.

Overmatch

For the Tier 1 Grant Program, administering agencies may “overmatch” ECP projects; that is, additional cash match may be provided for the project. Applicants will receive additional points in the evaluation process for matching with cash above the minimum requirement. Proposals that exceed the 20 percent minimum funding match will be given an additional one-half point for every five percent over the minimum cash match (up to five bonus points).

Additionally, administering agencies must commit to cover any future cost overruns if the project is underfunded. Any work not eligible for ECP reimbursement must be funded by other means by the project applicant and cannot count as match. These non-eligible items should not be included in the cost estimate breakdown in the application.

Reimbursements

For the Tier 1 Grant Program, OCTA will release funds through two payments. The initial payment will constitute 75 percent of the contract award or programmed amount at contract award. OCTA will disburse the final payment, approximately 25 percent of eligible funds, after approval of the final report. Further information on reimbursements can be located within Chapter 10 of these Guidelines.

Scope Reductions/Modifications and Cost Savings

Any proposed scope reductions of an approved project must be submitted to OCTA to ensure consistency with the Tier 1 Grant Program requirements. If the proposed scope



reduction is approved by OCTA, cost savings will be proportionally shared between OCTA and the grantee - a reduction in ECP funds must be applied proportionally to maintain the approved local match percentage. All cost savings will be returned to the Tier 1 Grant Program for reallocation for the subsequent call of projects.

Any minor scope modifications, such as BMP device quantities and/or the adjustment of device locations, must be submitted to OCTA for administrative approval prior to the implementation of the project. The proposed modifications must mitigate the same pollutants, affect the same waterways, and meet all other provisions as stipulated in these guidelines.

2018 Tier 1 Call for Projects

2018 Tier 1 Call for Projects applications must be received by OCTA **no later than 5:00 p.m. Friday, May 18, 2018**. Projects that do not award construction contracts by June 30, 2019 will not be considered. OCTA allocates funds on July 1 of each year. Tier 1 projects are not eligible for delay requests; please refer to precept number 17 for additional information. Funds will become available upon execution of a letter agreement.

After the Tier 1 applications are reviewed by OCTA, an advisory panel will review and rank projects. Following a review by the ECAC, a recommended priority list of projects will be forwarded to the OCTA Board for approval in summer 2018. Funds allocated for projects are final once approved by the OCTA Board. No additional funds will be allocated to the project. Grantees are responsible for any costs exceeding the allocated amount.



Tier 1 Selection Criteria

OCTA will evaluate all proposals that meet the mandatory prerequisites based on competitive selection criteria (Exhibit 12-1) with the following categories:

- Problem and source identification
- Project design
- Operations and maintenance
- Project cost/benefit
- Performance metrics
- Project implementation and readiness
- Secondary attributes*

*Note: Project elements which may qualify for points under the “secondary attributes” category do not need to be eligible expenditures. See Eligible Expenditures and Ineligible Expenditures sections for further information.

Each proposal can receive a maximum of 100 points, exclusive of ~~ten-five~~ bonus points ~~associated with up to five points related to afor~~ cash overmatch, ~~and up to five points related to eligible agencies that have previously funded the implementation of structural BMP's to mitigate pollutant loading. Previous projects funded by M2 Competitive Grant funds cannot be used for bonus points consideration. Proof of documentation such as invoices or payment request must be available on the purchase of the equipment or services provided by vendors. The latter bonus points are based on the ECAC's recommendations that previous local funding of structural BMPs should be acknowledged and rewarded.~~ See Exhibit 12-1 for scoring categories and point distribution.



Exhibit 12-1 (Tier 1 Scoring Criteria)

Scoring Criteria	Points Possible												
1. Describe the need for the selected BMP(s), including nexus to transportation pollutants, and detail the benefits to water quality the BMP(s) will achieve. (up to 15 Points)	15												
2. <u>Cost/Benefit (Up to 16 points): Based on information provided by the applicant, a cost/benefit calculation will be conducted to compare the total project cost to the area of priority land uses treated by the proposed BMP(s). Applicant is required to provide¹:</u> <ul style="list-style-type: none"> • <u>Types(s) of BMP(s) proposed</u> • <u>Number of each BMP type</u> • <u>Total drainage area(s) contributing to each BMP type</u> • <u>Percent of drainage area(s) that is/are considered priority land uses (i.e., high density residential, industrial, commercial, mixed urban, public transportation stations)</u> <p><u>The applicant must also provide geospatial information (through ArcGIS and/or Google Earth) that identifies the drainage area(s) and BMP location(s) for the project.</u></p> <p><u>List each receiving waterway associated with this project. If the receiving waterway is on the 303(d) list of impaired waters, identify the pollutant(s) for which it is listed. (2 points per waterway; 3 points if waterway is 303(d) listed, up to 12 points)</u></p>	1612												
3. <u>Pollutant Reduction Benefits: Based on treatment capacity and BMP type, project benefit will be calculated using the scoring equation: (A x 3) + (B x 3) + (C x 6) = (up to 12 points)¹</u>	1212												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Line</th> <th style="text-align: left;">Factor</th> <th style="text-align: left;">Points Available</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td><u>Fractional percent of 1 year, 1 hour event flowrate discharging from priority land uses to the BMP(s)</u></td> <td><u>0 to 1</u></td> </tr> <tr> <td style="text-align: center;">B</td> <td><u>Fractional percent of 85th percentile, 24-hr design event that is treated by a low-impact development (LID) or treatment control BMP²</u></td> <td><u>0 to 1.5</u></td> </tr> <tr> <td style="text-align: center;">C</td> <td> <u>BMP Multiplier:</u> <ul style="list-style-type: none"> ▪ <u>1/3 point for high capacity systems</u> ▪ <u>2/3 point for filters/biofilters</u> ▪ <u>1 point for zero-discharge BMPs</u> </td> <td><u>0 to 1</u></td> </tr> </tbody> </table>	Line	Factor	Points Available	A	<u>Fractional percent of 1 year, 1 hour event flowrate discharging from priority land uses to the BMP(s)</u>	<u>0 to 1</u>	B	<u>Fractional percent of 85th percentile, 24-hr design event that is treated by a low-impact development (LID) or treatment control BMP²</u>	<u>0 to 1.5</u>	C	<u>BMP Multiplier:</u> <ul style="list-style-type: none"> ▪ <u>1/3 point for high capacity systems</u> ▪ <u>2/3 point for filters/biofilters</u> ▪ <u>1 point for zero-discharge BMPs</u> 	<u>0 to 1</u>	
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<p>¹<u>Applicants are not expected to calculate the score for question 2 and question 3. OCTA's technical consultant will provide the analysis for these questions based on the application materials provided by the applicant.</u></p> <p>²<u>Examples include high capacity systems (i.e. hydrodynamic separators), filters/biofilters, or zero-discharge BMPs (i.e., retention/infiltration).</u></p> <p><u>List the pollutant(s) that would be addressed by the proposed project and the source(s) generating those pollutants. (2-points per pollutant and source, 3 points if the addressed pollutant is on the 303(d) list for any receiving waterways identified in Question 2, up to 16 points)</u></p>													
4. How effective will the proposed project be in dealing with the more visible forms of pollutants, such as a litter and debris? (up to 10 points)	10												
5. What other BMP types were considered for this project? Why was the proposed BMP chosen? (5 points)	5												



6. Provide information on proposed BMP performance efficiency and/or effectiveness, including pollutant capture, storage capacity, flow capacity, etc. (up to 6 points)	6
7. Project Readiness: The project schedule will be reviewed by the evaluation committee to verify when the proposed BMP will be operational following the OCTA Board of Directors approval. (up to 6 points):	6
Less than 4 Months (6 points)	
4 - 8 months (4 points)	
8 - 12 months (2 points)	
More than 12 months (1 point)	
8. Secondary Attributes: Will the proposed project provide any benefits beyond water quality improvement (i.e., water use efficiency, public awareness, flooding control, recreation, habitat, sustainability)? (up to 5 points)	5
9. What is the methodology for measuring pollutant reduction before and after the BMP is implemented? How frequently will monitoring and performance assessment occur? (up to 10 points)	10
10. Provide an operations and maintenance plan for the lifespan of the proposed project. Include schedule of inspections, cleaning, removal and disposal of pollutants, repairs, etc. (up to 15 points)	15
<hr/>	
	100
11. BONUS: How many different Tier 1 type BMPs are currently installed within the local agency's jurisdiction, excluding BMPs funded by previous ECP grants. (1 point per BMP type, up to 5 points)	5
12. BONUS: Are local matching funds in excess of the 20% minimum cash being proposed? If yes, at what percentage? (.5 point for each 5% cash overmatch, up to 5 points)	5
Note: overmatch bonus points can only be granted to projects with a cash match.	
<hr/>	
	<u>110105</u>

Application Process

The following information, which is to be completed within the Tier 1 Grant Application Form, available electronically from OCTA, is required to evaluate and select projects. A checklist is included in the Tier 1 Grant Application Form to assist eligible agencies in assembling project proposals. The following project information will be necessary as part of the application process:

- Project Title
- Lead Agency Information
- Joint-Application (if applicable)
- Proposed Schedule
- Project Management
- Description and Scope of Proposed Project
- Integrated Regional Water Management Plan identification (if applicable)
- Project Readiness
- Performance Metrics



- Detailed Project Estimate

In addition to the completed Tier 1 Grant Application, the following documentation is required as part of the application process:

- Project design or concept drawings, including preliminary design calculations, of proposed BMP
- Precise maps to show tributary drainage area and proposed location(s) for BMP installation including geospatial information (through ArcGIS and/or Google Earth)
- Digital project site photos
- ~~Project master schedule~~
- Preliminary agreements with joint and/or third party entities if part of the funding application (if applicable)
- A city council resolution specific to each proposed project and funding commitment. A final resolution authorizing request for funding consideration with a commitment of local match funding must be provided with the project application. **If a draft copy of the resolution is provided, the local agency must also provide the date the resolution will be finalized by the local agency's governing body.** A final copy of the City Council approved resolution must be provided at least four (4) weeks **PRIOR** to the consideration of programming recommendations by OCTA's Board. See Exhibit 12-2 for a sample resolution.

For the Tier 1 Grant Program, an unbound original and two copies (total of three) of the completed application form and supporting documentation are to be submitted, plus a CD/DVD copy of the complete application materials. Use separate sheets of paper if necessary.

There is no maximum length for proposals. All pages must be numbered and printed on 8 1/2 x 11 sheets of white paper. Maps and drawings can be included on 11 x 17 sheets, folded into the proposal. The original proposal should be left unbound for reproduction purposes.

Submitted applications are considered final. Any applications that do not contain all required information and documentation will be deemed disqualified.



Exhibit 12-2 (Tier 1 Sample Resolution)

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL/BOARD OF THE CITY/COUNTY OF _____

AUTHORIZING AN APPLICATION FOR FUNDS FOR THE ENVIRONMENTAL CLEANUP, TIER 1 GRANT PROGRAM UNDER ORANGE COUNTY LOCAL TRANSPORTATION ORDINANCE NO. 3 FOR (PROJECT NAME).

WHEREAS, Orange County Local Transportation Ordinance No.3, dated July 24, 2006, and is known and cited as the Renewed Measure M Transportation Ordinance and Investment Plan makes funds available through the Environmental Cleanup Program to help protect Orange County beaches and waterways from transportation-generated pollution (urban runoff) and improve overall water quality.

WHEREAS, the Environmental Cleanup, Tier 1 Grant Program consists of funding purchases and installation to catch basins with Best Management Practices, such as screens, filters, inserts, and other "street-scale" low flow diversion projects.

WHEREAS, OCTA has established the procedures and criteria for reviewing proposals; and

WHEREAS, (ADMINISTERING AGENCY) possesses authority to nominate water quality improvement projects that have a transportation pollution nexus to finance and construct the proposed project; and

WHEREAS, by formal action the (GOVERNING BODY) authorizes the nomination of (PROJECT NAME), including all understanding and assurances contained therein, and authorizes the person identified as the official representative of the (ADMINISTERING AGENCY) to act in connection with the nomination and to provide such additional information as may be required; and

WHEREAS, the (ADMINISTERING AGENCY) will maintain and operate the equipment acquired and installed; and

WHEREAS, the (ADMINISTERING AGENCY) will give OCTA's representatives access to and the right to examine all records, books, papers or documents related to the funded Tier 1 Grant Project; and

WHEREAS, the (ADMINISTERING AGENCY) will cause work on the project to be commenced within a reasonable time after receipt of notification from OCTA and that the project will be carried to completion with reasonable diligence; and

WHEREAS, the (ADMINISTERING AGENCY) will comply where applicable with provisions of the California Environmental Quality Act, the National Environmental Policy Act, the American with Disabilities Act, and any other federal, state, and/or local laws, rules and/or regulations;

WHEREAS, the (ADMINISTERING AGENCY) must include all projects funded by Net Revenues in the seven-year Capital Improvement Program as part of the Renewed Measure M Ordinance eligibility requirement.

WHEREAS, the (ADMINISTERING AGENCY) authorizes a formal amendment to the seven-year Capital Improvement Program to add projects approved for funding upon approval from the Orange County Transportation Authority Board of Directors.

WHEREAS, the City/County of _____ will provide a minimum of 20% in matching funds for the (PROJECT NAME) as required by the Orange County Comprehensive Transportation Funding Programs Guidelines.

NOW, THEREFORE, BE IT RESOLVED that the City/County of _____ hereby authorizes (NAME OF AGENCY REPRESENTATIVE) as the official representative of the (ADMINISTERING AGENCY) to accept funds for the Environmental Cleanup, Tier 1 Grant Program for (PROJECT NAME).

BE IT FURTHER RESOLVED that the City/County of _____ agrees to fund its share of the project costs and any additional costs over the identified programmed amount.



Eligible Expenditures

- ECP funds must be for capital improvement. Construction management and project management cannot exceed 15 percent of the total construction costs.
- ECP funds can only be used for facilities that are in public ownership for public use; however, water quality improvements on private property, which are connected to municipal separate storm sewer systems, are eligible. (For example, a homeowner association can apply for funding through an eligible agency if the proposed project is connected to a public facility.)
- Reducing volume of surface flows is an integral factor of improving water quality, therefore, projects that have water-saving features (i.e., drip systems) are eligible for funding considerations.

Ineligible Expenditures

- Operations and maintenance costs are not eligible expenditures. Operations and maintenance costs cannot be utilized as a source of matching funds.
- ECP funds are not to be used for planning.
- Expenditures prior to the grantee executed letter agreement date cannot be considered eligible for funding or match.
- Landscaping installation and replacement are not eligible for funding consideration.
- Replacement of equipment funded with ECP funds that is still within its anticipated useful life (based on manufacturer's specifications).
- Capital equipment purchases related to regular on-going street maintenance efforts, including, but not limited to: trash receptacles, vacuum trucks and/or equipment, street sweepers, signage, etc.

Reporting and Reimbursement

A final report must be filed within 180 days of the project being completed with information as shown in Form 10-16. See Chapter 10 for the process and requirements regarding reimbursements and reporting for the Tier 1 Grant Program.

Additionally, an exception to Precept #36: Agencies may appeal to the ECAC and the OCTA Board on any issues that the agency and OCTA cannot resolve, as such are the approving bodies for this program.

Technical and/or Field Review

Once an agency submits a final report for a project, OCTA shall review the report for compliance with the CTFP guidelines and may conduct a field review. OCTA will use the project cost estimate forms submitted with the application and revised where appropriate, project accounting records and the final report as the primary items to conduct the review. Agencies must maintain separate records for projects (i.e., expenditures, interest)



to ensure compliance. Only CTFP eligible items listed on a project's cost estimate form will be reimbursed. See Chapter 11 for independent audit requirements beyond the technical and/or field review.

Additional Information

Completed applications and questions regarding these procedures and criteria should be directed to:

By mail:

Joseph Alcock
Orange County Transportation Authority
P.O. Box 14184
Orange, CA 92863-1584
Tel: (714) 560-5372

In person:

Orange County Transportation Authority
600 South Main Street
Orange, CA 92863-1584



COMMITTEE TRANSMITTAL

April 9, 2018

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2017

Finance and Administration Committee Meeting of March 28, 2018

Present: Directors Hennessey, Jones, and R. Murphy
Absent: Directors Do, Donchak, Spitzer, and Steel

Committee Vote

Due to lack of quorum, no action was taken on this item.

Staff Recommendations

- A. Direct staff to monitor implementation of recommendations by cities.
- B. Receive and file the Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2017, and the Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2017, as information items.



March 28, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Two handwritten signatures in blue ink are present. The first signature, on the left, is a cursive signature that appears to be "J. Sutter". The second signature, on the right, is a more stylized cursive signature that appears to be "D. Johnson".

Subject: Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2017

Overview

Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 Local Fair Share funds provided to eight cities, and Senior Mobility Program funds provided to six cities, for the fiscal year ended June 30, 2017. Observations were made relating to the classification of Maintenance of Effort expenditures, indirect charges not properly supported, errors in reporting of amounts on required activity reports and annual expenditure reports, and service contractor procurement.

Recommendations

- A. Direct staff to monitor implementation of recommendations by cities.
- B. Receive and file the Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2017, and the Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2017, as information items.

Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayers Oversight Committee selects a sample of local jurisdictions receiving Measure M2 (M2) funding for review to determine the local jurisdictions' level of compliance with provisions of the M2 Ordinance. For the fiscal year (FY) ended June 30, 2017, the Subcommittee selected eight cities for review of Local Fair Share (LFS) program funding, and six cities for review of Senior Mobility Program (SMP)

funding. The agreed-upon procedures applied for these reviews were approved by the Subcommittee.

The LFS program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. Since the LFS program is intended to augment, not replace, existing transportation expenditures, each jurisdiction is required to maintain a minimum level of local street and roads expenditures to conform to a defined maintenance of effort (MOE) requirement.

The SMP funds local community transportation services for seniors. This program provides 80 percent of the funding allocation, and participating local jurisdictions provide a 20 percent match. A cooperative agreement is executed between the local jurisdiction and the Orange County Local Transportation Authority (OCLTA) to outline requirements of the program and required matching funds. Cities are required to submit monthly SMP activity reports within 30 days of month end.

All M2 revenues, interest earned on net revenues, expenditures, and expenditures of earned interest are required to be reflected, along with a certification by the finance director, on an annual M2 Expenditure Report that must be adopted and filed with OCLTA within six months of fiscal year end.

Discussion

Vavrinek, Trine, Day & Company, LLP, (auditors) conducted the agreed-upon procedures, including site visits to each of the selected cities, and conducted interviews of city finance and program-related staff. Procedures included sample testing of expenditures for compliance with related program requirements, review of indirect costs for adequate support and reasonableness, testing to ensure allocation of interest, and testing of activity reports and annual expenditure reports for accuracy.

Agreed-Upon Procedures: LFS Program Funds

The auditors examined the cities of Cypress, Irvine, Laguna Beach, Los Alamitos, Rancho Santa Margarita, San Clemente, San Juan Capistrano, and Villa Park. At five cities, the auditors identified expenditures not properly classified as MOE expenditures; however, after removing the amounts from MOE, the cities still met their respective MOE requirements. The cities responded that steps would be taken to ensure proper classification of costs going forward. The auditors also identified \$5,886 in indirect costs charged to the LFS fund by the City of San Clemente (San Clemente). The indirect charges were based on an overhead analysis performed in 2008. San Clemente indicated that an updated

allocation recovery percentage will be developed. Finally, the auditors identified various errors in amounts reported on annual expenditure reports by four cities. The cities responded with actions to be taken to address these issues going forward.

A summary of all findings, by city, can be found at Attachment A, and the detailed reports can be found at Attachment B.

Agreed-Upon Procedures: SMP Funds

The auditors examined the cities of Buena Park, Costa Mesa, Laguna Niguel, Laguna Woods, San Clemente, and San Juan Capistrano. Reporting errors in monthly activity reports were identified at five cities, and two of the cities had not submitted reports within 30 days as required. The cities responded that amounts will be properly reported and submitted timely going forward. The City of Costa Mesa (Costa Mesa) did not have documentation to evidence that their transportation service provider had been competitively procured, as required. Also, auditors found that the service provider charged nine service hours per day, regardless of actual vehicle service hours. Costa Mesa responded that a competitive procurement has since been conducted and a new contract, that defines service hours and billing, is in place. At San Clemente, auditors found that the contract with the transportation service provider had been renewed for five years beyond what the original contract allowed. San Clemente responded that a new procurement would be conducted. The auditors also found that the service provider did not verify participant ages to ensure eligibility. San Clemente responded that there had been staff turnover and a new individual will be trained to oversee this program.

A summary of all findings, by city, can be found at Attachment C, and the detailed reports can be found at Attachment D.

Summary

The auditors have completed agreed-upon procedures related to M2 LFS and SMP funds provided to fourteen cities for the FY ended June 30, 2017.

Attachments

- A. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Local Fair Share for the Year Ended June 30, 2017
- B. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2017
- C. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Senior Mobility Program for the Year Ended June 30, 2017
- D. Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2017

Prepared by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2017

City	Result	City Management Response
Cypress	The City of Cypress (Cypress) reported \$1,010,550 in indirect costs; however, an additional \$167,320 in indirect costs were identified in the general ledger.	These costs are attributable to Cypress' street maintenance programs, such as allocations of office operating costs, information technology services, and equipment costs. In the future, these maintenance costs will be properly reported.
Irvine	Testing of Maintenance of Effort (MOE) expenditures identified three expenditures totaling \$112,469 that were not properly classified as local street and road expenditures. However, after removing the amount from total MOE expenditures, the City of Irvine (Irvine) continued to meet the minimum MOE requirement.	Irvine will update its accounting structure to provide staff a more accurate method to record vendor invoices that comingle non-street related expenditures with street expenditures associated with the MOE calculation. Staff members will be trained on the new structure.
	Irvine reported \$101,731 in indirect costs; however, an additional \$19,528 in indirect costs were identified in the general ledger.	A twenty percent overhead for constructions projects is recorded with direct salaries and benefits due to system limitations. Irvine staff will review the system to determine whether it can be modified to separate the twenty percent overhead from salaries and benefits.
Laguna Beach	Total MOE expenditures per the general ledger were \$5,616,628; however, were reported on the Expenditure Report as \$5,594,801. The difference related to accruals posted after the Expenditure Report was completed.	The City of Laguna Beach (Laguna Beach) finance staff has implemented additional procedures and will continue to work with departments to submit invoices within the 90-day period of fiscal year end.
	Laguna Beach recorded \$5,113 of interest to the Local Fair Share fund for the year however, Laguna Beach's Expenditure Report reflected a total of \$5,074.	Laguna Beach finance staff has implemented additional procedures, including having a finance employee outside of the reporting process review the entry.
Los Alamitos	Testing of MOE expenditures identified one for \$2,449 that was not properly classified as a street and road expenditures. However, after removing the amount from total MOE expenditures, the City of Los Alamitos continued to meet the minimum MOE requirement.	The expense was coded to MOE expenditures in error. This clerical error was an isolated error and staff confirms that all other MOE charges are valid and properly classified.
Rancho Santa Margarita	None.	
San Clemente	Testing of MOE expenditures identified one for \$397,250 that was not properly classified as a street and road expenditures. However, after removing the amount from total MOE expenditures, the City of San Clemente (San Clemente) continued to meet the minimum MOE requirement.	The project to which this expenditure related has now been moved to the appropriate program, so that these costs will be appropriately classified.
	Testing Local Fair Share expenditures identified two expenditures, totaling \$3,878, related to payroll overhead costs. San Clemente allocates 90 percent of direct payroll as overhead to account for administrative costs. The 90 percent rate was determined as part of an analysis conducted in 2008 and has not been recently updated. Total overhead for the year was \$5,886.	San Clemente will provide a detailed methodology and will update its cost allocation recovery percentages accordingly.
	San Clemente reported \$0 in indirect costs; however, auditors identified \$5,886 in indirect charges for the year.	San Clemente will implement procedures to ensure these costs are appropriately reported on the Expenditure Report.
	San Clemente reported \$0 in interest for the year; however, San Clemente recorded \$10,697 in interest per the general ledger.	San Clemente will implement procedures to ensure interest earned is appropriately reported on the Expenditure Report.

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2017

City	Result	City Management Response
San Juan Capistrano	Testing of MOE expenditures identified three for \$3,990 that were not properly classified as street and road expenditures. In addition, \$102,447 in indirect charges were identified. The City of San Juan Capistrano (SJC) allocated sixty percent of general ledger expenditures for administration costs; however, SJC could not substantiate this allocation rate. After removing these amount from total MOE expenditures, SJC continued to meet the minimum MOE requirement.	The expenditures identified will be reclassified and, on a go forward basis, these costs and any other costs that are not street-related will be coded to divisions not involved in the MOE calculation. SJC will also remove overhead costs noted.
Villa Park	Testing of MOE expenditures identified one for \$1,350 that was not properly classified as a street and road expenditure. In addition, \$6,935 in charges were not supported. After removing \$8,285 from total MOE expenditures, the City of Villa Park (Villa Park) no longer met the minimum MOE requirement; however, Villa Park staff identified an additional \$7,000 in allowable costs that had not been claimed. After including these additional transactions, Villa Park met its MOE requirement.	Villa Park acknowledges that the \$1,350 expenditure was incorrectly classified. While the expenditures totaling \$6,935 relate to labor on an allowable street and road project, the hours were not detailed on timesheets, as they should be. Villa Park will work with staff to ensure work is identified and documented on timesheets.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2017**

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2017

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2017. Please refer to the individual divider tab for our report on each Agency.

City of Cypress

City of Irvine

City of Laguna Beach

City of Los Alamitos

City of Rancho Santa Margarita

City of San Clemente

City of San Juan Capistrano

City of Villa Park



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF CYPRESS**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Cypress' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$2,767,411 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (001), Capital Project Fund (415) and the Lighting District Fund (251) under the Public Works Departments. No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$5,200,817 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$5,200,817 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$1,838,665, representing approximately 35% of total MOE expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$1,010,500 as indirect costs. However, per discussions with the City’s accounting personnel and inspection of the general ledger expenditure detail, we identified additional indirect costs charged as MOE expenditures in Line 15 of the City’s Expenditure Report totaling \$167,320 for the fiscal year ended June 30, 2017. Indirect MOE expenditures tested totaled \$171,324. No other exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$2,537,340 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 729,803

We agreed the fund balance of \$729,803 to the City’s Expenditure Report (Schedule 1, line 20), with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 236, Measure M Local Fair Share Fund as a transfer out to Fund 415, Capital Projects Fund, and Fund 232, Gas Tax Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$867,699 (see Schedule A), which agrees to the City’s Expenditure Report (Schedule 2 line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$835,360 representing approximately 96% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

Findings: No exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavinich Train, Dng & Co, LLP

Laguna Hills, California
March 12, 2018

CITY OF CYPRESS, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Lights & Traffic Signals - Schedule 3, line 13	\$ 841,660
Other Street Purpose Maintenance - Schedule 3, line 15	1,576,551

Construction:

New Street Construction - Schedule 3, line 2	450,000
Street Reconstruction - Schedule 3, line 3	637,554
Pedestrian Ways & Bikepaths - Schedule 3, line 5	684,552
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>1,010,500</u>
Total MOE Expenditures	<u>5,200,817</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

Residential Street Resurfacing Program	360,000
Arterial Regabilitation Program	<u>507,699</u>
Total Measure M2 Local Fair Share Expenditures	<u>867,699</u>

Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 6,068,516</u></u>
--	----------------------------

Note:

The above amounts were taken directly from the financial records of the City of Cypress and were not audited.



CITY of CYPRESS

5275 Orange Avenue, Cypress, California 90630

Phone 714-229-6700 www.cypressca.org

March 12, 2018

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Cypress as of and for the fiscal year ended June 30, 2017.

Excerpts from Agreed Upon Procedures Report:

Procedure #5

We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, Line 1), explaining differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings

Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$1,010,500 as indirect costs. However, per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, we identified additional indirect costs charged as MOE expenditures in Line 15 of the City's Expenditure Report totaling \$167,320 for the fiscal year ended June 30, 2017. Indirect MOE expenditures tested totaled \$171,324. No other exceptions were found as a result of this procedure.

Jon E. Peat, Mayor

Stacy Berry, Mayor Pro Tem
Paulo M. Morales, Council Member

Rob Johnson, Council Member
Mariellen Yarc, Council Member

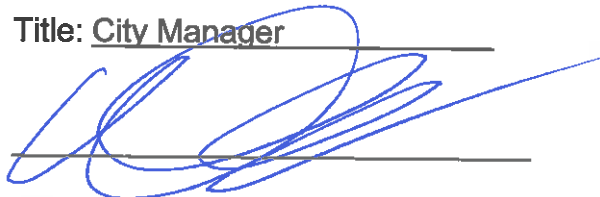
City's Response:

Total MOE expenditures of \$5,200,817 reported by the City are accurate. The indirect costs of \$167,320 reported on line 15 and identified above are costs attributable to the City's street maintenance programs, such as allocations of office operating costs, information technology services, and equipment costs. In the future, these maintenance costs will be reported on Schedule 3, line 1 of the M2 Expenditure Report, as requested in Procedure # 5 above.

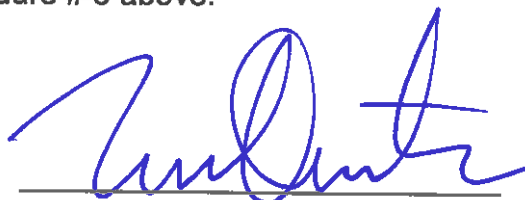
Sincerely,



Title: City Manager



Title: Director of Community Development



Title: Director of Finance



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF IRVINE**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Irvine's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$5,452,970 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (001), under the Public Works Departments. No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$20,068,761 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$20,068,761 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$4,374,515, representing approximately 22% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified three expenditures, totaling \$112,469, which were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement. No other exceptions were found as a result of this procedure.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$5,844,732 as indirect costs. Additionally, per discussions with the City’s accounting personnel and inspection of the general ledger expenditure detail, the City reported \$572,153 of costs related to internal fleet vehicle rental allocations charged as MOE expenditures in lines 12 and 15 of the expenditure report for the fiscal year ended June 30, 2017. Indirect MOE expenditures tested totaled \$3,076,659. No exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$13,058,840 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 2,159,451

We agreed the fund balance of \$2,159,451 to the City’s Expenditure Report (Schedule 1, line 20), with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 154, Renewed Measure M2 Fair Share Fund as a transfer out to Fund 132 – Slurry Seal and Fund 250 – Capital Improvement Projects Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$7,679,120 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$6,639,235 representing approximately 86% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, Line 1), the City reported \$101,731 as indirect costs for the fiscal year ended June 30, 2017. However, per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, we identified additional indirect costs charged as M2 expenditures in Line 3 of the City's Expenditure Report totaling \$19,528 for the fiscal year ended June 30, 2017. Indirect M2 expenditures tested totaled \$10,945. No other exceptions were found as a result of this procedure.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

Findings: No exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Train, Douglas Co, LLC

Laguna Hills, California
March 12, 2018

CITY OF IRVINE, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Overlay & Sealing - Schedule 3, line 12	\$ 5,685,510
Other Street Purpose Maintenance - Schedule 3, line 15	8,538,519
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>5,844,732</u>
Total MOE Expenditures	<u>20,068,761</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

Arterial and Local Street Rehabilitation Projects

15-16 Slurry Seal and Street Rehabilitation (Job #311601)	4,536,306
Yale Avenue Pavement Rehabilitation (Job #311506)	2,597,682
Alton Parkway Pavement Rehabilitation (Job #311602)	105,333
Michelson Drive Pavement Rehabilitation (Job #311603)	24,016
Campus Street Pavement Rehabilitation (Job #311604)	67,458

New Traffic Signals

Kazan/Walnut Traffic Signal (Job #311607)	213,367
McGaw/Armstrong Traffic Signal (Job #311608)	127,441
Traffic Signal LED Rehabilitation and Upgrades (Job #311701)	<u>7,517</u>

Total Measure M2 Local Fair Share Expenditures	<u>7,679,120</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 27,747,881</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Irvine and were not audited.



Administrative Services Department

cityofirvine.org

P.O. Box 19575, Irvine, CA 92623-9575

(949) 724-6255

March 12, 2018

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Irvine as of and for the fiscal year ended June 30, 2017.

Procedure #4

We selected a sample of Maintenance of Effort (MOE) expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings

MOE expenditures tested totaled \$4,374,515, representing approximately 22 percent of total MOE expenditures for the fiscal year ended June 30, 2017. We identified three expenditures, totaling \$112,469, that were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement. No other exceptions were found as a result of this procedure.

City's Response:

The City will update its accounting structure to provide staff a more accurate method to record vendor invoices that comingle non-street related expenditures with street expenditures associated with the MOE reporting calculation. Staff members in Public

March 12, 2018
 M2 Response Letter
 Page 2

Works and Fiscal Services will be trained on the new accounting structure. With the City's implementation of these new processes future reporting will only include street expenditures.

Procedure #9

We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.


Findings

Based upon inspection of the Expenditure Report (Schedule 3, Line 1), the City reported \$101,731 as indirect costs for the fiscal year ended June 30, 2017. However, per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, we identified additional indirect costs charged as M2 expenditures in Line 3 of the City's Expenditure Report totaling \$19,528 for the fiscal year ended June 30, 2017. Indirect M2 expenditures tested totaled \$10,945. No other exceptions were found as a result of this procedure.


City's Response:

The twenty percent allowable overhead for construction projects is recorded with direct salaries and benefits due to financial system limitations. City staff will review the system setup with the IT Department to determine if it can create a modification to the construction project accounting setup. This proposed modification will separate the twenty percent overhead from the direct salaries and benefits.

Sincerely,

Signed: 
 Print Name: Grace Leung

Title: City Manager Pro Tempore

Signed: 
 Print Name: Manuel Gomez

Title: Director of Public Works

Signed: 
 Print Name: Kristin Griffith

Title: Director of Administrative Services



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF LAGUNA BEACH**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Laguna Beach’s (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$1,417,616 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (110), under the Public Works (3101), Street Lighting (3601), and Fleet Maintenance (3102) Departments, Street Light fund (134) under department 3601, Gas Tax fund (132), and Capital Improvement fund (116) under department 3300. No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City’s Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City’s MOE expenditures for the fiscal year ended June 30, 2017 were \$5,616,628 (see Schedule A), which exceeded the requirement. The total expenditures reported on the City’s Expenditure Report (Schedule 3, Line 18) were \$5,594,801, a difference of \$21,827. The difference is due to accruals posted by the City to the general ledger after the City’s Expenditure Report was generated. No other exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$1,890,588 representing approximately 34% of total MOE expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City’s accounting personnel, no indirect costs were identified as MOE expenditures for fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$1,228,819 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 353,917

We agreed the fund balance of \$353,917 to the City’s Expenditure Report (Schedule 1, line 20) with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 132, Gas Tax Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$427,944 (see Schedule A), which agrees to the City’s Expenditure Report (Schedule 2 line 17 and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$376,577 representing approximately 88% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

Findings: Per inspection of the City's interest allocation, the City recorded \$5,113 of interest for the Measure M2 fund for the year ended June 30, 2017. The amount reported on the City's Expenditure Report (Schedule 2, Line 4) was \$5,074, a difference of \$39. No other exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavriach, Travis, Dog 1/2 Co, LLP

Laguna Hills, California
March 12, 2018

CITY OF LAGUNA BEACH, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Patching - Schedule 3, line 11	\$ 841,204
Overlay & Sealing - Schedule 3, line 12	753,303
Street Lights & Traffic Signals - Schedule 3, line 13	18,600
Other Street Purpose Maintenance - Schedule 3, line 15	1,957,411

Construction:

Street Reconstruction - Schedule 3, line 3	138,242
Signals, Safety Devices & Street Lights - Schedule 3, line 4	86,165
Pedestrian Ways & Bikepaths - Schedule 3, line 5	314,349
Storm Drains - Schedule 3, line 6	1,485,527

Total MOE Expenditures	<u>5,594,801</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Street Slurry and Rehabilitation	<u>427,944</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 6,022,745</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Laguna Beach and were not audited.



March 12, 2018

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Laguna Beach as of and for the fiscal year ended June 30, 2017.

Procedure #3

We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings

The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$5,616,628 (see Schedule A), which exceeded the requirement. The total expenditures reported on the City's Expenditure Report (Schedule 3, Line 18) were \$5,594,801, a difference of \$21,827. The difference is due to accruals posted by the City to the general ledger after the City's Expenditure Report was generated. No other exceptions were found as a result of this procedure.

City's Response:

The Finance Staff has implemented additional procedures and will continue to work with departments to submit invoices within the 90-day period of the fiscal year-end to meet requirements.

Procedure #10

We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

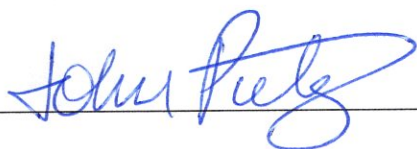
Findings

Per inspection of the City's interest allocation, the City recorded \$5,113 of interest for the Measure M2 fund for the year ended June 30, 2017. The amount reported on the City's Expenditure Report (Schedule 2, Line 4) was \$5,074, a difference of \$39. No other exceptions were found as a result of this procedure.

City's Response:

The Finance Staff has implemented additional procedures including having a finance employee outside of the reporting process review the entry.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Pulez", written over a horizontal line.

Title: City Manager

A handwritten signature in blue ink, appearing to be a stylized name, written over a horizontal line.

Title: Director of Administrative Services



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF LOS ALAMITOS**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Los Alamitos' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$147,465 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (10), under the Street Maintenance Division. No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$555,082, (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$555,082 to the amount reported on the City's Expenditure Report (Schedule 3, Line 18) with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$166,100, representing approximately 30% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified one expenditure, totaling \$2,449 that was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement. No other exceptions were found as a result of this procedure.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City’s accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$624,827 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 115,086

We agreed the fund balance of \$115,086 to the City’s Expenditure Report (Schedule 1, lines 20) with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 26, Measure M Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$389,153 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 line 17 and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$352,156 representing approximately 90% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

Findings: No exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's response to certain findings are included in Exhibit 1. The response is included for the purposes of additional information and was not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's response and express no assurance or opinion on it.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vannich, Travis, Dug & Co, LLP

Laguna Hills, California

March 12, 2018

CITY OF LOS ALAMITOS, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Other Street Purpose Maintenance - Schedule 3, line 15	<u>\$ 555,082</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Alley Improvement Program	8,838
Street Tree program	15,000
Street Marking/Striping	2,000
Crosswalk Improvements	1,562
ADA Ramps/Sidewalks	47,712
Catalina Trucks Crossing Rehab	33,178
Old Dutch Haven	<u>280,863</u>

Total Measure M2 Local Fair Share Expenditures	<u>389,153</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 944,235</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Los Alamitos and were not audited.



March 12, 2018

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Los Alamitos as of and for the fiscal year ended June 30, 2017.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.


Finding

MOE expenditures tested totaled \$166,100, representing approximately 30% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified one expenditure, totaling \$2,449 that was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

City's Response:

There was a charge found in error that was coded to the MOE expenditures. The partial water bill pertaining to Lewis Park was charged to Streets and Maintenance instead of Park Maintenance. This clerical error in the allocation of our spreadsheet to allocate cost is an isolated error. We have ensured all other MOE charges were valid and for streets maintenance.

Sincerely,



Title: Bret Plumlee, City Manager



Title: Maria-Luisa Valdez, Interim Admin. Services Director



Title: Steven Mendoza, Development Services Director



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF RANCHO SANTA MARGARITA**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Rancho Santa Margarita's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$358,155 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (100), under the Street Maintenance Division (620). No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$358,155 (see Schedule A), which met the requirement. We agreed the total expenditures of \$358,155 to the amount reported on the City's Expenditure Report (Schedule 3, line 18) with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$273,347, representing approximately 76% of total MOE expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based on inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City’s accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$2,035,651 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 124,412

We agreed the fund balance of \$124,412 to the City’s Expenditure Report (Schedule 1, line 20) with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 212, Measure M Fund as transfers to other funds. The underlying expenditures are recorded in the General Fund (100), under the Street Maintenance Division (620) and in the CIP Fund (410). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$791,586 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$588,315 representing approximately 74% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

Findings: No exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Varinich Train, Dns & Co, LLP

Laguna Hills, California
March 12, 2018

CITY OF RANCHO SANTA MARGARITA, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Other Street Purpose Maintenance - Schedule 3, line 15	<u>\$ 358,155</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Annual Residential Overlay	136,465
Street Maintenance Program	543,184
Median Hardscape Renovation	35,988
Traffic Signal Enhancements	42,472
Avenida De Las Banderas and Camino Altozano Traffic Signal Modification	<u>33,477</u>

Total Measure M2 Local Fair Share Expenditures	<u>791,586</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 1,149,741</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Rancho Santa Margarita and were not audited.



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF SAN CLEMENTE**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of San Clemente's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$951,000 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (001), under various program codes such as Development Engineering (411), Traffic (413), Design and Development (414), Major Street Maintenance (416), and City Administration (203). No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$5,334,565 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$5,334,565 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$2,074,907 representing approximately 39% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified one expenditure totaling \$397,250 which was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement. No other exceptions were found as a result of this procedure.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$1,209,874 as indirect costs. Indirect MOE expenditures tested totaled \$469,231. No exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$2,678,720 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 927,806
2015/2016	Local Fair Share (M2)	\$ 585,042

We agreed the fund balance of \$1,512,848 to the City’s Expenditure Report (Schedule 1, line 20), with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 042, Street Improvement Fund under the Ave Presidio Rehab project #14331. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$11,677 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$8,187 representing approximately 70% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. We identified two expenditures, totaling \$3,878, related to payroll overhead costs. The City allocates 90% of direct payroll as overhead to account for administration costs. The 90% rate was determined as part of an analysis performed in 2008 to estimate overhead costs for staff time. We were unable to verify through a recent cost study the current overhead allocation rate of 90%. Total overhead in the population for the year ended June 30, 2017 was \$5,886. No other exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 as indirect costs for the fiscal year ended June 30, 2017. However, per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, we identified indirect costs charged as M2 expenditures in Line 3 of the City's Expenditure Report totaling \$5,886 for the fiscal year ended June 30, 2017. Refer to discussion under procedure 8.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

Findings: Based on inspection of the Expenditure Report (Schedule 2, line 4), the City reported \$0 as interest revenues for the fiscal year ended June 30, 2017. However, per discussions with City's accounting personnel and inspection of the general ledger expenditure detail, the City recorded \$10,697 in interest income. No other exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavinich Train, D&S Co, LLC

Laguna Hills, California

March 12, 2018

CITY OF SAN CLEMENTE, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Patching - Schedule 3, line 11	\$ 354,022
Overlay & Sealing - Schedule 3, line 12	1,317,784
Street Lights & Traffic Signals - Schedule 3, line 13	1,696,595

Construction:

Street Reconstruction - Schedule 3, line 3	756,290
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>1,209,874</u>

Total MOE Expenditures	<u>5,334,565</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Avenida Presidio Rehabilitation - Phase II	<u>11,677</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 5,346,242</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of San Clemente and were not audited.



March 12, 2018

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of San Clemente as of and for the fiscal year ended June 30, 2017.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings:

MOE expenditures tested totaled \$2,074,907 representing approximately 39% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified one expenditure totaling \$397,250 which was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement. No other exceptions were found as a result of this procedure.

City's Response:

The Finance Department received a request from Engineering to move this project (19907 – Shoreline Feasibility Study – Phase III) from the Engineering street program to Beaches, Parks and Recreation in the new year, so that these costs will be appropriately classified.

Procedure #8

We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
- b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings:

Measure M2 Local Fair Share expenditures tested totaled \$8,187 representing approximately 70% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. We identified two expenditures, totaling \$3,878, related to payroll overhead costs. The City allocates 90% of direct payroll as overhead to account for administration costs. The 90% rate was determined as part of an analysis performed in 2008 to estimate overhead costs for staff time. We were unable to verify through a recent cost study the current overhead allocation rate of 90%. Total overhead in the population for the year ended June 30, 2017 was \$5,886. No other exceptions were found as a result of this procedure.

City's Response:

The City will provide a detailed methodology that represents the administration costs and will need to update its cost allocation recovery percentages.

Procedure #9

We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings:

Based upon inspection of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 as indirect costs for the fiscal year ended June 30, 2017. However, per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, we identified indirect costs charged as M2 expenditures in Line 3 of the City's Expenditure Report totaling \$5,886 for the fiscal year ended June 30, 2017. Refer to discussion under procedure 8.

City's Response:

The City will implement procedures to ensure these costs are appropriately reported on the correct line of the City's Measure M2 Expenditure Report. The City will provide a detailed methodology that represents the administration costs and will need to update its cost allocation recovery percentages.

Procedure #10

We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

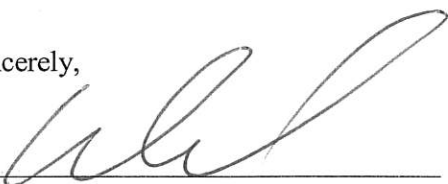
Findings:

Based on inspection of the Expenditure Report (Schedule 2, line 4), the City reported \$0 as interest revenues for the fiscal year ended June 30, 2017. However, per discussions with City's accounting personnel and inspection of the general ledger expenditure detail, the City recorded \$10,697 in interest income. No other exceptions were found as a result of this procedure.

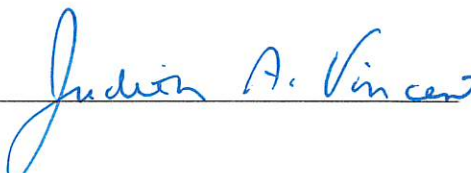
City's Response:

The City will implement procedures to ensure interest earned is appropriately reported on the City's Measure M2 Expenditure Report.

Sincerely,



Title: Assistant City Manager



Title: Deputy Administrative Services Director



Title: Public Works Director



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF SAN JUAN CAPISTRANO**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of San Juan Capistrano’s (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$390,383 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (1), under Department (8) Public Works. No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City’s Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City’s MOE expenditures for the fiscal year ended June 30, 2017 were \$2,332,212 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$2,332,212 to the amount reported on the City’s Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$348,415, representing approximately 15% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified three expenditures, totaling \$3,990 that were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. Additionally, we identified expenditures, totaling \$102,447, related to overhead costs. The City allocated 60% of general ledger expenditures for administration costs related to street and road maintenance, but was not able to provide support to substantiate the 60% allocation basis. MOE expenditures subject to the 60% allocation totaled \$1,034,610. However, after removing the amounts from total MOE expenditures and subject to the exceptions described above, the City met the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$817,978 as indirect costs. Per discussions with the City’s accounting personnel and inspection of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2017. Indirect MOE expenditures tested totaled \$114,707 of which \$102,447 was not appropriately supported as described in Procedure 4. Of the \$817,978 reported by the City, \$565,610 was related to the 60% allocation, which could not be substantiated, and were removed from the total MOE expenditures, as described in procedure 4. No other exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$1,825,580 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 614,421
2015/2016	Local Fair Share (M2)	90,357

We agreed the fund balance of \$704,778 to the City’s Expenditure Report (Schedule 1, line 20), with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 32, Measure M Fund as transfers out to Fund 50 Capital Projects Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$623,549 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2 line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Measure M2 Local Fair Share expenditures tested totaled \$465,384 representing approximately 75% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, the City reported \$322 as indirect costs for the fiscal year ended June 30, 2017. Indirect M2 expenditures tested totaled \$127. No exceptions were found as a result of this procedure.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

Findings: No exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Vavrinch, Train, Day & Co., LLP". The signature is written in a cursive, professional style.

Laguna Hills, California
March 12, 2018

CITY OF SAN JUAN CAPISTRANO, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Patching - Schedule 3, line 11	\$ 119,677
Street Lights & Traffic Signals - Schedule 3, line 13	325,026
Storm Damage - Schedule 3, line 14	59,190
Other Street Purpose Maintenance - Schedule 3, line 15	1,010,341
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>817,978</u>
Total MOE Expenditures	<u>2,332,212</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

Bridge at Acjachema Street and La Calera Street (CIP 13102)	246
Traffic Signal Cabinet Upgrades (CIP 16101)	6,961
Second Eastbound Turn Lane at Del Obispo & Camino Capistrano (CIP 16103)	3,512
City Pavement Rehabilitation (CIP 16105)	445,585
Arterial Street Pavement Rehabilitation (CIP 16109)	<u>167,245</u>
Total Measure M2 Local Fair Share Expenditures	<u>623,549</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,955,761</u></u>

Note:

The above amounts were taken directly from the financial records of the City of San Juan Capistrano and were not audited.

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 www.sanjuancapistrano.org



MEMBERS OF THE CITY COUNCIL

SERGIO FARIAS
 KERRY K. FERGUSON
 BRIAN L. MARYOTT
 PAM PATTERSON, ESQ.
 DEREK REEVE

March 12, 2018

Board of Directors
 Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of San Juan Capistrano as of and for the fiscal year ended June 30, 2017.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings

MOE expenditures tested totaled \$348,415, representing approximately 15% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified three expenditures, totaling \$3,990 that were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. Additionally, we identified expenditures, totaling \$102,447, related to overhead costs. The City allocated 60% of general ledger expenditures for administration costs related to street and road maintenance, but was not able to provide support to substantiate the 60% allocation basis. MOE expenditures subject to the 60% allocation totaled \$1,034,610. However, after removing the amounts from total MOE expenditures and subject to the exceptions described above, the City met the minimum MOE requirement.

City's Response:

The expenditures noted by the auditors will be reclassified to divisions that are not involved in the maintenance of effort computation. On a go-forward basis, these costs and any other costs that are not street-related will also be coded to divisions that are not involved in the maintenance of effort computation. We will also remove from the City's maintenance of effort computation the overhead and indirect costs noted above, including any payroll and administrative costs associated with the 60% allocation described in the audit finding. As noted by the auditors, after removing these costs, the City's maintenance of effort expenditures exceed the amount required by over \$1 million.

San Juan Capistrano: Preserving the Past to Enhance the Future

Procedure #5

We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings

Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$817,978 as indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2017. Indirect MOE expenditures tested totaled \$114,707 of which \$102,447 was not appropriately supported as described in Procedure 4. Of the \$817,978 reported by the City, \$565,610 was related to the 60% allocation, which could not be substantiated, and were removed from the total MOE expenditures, as described in procedure 4. No other exceptions were found as a result of this procedure.

City's Response:

See our response to the findings noted for Procedure #4.

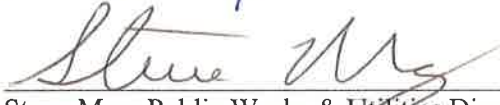
Sincerely,

ae 

Benjamin Siegel, City Manager



Ken Al-Imam, Chief Financial Officer



Steve May, Public Works & Utilities Director



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF VILLA PARK**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Villa Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Findings: The City was required to spend \$279,227 in MOE expenditures during the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

2. We described which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (01), under the Public Works, Street Maintenance, Storm Drain Maintenance, and Engineering Departments. No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2017 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2017 were \$284,019 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$284,019 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$102,383, representing approximately 36% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified one expenditure, totaling \$1,350, was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. We also were unable to agree the dollar amount listed on the general ledger to supporting documentation for 10 samples totaling \$6,935; however, the City asserted that the nature of the expenditures were properly classified as local street and road expenditures, and allowable per the Ordinance. After removing \$8,285 from total MOE expenditures, the City no longer met the minimum MOE requirement.

Per discussions with the City’s management and inspection of the general ledger, the City identified an additional \$7,000 of allowable cost not previously reported in the City’s Expenditure Report. After including the additional transactions to the total MOE expenditures, the City met the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Findings: Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$151,573 as indirect costs. Indirect MOE expenditures tested totaled \$14,376 of which \$1,980 was not appropriately supported as described in Procedure 4. No other exceptions were found as a result of this procedure.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 20), and determined whether funds were expended within three years of receipt, explaining any differences.

Findings: The City received \$251,683 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Local Fair Share (M2)	\$ 86,388
2015/2016	Local Fair Share (M2)	2,858

We agreed the fund balance of \$89,246 to the City’s Expenditure Report (Schedule 1, line 20), with no differences. No exceptions were found as a result of this procedure.

7. We described which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4), explaining any differences.

Findings: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 05, Measure M Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2017 were \$0 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2 line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Findings: Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2017 were \$0. As such, this procedure was not applicable. Further, no projects were listed on Schedule 4.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2017 were \$0. As such, this procedure was not applicable. Further, no projects were listed on Schedule 4.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 4), explaining any differences.

Findings: No exceptions were found as a result of this procedure.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Findings: We inspected the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Vavinich, Train, Dng & Co, LLP".

Laguna Hills, California
March 12, 2018

CITY OF VILLA PARK, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2017
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Overlay & Sealing - Schedule 3, line 12	\$ 59,295
Street Lights & Traffic Signals - Schedule 3, line 13	13,521
Storm Damage - Schedule 3, line 14	12,124
Other Street Purpose Maintenance - Schedule 3, line 15	47,506
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>151,573</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 284,019</u></u>

Note:

The above amounts were taken directly from the financial records of the City of Villa Park and were not audited.



City of Villa Park

EXHIBIT 1

17855 Santiago Boulevard, Villa Park, California 92861-4187
(714) 998-1500 • Fax: (714) 998-1508

www.villapark.org

March 12, 2018

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Villa Park as of and for the fiscal year ended June 30, 2017.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail, and described the percentage of total expenditures selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings

MOE expenditures tested totaled \$102,383, representing approximately 36% of total MOE expenditures for the fiscal year ended June 30, 2017. We identified one expenditure, totaling \$1,350, was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. We also were unable to agree the dollar amount listed on the general ledger to supporting documentation for 10 samples totaling \$6,935; however, the City asserted that the nature of the expenditures were properly classified as local street and road expenditures, and allowable per the Ordinance. After removing \$8,285 from total MOE expenditures, the City no longer met the minimum MOE requirement.

Per discussions with the City's management and inspection of the general ledger, the City identified an additional \$7,000 of allowable cost not previously reported in the City's Expenditure Report. After including the additional transactions to the total MOE expenditures, the City met the minimum MOE requirement

City's Response:

The city acknowledges that the expenditure of \$1,350 was incorrectly classified. While the expenditures totaling \$6,935 relate to labor on an allowable local street and road project, the hours worked were not specifically detailed on timesheets.

The city agrees that expenditures should be supported by appropriate documentation. The city will work with staff to ensure that work on local street and road projects is identified as such on documentation such as timesheets.

Procedure #5

We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

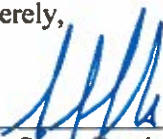
Findings

Based on inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$151,573 as indirect costs. Indirect MOE expenditures tested totaled \$14,376 of which \$1,980 was not appropriately supported as described in Procedure 4. No other exceptions were found as a result of this procedure.

City's Response:

The city agrees that expenditures should be supported by appropriate documentation. The city will work with staff to ensure that work on local street and road projects is identified as such on documentation such as timesheets.

Sincerely,



Title: Steve Franks, City Manager



Title: Frank Davies, Director of Finance

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Senior Mobility Program for the Year Ended June 30, 2017

City	Result	City Management Response
Buena Park	Total expenditures per the general ledger did not agree to expenditures reported on four monthly summary reports tested and total expenditures for the year were underreported by \$12,877. In addition, three of the four reports tested were not submitted within 30 days, as required.	City of Buena Park staff will reconcile monthly reports to the general ledger and will request delivery receipts when submitting reports via email to ensure evidence of timely delivery.
Costa Mesa	The City of Costa Mesa's (Costa Mesa) contract with Keolis Transit Services outlines a rate based on "Vehicle Service Hours". Auditors identified \$6,798 in payments for billed service hours during which there was no service provided, per the related trip logs.	Costa Mesa responded that payment of nine hours per day, regardless of actual hours in service, had been standard for this contract; however, city staff conducted a procurement process in May 2017, that specifically outlined in the Scope of Work that charges are to be assessed based on actual service hours. This new agreement was implemented on July 1, 2017.
	Costa Mesa staff had no evidence that the contract with Western Transit Services was competitively procured, as required.	Costa Mesa conducted a competitive procurement for these services in May 2017, and retained all documents and evidence of this procurement. The new service contract will be effective July 1, 2017.
	Expenditures reported on the monthly summary report for February 2017 did not agree to Costa Mesa's general ledger.	Costa Mesa's staff misinterpreted instructions for reporting expenditures on the monthly reports; however, this error was noted and corrected during monthly reporting for May 2017.
Laguna Niguel	The City of Laguna Niguel (Laguna Niguel) incurred total program expenditures of \$69,396 for the year, which included \$11,104 in city-provided general fund match and a match of \$13,878 provided by Laguna Niguel's third party service provider. The M2 funded portion of \$44,414 was incorrectly reflected as \$55,517 on Laguna Niguel's Measure M2 (M2) Expenditure Report.	Laguna Niguel correctly accounted for program expenditures in the general ledger; however, a clerical error was made and the Laguna Niguel's general fund match amount was included in the total reflected on the M2 Expenditure Report. In the future, a more thorough review will be performed to ensure accuracy of reporting.
Laguna Woods	None.	
San Clemente	The City of San Clemente (San Clemente) incurred total program expenditures of \$82,934 for the year, which included \$14,590 in city-provided general fund match and a match of \$16,587 provided by the San Clemente's third party service provider. The M2 funded portion of \$51,757 was incorrectly reflected as \$66,347 on San Clemente's M2 Expenditure Report.	Due to staff turnover, San Clemente will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.
	San Clemente relies on its third party service provider to ensure participants are eligible. The third party service provider relies on the date of birth provided by the participant upon registration to determine eligibility.	Due to staff turnover, San Clemente will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.
	San Clemente originally procured a contract with Age Well Senior Services (Age Well) in 2011. The contract allowed for an initial term of three years and one, two-year option. In May 2016, one month prior to expiration of the contract, San Clemente staff prepared an agenda report stating that "OCTA is giving cities the option to enter into a five year renewal with their paratransit service providers". San Clemente staff could not provide documentation to support this statement and the Orange County Transportation Authority asserted no such direction had been given.	San Clemente will conduct a competitive procurement for services at the beginning of fiscal year 2018-2019.
	San Clemente's total match was incorrectly reported on all four of the monthly reports tested.	Due to staff turnover, San Clemente will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Senior Mobility Program for the Year Ended June 30, 2017

City	Result	City Management Response
San Juan Capistrano	The program fund balance included in the City of San Juan Capistrano's (SJC) Expenditure Report did not include interest of \$130.	The interest earned for this program was commingled in SJC's general fund interest income. As a result, the amount was not reported in the Expenditure Report. Starting in fiscal year 2017-18, SJC allocates interest on unspent program funds using a separate cost center. The interest income will be reported properly going forward.
	Expenditures listed on three of the four monthly summary reports tested did not agree to the general ledger. Also, three of the four reports were not submitted within 30 days of month end, as required.	Starting with the monthly report for February 2018, the Assistant Finance Director will review amounts included on the monthly reports to ensure agreement with the general ledger. Also, staff has directed the third party service provider to submit its reports to the SJC within 21 days of month end so that SJC can prepare and submit its monthly reports on time.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2017

**ORANGE COUNTY LOCAL
TRANSPORATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2017

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2017. Please refer to the individual divider tab for our report on each Agency.

City of Buena Park

City of Costa Mesa

City of Laguna Niguel

City of Laguna Woods

City of San Clemente

City of San Juan Capistrano



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF BUENA PARK**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Buena Park's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its General Fund (11) Activity 275325 Senior Mobility Program. During the year ended June 30, 2017, the City reported total program expenditures of \$112,297, which included the City's match. The City reported \$72,079 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$209,492 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The City had \$0 remaining fund balance as of June 30, 2017, which agreed to the City's Expenditure Report (Schedule 1, line 24).

The City received \$72,079 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$0 of interest income for the year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Additionally, we inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$40,218 which is approximately 36% of the total expenditures of \$112,297. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
- b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$47,465 representing approximately 42% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City reviews and validates date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were identified as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City personnel, the City did not contract with a third party service provider for senior transportation service. No exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the City, identifying that the requirements established by the Cooperative Agreement were met. Additionally, the current year proof of insurance was submitted and is on file with OCLTA. No exceptions were identified as a result of this procedure.

11. We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings: We sampled four monthly summary reports (August 2016, November 2016, February 2017, and June 2017). Through inspection of the four reports, expenditures did not agree to the general ledger balances as shown below. Total expenditures for the year were under reported by \$12,877, or 11% of the actual general ledger balances.

Reporting Month	Total OCTA and City Contribution	Amount per City's General Ledger	Variance Over (under)
August 2016	\$8,297	\$6,933	\$1,363
November 2016	8,493	9,453	(960)
February 2017	8,620	8,154	466
June 2017	8,308	11,264	(2,956)

In addition, three of four reports were timely submitted within 30 days of month end to OCLTA. The August 2016 summary report was submitted on September 30, 2016 to the incorrect email address, and resubmitted to the correct email address on October 3, 2016. No other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavriach Train, Douglas Co., LLC

Laguna Hills, California
March 12, 2018



FINANCE DEPARTMENT

March 12, 2018

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Buena Park as of and for the fiscal year ended June 30, 2017.

Procedure #11

We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings

We sampled four monthly summary reports (August 2016, November 2016, February 2017, and June 2017). Through inspection of the four reports, expenditures did not agree to the general ledger balances as shown below. Total expenditures for the year were under reported by \$12,877, or 11% of the actual general ledger balances.

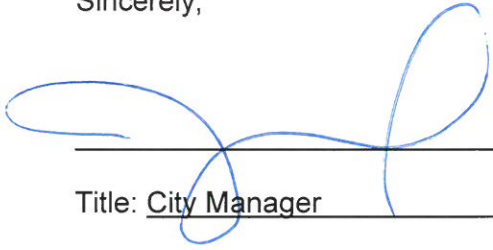
Reporting Month	Total OCTA and City Contribution	Amount per City's General Ledger	Variance Over (under)
August 2016	\$8,297	\$6,933	\$1,363
November 2016	8,493	9,453	(960)
February 2017	8,620	8,154	466
June 2017	8,308	11,264	(2,956)

In addition, three of four reports were timely submitted within 30 days of month end to OCLTA. The August 2016 summary report was submitted on September 30, 2016 to the incorrect email address, and resubmitted to the correct email address on October 3, 2016. No other exceptions were found as a result of this procedure.

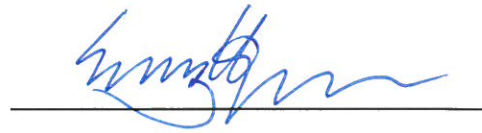
City's Response:

The City's Community Services Department staff will reconcile monthly reports to City's general ledger before submitting them to OCTA. Staff will also request a delivery and read receipts when submitting reports via email, so staff would be notified if reports do not get properly delivered and resend it again in a timely fashion.

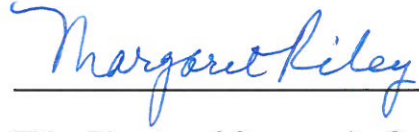
Sincerely,



Title: City Manager



Title: Director of Finance



Title: Director of Community Services



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF COSTA MESA**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Costa Mesa’s (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City’s Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City’s expenditures are tracked in the general ledger by fund, department, program and object. The City records its Senior Mobility Program expenditures in its General Fund (101), Recreation Department (org #14300), Senior Center (program #40231), under Recreation Rental (object #535403). Payroll expenditures are tracked under Object #501201 (Management) and Object #501202 (Non-management). Vehicle expenses are tracked under Object #536101 (Internal Rent – Maintenance Charges). During the year ended June 30, 2017, the City reported total program expenditures of \$113,077, which included the City’s match. The City reported \$86,460 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$251,227 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The City had \$0 remaining fund balance as of June 30, 2017, which agreed to the City's Expenditure Report (Schedule 1, line 24).

The City received \$86,439 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$21 of interest income for the year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of the City's fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$26,617 which is approximately 24% of the total expenditures of \$113,077. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
- b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$88,676 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. Per inspection of supporting documentation, the City paid \$88,183 to Keolis Transit Services (DBA Western Transit Systems) for taxi services. Per inspection of the agreement with Western Transit Systems, the City pays an hourly rate based on "Vehicle Service Hours". Per inspection of the invoices and the related service trip logs for each month, we identified differences between service hours billed on invoices of \$88,183 compared to supporting trip logs service hours of \$81,386. This resulted in payments of \$6,798 in excess of supported trip log hours. No other exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City inspects and verifies date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Keolis Transit Services (DBA Western Transit Systems), to provide senior transportation services under the Senior Mobility Program. The City has contracted with Western Transit Systems since October 1, 2011. According to City staff, the procurement in 2011 relied upon a competitive process conducted by the City of Seal Beach; however, the City did not have evidence of bidding documentation for that procurement and, because the services differed, the rates provided to the City were not the same as the rates provided to Seal Beach. The contract was originally executed for a three year term with one, two year option term; however the City amended the contract in October 2016 to extend the term to December 31, 2016 and in January 2017, the City amended the contract again to extend the term six months to June 30, 2017.

The City maintains wheelchair accessible vehicles, which are used by Western Transit Systems for service. No other exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Keolis Transit Services (DBA Western Transit Systems), to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Keolis Transit Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings: Through inspection of a sample of four of the City’s monthly summary reports, the City’s monthly expenditures did not agree to supporting documentation as shown below:

Reporting Month	Amount Reported as Monthly Costs	Amount per City’s General Ledger	Variance
February-17	\$ 9,322	\$ 9,288	\$ 34

In addition, three of the four reports were submitted timely to OCLTA within 30 days of month end. Per discussion with City personnel, OCLTA approved an extension for the July 2016 report due to the implementation of the new reporting form. We verified that the City submitted the fourth report within the revised approved deadline. Aside from the variance identified above, no other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City’s responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City’s responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrieh, Train, Day & Co., LLP

Laguna Hills, California
 March 12, 2018



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

March 12, 2018

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Costa Mesa as of and for the fiscal year ended June 30, 2017.

Procedure #6

We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
- b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings

Measure M2 Senior Mobility Program expenditures tested totaled \$88,676 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. Per inspection of supporting documentation, the City paid \$88,183 to Keolis Transit Services (DBA Western Transit Systems) for taxi services. Per inspection of the agreement with Western Transit Systems, the City pays an hourly rate based on "Vehicle Service Hours". Per inspection of the invoices and the related service trip logs for each month, we identified differences between service hours billed on invoices of \$88,183 compared to supporting trip logs service hours of \$81,386. This resulted in payments of \$6,798 in excess of supported trip log hours. No other exceptions were found as a result of this procedure.



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

City's Response:

The City of Costa Mesa had two separate billing agreements with Keolis/Western Transit. The first, for the Senior Mobility Program (SMP) was charged at 9.0 hours/day. This was standard, and after communicating with Keolis/Western Transit, they stated that each day was billed at 9.0 hours, per the agreement, regardless of actual numbers of hours in service.

When the City submitted an RFP for the new contract in April/May 2017, this was specifically outlined in the Scope of Work and charges for the program accurately reflect the number of hours of service that are provided. The issue has been rectified and staff verify that all documents match the number of hours the service is being provided. Staff proactively ensured that this issue was addressed when the new agreement was implemented on July 1, 2017.

Procedure #9

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings

Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Keolis Transit Services (DBA Western Transit Systems), to provide senior transportation services under the Senior Mobility Program. The City has contracted with Western Transit Systems since October 1, 2011. According to City staff, the procurement in 2011 relied upon a competitive process conducted by the City of Seal Beach; however, the City did not have evidence of bidding documentation for that procurement and, because the services differed, the rates provided to the City were not the same as the rates provided to Seal Beach. The contract was originally executed for a three year term with one, two year option term; however the City amended the contract in October 2016 to extend the term to December 31, 2016 and in January 2017, the City amended the contract again to extend the term six months to June 30, 2017.

The City maintains wheelchair accessible vehicles, which are used by Western Transit Systems for service. No other exceptions were found as a result of this procedure.



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

City's Response:

The Costa Mesa Senior Center, prior to September 2014, was under the operation of a non-profit corporation, and was partially subsidized by the City of Costa Mesa. When the City assumed responsibility of the programs and services, there was a transitional period where City staff began to put policies and procedures in place to efficiently operate the Senior Mobility Program; however, because the City was partially involved in the procurement process for this service, and paperwork was maintained by the non-profit agency, the documents to support the co-op agreement with Seal Beach are not on record for the City.

The City of Costa Mesa competitively procured services for this program in April/May 2017 and City Council approved a new contract in June 2017 for the term beginning July 1, 2017. Since the City is now overseeing and operating the Costa Mesa Senior Center, the procurement was completed in a competitive manner and all supporting documents are now on file with the City of Costa Mesa Finance Department/Purchasing.

Procedure #11

We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings

Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures did not agree to supporting documentation.

Reporting Month	Amount Reported as Monthly Costs	Amount per City's General Ledger	Variance
February-17	\$ 9,322	\$ 9,288	\$ 34

In addition, three of the four reports were submitted timely to OCLTA within 30 days of month end. Per discussion with City personnel, OCLTA approved an extension for the July 2016 report due to the implementation of the new reporting form. We verified that the City submitted the fourth report within the revised approved deadline. No exceptions were found as a result of this procedure.

City's Response:

There was a misinterpretation of how to present the total Senior Mobility Program expenditures for the month of February 2017, which was found during the monthly reporting for May 2017; therefore, the report



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

reflected a difference of \$34. In the future, a more thorough review process will be completed to agree the general ledger expenditures to the Monthly Summary Report prior to submission to OCTA.


Sincerely,



Title: City Manager



Title: Director of Finance



Title: Director of Parks and Community Services



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF LAGUNA NIGUEL**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Laguna Niguel's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in Senior Transportation Special Revenue Fund (253) under the Public Service Organization Grants (account #5560). During the year ended June 30, 2017, the City incurred total program expenditures of \$69,396, which included \$11,104 as the City's General Fund match and \$13,878 match by the City's third party contractor. The M2 funded portion of \$44,414 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$55,517, a difference of \$11,104. The City included portions of the match on the expenditure report. No other exceptions were found as a result of this procedure.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City’s Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$213,435 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 73,436
2015/2016	Senior Mobility Program (M2)	\$ 11,917

We compared the fund balance of \$85,353 from the general ledger to the fund balance reported in the City’s Expenditure Report (Schedule 1, line 24) of \$55,961, identifying a difference of \$29,392.

The City received \$73,436 during the fiscal year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). Aside from the items described in the previous paragraph, no other exceptions were found as a result of this procedure.

4. We reviewed the City’s interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City’s Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$593 of interest income for the year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of City’s personnel regarding the fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$24,982 which is approximately 36% of the total expenditures of \$69,396. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City’s general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$42,797 representing approximately 62% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the third party contractor inspects and verifies date of birth documented on registration forms, to ensure participants are 60 years of age or older. Per inspection of the City's participant listing of approximately 100 registered participants, we identified one individual who was under the age of 60. The participant received services totaling \$1,686 throughout the year ended June 30, 2017. As a result of our discussions with management, the individual has been subsequently removed from the program. No other exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services, to provide senior transportation services under the Senior Mobility Program. The City provided the latest executed contract with Age Well Senior Services, which was effective through June 30, 2013. The City was unable to provide support that Age Well Senior Services was competitively procured. Additionally, the City did not have a current executed contract for services provided during the fiscal year ended June 30, 2017. Per inspection of the last contract agreement effective through June 30, 2013, we did not find the language requiring that wheelchair accessible vehicles be made available and used as needed, however, Age Well's policies and procedures indicate wheelchair accessible vehicles are available.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on our inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services, to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Age Well Senior Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings: Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California
March 12, 2018



March 12, 2018

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Laguna Niguel as of and for the fiscal year ended June 30, 2017.

Procedure #2

We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings:

The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in Senior Transportation Special Revenue Fund (253) under the Public Service Organization Grants (account #5560). During the year ended June 30, 2017, the City incurred total program expenditures of \$69,396, which included \$11,104 as the City's General Fund match and \$13,878 match by the City's third party contractor. The M2 funded portion of \$44,414 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$55,517, a difference of \$11,104. The City included portions of the match on the expenditure report. No other exceptions were found as a result of this procedure.

City's Response:

The City correctly accounted for Measure M2 Senior Mobility Program funded expenditures in the City's general ledger, however, a clerical error was made in that the General Fund portion of expenditures (the City's match) were inadvertently included in the M2 Expenditure Report. For the City's Fiscal Year 2017-2018 M2 Expenditure Report, a more thorough review process will be completed to agree the general ledger for the Senior Transportation Special Revenue Fund to the M2 Expenditure Report prior to submittal to OCTA.

Procedure #3

We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings:

The City received \$213,435 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 73,436
2015/2016	Senior Mobility Program (M2)	\$ 11,917

We compared the fund balance of \$85,353 from the general ledger to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$55,961, identifying a difference of \$29,392.

The City received \$73,436 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Aside from the items described in the previous paragraph, no other exceptions were found as a result of this procedure.

City's Response:

The City correctly accounted for Measure M2 Senior Mobility Program activity in the City's general ledger, however, the beginning fund balance in the M2 Expenditure Report did not agree to the general ledger. Due to the change in the format of the M2 Expenditure Report for Fiscal Year 2016-17, the beginning balance is now to be broken out for Senior Mobility Program activity. There was a misinterpretation of how to present the beginning balance activity in the M2 Expenditure Report, therefore, the report reflected an incorrect amount. For the City's Fiscal Year 2017-2018 M2 Expenditure Report, a more thorough review process will be completed to agree the general ledger for the Senior Transportation Special Revenue Fund to the M2 Expenditure Report prior to submittal to OCTA, including the beginning fund balance.

Procedure #7

We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings:

We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the third party contractor inspects and verifies date of birth documented on registration forms, to ensure participants are 60 years of age or older. Per inspection of the City's participant listing of approximately 100 registered participants, we identified one individual who was under the age of 60. The participant received services totaling \$1,686 throughout the year ended June 30, 2017. As a result of our discussions with management, the individual has been subsequently removed from the program. No other exceptions were found as a result of this procedure.

City's Response:

The ineligible individual was admitted to the Senior Mobility Program under the previous Age Well program administration. When the City of Laguna Niguel took over the direct administration of the Senior Mobility Program in Fiscal Year 2017-18, all individuals that were being served under Age Well were grandfathered into the new program management. Going forward from Fiscal Year 2017-18, all Senior Mobility Program applications are individually reviewed and birthdates are verified to meet the age requirement.

The ineligible individual received services for a total cost of \$1,686.00 in FY 2016-17. The City will reimburse the Senior Mobility Program for the applicable Senior Mobility Program funding that was incorrectly used on an ineligible individual by transferring the funds from General Fund into the Senior Transportation Special Revenue Fund.

Procedure #9

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings:

Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services, to provide senior transportation services under the Senior Mobility Program. The City provided the latest executed contract with Age Well Senior Services, which was effective through June 30, 2013. The City was unable to provide support that Age Well Senior Services was competitively procured. Additionally, the City did not have a current executed contract for services provided during the fiscal year ended June 30, 2017. Per inspection of the last contract agreement effective through June 30, 2013, we did not find the language requiring that wheelchair accessible vehicles be made available and used as needed, however, Age Well's policies and procedures indicate wheelchair accessible vehicles are available.

City's Response:

In May of 2017, the City issued a Request for Proposals to seek qualified companies to provide transportation for the Senior Mobility Program. In June of 2017, the City Council approved an agreement with California Yellow Cab, a qualified transportation operator who proved to be able to meet the requirements of the City and OCTA for the Senior Mobility Program. On July 1, 2017, the City transitioned to California Yellow Cab with a three year agreement for services, with the option for two, one year extensions. The City now has a designated employee (Coordinator) to administer the program including accepting and qualifying Senior Mobility Program applications, payments, OCTA monthly reporting, and they will work directly with California Yellow Cab to oversee the program details and ensure compliance with the guidelines set forth by OCTA.

Sincerely,



Title: Kristine Ridge, City Manager



Title: Stephen Erlandson, Director of Finance



Title: Alison Giglio, Director of Parks & Recreation



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF LAGUNA WOODS**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Laguna Woods' (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its Senior Mobility Fund (410) under Contract – Transportation (object #7460), Contract – Taxi Voucher NEMT (object #7465) and Printing-Senior Mobility (object #6175). During the year ended June 30, 2017, the City reported total program expenditures of \$307,664, which included the City's match. The City reported \$85,415 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds of \$176,915 and OCTA supplemental SMP funds of \$45,334. No exceptions were found as a result of this procedure.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$248,027 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The City had \$0 remaining fund balance as of June 30, 2017, which agreed to the City's Expenditure Report (Schedule 1, line 24).

The City received \$85,338 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$77 of interest income for the year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of the City's fare collection methodology. Fares are collected by City Hall through the sale of taxi vouchers. Fare revenues are tracked in the City's general ledger within the Senior Mobility Fund (410), under the Taxi Voucher Sales Object Code (3275). During the year, the City collected \$114,713, which was used as part of the City's match. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$176,915 which is approximately 58% of the total expenditures of \$307,664. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$147,141 representing approximately 48% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City reviews and validates date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were identified as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, California Yellow Cab, to provide senior transportation services under the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through inspection of the City's Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per inspection of the contract agreement, we verified that wheelchair accessible vehicles are available and used as needed, with the contract requiring at least five vehicles "which shall be vans equipped with wheelchair lifts that are capable of transporting four or more passengers". The agreement further requires that California Yellow Cab is "required to meet demand without interruption". No exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on our inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, California Yellow Cab, to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for California Yellow Cab, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings: Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures agreed to supporting documentation, and two of the four reports were submitted to OCLTA within 30 days of month end. Per discussion with City personnel, the City obtained approval for an extension of the July 2016 and November 2016 monthly reports. We verified that the City submitted the reports within the revised and approved deadlines. For the June 2017 summary report, the City made a preliminary submission within 30 days of month end and later submitted a revised report. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California
March 12, 2018



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF SAN CLEMENTE**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of San Clemente's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its Gas Tax Fund (012) under OCTA Senior Center Transportation (account #861-447723). During the year ended June 30, 2017, the City incurred total program expenditures of \$82,934, which included \$14,590 as the City's General Fund match and \$16,587 match by the City's third party contractor. The M2 funded portion of \$51,757 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$66,347, a difference of \$14,590. The City had included portions of the match on the expenditure report as M2 funded expenditures. No other exceptions were found as a result of this procedure.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City’s Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$208,402 for the past three fiscal years ended June 30, 2015, 2016 and 2017. No exceptions were found as a result of this procedure. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 15,735

We compared the fund balance of \$15,735 to the City’s Expenditure Report (Schedule 1, line 24), with no differences.

The City received \$71,704 during the fiscal year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City’s interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City’s Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$800 of interest income for the year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of the City personnel regarding fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditure for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$31,177 which is approximately 38% of the total expenditures of \$82,934. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City’s general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$61,191 representing approximately 74% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. The third party contractor registers senior participants, but relies on date of birth provided at registration on the application.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were identified as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Per inquiry with City management and inspection of related council agenda items, the City competitively procured a contract with Age Well Senior Services (Age Well) to provide senior transportation services under the Senior Mobility Program. The contract originally executed allowed for only a three year initial term and one, two year option term through June 30, 2016. In May 2016, the City prepared an agenda report requesting City Council approval to contract with Age Well for another five years, stating that, "OCTA is giving cities the option to enter into a five-year renewal with their paratransit service providers"; however, the City could not provide documentation to support this statement. Further, OCLTA asserted that no such direction was provided by program staff.

We verified that wheelchair accessible vehicles are available and used as needed, the City included the Project U Program Guidelines as part of the amended contract. No other exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Age Well Senior Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings: Through inspection of a sample of four of the City’s monthly summary reports, the City’s monthly expenditures agreed to supporting documentation, however the total match reported on the monthly report did not agree to the general ledger detail.

<u>Reporting Month</u>	<u>OCTA Contribution</u>	<u>In-Kind Contribution (Included on Monthly Reports)</u>	<u>City Match (Excluded from Monthly Report)</u>
August 2016	6,093	1,523	1,216
December 2016	5,695	1,424	1,216
January 2017	5,343	1,336	1,216
April 2017	5,250	1,312	1,216

Through inspection of four of the City’s monthly summary reports, all reports were submitted to OCLTA within 30 days of month end. No other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City’s responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City’s responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavinich Train, Dug & Co., LLP

Laguna Hills, California
March 12, 2018



March 12, 2018

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of San Clemente as of and for the fiscal year ended June 30, 2017.

Procedure #2

We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings:

The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its Gas Tax Fund (012) under OCTA Senior Center Transportation (account 012-861-44723). During the year ended June 30, 2017, the City incurred total program expenditures of \$82,934, which included \$14,590 as the City's General Fund match and \$16,587 match by the City's third party contractor. The M2 funded portion of \$51,757 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$66,347, a difference of \$14,590. The City had included portions of the match on the expenditure report as M2 funded expenditures. No other exceptions were found as a result of this procedure.

City's Response:

Due to staff turnover, the City will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

Procedure #7

We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings:

We inquired of management as to the procedures used to ensure services are provided only to eligible participants. The third party contractor registers senior participants, but relies on date of birth provided at registration on the application.

City's Response:

Due to staff turnover, the City will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

Procedure #9

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings:

Per inquiry with City management and inspection of related council agenda items, the City competitively procured a contract with Age Well Senior Services (Age Well) to provide senior transportation services under the Senior Mobility Program. The contract originally executed allowed for only a three year initial term and one, two year option term through June 30, 2016. In May 2016, the City prepared an agenda report requesting City Council approval to contract with Age Well for another five years, stating that, "OCTA is giving cities the option to enter into a five-year renewal with their paratransit service providers"; however, the City could not provide documentation to support this statement. Further, OCTA asserted that no such direction was provided by program staff.

We verified that wheelchair accessible vehicles are available and used as needed, the City included the Project U Program Guidelines as part of the amended contract. No other exceptions were found as a result of this procedure.

City's Response:

The City will conduct a Request for Proposal for current services at the beginning of FY 2018-19 (July 1, 2018.)

Procedure #11

We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings:

Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures agreed to supporting documentation, however the total match reported on the monthly report did not agree to the general ledger detail.

<u>Reporting Month</u>	<u>OCTA Contribution</u>	<u>In-Kind Contribution (Included on Monthly Reports)</u>	<u>City Match (Excluded from Monthly Report)</u>
August 2016	6,093	1,523	1,216
December 2016	5,695	1,424	1,216
January 2017	5,343	1,336	1,216
April 2017	5,250	1,312	1,216

Through inspection of four of the City's monthly summary reports, all reports were submitted to OCTA within 30 days of month end. No other exceptions were found as a result of this procedure.

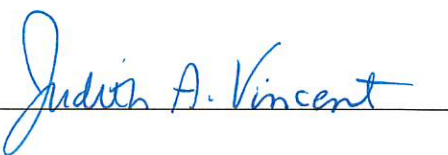
City's Response:

Due to staff turnover, the City will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

Sincerely,



Title: Assistant City Manager



Title: Deputy Administrative Services Director



Title: Public Works Director



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF SAN JUAN CAPISTRANO**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of San Juan Capistrano's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in the General Fund (1), Senior Nutrition Program (Cost Center 632), under Nutrition for Transportation (object #62511). During the year ended June 30, 2017, the City reported total program expenditures of \$66,134, which included the City's match. The City reported \$52,907 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City’s Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$132,973 for the past three fiscal years ended June 30, 2015, 2016 and 2017. No exceptions were found as a result of this procedure. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 13,961

We compared the fund balance of \$13,961 to the City’s Expenditure Report (Schedule 1, line 24), identifying a difference of \$130. The Expenditure Report Fund balance did not include \$130 of the interest allocated to the Senior Mobility Program.

The City received \$45,752 during the fiscal year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). Except for the item described in the above paragraph, no other exceptions were found as a result of this procedure.

4. We reviewed the City’s interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City’s Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$130 of interest income for the year ended June 30, 2017 which was not reflected on the City’s Expenditure Report (Schedule 2, Line 8 for Project U).

We inquired about the City’s fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. Except for the item described above, no other exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$13,227 which is approximately 20% of total expenditures of \$66,134. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City’s general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$48,883 representing approximately 74% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City inspects and verifies the date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Age Well Senior Services, to provide senior transportation services under the Senior Mobility Program. We verified that Age Well Senior Services was selected using a competitive procurement process. Per inspection of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed, as described in the contract. No exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Age Well Senior Services, to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Age Well Senior Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Findings: Through inspection of a sample of four of the City’s monthly summary reports, the City’s monthly expenditures did not agree to supporting documentation, as shown below:

Reporting Month	Amount Reported as Monthly Costs	Amount per City’s General Ledger	Variance
December-16	\$ 4,312	\$ 4,714	\$ (402)
March-17	6,528	6,872	(344)
June-17	2,884	3,428	(544)

In addition, it was noted that only one of four reports were submitted to OCLTA within 30 days of month end, as required. The City submitted the August 2016 report on October 10, 2016, December 2016 report on February 3, 2017 and June 2017 report on August 4, 2017. No other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City’s responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City’s responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavriach, Train, Day & Co., LLP

Laguna Hills, California
March 12, 2018

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MEMBERS OF THE CITY COUNCIL

SERGIO FARIAS
 KERRY K. FERGUSON
 BRIAN L. MARYOTT
 PAM PATTERSON, ESQ.
 DEREK REEVE

March 12, 2018

Board of Directors

Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of San Juan Capistrano as of and for the fiscal year ended June 30, 2017.

Procedure #3

We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings

The City received \$132,973 for the past three fiscal years ended June 30, 2015, 2016 and 2017. No exceptions were found as a result of this procedure. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 13,961

We compared the fund balance of \$13,961 to the City's Expenditure Report (Schedule 1, line 24), identifying a difference of \$130. The Expenditure Report Fund balance did not include \$130 of the interest allocated to the Senior Mobility Program.

The City received \$45,752 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Except for the item described in the above paragraph, no other exceptions were found as a result of this procedure.

City's Response:

The City's Senior Mobility Program (SMP) revenues and expenditures are recorded in a separate cost center in the City's General Fund. However, interest income was not recorded in a separate cost center.

San Juan Capistrano: Preserving the Past to Enhance the Future

March 12, 2018
Page 2

The interest earned for the SMP program was commingled in the City's General Fund interest income. As a result, the \$130 was not recorded in the City's M2 Expenditure Report for the Fiscal Year Ended June 30, 2017. The City began allocating interest on unspent SMP funds in a separate cost center (Cost Center No. 632) in Fiscal Year 2017-18. This interest income will be reported on the City's Annual M2 Expenditure Report that is submitted for the Fiscal Year Ended June 30, 2018.

Procedure #4

We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Findings

The City reported \$130 of interest income for the year ended June 30, 2017 which was not reflected on the City's Expenditure Report (Schedule 2, Line 8 for Project U).

We inquired about the City's fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. Except for the item described above, no other exceptions were found as a result of this procedure.

City's Response:

Refer to the response provided for Procedure #3.

Procedure #11

We obtained and sampled four monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end

Findings

Through inspection of a sample of four of the City's monthly summary reports, we noted the City's monthly expenditures did not agree to supporting documentation, as follows:

Reporting Month	Amount Reported as Monthly Costs	Amount per City's General Ledger	Variance
December-16	\$ 4,312	\$ 4,714	\$ (402)
March-17	6,528	6,872	(344)
June-17	2,884	3,428	(544)

March 12, 2018
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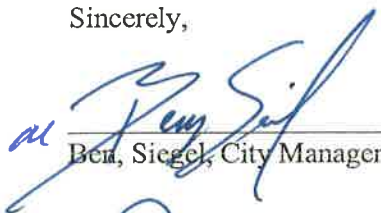
In addition, it was noted that only one of four reports were submitted to OCLTA within 30 days of month end, as required. The City submitted the August 2016 report on 10/10/2016, December 2016 report on 2/3/2017 and June 2017 report on 8/4/2017. No other exceptions were found as a result of this procedure.

City's Response:

Regarding the timeliness of the monthly reports, the City uses Age Well Senior Services as a sub-contractor for the transportation program, and must contribute information to the monthly summary reports before they can be submitted to OCLTA, any delays in receiving the initial reports from Age Well Senior Services results in delaying submittal of final reports to OCLTA. In an effort to prevent this from happening in the future, Age Well Senior Services has been directed to submit all future reports and invoices to the City no later than 21 days from month end. Age Well Senior Services has agreed to this protocol. This new practice will enable the City to review, complete, and submit the monthly summary reports to OCLTA within 30 days of month end, as required.

In addition, starting with the February 2018 monthly report, the Assistant Finance Director will review the amounts included on the monthly report to verify the amounts agree with the City's general ledger.

Sincerely,



Ben Siegel, City Manager



Ken Al-Imam, Chief Financial Officer



Jacob Green, Assistant City Manager
(overseeing the Community Services Department)



Dori Budde, Director of Community Services
(Department overseeing SMP)



COMMITTEE TRANSMITTAL

April 9, 2018

To: Members of the Board of Directors

From: Laurena Weinert, Clerk of the Board

Subject: Fiscal Year 2018-19 Measure M2 Eligibility and Countywide Pavement Management Plan Guidelines and City of Placentia's Maintenance of Effort Benchmark

Regional Planning and Highways Committee Meeting of April 2, 2018

Present: Directors Bartlett, Delgleize, M. Murphy, Nelson, and Steel

Absent: Directors Pulido and Spitzer

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve the fiscal year 2018-19 Measure M2 Eligibility Guidelines.
- B. Approve the proposed revisions to the Countywide Pavement Management Plan Guidelines.
- C. Approve the City of Placentia's maintenance of effort benchmark adjustment for the fiscal year 2017-18 eligibility cycle.



April 2, 2018

To: Regional Planning and Highways Committee

From: Darrell E. Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the name of the Chief Executive Officer.

Subject: Fiscal Year 2018-19 Measure M2 Eligibility and Countywide Pavement Management Plan Guidelines and City of Placentia's Maintenance of Effort Benchmark

Overview

The Orange County Transportation Authority Ordinance No. 3 includes eligibility requirements that local jurisdictions must satisfy in order to receive Measure M funds. The Measure M2 Eligibility Guidelines and the Countywide Pavement Management Plan Guidelines are used to guide local jurisdictions through eligibility requirements and submittal processes. Updates to these guidelines are presented for Board of Directors review and approval. A proposed minor adjustment to the maintenance of effort benchmark for the City of Placentia to align with final city general fund revenue figures is also presented for review and approval.

Recommendations

- A. Approve the fiscal year 2018-19 Measure M2 Eligibility Guidelines.
- B. Approve the proposed revisions to the Countywide Pavement Management Plan Guidelines.
- C. Approve the City of Placentia's maintenance of effort benchmark adjustment for the fiscal year 2017-18 eligibility cycle.

Background

The Measure M2 (M2) Eligibility Guidelines (Eligibility Guidelines) establish eligibility requirements to ensure that all local jurisdictions are in compliance to receive M2 funds, including both local fair share and competitive programs. Based upon lessons learned from previous eligibility submittals from local jurisdictions, proposed administrative adjustments are being recommended to clarify the Eligibility Guidelines.

The Countywide Pavement Management Plan (PMP) Guidelines (Guidelines) established a consistent methodology for local jurisdictions to report pavement conditions, evaluate countywide pavement conditions, monitor changes in pavement conditions, anticipate expected improvements, and verify compliance with the ordinance. Minor revisions have been made to the PMP Guidelines to reflect lessons learned.

Local jurisdictions must also satisfy maintenance of effort (MOE) requirements by maintaining a minimum level of local streets and roads expenditures from local jurisdictions' discretionary funds. The ordinance provides a process to adjust the benchmark every three years. The second MOE benchmark adjustment was approved by the Board of Directors (Board) on April 10, 2017. At the time, it was noted that adjustments might be required pending receipt of final documentation from local jurisdictions. Since then, the City of Placentia (City) provided final documentation, and a minor adjustment to the City's benchmark is presented for approval.

Discussion

Eligibility Guidelines

The fiscal year (FY) 2018-19 eligibility cycle will start immediately following the approval of the updated Eligibility Guidelines. The Eligibility Guidelines assist local jurisdictions in submitting compliant eligibility packages. The proposed changes to the Eligibility Checklist (Appendix D), sample resolution (Appendix E), PMP Template (Appendix F), Expenditure Report Template, and Instructions and Resolution (Appendix G) incorporate feedback received during the previous eligibility review cycle. The revisions also streamline the eligibility process for items due as part of this eligibility cycle. A summary of the modifications is provided in Attachment A, and the revised redlined Eligibility Guidelines are included as Attachment B.

PMP Guidelines

Orange County Transportation Authority staff identified areas of improvement in the PMP Guidelines, which were presented to the Technical Advisory Committee (TAC) for discussion. The TAC recommended the proposed revisions for Board approval on February 28, 2018. Proposed revisions include:

- Modified criteria for prequalification/calibration of inspectors to ensure consistency and accuracy in the evaluation of pavement conditions and to better reflect actual desired performance of field inspectors.

The changes in the criteria are expected to expand the list of pre-qualified inspectors.

- Deleted Appendix A – PMP agency checklist and replaced it with the required PMP submittal template in order to standardize the submittal process.

Additional minor revisions were made to the PMP Guidelines and certification form for internal consistency. The revised redlined PMP Guidelines are provided in Attachment C.

City's MOE Benchmark Adjustment

In April 2017, the appropriate MOE benchmark adjustment for each local jurisdiction was determined by a comparison of the growth in general fund revenues (GFR) and California Department of Transportation construction cost index. At the time the revised MOE benchmarks were presented to the Board, the City had not finalized their GFR, so staff used a draft GFR to calculate an estimated benchmark and noted that adjustments may be required pending receipt of the City's final GFR. The City submitted their final GFR in June 2017, and it was determined that the City required an adjustment to the estimated MOE benchmark. The adjustment increased the City's benchmark from \$655,255 to \$660,496. The City Finance Director was notified of the adjustment in August 2017, and the City met the required MOE benchmark in the FY 2017-18 M2 Eligibility cycle that was presented to the Board in December 2017. Board approval is requested to serve as a formal record of the revised benchmark.

Summary

Modifications to the Eligibility Guidelines and to the PMP Guidelines are provided to assist local jurisdictions with upcoming submittals. The MOE benchmark for the City has been amended based on receipt of final documentation.

Attachments

- A. Revisions to the Measure M2 Eligibility Guidelines
- B. Measure M2 Eligibility Guidelines, Fiscal Year 2018/2019
- C. Countywide Pavement Management Plan Guidelines, April 2018

Prepared by:



May Hout
Senior Transportation Funding Analyst
(714) 560-5905

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

Revisions to the Measure M2 Eligibility Guidelines

Administrative changes

- **Page 5** – Updating deadlines and information on summary of eligibility requirements table consistent with eligibility requirements discussed in Chapter 2, and noting the City of Huntington Beach is transitioning from a federal fiscal year to a July-June fiscal year beginning July 1, 2018.
- **Page 9** – Updating Exhibit 1 with the latest centerline mileage that is used to calculate local fair share payments.
- **Page 13** – Updating Exhibit 2 to reflect the revised maintenance of effort benchmark for the City of Placentia.
- **Page 14** – Providing clarifications on what is considered an update to a local jurisdiction's mitigation fee program to determine appropriate frequency of submittal.
- **Page 16** – Updating deadlines for eligibility requirements on Exhibit 3.

Eligibility Checklist (Appendix D)

Eligibility requirements have not changed; however, checklist items have been added to Appendix D to align with requirements discussed in Chapter 2 as part of this eligibility cycle.

Sample Resolution (Appendix E)

Updated to include eligibility requirements that must receive the City Council/ Board of Supervisors approval for this cycle. These requirements include the Pavement Management Plan (PMP).

Expenditure Report Template, Instructions and Resolution (Appendix G)

Clarified eligible expenditures reported as indirect and/or overhead on the expenditure report.

PMP Template (Appendix F)

Incorporate the new required PMP submittal template that was designed to facilitate and standardize the PMP submittal process.

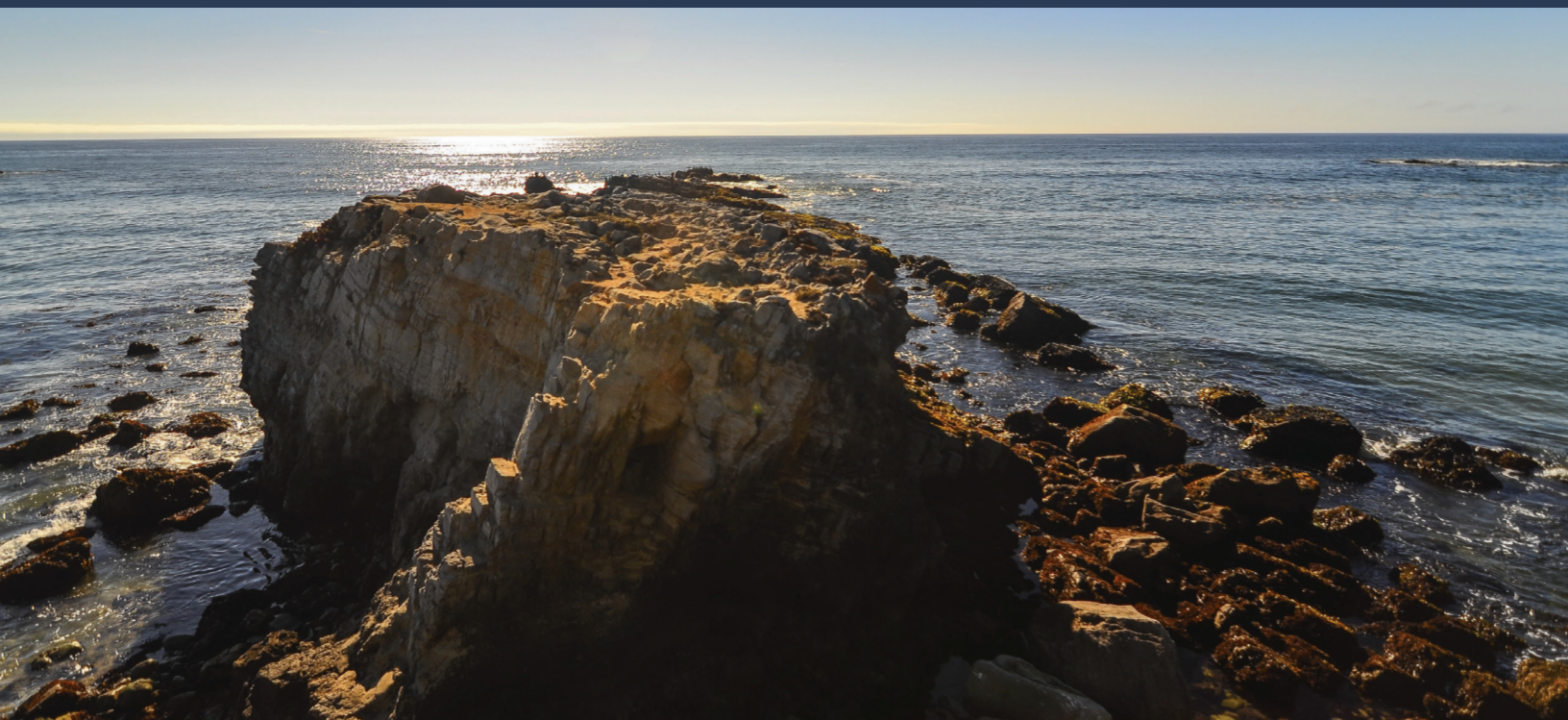


MEASURE M2 ELIGIBILITY GUIDELINES

FISCAL YEAR 2018 / 2019



ORANGE COUNTY TRANSPORTATION AUTHORITY



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Chapter 1 – Eligibility Overview

1.1 Introduction

On November 6, 1990, the voters in Orange County approved a ½-cent sales tax for transportation improvements known as Measure M. On November 7, 2006, voters approved a renewal of the original sales tax measure (M2) to continue the ½-cent sales tax for thirty years, beginning in 2011. Major improvement plans target Orange County freeways, streets and roads, transit and environmental programs.

The Ordinance, included as Appendix A, outlines the eligibility requirements that local jurisdictions must satisfy annually in order to receive M2 Net Revenues. The M2 Eligibility Guidelines (Eligibility Guidelines) provide the resources local jurisdictions need to remain eligible to participate in M2 funding programs. Guidelines for newly incorporated cities are outlined in Appendix B.

Net Revenues are generated from the transactions and use tax plus any interest or other earnings, after allowable deductions. Net Revenues may be allocated to local jurisdictions for a variety of programs and the Orange County Transportation Authority (OCTA) shall allocate the Net Revenues to freeways, environmental, transit, and streets and roads projects.

Freeway Projects

Orange County freeways will receive forty-three percent (43%) of Net Revenues. Relieving congestion on State Route 91 is the centerpiece of the freeway program. Other major projects include improving Interstate 5 (I-5) in south Orange County, Interstate 405 (I-405) in west Orange County and State Route 57 in North Orange County. Under the plan, major traffic chokepoints on almost every freeway will be improved.

Environmental Programs

To address any environmental impact of freeway improvements, five percent (5%) of the allocated freeway funds will be used for environmental mitigation programs. A Master Agreement between OCTA and state and federal resource jurisdictions will provide higher-value environmental benefits such as habitat protection, wildlife corridors and resource preservation in exchange for streamlined project approvals for the freeway program as a whole. Funds are also available under the Environmental Cleanup Program (ECP) to implement water quality improvement projects.

Transit Projects

Orange County's rail and bus service will receive twenty-five percent (25%) of Net Revenues. These funds will be used to add transit extensions to the Metrolink corridor, reduce bus fares for senior citizens and persons with disabilities, and establish local bus circulators.

Streets and Roads Projects

Orange County has more than 7,300 lane miles of streets and roads; many in need of repair and rehabilitation. This sales tax measure will allocate thirty-two percent (32%) of Net Revenues to streets and roads. These funds will help fix potholes, improve intersections, synchronize traffic signals countywide, and make the existing network of streets and roads safer and more efficient.

The allocation of thirty-two percent (32%) of the Net Revenues for Streets and Roads Projects shall be made as follows:

1. Ten percent (10%) of the Net Revenues shall be allocated to Project O, Regional Capacity Program (RCP).
2. Four percent (4%) of the Net Revenues shall be allocated to Project P, Regional Traffic Signal Synchronization Program (RTSSP).
3. Eighteen percent (18%) of the Net Revenues shall be allocated to Project Q, Local Fair Share (LFS) Program.

1.2 Competitive Funds

OCTA shall select projects through a competitive process for the RCP, RTSSP, various transit programs (Projects S, T, V, and W), and the ECP (Project X). The criteria for selecting these projects are included in the Comprehensive Transportation Funding Programs (CTFP) Guidelines. The process for calculating and distributing LFS funds are described in Section 1.3.

1.3 Local Fair Share (LFS) Funds

The LFS Program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. It is funded through an eighteen percent (18%) allocation from Net Revenues and is distributed to eligible jurisdictions on a formula basis as determined by the following:

- Fifty percent (50%) is divided between eligible jurisdictions based upon the ratio of the jurisdiction's population to the County's total population, each from the previous calendar year.
- Twenty-five percent (25%) is divided between eligible jurisdictions based upon the ratio of the jurisdiction's existing Master Plan of Arterial Highways (MPAH) centerline miles to the total MPAH centerline miles within the County as determined annually by OCTA.
- Twenty-five percent (25%) is divided between eligible jurisdictions based upon the ratio of the jurisdiction's total taxable sales to the total taxable sales for the County, each from the previous calendar year.
- OCTA contracts with three universities (Chapman University; University of California, Los Angeles; and California State University, Fullerton) to provide a long-range forecast of taxable sales to forecast M2 revenues for the purposes of planning projects and program expenditures. In the past, OCTA has taken an average of the three university taxable sales projections to develop a long-range forecast of taxable sales. On March 28, 2016, as part of the FY 2016-17 budget development process, the Board approved a new sales tax forecast methodology. The new methodology includes a more conservative approach by utilizing a five-year forecast from MuniServices, Inc. The resulting revenue estimates are used for programming of competitive funds and as a guide for local jurisdiction planning within their respective Capital Improvement Programs (CIPs).

1.4 Eligibility Requirements for Net Revenues

Every year, OCTA determines if a local jurisdiction is eligible to receive M2 Net Revenues. A local jurisdiction must satisfy certain requirements as outlined in the Ordinance. Specifically, a jurisdiction must:

- Comply with the conditions and requirements of the Orange County Congestion Management Program (CMP)
- Establish a policy which requires new development to pay its fair share of transportation-related improvements associated with their new development
- Adopt a General Plan Circulation Element consistent with the MPAH
- Adopt and update a Capital Improvement Program (CIP)
- Participate in Traffic Forums
- Adopt and maintain a Local Signal Synchronization Plan (LSSP)
- Adopt and update biennially a Pavement Management Plan (PMP)
- Adopt and provide an annual Expenditure Report to OCTA
- Provide OCTA with a Project Final Report within six months following completion of a project funded with Net Revenues
- Agree to expend Net Revenues received through M2 within three years of receipt
- Satisfy Maintenance of Effort (MOE) requirements
- Agree that Net Revenues shall not be used to supplant developer funding
- Consider, as part of the eligible jurisdiction's General Plan, land use and planning strategies that accommodate transit and non-motorized transportation

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Chapter 2 – Eligibility Requirements

The annual eligibility process relies upon a variety of reporting methods to verify local jurisdiction compliance. Most methods leverage tools routinely used in the public planning process while others require certification forms or specialized reports. Templates, forms, and report formats are included as appendices to these guidelines and are available in electronic format. The table below summarizes certification frequency and documentation requirements.

Compliance Category	Schedule	Documentation
Capital Improvement Program (CIP)	Annual Next submittal is due June 29, 2018.	<ul style="list-style-type: none"> Electronic, hard copy City Council/Board of Supervisors approval
Circulation Element/MPAH Consistency	Biennial Next submittal is due June 28, 2019.	<ul style="list-style-type: none"> Resolution Circulation Element Exhibit Arterial Highway Mileage Change Report (Appendix H) Certify that the Circulation Element is consistent with MPAH in the Eligibility Checklist (Appendix D)
Congestion Management Program (CMP)	Odd numbered years Next submittal is due June 28, 2019.	<ul style="list-style-type: none"> Eligibility Checklist item in Appendix D Include projects to address deficient intersections in CIP (if applicable) CMP Checklist (Appendix C)
Expenditure Report	Annual – six months after end of fiscal year Next submittal is due December 31, 2018. ¹	<ul style="list-style-type: none"> Expenditure Report and resolution (Appendix G)
Local Signal Synchronization Plan (LSSP)	Every three years Next submittal is due June 30, 2020	<ul style="list-style-type: none"> Copy of plan Resolution
Maintenance of Effort (MOE)	Annual Next submittal is due June 29, 2018.	<ul style="list-style-type: none"> MOE Certification form (Appendix I) signed by Finance Director or equivalent designee that meets/exceeds MOE Benchmark in Exhibit 2 Budget excerpts and fund key
Mitigation Fee Program (MFP)	Biennial Next submittal is due June 28, 2019. ²	<ul style="list-style-type: none"> Eligibility Checklist item in Appendix D Copy of nexus study, revised impact fee schedule, or process methodology Resolution
No Supplanting Existing Commitments	Annual Next submittal is due June 29, 2018.	<ul style="list-style-type: none"> Eligibility Checklist item in Appendix D
Pavement Management Plan (PMP)	Every two years Next submittal for even year agencies is due June 29, 2018. Refer to Exhibit 3 to determine the required PMP submittal schedule.	<ul style="list-style-type: none"> PMP Submittal Template (Appendix F) with PMP Certification form signed by Public Works Director or City Engineer CD with pavement report, and street listings Adoption - Resolution (Appendix E) or City Council/Board of Supervisors approved adoption recommendation
Project Final Report	Within 6 months of project completion	<ul style="list-style-type: none"> Final Report
Timely Expenditure of Funds	Annual Next submittal is due June 29, 2018.	<ul style="list-style-type: none"> Eligibility Checklist item in Appendix D
Traffic Forums	Annual Next submittal is due June 29, 2018.	<ul style="list-style-type: none"> Eligibility Checklist item in Appendix D
Transit/Non-motorized Transportation in General Plan	Annual Next submittal is due June 29, 2018.	<ul style="list-style-type: none"> Eligibility Checklist item in Appendix D Letter outlining land use planning strategies that accommodate transit and active transportation Excerpts of policies from the land use section of the General Plan

¹ City of Huntington Beach follows a federal fiscal year and must submit the M2 Expenditure Report by March 31. [Beginning July 1, 2018, the City of Huntington Beach is transitioning from a federal fiscal year to a July-June fiscal year.](#)

² [Jurisdictions must submit their updated program and revised fee schedule or process methodology when the jurisdiction updates their mitigation program and/or nexus study regardless of eligibility submittal schedule.](#)

2.1 Capital Improvement Program (CIP)

A CIP is a multi-year funding plan to implement capital transportation projects and/or programs including, but not limited to, capacity, safety, operations, maintenance, and rehabilitation projects. For purposes of eligibility, the Ordinance specifies that each jurisdiction must prepare a CIP. The annual seven-year CIP updates are required to enable timely review of eligible use of funds. The CIP shall include all capital transportation projects, such as projects funded by Net Revenues (i.e. ECP, RTSSP, RCP, and LFS projects) and transportation projects required to demonstrate compliance with signal synchronization, pavement management, and CMP requirements (See section 2.3 for the CIP’s relevance to the CMP).

Projects funded by M2 Net Revenues include:

Project Description	Project
Freeway Environmental Mitigation	A-M
Regional Capacity Program (RCP)	O
Regional Traffic Signal Synchronization Program (RTSSP)	P
Local Fair Share Program (LFS)	Q
High Frequency Metrolink Service	R
Transit Extensions to Metrolink	S
Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	T
Community Based Transit/Circulators	V
Safe Transit Stops	W
Environmental Cleanup Program (ECP) – Water Quality	X

Each eligible jurisdiction must include projects in their CIP that are needed to meet and maintain the adopted Traffic Level of Service and Performance Standards. The CIP shall also include all projects proposed to receive M2 funding. Local jurisdictions are encouraged, but not required, to include all transportation related projects regardless of M2 funding participation.

If M2 funding needed for a project is not reflected on the current CIP, an amended CIP should be adopted with contract award prior to expending funds. The revised CIP should be submitted to OCTA in hard copy format with evidence of council approval.

Submittal Frequency: Minimum annual or as needed to add M2 projects that are not reflected on the current CIP. Next submittal is due by June 29, 2018.

City Council/Board of Supervisors approval: Required

Verification Method: Each jurisdiction must submit an electronic (online) and hard copy of its CIP with evidence of City Council/Board of Supervisors approval. The OCTA provides a web-based database called the Web Smart CIP used countywide for reporting approved CIP information. A separate CIP User’s Manual has been developed to assist local jurisdictions with the preparation of the seven-year CIP.

The CIP User’s Manual is available for download at <https://www.octa.net/M2Eligibility>.

2.2 Circulation Element/MPAH Consistency

A Circulation Element is one component of a jurisdiction's General Plan that depicts a planned multimodal network and related policies. Each jurisdiction is required to adopt and maintain a Circulation Element that is consistent with the OCTA MPAH, which defines the minimum planned lane configurations for major regionally significant roads in Orange County.

MPAH Consistency

Through a cooperative process, OCTA, the City Engineers Association, the City Managers Association, and the County of Orange developed criteria for determining consistency with the MPAH. Criteria and policies for determining MPAH Consistency are included in a separate manual titled "Guidance for Administration of the Orange County Master Plan of Arterial Highways" and are summarized below:

- The local jurisdiction's Circulation Element is to have the minimum planned carrying capacity equivalent to the MPAH for all MPAH links within its jurisdiction. "Planned carrying capacity" is the number of through lanes on each arterial highway as shown on the local Circulation Element.
- Local jurisdictions will not be found inconsistent with the MPAH due to existing capacity limitations on arterials not yet constructed to the ultimate capacity shown on the MPAH.
- Every two years, each local jurisdiction must submit a resolution adopted by the governing body attesting that no unilateral reduction in lanes has been made on any MPAH arterial.
- The local jurisdiction will be ineligible to participate in M2 programs if a roadway on the MPAH has been unilaterally removed from or downgraded on their Circulation Element and/or does not meet the planned capacity criteria. Eligibility may be reinstated upon completion of a cooperative study that resolves the inconsistency. Additionally, the local jurisdiction can re-establish eligibility upon restoring its Circulation Element to its previous state of MPAH consistency.
- The local jurisdiction must adopt a General Plan Circulation Element that does not preclude implementation of the MPAH.
- A local jurisdiction is inconsistent with the MPAH as of the date the governing body takes unilateral action reducing the number of existing and/or planned through lanes on an MPAH arterial built to its ultimate configuration to less than the ultimate capacity shown on the MPAH. "Unilateral action" means physical action such as striping, signing, or other physical restrictions executed by the local jurisdiction.
- A local jurisdiction may be permitted to reduce existing through lanes, if prior to acting, it can demonstrate to the OCTA that such action is temporary and can be justified for operational reasons. The local jurisdiction must enter into a binding agreement to restore capacity upon demand by OCTA, in which case OCTA may recommend that the local jurisdiction remain eligible on a conditional basis. If it is found to be ineligible, it may regain eligibility upon physical restoration of the arterial to the original state that is consistent with the MPAH.
- Traffic calming measures shall be administered on MPAH facilities per the latest version of the Guidance for the Administration of the Orange County MPAH.
- If a local jurisdiction requests a change to the MPAH and enters into a cooperative study to analyze the request, it may be considered conditionally consistent. No change shall be made

to its Circulation Element until after the cooperative study is completed and agreement is reached on the proposed amendment.

Submittal Frequency: Odd year requirement. Next submittal is due by June 28, 2019.

City Council/Board of Supervisors approval: Required

Verification Method: Each jurisdiction must provide the following every odd year:

- Document within the Eligibility Checklist (Appendix D) that confirms the Circulation Element is consistent with the MPAH.
- A copy of the most current Circulation Element Exhibit biennially showing all arterial highways and their individual arterial designations. Any proposed changes and/or requests for changes to the MPAH should also be included.
- Resolution adopted by the governing body of the local jurisdiction.
- The Arterial Highway Mileage Change Report (Appendix H). Changes are in actual (built or annexed) MPAH centerline miles since the previous MPAH Consistency Review are to be reported to the nearest 0.01 mile, excluding State highways. Data should be current as of April 30 of the reporting year. Exhibit 1 lists the current MPAH centerline miles by jurisdiction that is used to calculate Local Fair Share.

OCTA shall review the materials submitted, and determine whether the local jurisdiction Circulation Elements are consistent with the MPAH, meaning there is a minimum planned carrying capacity equivalent to the MPAH for all MPAH links within the local agency's jurisdiction.

Exhibit 1: MPAH Centerline Miles

As of August 7, 2017

Local Jurisdiction	Centerline Mileage
Aliso Viejo	14.85
Anaheim	148.69
Brea	20.57
Buena Park	34.44
Costa Mesa	49.33
County of Orange	54.64
Cypress	24.93
Dana Point	20.16
Fountain Valley	35.28
Fullerton	62.18
Garden Grove	63.59
Huntington Beach	93.05
Irvine	134.82
La Habra	17.13
La Palma	7.23
Laguna Beach ³	14.01
Laguna Hills	20.73
Laguna Niguel	35.94
Laguna Woods	5.77
Lake Forest	37.47
Los Alamitos	6.44
Mission Viejo	43.77
Newport Beach	48.92
Orange	85.24
Placentia	25.01
Rancho Santa Margarita	18.20
San Clemente	25.57
San Juan Capistrano	18.55
Santa Ana	100.21
Seal Beach	12.24
Stanton	9.48
Tustin	41.28
Villa Park	3.49
Westminster	35.75
Yorba Linda	32.67

1,401.63

³ Laguna Beach credited with State Highway mileage by agreement of the TAC.

2.3 Congestion Management Program (CMP)

With the passage of Proposition 111 Gas Tax increase in June 1990, urbanized areas of California were required to adopt a CMP. OCTA was designated as the County's Congestion Management Agency (CMA), and as such, is responsible for the development, monitoring, and biennial updating of Orange County's CMP. Orange County's CMP is a countywide program established in 1992 to support regional mobility and air quality objectives through the effective use of transportation funds, coordinated land use, and development planning practices. Required elements of the County's CMP include traffic level of service (LOS) standards, performance measures, travel demand assessment methods and strategies, land use analysis programs, and Capital Improvement Programs.

The goals of Orange County's CMP are to support regional mobility and air quality objectives by reducing traffic congestion, providing a mechanism for coordinating land use and development decisions that support the regional economy, and determining gas tax eligibility. Each jurisdiction must comply with the following conditions and requirements of the Orange County CMP pursuant to the provisions of Government Code Section 65089 to be considered eligible for both gas tax revenues and M2 funding:

- Level of Service – Highways and roadways designated by OCTA must operate at an established LOS of no less than LOS "E" (unless the LOS from the baseline CMP dataset was lower).
- Deficiency Plans – Any CMP intersections that do not comply with the LOS standards must have a deficiency plan prepared by the responsible local jurisdiction that identifies the cause and necessary improvements for meeting LOS standards (certain exceptions apply).
- Land Use Analysis – Jurisdictions must analyze the impacts of land use decisions on the transportation system, using a designated methodology, consistent with the CMP Traffic Impact Analysis guidelines. The analysis must also include estimated cost to mitigate associated impacts.
- Modeling and Data Consistency – A jurisdiction utilizing a local area model for traffic impact analysis must conform to the Orange County Sub-Area Modeling guidelines, prepared by OCTA.
- CIP – Jurisdictions must submit an adopted seven-year CIP that includes projects to maintain or improve the LOS on CMP facilities or adjacent facilities.

Submittal Frequency: Odd years – Next submittal is due by June 28, 2019.

City Council/Board of Supervisors approval: Not Required

Verification Method: The CMP checklist, as shown in Appendix C, must be submitted to demonstrate compliance with CMP requirements. If a deficient intersection is identified, the jurisdiction must include a project in their CIP to address the issue or develop a deficiency plan. OCTA will use the M2 CIP prepared by each local jurisdiction as the default CMP CIP rather than require a separate submittal. Projects intended to address CMP deficiencies should be clearly identified in the project description within the CIP. Appendix C is available for download at <https://www.octa.net/M2Eligibility>.

2.4 Expenditure Report

The expenditure report is a detailed financial report that tracks financial activity for M2 and other improvement revenue sources. Each jurisdiction must adopt an annual Expenditure Report to account for M2 funds, developer/traffic impact fees, and funds expended by the jurisdiction that satisfy the MOE requirements. This report is used to validate eligible uses of funds and to report actual MOE expenditures.

- Report required within six months of jurisdiction's end of fiscal year.
- Report to include all Net Revenue, fund balances, and interest earned. Negative interest is not an allowable expense. If interest earnings are negative, an explanation should be included to explain why.
- Reported expenditures shall be identified by activity type (i.e. construction, maintenance/operations, administration indirect and/or overhead) and funding source for each M2 program and/or project.

Submittal Frequency: Annual – within 6 months of the end of the fiscal year. The deadline is December 31 for jurisdictions following a state fiscal year (July-June) and March 31 of the subsequent calendar year for jurisdictions following a federal fiscal year (October-September) (i.e. Huntington Beach). Beginning July 1, 2018, the City of Huntington Beach is transitioning from a federal fiscal year to a July-June fiscal year.

City Council/Board of Supervisors approval: Required

Verification Method: The expenditure report signed by the jurisdiction's Finance Director and City council/Board of Supervisors resolution attesting to the adoption is required. The expenditure report template, instructions, and resolution are provided in Appendix G. Appendix G is available for download at <https://www.octa.net/M2Eligibility>.

2.5 Local Signal Synchronization Plan (LSSP)

The LSSP⁴ is a three-year plan identifying traffic signal synchronization, street routes and traffic signals to be improved in eligible jurisdictions. The LSSP shall be consistent with the Regional Traffic Signal Synchronization Master Plan (RTSSMP). The LSSP will outline the costs associated with the identified improvements, funding and phasing of capital, and the operations and maintenance of the street routes and traffic signals. Inter-jurisdictional planning of traffic signal synchronization is also a component of the LSSP. Local jurisdictions must update LSSPs every three years and include a performance assessment which compares the information in the current report to prior cycle activities.

Submittal Frequency: Every 3 years - Next LSSP update submittal is due by June 30, 2020.

City Council/Board of Supervisors approval: Required

Verification Method: Local jurisdictions must ensure that their LSSP is in conformance with the RTSSMP. LSSPs must be updated and adopted every three years starting June 30, 2014. At a minimum, a Public Works Director must sign the LSSP Consistency Review Checklist. A separate document prepared by OCTA, "Guidelines for the Preparation of Local Signal Synchronization Plans," provides additional detail for agency submittal and is available for download at <https://www.octa.net/M2Eligibility>.

⁴ A local match reduction of ten percent (10%) is provided for competitive grant applications submitted through the Regional Capacity Program (Project O) if the local jurisdiction has adopted a LSSP consistent with the RTSSMP.

2.6 Maintenance of Effort (MOE)

The MOE Certification is a financial reporting document, which provides annual certification of planned/budgeted maintenance, construction and administrative indirect/other transportation related expenditures and the comparison to the annual MOE Benchmark Requirements for the fiscal year. Each jurisdiction must provide annual certification to OCTA that the MOE requirements of Section 6 of the Ordinance have been satisfied. MOE applies to transportation-related discretionary expenditures such as General Funds by local agencies for maintenance, construction, and other categories.

MOE Certification Process

M2 funds may be used to supplement, not replace, existing local revenues being used for transportation improvements and programs. A local jurisdiction cannot redirect monies currently being used for transportation purposes to other uses and replace the redirected funds with M2 revenues.

Each jurisdiction is required to maintain a minimum level of local streets and roads expenditures to conform to the MOE requirement. The original minimum level of expenditures was based upon an average of General Fund expenditures for local street maintenance and construction over the period from Fiscal Year 1985-86 through Fiscal Year 1989-90. The expenditure information was obtained from the Orange County Transportation Commission's (OCTC's) Annual Report data collection sheets. The established benchmark was reported in constant dollars and was not adjusted for inflation. Annexation of land into an existing jurisdiction does not affect the MOE.

Per the Ordinance, the MOE benchmark must be adjusted in 2014 and every three years thereafter based upon Caltrans' Construction Cost Index (CCI) for the preceding three-years. The CCI-based adjustment cannot exceed growth rate in General Fund revenues during the update period. The current MOE benchmark is reflected in Exhibit 2. The next MOE benchmark adjustment will be effective July 1, 2020.

Submittal Frequency: Annual - Next MOE submittal is due June 29, 2018.

City Council/Board of Supervisors approval: Not Required

Verification Method: An MOE reporting form must be completed, signed by the jurisdiction's finance director and submitted on an annual basis. The form is included in the Eligibility Guidelines as Appendix I and is available for download at <https://www.octa.net/M2Eligibility>.

In addition, excerpts from the jurisdiction's annual budget showing referenced MOE expenditures and dedication of General Funds should be included in the annual submittal to substantiate planned relevant discretionary fund (General Funds) expenditures.

Any California State Constitution Article XIX eligible expenditure may be "counted" in a local jurisdiction's annual calculation of MOE if the activity is supported (funded) by a local jurisdiction's general fund. This is the same definition used for Gas Tax expenditures. The California State Controller also provides useful information on Article XIX and Streets and Highways Code eligible expenditures. These guidelines do not replace statutory or legal authority, but explain the general information found in California Constitution Article XIX and the Streets and Highways Code.

Exhibit 2: MOE Benchmark by Local Jurisdiction

Local Jurisdiction	MOE Benchmark
Aliso Viejo	\$ 462,004
Anaheim	\$ 10,058,292
Brea	\$ 719,028
Buena Park	\$ 3,743,072
Costa Mesa	\$ 7,383,205
Cypress	\$ 3,117,765
Dana Point	\$ 1,313,011
Fountain Valley	\$ 1,342,115
Fullerton	\$ 3,785,870
Garden Grove	\$ 3,378,344
Huntington Beach	\$ 5,607,203
Irvine	\$ 7,050,145
La Habra	\$ 1,529,313
La Palma	\$ 173,004
Laguna Beach	\$ 1,549,454
Laguna Hills	\$ 310,467
Laguna Niguel	\$ 908,566
Laguna Woods	\$ 89,705
Lake Forest	\$ 194,440
Los Alamitos	\$ 162,506
Mission Viejo	\$ 2,538,900
Newport Beach	\$ 10,871,763
Orange	\$ 2,917,858
Placentia	\$ 660,496
Rancho Santa Margarita	\$ 390,747
San Clemente	\$ 1,135,209
San Juan Capistrano	\$ 422,472
Santa Ana	\$ 7,755,107
Seal Beach	\$ 551,208
Stanton	\$ 245,213
Tustin	\$ 1,455,691
Villa Park	\$ 321,697
Westminster	\$ 1,548,761
Yorba Linda	\$ 2,279,688
Annual Total Orange County	\$ 85,972,319

2.7 Mitigation Fee Program (MFP)

The MFP is a locally established fee program, which assesses fees used to mitigate effects of new development on transportation infrastructure. Appropriate mitigation measures, including payment of fees, construction of improvements, or any combination thereof, will be determined through an established and documented process by each jurisdiction.

Each eligible jurisdiction must assess traffic impacts of new development and require new development to pay a fair share of necessary transportation improvements attributable to the new development. To insure eligibility, each jurisdiction must have a clearly defined mitigation program.

Submittal Frequency: Odd years - Next MFP submittal is due by June 28, 2019.⁵

City Council/Board of Supervisors approval: Required

Verification Method: The eligibility submittal should include a copy of the nexus study improvement list, a current fee schedule or the process methodology, and the City Council/Board of Supervisors resolution approving the MFP. Where mitigation measures, including fair share contributions and construction of direct impact improvements are used in lieu of an AB1600 compliant Nexus Study fee program, each jurisdiction shall provide a council resolution adopting the mitigation policy.

At such time that a jurisdiction updates their mitigation program and/or nexus study, they must submit their updated program and revised fee schedule or process methodology for the following review cycle. In addition, a MFP resolution must be submitted biennially to reaffirm that council concurs with the existing MFP. It is the local jurisdiction's responsibility to ensure fee programs and mitigation measures are updated periodically and meet the infrastructure needs of their community.

2.8 No Supplanting of Developer Commitments

Eligible jurisdictions must ensure that M2 funding will not be used to supplant existing or future development funding commitments for transportation projects. Development must be required to continue paying their fair share for new transportation improvements that are necessary because of the new traffic their project(s) create.

- Development must continue to pay their fair share for needed infrastructure improvements and transportation projects
- Net revenues must not supplant development funding or contributions which have been previously committed to transportation projects through payment of fees in a defined program, fair share contribution, Community Facilities District (CFD) financing, or other dedicated contribution to a specific transportation improvement

Submittal Frequency: Annual - Next submittal is due by June 29, 2018.

City Council/Board of Supervisors approval: Not Required

Verification Method: Each jurisdiction must document within the Eligibility Checklist (Appendix D) that there has been no supplanting of developer commitments for transportation projects as outlined in the Ordinance. Appendix D is available for download at <https://www.octa.net/M2Eligibility>.

⁵ Jurisdictions must submit their updated program and revised fee schedule or process methodology when the jurisdiction updates their mitigation program and/or nexus study on an even year. [Annual cost adjustments should be reported but do not constitute an "update" on the Eligibility Checklist \(Appendix D\)](#).

2.9 Pavement Management Plan (PMP)

A PMP⁶ is a plan to manage the preservation, rehabilitation, and maintenance of paved roads by analyzing pavement life cycles, assessing overall system performance costs, and determining alternative strategies and costs necessary to improve paved roads. MicroPaver or StreetSaver will be used for countywide consistency. The software must be consistent with ASTM Standard D6433-11.

Each jurisdiction must biennially adopt and update a PMP consistent with the specific requirements outlined in the Ordinance, and issue, using a common format ([Appendix F](#)) approved by OCTA, a report regarding the status of road pavement conditions and implementation of the PMP including, but not limited to, the following elements:

- The current status of pavement roads
- A seven-year plan for road maintenance and rehabilitation, including projects, funding, and unfunded backlog of pavement needs
- Projected pavement conditions resulting from improvements
- Alternative strategies and estimated costs to improve road pavement conditions

The Countywide PMP Guidelines have been prepared by OCTA to assist local jurisdictions with the PMP submittal. Local jurisdictions should refer to the guidelines for additional PMP submittal criteria. The Countywide PMP Guidelines can be downloaded from OCTA's Eligibility webpage: <https://www.octa.net/M2Eligibility>.

Submittal Frequency: Biennial – 21 local jurisdictions submit PMP updates in even years (i.e. June 29, 2018) and 14 local jurisdictions submit PMP updates in odd years (i.e. June 28, 2019). Refer to Exhibit 3 to determine the local jurisdiction's required PMP submittal schedule.

City Council/Board of Supervisors approval: Required

Verification Method: To establish eligibility, each jurisdiction must complete and submit the adopted PMP ~~Submittal Template and Certification~~ (Appendix F). The adoption must be approved by the City Council/Board of Supervisors as a staff report recommendation or through a resolution. A sample resolution is provided in Appendix E. The PMP certification form included in the template must be signed by the Public Works Director or City Engineer. These appendices are available for download at <https://www.octa.net/M2Eligibility>.

The Executive Summary should include a brief overview of their PMP highlighting issues that have developed between review cycles and provide additional information regarding the projects funded through the program. At a minimum, the Executive Summary should include Pavement Condition Index (PCI) reports, Projected PCI, and Alternative Funding Levels.

⁶ RCP includes an incentive for successful PMP implementation. A local match reduction of ten percent (10%) is provided for competitive grant applications submitted through the Regional Capacity Program (Project O) if the jurisdiction either has measurable improvement of paved road conditions during the previous reporting period as determined through the countywide pavement management rating standards, or has road pavement conditions during the previous reporting period which are within the highest twenty percent (20%) of the scale for road pavement conditions in conformance with the Ordinance, defined as a PCI of 75 or higher, otherwise defined as "good condition".

Exhibit 3: Submittal Schedule for Periodic Components

Local Jurisdiction	Updated PMP	CMP	MPAH Consistency	MFP ⁷	Project Final Reports	LSSP
Aliso Viejo	Even Year	Odd Years (Next submittal is due by June 28, 2019)	Odd Years (Next submittal is due by June 28, 2019)	Odd Years (Next submittal is due by June 28, 2019)	Within 6 months of project completion	Every 3 years (Next submittal is due June 30, 2020)
Anaheim	Odd Year					
Brea	Odd Year					
Buena Park	Even Year					
Costa Mesa	Even Year					
County of Orange	Odd Year					
Cypress	Odd Year					
Dana Point	Odd Year					
Fountain Valley	Even Year					
Fullerton	Even Year					
Garden Grove	Even Year					
Huntington Beach	Even Year					
Irvine	Odd Year					
Laguna Beach	Even Year					
Laguna Hills	Even Year					
Laguna Niguel	Even Year					
Laguna Woods	Even Year					
Lake Forest	Odd Year					
La Habra	Odd Year					
La Palma	Even Year					
Los Alamitos	Odd Year					
Mission Viejo	Even Year					
Newport Beach	Odd Year					
Orange	Even Year					
Placentia	Even Year					
Rancho Santa Margarita	Even Year					
San Clemente	Odd Year					
San Juan Capistrano	Odd Year					
Santa Ana	Even Year					
Seal Beach	Even Year					
Stanton	Odd Year					
Tustin	Odd Year					
Villa Park	Even Year					
Westminster	Even Year					
Yorba Linda	Even Year					

⁷ Jurisdictions must submit their updated program and revised fee schedule or process methodology when the jurisdiction updates their mitigation program and/or nexus study regardless of allocated submittal schedule.

2.10 Project Final Report

Each jurisdiction must provide OCTA a Project Final Report within six months following completion of a project funded with Net Revenues. Final report formats follow the template used by the CTFP. The CTFP Guidelines define the term "project phase completion" as the date all final third-party contractor invoices have been paid and any pending litigation has been adjudicated either for the engineering phase or for the right-of-way phase, and all liens/claims have been settled for the construction phase. The date of project phase completion will begin the 180-day requirement for the submission of a project final report as required by the Ordinance.

City Council/Board of Supervisors approval: Not Required

Verification Method: To establish eligibility, a jurisdiction must submit a copy of the CTFP Project Final Report for each project utilizing Net Revenues. Each Final Report must be individually submitted to OCTA within six months of the completion of a project funded by Net Revenues, regardless of the eligibility review cycle. For the purposes of reporting non-project work (~~administration indirect and/or overhead~~, maintenance, repair, and other non-project related costs) funded by LFS funds, the annual Expenditure Report shall satisfy reporting requirements. If LFS funds are used for capital projects, the local jurisdiction shall also include a list of those funds and/or other M2 funds in the Project Final Report.

2.11 Time Limit for Use of Net Revenues

The timely expenditure of funds is a policy which must be adopted by each local jurisdiction to ensure Net Revenues are expended and accounted for within 3 years. The local jurisdiction must certify that the receipt and use of all M2 funds received will adhere to the time limits for use as outlined in the Ordinance.

Competitive Programs

- Jurisdictions must agree that Net Revenues for RCP projects and/or RTSSP projects shall be expended or encumbered by the end of the fiscal year for which Net Revenues are programmed. Refer to the CTFP Guidelines for additional information regarding expenditure deadlines and extension requests.

Local Fair Share (LFS)

- Net Revenues received by local jurisdictions through the LFS program shall be expended or encumbered within three years. An extension may be granted but is limited to a total of five years from the date of receipt of funds. OCTA uses the check date as the date of receipt of funds. Requests for extension must be submitted as part of the semi-annual review process prior to the end of the third year from the date of receipt of funds. Requests for extension must include a plan of expenditure.
- Expired funds including interest earned and related revenues must be returned to OCTA. These funds shall be returned for redistribution within the same source program.
- Use of LFS revenues for bonding (including debt service) shall be limited to 25% of the jurisdiction's annual LFS revenues as defined in Article XIX Motor Vehicle Revenues of the California Constitution unless the Board approves an exception to this policy on a case-by-case basis.

Interest Derived from Net Revenues

- Interest from any M2 competitive funding program and LFS must be held in separate accounts.
- Local M2 interest proceeds must be spent by the local jurisdiction on transportation activities consistent with LFS eligible transportation activities.
- Interest revenues must be expended within 3 years of receipt.
- Interest may be accumulated for substantive projects where necessary, with prior OCTA approval, provided that the account balance does not exceed aggregate LFS payments received in the preceding three (3) years of reporting period.
- All interest accumulated at the conclusion of M2 is to be expended within three years of the program sunset date (March 31, 2041).

Submittal Frequency: Annual. Next submittal is due by June 29, 2018.

City Council/Board of Supervisors approval: Required if an extension is requested.

Verification Method: Each jurisdiction must document within the Eligibility Checklist (Appendix D) confirmation that the jurisdiction complies with the timely use of Net Revenues throughout the year as outlined in the Ordinance. Net Revenue and Interest balances are reported on the annual Expenditure Report.

2.12 Traffic Forums

Traffic Forums are working group sessions that include local jurisdictions and OCTA. Traffic forums provide a venue for local jurisdictions to discuss general traffic and transportation issues, traffic circulation between participating jurisdictions, the coordination of specific projects, and the overall RTSSP. Each jurisdiction must participate in Traffic Forums on an annual basis to ensure eligibility.

Submittal Frequency: Annual. Next submittal is due by June 29, 2018.

City Council/Board of Supervisors approval: Not Required

Verification Method: Each jurisdiction must document within the Eligibility Checklist (Appendix D) evidence of its annual participation in a Traffic Forum.

2.13 Transit/Non-motorized Transportation in General Plan

As part of the eligible jurisdiction's land use section of the General Plan, the jurisdiction must consider land use planning strategies that accommodate transit and non-motorized transportation. Multi-modal options are vital to a comprehensive transportation network. General Plans should include policies and language that demonstrate a thoughtful approach toward land use planning that encourages and facilitates mobility options.

Submittal Frequency: Annual. Next submittal is due by June 29, 2018.

City Council/Board of Supervisors approval: Not Required

Verification Method: Each jurisdiction must document within the Eligibility Checklist (Appendix D) that it considers, as part of the land use section of the General Plan, land use planning strategies that accommodate transit and non-motorized transportation. A letter outlining the approach to land use planning strategies or policies that accommodate transit and non-motorized transportation should be provided with supporting General Plan excerpts. Policy summaries that directly tie land use planning to alternative modes are required.

These may include:

- Pedestrian friendly neighborhoods
- Transit Oriented Development (TOD)
- Transportation Demand Management (TDM) programs
- Mixed-use development

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Chapter 3 - Eligibility Determination

3.1 Submittal Review Process

The Eligibility submittal process has two distinct phases.

First Phase

In the first phase, local jurisdictions submit the eligibility checklist, CIP, MOE and land use planning strategies considered in the General Plan on an annual basis. In addition, the PMP, CMP, MFP, and adoption of the Circulation Element for MPAH consistency are due on a biennial basis. The LSSP is due every three years. The periodic submittal schedule of the eligibility requirements is included in Exhibit 3. The applicable eligibility components for a given year must be submitted to OCTA by June 30 (except the expenditure report).

To assist in the initiation of the eligibility process, OCTA hosts eligibility workshops attended by local jurisdictions to prepare for the June 30 submittals. The workshops outline any changes and provide instructions as to the requirements of the current fiscal year's eligibility. Eligibility package development begins for most local jurisdictions in April and concludes with submittal to OCTA by the June 30 deadline each year.

Second Phase

The second phase includes the submittal of the Expenditure Report, which is due six months following the end of the local jurisdiction's fiscal year per the Ordinance. The City of Huntington Beach follows a federal fiscal year (October 1 to September 30) and that jurisdiction's expenditure report is due by March 31 of each year. All other local jurisdictions must submit their expenditure reports annually by December 31. [Beginning July 1, 2018, the City of Huntington Beach is transitioning from a federal fiscal year to a July-June fiscal year.](#) OCTA staff typically holds a workshop in July/August to go over the eligibility requirements for submitting an expenditure report that is compliant with the Ordinance. The OCTA Finance department reviews expenditure reports.

3.2 Approval Process

Annual eligibility determinations are based upon satisfactory submittal of the required documentation of eligibility outlined in the Ordinance and further described in Chapter 2 of these guidelines. OCTA and/or its representatives perform an administrative review of the data to determine eligibility compliance for M2 funds. Once all eligibility submittals have been received as satisfactory and complete, the applicable submittals must be prepared for review and approval by the Taxpayer Oversight Committee (TOC).

TOC

M2 established the TOC to provide an enhanced level of accountability for expenditure of Net Revenues under the Ordinance. The TOC is an independent citizens' committee established for overseeing compliance with the Ordinance and ensuring that safeguards are in place to protect the integrity of the overall program. TOC responsibilities include:

- Approval of any amendment to the Ordinance proposed by OCTA which changes the funding categories, programs or discrete projects identified for improvements in the Funding Plan.
- Review of select documentation establishing annual eligibility by a jurisdiction including a jurisdiction's CMP, MFP, Expenditure Report, LSSP, and PMP.

- Verification that the OCTA is proceeding in accordance with the M2 Plan and is meeting the performance standards outlined in the Ordinance.

The TOC designates the Annual Eligibility Review (AER) subcommittee to review five of the thirteen eligibility requirements listed in the Ordinance. The AER subcommittee reviews the CMP, MFP, Expenditure Report, LSSP, and PMP for each local jurisdiction on an annual basis. The AER subcommittee recommends eligibility determination to the TOC.

In addition, OCTA staff will review items that do not directly require TOC approval and confirm compliance. After TOC and OCTA review all eligibility requirements, OCTA staff will prepare eligibility recommendations for the OCTA Board of Directors (Board). The OCTA Regional Planning and Highways Committee reviews the item prior to being considered by the full Board. The Board will make final determination as to whether or not a local jurisdiction remains eligible for M2 funding on an annual basis.

Chapter 4 – Failure to Meet Eligibility Requirements

4.1 Non-Compliance Consequences

M2 extends a legacy of successful public funding investment in transportation throughout Orange County. The eligibility process includes a review of required compliance components to ensure that programs and funding guidelines are met as defined by Ordinance. Article XIX of the California Constitution, provides guidance regarding the use of tax revenues for transportation purposes, and provides a useful definition of eligible transportation planning/implementation activities.

OCTA routinely conducts an audit of local jurisdictions' annual eligibility materials and financial records. Full cooperation is expected to complete the process in a timely manner. A finding of non-compliance may be made if either of the following conditions exists:

- Use of M2 funding for non-transportation or non-eligible activities, or
- Failure to meet eligibility requirements

If a determination is made that a local jurisdiction has used M2 funds for ineligible purposes, misspent funds must be fully repaid and the jurisdiction will be deemed ineligible to receive Net Revenues for a period of five (5) years. A finding of ineligibility is determined by the Board. Failure to adhere to eligibility compliance components may result in suspension of funds until satisfactory compliance is achieved.

4.2 Appeals Process

Eligibility review and determination is a multi-step process, which relies upon an objective review of information by OCTA staff, the Technical Steering Committee (TSC), the Technical Advisory Committee (TAC), and the TOC with final determination made by the Board. An appeal of findings may be filed with the Board for re-consideration.

4.3 Re-establishing MPAH Eligibility

If a Circulation Element is found to be inconsistent with the MPAH and a local jurisdiction is determined ineligible for M2 funds, the local jurisdiction may re-establish eligibility by requesting to undertake a cooperative study with OCTA. The study will be designed to do the following:

- Ascertain the regional transportation system needs
- Make provisions to meet those needs in the local jurisdiction's General Plan
- Re-establish consistency with the MPAH

Any changes to a local jurisdiction's General Plan or the MPAH shall be mutually acceptable to the jurisdiction and OCTA. Until such a study has been completed and an agreement reached on the proposed amendment, the jurisdiction shall be ineligible to apply for and/or receive M2 competitive funds.

4.4 For Additional Information

The Eligibility Guidelines have been developed to assist local jurisdictions located throughout Orange County to understand and continue to implement all eligibility requirements to receive M2 funding. The Guidelines provide general summary information regarding all eligibility requirements as well as a comprehensive summary of all responsibilities and actions for which a local jurisdiction must follow to continue their eligibility.

Please contact the following OCTA staff when seeking additional information or clarification regarding any of the Eligibility Guidelines:

May Hout

Senior Transportation Funding Analyst

(714) 560-5905

MHout@octa.net

Or

Joe Alcock

Section Manager

(714) 560-5372

JAlcock@octa.net

Appendices:

Appendix A: Ordinance

The Ordinance can be found on the Eligibility Website:
<https://www.octa.net/M2Eligibility>

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Appendix B: Eligibility for New Cities

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Eligibility for New Cities

Eligibility for Fair Share Funds - New Cities

At the time of incorporation, a new city may adopt current practices previously established by the County of Orange, which have already established eligibility under the current M2. As new cities mature, they will adopt their own general plan and growth strategies.

To provide for this transition period, the OCTA Board of Directors (Board) has previously adopted the following new city eligibility process for Fair Share funds:

- A new city may, at its discretion, adopt the approved PMP of the predecessor governing body as its own, providing these policies are fully enforced.
- Prior to incorporation, the proposed new city must work with OCTA and the Local Agency Formation Commission (LAFCO) to identify the variables used in the LFS funds calculation (population, taxable sales, and MPAH mileage). Preliminary data must be identified prior to the date of incorporation.
- The new city will begin accruing LFS funds as of the date of incorporation.
- OCTA will reserve the accrued funds for the new city, pending the determination of eligibility by the Board within one year of the date of incorporation.
- For the new city to receive the reserved accrued funds, OCTA must receive all necessary elements of the eligibility package, complete the necessary review and approval of the package, and the Board must determine the new city eligible to receive M2 funds within one year of the date of incorporation. OCTA recommends the city submit its eligibility package within six months of incorporation to allow sufficient time for OCTA review and approval processes.
- Upon determination of eligibility by the Board, the new city will receive its first LFS payment including the reserved accrued funds, on the first regular payment cycle following the eligibility determination.
- The first LFS payment will be adjusted to reflect final calculation (population, taxable sales, and MPAH miles) as determined through the new city eligibility process.
- In the event a new city is determined to be ineligible to receive LFS funds by the Board, the reserved accrued funds and interest on the funds, shall be distributed to the eligible local jurisdictions on a pro-rata basis, until such time that the new city attains eligibility.
- Such new city will begin to accrue funds as of the first day of the first regular accrual period following its determination of eligibility by the Board and receive its first LFS payment on the corresponding regular payment cycle.

Eligibility for Competitive Funds-New Cities

In addition to the new city eligibility process for LFS funds, the Board has adopted the following process for eligibility for competitive funds:

- A new city may apply for competitive funding upon the date of incorporation, however, may not be awarded competitive funding until the new city has been determined eligible to receive LFS funds by Board, as described above.
- A new city must include an adopted PMP that is consistent with countywide pavement condition assessment standards (Arterial Highway Rehabilitation Program), a General Plan Circulation Element consistent with the MPAH, and a City Council resolution attesting that no unilateral reduction in lanes have been made on any MPAH arterials in its eligibility package for review and approval by the Board.

- Applications for competitive funding by new cities will be considered until such time in the process of the competitive funding program that projects are ranked for award. If the new city has not been determined eligible by the Board by the time projects are ranked for award, any application by the new city for competitive funding will be withdrawn from further consideration. OCTA staff will work with the new city to revise the schedule specific to its time of incorporation in relation to the current competitive funding program process.

New Cities – MOE

M2 requires the development of a method to apply the MOE to new cities without five years of streets and roads data, including cities incorporated during the thirty years the tax is in effect. New cities unable to meet this requirement may use the appeals process to establish a benchmark number that more accurately reflects network needs. A phase-in period of two years has been established for new cities to achieve the approved MOE expenditure requirement.

The approved method uses the following formula to calculate the MOE for new cities:

$$\frac{\text{Total MOE benchmark for the county}}{\text{Total county population}} = \text{Per capita expenditure}$$

$$\text{Per capita expenditure X city population} = \text{MOE benchmark for the city}$$

Appeals Process

New cities may appeal the formula benchmark determination above where there is a dispute regarding the city population. OCTA shall use the most recent Census or figures from the State of California Department of Finance. Appeals will be submitted first to the TAC and then to the Board for final determination.

Appendix C: Congestion Management Program Checklist

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APPENDIX C

Congestion Management Program (CMP)

Jurisdiction: _____

CMP Monitoring Checklist: Level of Service (LOS)				
CMP Checklist		YES	NO	N/A
1.	Check "Yes" if either of the following apply:	<input type="checkbox"/>	<input type="checkbox"/>	
	<ul style="list-style-type: none"> • There are no CMP intersections in your jurisdiction. • Factoring out statutorily-exempt activities¹, all CMP intersections within your jurisdiction are operating at LOS E (or the baseline level, if worse than E) or better. 			
NOTE: ONLY THOSE AGENCIES THAT CHECKED "NO" FOR QUESTION 1 NEED TO ANSWER THE REMAINING QUESTIONS.				
2.	If any, please list those intersections that are not operating at the CMP LOS standards. <ul style="list-style-type: none"> • _____ • _____ • _____ 			<input type="checkbox"/>
3.	Will deficient intersections, if any, be improved by mitigation measures to be implemented in the next 18 months or improvements programmed in the first year of any recent funding program (i.e. local jurisdiction CIP, Measure M CIP)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	a. If not, has a deficiency plan been developed for each intersection that will be operating below the CMP LOS standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments:				

¹The following activities are statutorily-exempt from deficiency determinations: interregional travel, traffic generated by the provision of low and very low income housing, construction rehabilitation or maintenance of facilities that impact the system, freeway ramp metering, traffic signal coordination by the state or multi-jurisdictional agencies, traffic generated by high-density residential development within 1/4 mile of a fixed-rail passenger station, traffic generated by mixed-use residential development within 1/4 mile of a fixed-rail passenger station.



APPENDIX C

Congestion Management Program (CMP)

CMP Monitoring Checklist: Deficiency Plans				
CMP Checklist		YES	NO	N/A
1.	Check "Yes" if either of the following apply: <ul style="list-style-type: none"> • There are no CMP intersections in your jurisdiction. • Factoring out statutorily-exempt activities², all CMP Highway System (CMPHS) intersections within your jurisdiction are operating at LOS E (or the baseline level, if worse than E) or better. 	<input type="checkbox"/>	<input type="checkbox"/>	
NOTE: ONLY THOSE AGENCIES THAT CHECKED "NO" FOR QUESTION 1 NEED TO ANSWER THE REMAINING QUESTIONS.				
2.	If any, please list those intersections that are not operating at the CMP LOS standards. <ul style="list-style-type: none"> • _____ • _____ • _____ 			<input type="checkbox"/>
3.	Are there improvements to bring these intersections to the CMP LOS standard scheduled for completion during the next 18 months or programmed in the first year of the CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NOTE: ONLY THOSE AGENCIES THAT CHECKED "NO" FOR QUESTION 3 NEED TO ANSWER THE REMAINING QUESTIONS.				
4.	Has a deficiency plan or a schedule for preparing a deficiency plan been submitted to OCTA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Does the deficiency plan fulfill the following statutory requirements? :			
	a. Include an analysis of the causes of the deficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b. Include a list of improvements necessary to maintain minimum LOS standards on the CMPHS and the estimated costs of the improvements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c. Include a list of improvements, programs, or actions and estimates of their costs, which will improve LOS on the CMPHS and improve air quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	i. Do the improvements, programs, or actions meet the criteria established by South Coast Air Quality Management District (SCAQMD) (see the CMP Preparation Manual)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

²The following activities are statutorily-exempt from deficiency determinations: interregional travel, traffic generated by the provision of low and very low income housing, construction rehabilitation or maintenance of facilities that impact the system, freeway ramp metering, traffic signal coordination by the state or multi-jurisdictional agencies, traffic generated by high-density residential development within 1/4 mile of a fixed-rail passenger station, traffic generated by mixed-use residential development within 1/4 mile of a fixed-rail passenger station.



APPENDIX C

Congestion Management Program (CMP)

CMP Monitoring Checklist: Deficiency Plans (cont.)

CMP Checklist		YES	NO	N/A
6.	Are the capital improvements identified in the deficiency plan programmed in your seven-year CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Does the deficiency plan include a monitoring program that will ensure its implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Does the deficiency plan include a process to allow some level of development to proceed pending correction of the deficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Has necessary inter-jurisdictional coordination occurred?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Please describe any innovative programs, if any, included in the deficiency plan:			<input type="checkbox"/>
Additional Comments:				



APPENDIX C

Congestion Management Program (CMP)

CMP Monitoring Checklist: Land Use Coordination				
CMP Checklist		YES	NO	N/A
1.	Have you maintained the CMP traffic impact analysis (TIA) process you selected for the previous CMP?	<input type="checkbox"/>	<input type="checkbox"/>	
	a. If not, have you submitted the revised TIA approach and methodology to OCTA for review and approval?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Did any development projects require a CMP TIA during this CMP cycle? ³	<input type="checkbox"/>	<input type="checkbox"/>	
NOTE: ONLY THOSE AGENCIES THAT CHECKED "YES" FOR QUESTION 2 NEED TO ANSWER THE REMAINING QUESTIONS.				
3.	If so, how many?	_____		
4.	Please list any CMPHS links & intersections that were projected to not meet the CMP LOS standards (indicate whether any are outside of your jurisdiction). • _____ • _____ • _____	<input type="checkbox"/>		
	a. Were mitigation measures and costs identified for each and included in your seven-year CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b. If any impacted links & intersections were outside your jurisdiction, did your jurisdiction coordinate with other jurisdictions to develop a mitigation strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	If a local traffic model was/will be used, did you follow the data and modeling consistency requirements as described in the CMP Preparation Manual (available online at http://www.octa.net/pdf/cmppremanual.pdf)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments:				

³Exemptions include: any development generating less than 2,400 daily trips, any development generating less than 1,600 daily trips (if it directly accesses a CMP highway), final tract and parcel maps, issuance of building permits, issuance of certificate of use and occupancy, and minor modifications to approved developments where the location and intensity of project uses have been approved through previous and separate local government actions prior to January 1, 1992.



APPENDIX C

Congestion Management Program (CMP)

CMP Monitoring Checklist: Capital Improvement Program (CIP)				
CMP Checklist		YES	NO	N/A
1.	Did you submit a seven-year CIP to OCTA by June 30?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Does the CIP include projects to maintain or improve the performance of the CMPHS (including capacity expansion, safety, maintenance, and rehabilitation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Is it consistent with air quality mitigation measures for transportation- related vehicle emissions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Was the Web Smart CIP provided by the OCTA used to prepare the CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments:				
I certify that the information contained in this checklist is true.				
Signature: _____ Title: _____				

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Appendix D: Eligibility Checklist

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APPENDIX D

Eligibility Checklist

Jurisdiction:	
----------------------	--

Capital Improvement Program (CIP)		YES	NO
1.	Did you submit your draft <u>or adopted</u> Measure M2 (M2) seven-year CIP to OCTA by June 30?	<input type="checkbox"/>	<input type="checkbox"/>
	a. Did you utilize the required OCTA CIP database?	<input type="checkbox"/>	<input type="checkbox"/>
	b. Have you indicated what percentage of funding will come from each source for each of included projects required to demonstrate compliance with signal synchronization, pavement maintenance and environmental clean-up the projects commitments?	<input type="checkbox"/>	<input type="checkbox"/>
	c. Are there any non-transportation related projects included in your M2 CIP? Have you listed projects in current year dollars?	<input type="checkbox"/>	<input type="checkbox"/>
	d. Did you include all projects that are partially, fully, or potentially funded by M2 Net Revenues?	<input type="checkbox"/>	<input type="checkbox"/>
	e. The City Council/Board of Supervisors approval date* to adopt the final 7-Year CIP is: _____ *Must be prior to July 31		
Maintenance of Effort (MOE)		YES	NO
2.	Did you submit the MOE certification form (Appendix I) to OCTA by June 30?	<input type="checkbox"/>	<input type="checkbox"/>
	a. Did you provide supporting budget documentation?	<input type="checkbox"/>	<input type="checkbox"/>
	b. Has the MOE Reporting form been signed by the Finance Director or appropriate designee?	<input type="checkbox"/>	<input type="checkbox"/>
Pavement Management Program (PMP)		YES	N/A
3.	Are you required to submit a PMP update to OCTA for this eligibility cycle? If you are not required to submit a PMP update, check N/A. Refer to Exhibit 3 for PMP submittal schedule.	<input type="checkbox"/>	<input type="checkbox"/>
	a. If yes, did you use the current PMP Submittal Template Certification form (Appendix F)?	<input type="checkbox"/>	<input type="checkbox"/>
	b. If yes, is the adopted PMP consistent with the OCTA Countywide Pavement Management Program?	<input type="checkbox"/>	<input type="checkbox"/>
4.	If you answered "N/A" to question 3, did you submit a PMP Update to OCTA through the previous eligibility cycle by June 30?	<input type="checkbox"/>	<input type="checkbox"/>
Resolution of Master Plan of Arterial Highways (MPAH) Consistency		YES	N/A
5.	Did you submit a resolution demonstrating consistency with the MPAH?	<input type="checkbox"/>	<input type="checkbox"/>
	a. Have you enclosed a figure representing your most current circulation element?	<input type="checkbox"/>	<input type="checkbox"/>
6.	If the requirement is not due as part of the current cycle, has there been an update to the circulation element since the last report period? If yes, include a copy of the latest circulation element.	<input type="checkbox"/>	<input type="checkbox"/>
Local Signal Synchronization Plan (LSSP)		YES	N/A
7.	Did you adopt and submit an update to the LSSP as part of the current cycle?	<input type="checkbox"/>	<input type="checkbox"/>
	a. Is your LSSP consistent with the Regional Traffic Signal Synchronization Master Plan?	<input type="checkbox"/>	<input type="checkbox"/>



APPENDIX D

Eligibility Checklist

Time Limits for Use of Net Revenues		YES	NO
8.	Has your jurisdiction complied with the three-year time limit for the use of Net Revenues over the last year per the requirements outlined in the Ordinance?	<input type="checkbox"/>	<input type="checkbox"/>
	a. If no, has a time extension been requested through the semi-annual review process for funds subject to expiration?	<input type="checkbox"/>	<input type="checkbox"/>
Supplanting of Developer Commitments		YES	NO
9.	Has your jurisdiction ensured they have not supplanted developer commitments for transportation projects and funding with M2 funds?	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Fee Program (MFP)		YES	N/A
10.	Does your jurisdiction currently have a defined development impact MFP in place?	<input type="checkbox"/>	<input type="checkbox"/>
<u>11.</u>	<u>Has an update to the MFP occurred since the last reporting period?</u>	<input type="checkbox"/>	<input type="checkbox"/>
12.	<u>If yes to 11, has your jurisdiction submitted a copy of the current MFP <u>or City Council/Board of Supervisors approved policy?</u></u>	<input type="checkbox"/>	<input type="checkbox"/>
	a. Have you included a copy of your current impact fee schedule; or	<input type="checkbox"/>	<input type="checkbox"/>
	b. Have you provided OCTA with a copy of your mitigation fee nexus study; or	<input type="checkbox"/>	<input type="checkbox"/>
	c. Have you provided OCTA with a copy of your City Council/Board of Supervisors resolution approving the MFP?	<input type="checkbox"/>	<input type="checkbox"/>
Planning Strategies		YES	NO
13.	Does your jurisdiction consider as part of its General Plan, land use planning strategies that accommodate transit and non-motorized transportation?	<input type="checkbox"/>	<input type="checkbox"/>
14.	Have you provided a letter identifying land use planning strategies that accommodate transit and non-motorized transportation consideration in the General Plan?	<input type="checkbox"/>	<input type="checkbox"/>
Traffic Forums		YES	NO
15.	Did representatives of your jurisdiction participate in the regional traffic forum(s)?	<input type="checkbox"/>	<input type="checkbox"/>
	a. If you answered yes, provide date of attendance: _____		
Congestion Management Program (CMP)		YES	N/A
16.	Has your jurisdiction completed the required CMP checklist? (Appendix C)	<input type="checkbox"/>	<input type="checkbox"/>

Name (Print)

Signature

Date

Appendix E: Sample PMP Resolution

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[SAMPLE RESOLUTION FOR PAVEMENT MANAGEMENT PLAN ADOPTION]

A RESOLUTION OF THE CITY COUNCIL/BOARD OF SUPERVISORS OF THE CITY/COUNTY OF _____ CONCERNING THE STATUS AND UPDATE OF THE PAVEMENT MANAGEMENT PLAN FOR THE MEASURE M2 (M2) PROGRAM

WHEREAS, the local jurisdiction is required to meet eligibility requirements and submit eligibility verification packages to Orange County Transportation Authority (OCTA) in order to remain eligible to receive M2 funds.

WHEREAS, the local jurisdiction is required to adopt and update a Pavement Management Plan (PMP), using the required format, regarding the status of road pavement conditions and implementation of the PMP on a biennial basis; and

WHEREAS, the local jurisdiction is required to provide a plan that manages the preservation, rehabilitation, and maintenance of paved roads by analyzing pavement life cycles, assessing overall system performance costs, and determining alternative strategies and costs necessary to improve paved roads.

NOW, THEREFORE, BE IT RESOLVED that the City Council/Board of Supervisors for the City/County of _____ does hereby inform OCTA that:

- a) The PMP is in conformance with the PMP Submittal Template provided in the Countywide Pavement Management Plan Guidelines.
- b) The City/County hereby adopts a PMP and has provided an updated PMP report, using the required format, to OCTA.
- c) The Public Works Director, City Engineer or designee is authorized to sign the PMP certification form.

PASSED, APPROVED, AND ADOPTED THIS [Insert Day] day of [Insert Month], [Insert Year].

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Appendix F: PMP Submittal Template

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Agency

Pavement Management Plan

Prepared by: [Author name]
Submitted to OCTA:[Date]



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I. Pavement Management Plan Certification

The City/County of *Type Here* certifies that it has a Pavement Management Plan in conformance with the criteria stated in the Orange County Transportation Authority Ordinance No. 3. This ordinance requires that a Pavement Management Plan be in place and maintained to qualify for allocation of revenues generated from renewed Measure M2.

The plan was developed by *Type here** using *Type here*, a pavement management system, confirming to American Society of Testing and Materials (ASTM) Standard D6433, and contains, at a minimum, the following elements:

- Inventory of MPAH and local routes reviewed and updated biennially. The last update of the inventory was completed on *Month, Year* for Arterial (MPAH) streets and *Month, Month* for local streets.
- Assessment of pavement condition for all routes in the system, updated biennially. The last field review of pavement condition was completed on *Month, Year*.
- Percentage of all sections of pavement needing:
 - Preventative Maintenance: *Type here*%
 - Rehabilitation: *Type here*%
 - Reconstruction: *Type here*%
- Budget needs for Preventative Maintenance, Rehabilitation, and/or Reconstruction of deficient sections of pavement for:
 - Current biennial period \$*Type here*
 - Following biennial period \$*Type here*
- Funds budgeted or available for Preventative Maintenance, Rehabilitation, and/or Reconstruction:
 - Current biennial period \$*Type here*
 - Following biennial period \$*Type here*
- Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
- The Pavement Management Plan is consistent with countywide pavement condition assessment standards as described in the OCTA Countywide Pavement Management Plan Guidelines adopted by the OCTA Board of Directors.

*An electronic copy of the Pavement Management Plan (with Micro Paver or StreetSaver compatible files) has been, or will be, submitted with the certification statement.

A copy of this certification is being provided to the Orange County Transportation Authority.

Submitted by:

Click here to enter text.
Name (Print)

Click here to enter text.
Jurisdiction

Signed

Click here to enter a date.
Date

Click here to enter text.
Title



II. Executive Summary

Click here to enter text.



III. Background (Optional)

Click here to enter text.



IV. Current Pavement Conditions (PCI)

Current Network PCI	Current MPAH PCI	Current Local PCI
Click here to enter	Click here to enter	Click here to enter

V. Projected Pavement Conditions (PCI)

Should be by projected PCI by year under existing or expected funding levels for next seven fiscal years (“Today” is before June 30).

Fiscal Year	Current Funding	Entire Network PCI	MPAH	Local
Today	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter	Click here to enter



VI. Alternative Funding Levels

Maintain Existing Average Network PCI

Fiscal Year	Maintain Funding	Entire Network PCI	MPAH	Local
Today	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter	Click here to enter

Improve Average Network PCI

Fiscal Year	Current Funding	Entire Network PCI	MPAH	Local
Today	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter	Click here to enter



VII. Current and Projected Backlog by Year of Pavement Maintenance Needs

Fiscal Year	Current Funding Backlog	Maintain PCI Backlog	Increase PCI Backlog
Current	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter

VIII. Centerline Mileage

Entire Pavement Network	MPAH	Local Roads
Click here to enter	Click here to enter	Click here to enter



IX. Percentage of Network in Each of Five Condition Categories Based on Centerline Miles

Condition Category	PCI Range	Network	Percent Area of Total Pavement	Area of Pavement (sf)	Percent Centerline Mileage of Network	Centerline Mileage of Network
Very Good	86-100	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Good	75-85	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Fair	60-74	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Poor	41-59	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Very Poor	0-40	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter



X. Reduction in Local Match

A local agency match reduction of 10% of the eligible cost for projects submitted for consideration of funding through the Comprehensive Transportation Funding Programs (CTFP) call for projects is available if the local agency either:

- a. Shows measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one Pavement Condition Index (PCI) point with no reduction in the overall weighted (by area) average PCI in the Master Plan of Arterial Highways (MPAH) or local street categories;

or

- b. Have road pavement conditions during the previous reporting period, within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher, otherwise defined as in "good condition".

If applicable, please use the space below to justify the local agency's eligibility for a reduction in Local Match based on the statement above.

[Click here to enter text.](#)



XI. Appendix A – Seven-Year Road Maintenance and Rehabilitation Plan Based on Current *or* Expected Funding Level

The seven-year plan for road maintenance and rehabilitation should be based on current and projected budget. Street sections selected for treatment should be identified here. Specific data to be submitted should follow the format below:

MPAH								
	Limits of Work							
Street Name	From	To	Length of Segment	Width of Segment	Pavement Area	Type of Treatment	Cost of Treatment	Year of Treatment

LOCAL								
	Limits of Work							
Street Name	From	To	Length of Segment	Width of Segment	Pavement Area	Type of Treatment	Cost of Treatment	Year of Treatment

Please attach the seven-year road maintenance and rehabilitation plan, following the above template, after this sheet. The plan should be labeled Appendix A.



XII. Appendix B – Complete Listing of Current Street Conditions

A complete listing of current pavement conditions should be included in this report. Specific data to be submitted should follow the format below:

MPAH						
Street Name	From	To	Width of Segment	Area	Current PCI	Most Recent Inspection Date

LOCAL						
Street Name	From	To	Width of Segment	Area	Current PCI	Most Recent Inspection Date

Please attach the complete street listing, following the above template, after this sheet. The pages should be labeled Appendix B.



XIII. Appendix C – Quality Assurance/Quality Control Plan

Introduction

When performing data collection in any field, the need for quality control is paramount as it is essential for accurate planning, analysis and design. This is particularly true for collecting pavement distress data for a pavement management system.

The Quality Assurance/Quality Control (QA/QC) Plan establishes minimum quality standards for performance and procedures for updates of the pavement management system.

If applicable, utilize the space below to include information on the agency’s QA/QC policies:

Click here to enter text.

Objectives

This document constitutes a formal QA/QC Plan for the City/County. It was prepared on *Select date* and last revised on *Select date*.

Specifically, it is intended for the *Year Applicable* Pavement Management Plan Update. The focus is on the collection of network-level pavement distress data (defined by National Cooperative Highway Research Program (NCHRP) Synthesis 401 Quality Management of Pavement Data Collection, as “Network-level data collection involves collection of large quantities of pavement condition data, which is often converted to individual condition indices or aggregated into composite condition indices.”)

This document also addresses the QA/QC plan requirements of the Orange County Transportation Authority (OCTA)’s “Countywide Pavement Management Plan Guidelines” (section 2.4), adopted in May 2010.

Structure of QA/QC Plan

The following components are addressed in this QA/QC Plan:

- Condition survey procedures used
- Accuracy required for data collection
- Inspector qualifications and experience
- Safety



Condition Survey Procedures

The governing document in performing condition surveys for the *Enter agency name* is ASTM D6433 “Standard Practice for Roads and Parking Lots Pavement Condition Index (PCI) Surveys.” Both asphalt concrete (AC) and Portland cement concrete (PCC) pavements are included in this protocol. The following distresses are collected for each pavement type.

Asphalt Concrete AC Pavements

1. Alligator (fatigue) cracking
2. Bleeding
3. Block cracking
4. Bumps and sags
5. Corrugation
6. Depression
7. Edge cracking
8. Joint reflection cracking
9. Lane/Shoulder drop off
10. Longitudinal & Transverse cracking
11. Patching and utility cut patching
12. Polished aggregate
13. Potholes
14. Railroad crossing
15. Rutting
16. Shoving
17. Slippage cracking
18. Swell
19. Weathering
20. Raveling

Portland Cement Concrete (Jointed)

1. Blowup/buckling
2. Corner breaks
3. Divided slab
4. Durability (“D”) cracking
5. Faulting
6. Joint seal damage
7. Lane/shoulder drop off
8. Linear cracking
9. Patching (large) and utility cuts
10. Patching (small)
11. Polished aggregate
12. Popouts
13. Pumping
14. Punchout
15. Railroad crossing
16. Scaling, map cracking and crazing
17. Shrinkage cracks
18. Spalling (corner)
19. Spalling (joint)

Any exceptions to the above procedures are discussed before any surveys are performed. They are documented in the paragraphs below.

[Note to agency: these are usually related to distresses or situations that are not covered in the manuals. Examples include roller check marks or edge cracking on streets with no curbs and gutters. Others include the raveling of surface seals or the use of open-graded asphalt concrete mixes where the surface appears to have large voids present. Any modifications must be documented and included in this document. Photos are extremely helpful.]

All surveys are performed as *Indicate type of surveys – walking, windshield, semi-automated etc. surveys, and a minimum 10% sampling rate is utilized. Field crews are typically composed of [Click here to enter field crew information](#) (Typically a one-person crew on residential streets and some collectors, and up to two-person crews for major arterials, depending on traffic volumes and speeds. Edit as appropriate).* The safety of field personnel is paramount in all instances.



The sample unit selected must be representative of the entire pavement section. This assumes that the section is homogenous; if it is not homogeneous, then the section must be split according to the criteria agreed upon by the agency. Typically, the criteria used are:

- Pavement condition
- Construction age, if known
- Maintenance history, if known
- Traffic volumes (or functional classification as a surrogate)
- Surface types (e.g. asphalt concrete or Portland cement concrete)
- Geometric elements (e.g. widths)

Any modifications to the section inventory data are documented in the pavement management report.

A sample unit must be between $2,500 \pm 1,000$ square feet in conformance with ASTM D6433 protocols. Typical sample unit dimensions are 100 feet long by the width of the street. Streets that are wider than 40 feet wide will have shorter lengths (generally 50 feet) or if they are divided by a raised median, separate sample units will be taken in each direction.

Any pavement areas that are not representative of the section will be noted and surveyed as an additional sample unit.

Accuracy Required for Data Collection

The accuracy required for data collection has two components, both of which are further described in the following paragraphs.

- Re-inspections
- PCI comparisons with past surveys

Random and Systematic Re-Inspections

Random Re-inspections

Random re-inspections will include a representative selection across the following categories:

- Functional classes (i.e. MPAH, locals);
- Surface types (e.g. asphalt concrete or Portland cement concrete);
- Pavement conditions (e.g. good, fair, poor);
- Inspectors;
- Geographical areas, if applicable.

Systematic Re-inspections

For systematic re-inspections, this could be due to noticed trends such as specific treatment types (e.g. open-graded mixes), a specific inspector or geographical area. In such cases, more than 5% will be re-inspected.



Acceptability Criteria

At the time of re-inspection, the actual distresses will be re-inspected and verified, and any corrections made, if necessary. Distress types and severities must be the same and re-measured quantities within ±10% of the original measured quantity.

If corrections are required on more than 10% of the re-inspected sample unit, then an additional 5% will be re-inspected. This will continue until more than 95% of the re-inspected sections meet the acceptability criteria.

PCI Comparison with Past Surveys

As another level of quality control, the new PCIs are compared with the previous PCIs. If they differ by more than ±10 PCI points, these sections are automatically flagged for further investigation.

If PCI Increases 10 points

The section is investigated to see if a maintenance and rehabilitation event has occurred since the last survey, but has not been recorded. Typically, it may include activities such as:

- Crack sealing activities – changes medium or high severity cracking to low severity
- Patching activities – alligator cracking that has been removed and patched, so that the resultant PCI is increased.
- Surface seals
- Overlay
- Others

Therefore, an up to date maintenance and rehabilitation history file in the pavement management database is desirable, both for historical accuracy as well as to provide additional quality control.

If PCI decreases 10 points

The section is checked to see if the average deterioration rate (usually 3 to 4 points per year) is exceeded. If the drop in PCI is within range of what is acceptable, no further action is required. If the drop is more than the acceptable range, a re-inspection will be performed. The default performance curves in the pavement management software form the basis for what is acceptable.

Inspector’s Qualifications and Experience

The [Enter agency here](#) inspectors have attended formal training on pavement condition distress surveys. This training was conducted prior to performing any work using the ASTM D6433 protocols, consistent with OCTA’s requirements.

Inspector Name	Date of ASTM D6433 Training	Training Conducted By:
Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter

Resumes of the technicians utilized on this project are included as an attachment.



Safety Procedures

The *Enter agency here* administers a health and safety program in compliance with the Cal Occupational Safety and Health Administration (OSHA) Title VIII, Section 3203. The program is documented in *Enter document name here*.

Generally, the safety procedures include (Edit as applicable to agency):

- Inspectors to wear Class 2 or 3 safety vest at all times;
- Flashing beacon on all vehicles utilized for surveys; and
- Stopped vehicles to be parked at locations away from moving traffic (e.g. nearby parking, shoulders, etc.).
- *Enter safety protocol here*

On streets where there is a high volume of traffic or high speeds, additional measures may be necessary, such as:

- Surveys to occur during off-peak periods or on weekends;
- Additional inspector to watch out for traffic; and
- Traffic flaggers in extreme cases.

Attachment – Appendix C: Resumes of Field Inspectors

---End of QA/QC Plan---



XIV. Appendix D – Pavement Management Data Files

The Pavement Management data files shall be submitted to OCTA in spreadsheet format. This must include the following information:

- Street name and limits for all public streets
- Street identifiers (Branch ID, Section ID)
- Direction (if applicable)
- Beginning and ending of each section
- Length, widths, and true areas
- Functional Classification (MPAH, Local)
- Number of travel lanes
- PCI and date of inspection
- Type of recommended treatment
- Cost of recommended treatment

The Pavement Management data files are attached here as a CD, or included as Appendix D

XV. Appendix E – GIS Maps – Current Conditions (Optional)

If included, attach and label Appendix E.

Appendix G: M2 Expenditure Report Template, Instructions & Resolution

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Measure M2 Expenditure Report Template

Schedule 1: Summary Statement of Beginning and Ending Balances

Lines 1 – 12: Balances at Beginning of Fiscal Year

Report all fund balances and interest intended for transportation purposes at the beginning of the fiscal year. These balances should be classified by funding source as illustrated in the table below. To provide for continuity of reporting, the beginning balances of any restricted funds must agree with the ending balances of such funds as shown in the prior year’s report.

Project	Description
A-M	Freeway Environmental Mitigation
O	Regional Capacity Program (RCP)
P	Regional Traffic Signal Synchronization Program (RTSSP)
Q	Local Fair Share
R	High Frequency Metrolink Service
S	Transit Extensions to Metrolink
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems
U	Senior Mobility Program or Senior Non-Emergency Medical Program
V	Community Based Transit/Circulators
W	Safe Transit Stops
X	Environmental Cleanup Program (Water Quality)
Other	Please provide description for other categories

Line 13: Balances at Beginning of Fiscal Year - TOTAL

Sum of Lines 1 – 12 in the “Amount” and “Interest” columns

Line 14: Monies Made Available During Fiscal Year

Report total available monies (revenues) from Schedule 2, Line 13 in the “Amount” and “Interest” columns

Line 15: Total Monies Available

Sum of Lines 13 - 14 in the “Amount” and “Interest” columns

Line 16: Expenditures During Fiscal Year

Report total available monies (revenues) from Schedule 2, Line 26 in the “Amount” and “Interest” columns

Lines 17 - 28: Balances at End of Fiscal Year

Report by funding source all fund balances and interest for transportation purposes at the end of the fiscal year. To provide for continuity of reporting, the beginning balances of the fund sources in next year’s report must agree with the ending balances of such funds as shown in this year’s report (or otherwise reconciled).

**M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Beginning and Ending Balances**

Description	Line No.	Amount	Interest
Balances at Beginning of Fiscal Year			
A-M Freeway Environmental Mitigation	1		
O Regional Capacity Program (RCP)	2		
P Regional Traffic Signal Synchronization Program (RTSSP)	3		
Q Local Fair Share	4		
R High Frequency Metrolink Service	5		
S Transit Extensions to Metrolink	6		
T Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	7		
U Senior Mobility Program or Senior Non-Emergency Medical Program	8		
V Community Based Transit/Circulators	9		
W Safe Transit Stops	10		
X Environmental Cleanup Program (Water Quality)	11		
Other*	12		
Balances at Beginning of the Fiscal Year (Sum Lines 1 to 12)	13		
Monies Made Available During Fiscal Year	14		
Total Monies Available (Sum Lines 13 & 14)	15		
Expenditures During Fiscal Year	16		
Balances at End of Fiscal Year			
A-M Freeway Environmental Mitigation	17		
O Regional Capacity Program (RCP)	18		
P Regional Traffic Signal Synchronization Program (RTSSP)	19		
Q Local Fair Share	20		
R High Frequency Metrolink Service	21		
S Transit Extensions to Metrolink	22		
T Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	23		
U Senior Mobility Program or Senior Non-Emergency Medical Program	24		
V Community Based Transit/Circulators	25		
W Safe Transit Stops	26		
X Environmental Cleanup Program (Water Quality)	27		
Other*	28		

* Please provide a specific description

Measure M2 Expenditure Report

Schedule 2: Summary Statement of Sources and Uses

Lines 1 - 12: Report the Following Revenue Sources and Interest on the Appropriate Line

Project	Description
A-M	Freeway Environmental Mitigation
O	Regional Capacity Program (RCP)
P	Regional Traffic Signal Synchronization Program (RTSSP)
Q	Local Fair Share
R	High Frequency Metrolink Service
S	Transit Extensions to Metrolink
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems
U	Senior Mobility Program or Senior Non-Emergency Medical Program
V	Community Based Transit/Circulators
W	Safe Transit Stops
X	Environmental Cleanup Program (Water Quality)
Other	Please provide description for other categories

Line 13: Total Revenues

Sum of Lines 1 - 12 (should match Total in Schedule 1, Line 14 in the "Amount" and "Interest" columns)

Lines 14 - 25: Report the Following Expenditures on the Appropriate Line

Project	Description
A-M	Freeway Environmental Mitigation
O	Regional Capacity Program (RCP)
P	Regional Traffic Signal Synchronization Program (RTSSP)
Q	Local Fair Share
R	High Frequency Metrolink Service
S	Transit Extensions to Metrolink
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems
U	Senior Mobility Program or Senior Non-Emergency Medical Program
V	Community Based Transit/Circulators
W	Safe Transit Stops
X	Environmental Cleanup Program (Water Quality)
Other	Please provide description for other categories

Line 26: Total Expenditures

Sum of Lines 14 - 25 (Should match Total in Schedule 1, Line 16 in the "Amount" and "Interest" columns)

Line 27: Total Balance

Subtract Line 26 from Line 13 in the "Amount" and "Interest" columns

City/County of: _____

Schedule 2

**M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Sources and Uses**

	Description	Line No.	Amount	Interest
	Revenues:			
A-M	Freeway Environmental Mitigation	1		
O	Regional Capacity Program (RCP)	2		
P	Regional Traffic Signal Synchronization Program (RTSSP)	3		
Q	Local Fair Share	4		
R	High Frequency Metrolink Service	5		
S	Transit Extensions to Metrolink	6		
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	7		
U	Senior Mobility Program or Senior Non-Emergency Medical Program	8		
V	Community Based Transit/Circulators	9		
W	Safe Transit Stops	10		
X	Environmental Cleanup Program (Water Quality)	11		
	Other*	12		
	TOTAL REVENUES: (Sum Lines 1 to 12)	13	\$	\$
	Expenditures:			
A-M	Freeway Environmental Mitigation	14		
O	Regional Capacity Program	15		
P	Regional Traffic Signal Synchronization Program	16		
Q	Local Fair Share	17		
R	High Frequency Metrolink Service	18		
S	Transit Extensions to Metrolink	19		
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	20		
U	Senior Mobility Program or Senior Non-Emergency Medical Program	21		
V	Community Based Transit/Circulators	22		
W	Safe Transit Stops	23		
X	Environmental Cleanup Program (Water Quality)	24		
	Other*	25		
	TOTAL EXPENDITURES: (Sum Lines 14 to 25)	26	\$	\$
	TOTAL BALANCE (Subtract line 26 from 13)	27	\$	\$

* Please provide a specific description

Measure M2 Expenditure Report Template Instructions

Schedule 3: Summary Statement of Detailed Use of Funds

Line 1: ~~Administration (Indirect and/or Overhead)~~

This line covers ~~transportation-related~~ local agency costs that cannot be readily identified to a specific project ~~identified with a project and are not included as direct charges~~. The costs listed in this line item represent an equitable share of expenditures for ~~the supervision and management of streets and roads~~ activities not directly allocated to right-of-way, construction, or other categories. Allocations must be based on a reasonable, documented methodology.

This includes, but is not limited to: ~~salaries of project management and support staff.~~

Payroll

General accounting/finance

Personnel

Departmental accounts/finance

Purchasing/Procurement

Facilities

Advertising

Data processing

Legal costs

Top management

General government

Bids

Lines 2 - 7: Construction

Construction expenditures include the following:

- Projects developing new streets, bridges, lighting facilities, storm drains, etc., in locations that formerly had no such facilities, or projects departing to such an extent from existing alignment and grade that no material salvage value is realized from the old facilities.
- Additions and betterments to the street system and its rights-of-way, including grade separations and urban extensions.
- Any work that materially increases the service life of the original project.
- Resurfacing to a thickness greater than one inch.
- Resurfacing to a thickness less than one inch if the project has been certified by a lead agency as construction.
- Construction of traffic islands and other traffic safety devices.
- Transit facilities including, but not limited to, bus stops, shelters, and maintenance facilities.
- Streetscape including original landscaping, tree planting, and similar work.
- Acquisition and installation of street lighting facilities, traffic signals, and/or street signs (only when such signs are installed in connection with developing new streets).
- Planning, environmental, or design related to construction.
- Salaries and expenses of employees in connection with construction (direct costs).

Line 8: Total Construction

Sum of Lines 2 - 7

Line 9: Right-of-Way Acquisition

Right-of-way expenditures include the following:

- The acquisition of land or interest for use as a right-of-way in connection with the city's street system; the amount reported should include the cost of acquisition of any improvements situated on the real property at the date of its acquisition by the city.
- The cost of removing, demolishing, moving, resetting, and altering buildings or other structures that obstruct the right-of-way.

- The court costs of condemnation proceedings.
- Title searches and reports.
- Salaries and expenses of employees and right-of-way agents in connection with the acquisition of rights-of-way (direct costs).
- Severance damage to property sustained due to the city's street projects.
- All other costs of acquiring rights-of-way free and clear of all physical obstructions and legal encumbrances.

Line 10: Total Construction and Right-of-Way

Sum of Lines 8-9

Line 11 - 15: Maintenance / Operations

Maintenance expenditures include the following:

- The preservation and keeping of rights-of-way, street structures, and facilities in the safe and usable condition, to which they have been improved or constructed, but not reconstruction or other improvements.
- General utility services such as roadside planting, tree trimming, street cleaning, snow removal, and general weed control.
- Repairs or other work necessitated by damage to street structures or facilities resulting from storms, slides, settlements, or other causes unless it has been determined by the city engineer that such work is properly classified as construction.
- Maintenance of traffic signal equipment, coordination and timing on the city streets, as well as the city's share of such expenditures covering traffic signals situated at intersections of city streets and state highways within the incorporated area of the city.
- Salaries and expenses of employees in connection with maintenance and/or operations (direct costs).

Line 16: Total Maintenance

Sum of Lines 11 - 15

Line 17: Other

Please provide description for other categories. For example: transit, Senior Mobility Program, water quality, transit operations such as vehicle leases and other related operating expenses, etc.

Line 18: Grand Totals

Sum of Lines 1, 10, 16, and 17

City/County of: _____

Schedule 3

**M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Streets and Roads Detailed Use of Funds**

Type of Expenditure	Line Item	MOE ²	Developer / Impact Fee ⁺	O	O Interest	P	P Interest	Q	Q Interest	X	X Interest	Other M2 ³	Other M2 Interest	Other*	TOTAL
Administration (Indirect and/or Overhead)	1														\$
Construction & Right-of-Way															
New Street Construction	2														\$
Street Reconstruction	3														\$
Signals, Safety Devices, & Street Lights	4														\$
Pedestrian Ways & Bike paths	5														\$
Storm Drains	6														\$
Storm Damage	7														\$
Total Construction¹	8														\$
Right of Way Acquisition	9														\$
Total Construction & Right-of-Way	10														\$
Maintenance															
Patching	11														\$
Overlay & Sealing	12														\$
Street Lights & Traffic Signals	13														\$
Storm Damage	14														\$
Other Street Purpose Maintenance	15														\$
Total Maintenance¹	16														\$
Other	17														\$
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	18	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

¹ Includes direct charges for staff time

² Local funds used to satisfy maintenance of effort (MOE) requirements

³ Other M2 includes A-M, R, S, T, U, V, and W

+ Transportation related only

* Please provide a specific description

Measure M2 Expenditure Report Template Instructions

Schedule 4: Summary Statement of Local Fair Share Project List

List the project titles and brief description (maximum of two sentences) for all projects that utilized any portion of Measure M2 (M2) Local Fair Share funding. Please include the total amount of **M2 Local Fair Share** funds only that were expended.

City/County of: _____

Signature Page

**M2 Expenditure Report
Fiscal Year Ended June 30, 20____**

I certify that the interest earned on Net Revenues allocated pursuant to the Ordinance shall be expended only for those purposes for which the Net Revenues were allocated and all the information attached herein is true and accurate to the best of my knowledge:

Director of Finance (Print Name)

Date

Signature

[EXPENDITURE REPORT RESOLUTION]

A RESOLUTION OF THE CITY COUNCIL/BOARD OF SUPERVISORS OF THE CITY/COUNTY OF _____ CONCERNING THE MEASURE M2 (M2) EXPENDITURE REPORT FOR THE CITY/COUNTY OF _____.

WHEREAS, local jurisdictions are required to meet eligibility requirements and submit eligibility verification packages to Orange County Transportation Authority (OCTA) in order to remain eligible to receive M2 funds.

WHEREAS, local jurisdictions are required to adopt an annual Expenditure Report as part one of the eligibility requirements.

WHEREAS, local jurisdictions are required ~~to adopt an annual Expenditure Report~~ to account for Net Revenues, developer/traffic impact fees, and funds expended by the local jurisdiction in the Expenditure Report that satisfy the Maintenance of Effort requirements; and

WHEREAS, the Expenditure Report shall include all Net Revenue fund balances, interest earned and expenditures identified by type and program or project; and

WHEREAS, the Expenditure Report must be adopted and submitted to the OCTA each year within six months of the end of the local jurisdiction’s fiscal year to be eligible to receive Net Revenues as part of M2.

NOW, THEREFORE, BE IT RESOLVED that the City Council/Board of Supervisors for the City/County of _____ does hereby inform OCTA that:

- a) The Expenditure Report is in conformance with the template provided in the Measure M2 Eligibility Guidelines and accounts for Net Revenues including interest earned, expenditures during the fiscal year and balances at the end of fiscal year.
- b) The M2 Expenditure Report is hereby adopted by the City/County of _____.
- c) The City/County of _____ Finance Director is hereby authorized to sign and submit the M2 Expenditure Report to OCTA for the fiscal year ending _____.

PASSED, APPROVED, AND ADOPTED THIS [Insert Day] day of [Insert Month], [Insert Year].

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Appendix H: Arterial Highway Mileage Change Report

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APPENDIX H
Arterial Highway Change Report

Jurisdiction: _____

Street Name	Date Added	Date Deleted	From	To	8-Lane Centerline Miles	6-Lane Centerline Miles	4-Lane Centerline Miles	Total Centerline Miles
Subtotals:								

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Appendix I: Maintenance of Effort Reporting Form

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APPENDIX I

Maintenance of Effort (MOE) Reporting Form

Jurisdiction: _____

Type of GENERAL FUND Transportation Expenditures:

Please attach supporting budget documentation for each line item listed below.

MAINTENANCE	Total Expenditure
Subtotal Maintenance	\$

CONSTRUCTION	Total Expenditure
Subtotal Construction	\$

<u>INDIRECT ADMINISTRATIVE/OTHER</u>	Total Expenditure
Subtotal <u>Indirect Administration/Other</u>	\$

Total General Fund Transportation Expenditures	\$
(Less Total MOE Exclusions ¹)	\$
MOE Expenditures	\$
MOE Benchmark Requirement	\$
(Shortfall)/Surplus	\$

Certification:

I hereby certify that the City/County of _____ has budgeted and will meet the Maintenance of Effort (MOE) requirement for Fiscal Year _____.

Finance Director Signature

Finance Director
(Print Name)

Date

¹Funding sources include Measure M, federal, state, redevelopment, and bond financing.

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Appendix J: Acronyms

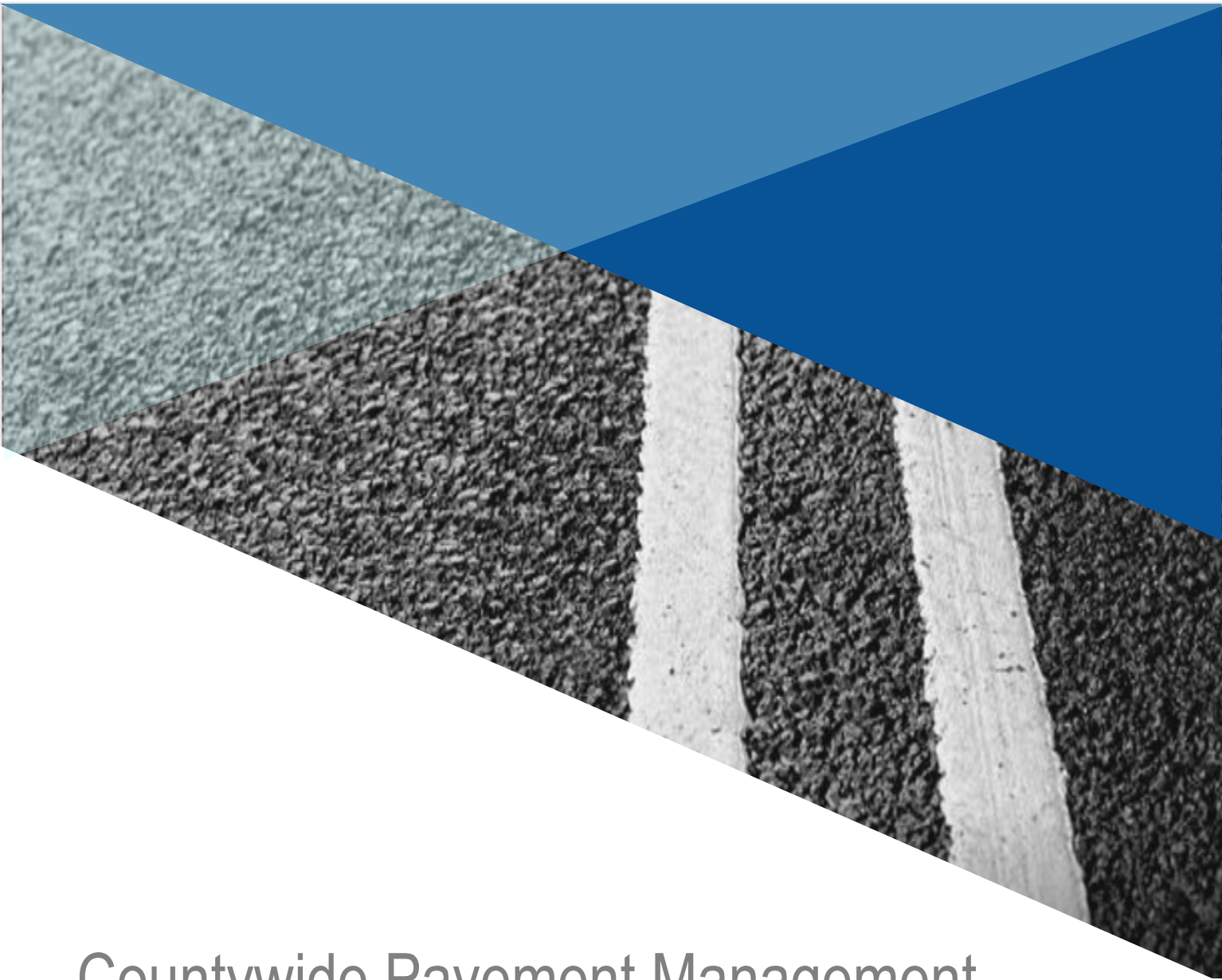
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APPENDIX J

Acronyms

Acronym	Description
AHRP	Arterial Highway Rehabilitation Program
CCI	Construction Cost Index
CFD	Community Facilities District
CIP	Capital Improvement Program
CMP	Congestion Management Program
CTFP	Comprehensive Transportation Funding Programs
ECP	Environmental Cleanup Program (Project X)
LAFCO	Local Agency Formation Commission
LOS	Level of Service
LSSP	Local Signal Synchronization Plan
MOE	Maintenance of Effort
MPAH	Master Plan of Arterial Highways
OCTA	Orange County Transportation Authority
OCTC	Orange County Transportation Commission
PCI	Pavement Condition Index
PMP	Pavement Management Plan
RCP	Regional Capacity Program (Project O)
RTSSMP	Regional Traffic Signal Synchronization Master Plan (Project P)
SCAQMD	South Coast Air Quality Management District
TAC	Technical Advisory Committee
TDM	Traffic Demand Management
TOC	Taxpayer Oversight Committee
TOD	Transit Oriented Development
TSC	Technical Steering Committee



Countywide Pavement Management

Plan Guidelines

April 2018





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Chapter 1 – Introduction

On November 6, 1990, the voters in Orange County approved a ½-cent sales tax for transportation improvements known as Measure M. This sales tax includes funding for streets and roads that is available to local agencies through both a formula distribution and a competitive process. On November 6, 2006, voters approved a renewal of Measure M to continue the ½-cent sales tax for thirty years, beginning in 2011.

Background

The primary goal of these guidelines is to ensure consistent field data collection and reporting procedures so that countywide funding allocations can be based on agency comparable pavement conditions.

Given that all agencies are using uniform data collection procedures, OCTA can answer typical questions such as:

- What is the average countywide condition of local streets and roads? For individual streets? For Arterial Highways?
- Which streets have a higher priority and need to be funded first?
- How much does it cost to bring them up to an acceptable condition?
- How much will it cost to maintain them in an acceptable condition over the next seven years or more?
- What are the impacts on pavement condition at the existing funding levels?

Training is provided, periodically, by OCTA to maintain consistency in data collection procedures and assist local agencies in the use of pavement management software.

The key is to ensure a reliable, consistent, and uniform approach to data collection.



Eligibility Requirements

One of the eligibility requirements included in Measure M2 (M2) specifies that each local jurisdiction must adopt and update a Pavement Management Plan (PMP) every two years. All agencies must use a common format as part of the countywide pavement management effort conforming to American Society for Testing and Materials (ASTM) Standard D6433. In 2010, the Orange County Transportation Authority (OCTA) adopted MicroPaver as the countywide standard PMP software and all agencies participating in M2 were required to adopt this software for consistency in reporting pavement management conditions. In 2011, all local agencies submitted PMPs that were in conformance with the requirements in the PMP Guidelines. Local agencies may now also utilize StreetSaver, since it is in conformance with ASTM Standard D6433. The PMP must include:

- The current status of road pavement conditions;
- A seven-year plan for road maintenance and rehabilitation (including projects, funding, and any unfunded backlog of pavement needs);
- The projected pavement condition resulting from the maintenance and rehabilitation plan; and
- Alternative strategies and costs necessary to improve road pavement conditions.

Local Match Reduction

In addition to the above requirements, a local agency match reduction of 10% of the eligible cost for projects submitted for consideration of funding through the Comprehensive Transportation Funding Programs (CTFP) call for projects is available if the local jurisdiction either:

- a. Shows measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one Pavement Condition Index (PCI) point with no reduction in the overall weighted (by area) average PCI in the Master Plan of Arterial Highways (MPAH) or local street categories;

or

- b. Road pavement conditions during the previous reporting period within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher, otherwise defined as in "good condition".



Chapter 2 – Pavement Management Plan Guidelines

These guidelines and procedures are necessary for Orange County agencies to implement and update their PMPs with respect to conducting condition surveys. This is required to certify conformance with the criteria stated in OCTA’s Ordinance No. 3. This ordinance requires that a PMP be in place and maintained to qualify for an allocation of net revenues generated from M2. A copy of Ordinance No. 3 is available from OCTA. PMP Certification is part of the submittal required for each agency (see Appendix A).

The pavement management guidelines are discussed under the following categories:

1. Condition Survey Protocols
2. Inspection Frequency
3. Countywide Assessment Standards
4. Quality Assurance/Quality Control (QA/QC) Plan
5. Re-inspections
6. Prequalification/Calibration of Inspectors
7. Pavement Management Software Training
8. Pavement Management Data Files

Condition Survey Protocols

In 1998, OCTA adopted condition survey protocols that required the collection of certain surface distresses as a minimum for both asphalt concrete and Portland cement concrete pavements. These distresses were common to the variety of pavement management systems then in use by Orange County local agencies. Based on the usage of a common county-wide software, it is now possible to include all of the distresses in ASTM Standard D6433 “Standard Practice for Roads and Parking Lots Pavement Condition Index Surveys” in these Guidelines. These surface distresses are as follows:

Asphalt Concrete (AC)

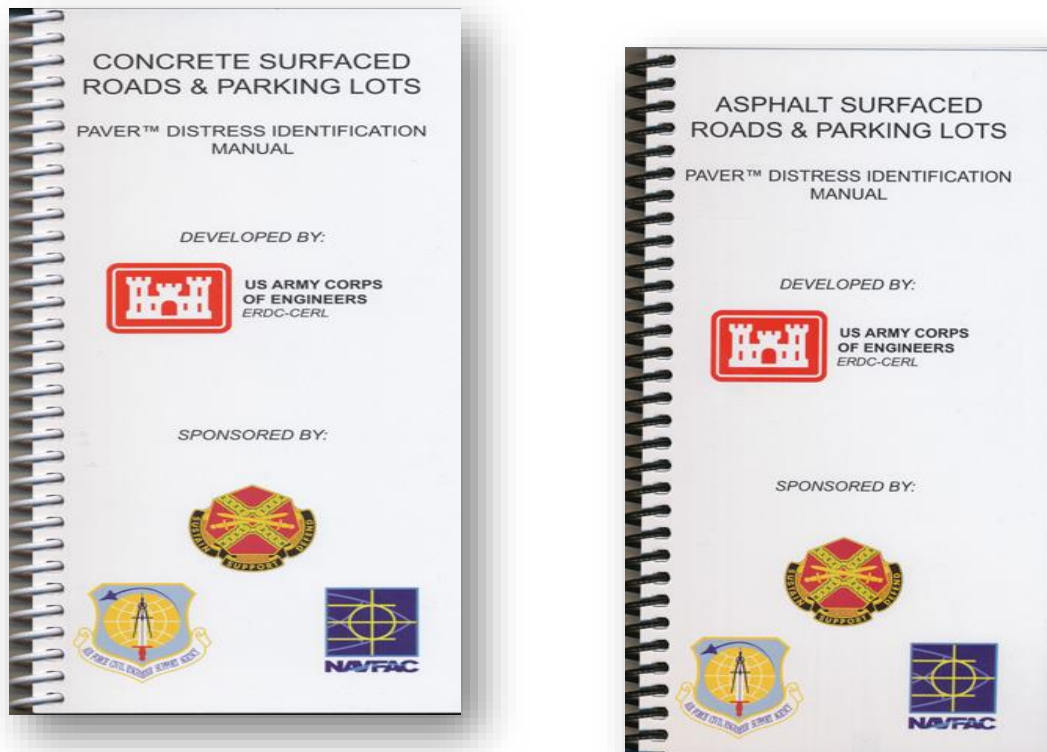
1. Alligator or Fatigue Cracking
2. Bleeding
3. Block Cracking
4. Bumps and Sags
5. Corrugation
6. Depression
7. Edge Cracking
8. Joint Reflection Cracking
9. Lane/ Shoulder Drop-off
10. Longitudinal Cracking
11. Patching and Utility Cut Patching
12. Polished Aggregate
13. Potholes
14. Railroad Crossing
15. Rutting
16. Shoving
17. Slippage Cracking
18. Swell
19. Raveling
20. Weathering (Surface Wear)

Portland Cement Concrete (PCC)

1. Blowup/ Buckling
2. Corner Break
3. Divided Slab
4. Durability (“D”) Cracking
5. Faulting
6. Joint Seal Damage
7. Lane/ Shoulder Drop-Off
8. Linear Cracking
9. Patching, Large And Utility Cuts
10. Patching, Small
11. Polished Aggregate
12. Popouts
13. Pumping
14. Punchout
15. Railroad Crossing
16. Scaling
17. Shrinkage Cracks
18. Spalling, Corner
19. Spalling, Joint

The distress definitions, severity levels, and measurement methods are based on criteria described in Pavement Management for Airports, Roads and Parking Lots¹. This reference has been formalized as ASTM Standard D6433². ASTM's copyright does not allow for electronic distribution or copying of this standard. However, a link to purchase the standard is included in the footnote. OCTA's guidelines follow ASTM D6433, with a few minor exceptions.

In addition, field manuals are available from the American Public Works Association (APWA)^{3,4}. The field manuals include photographs of distress types and detailed descriptions and definitions, and are intended for the field inspector. All personnel involved with inspection or performing condition surveys must have read and understood these manuals.



Note that both ASTM D6433 and these field manuals contain 20 distresses and 19 distresses for AC and PCC pavements, respectively. These distresses are now required for data collection.

OCTA allows windshield, walking, and calibrated automated surveys. It is recommended that windshield surveys be supplemented with walking surveys.

¹ Shahin, M.Y. *Pavement Management for Airports, Roads and Parking Lots*, Chapman & Hall, 1994.

² ASTM D6433 – *Standard Practice for Roads and Parking Lots Pavement Condition Index Surveys*. A copy may be purchased at <http://www.astm.org/Standards/D6433.htm>.

³ *Paver Distress Identification Manual: Asphalt-Surfaced Roads and Parking Lots*, U.S. Army Corps of Engineers, Construction Engineering Research Laboratories, June 2009. To purchase, go to www.apwa.net.

⁴ *Paver Concrete Distress Identification Manual: Concrete Surfaced Roads and Parking Lots*, U.S. Army Corps of Engineers, Construction Engineering Research Laboratories, June 2009. To purchase go to www.apwa.net.

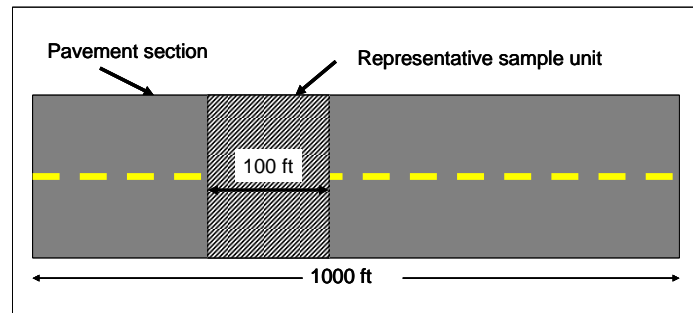
In a windshield survey, the inspector travels in a vehicle at slow speeds (5 to 10 mph) and observes the pavement condition from within the vehicle. The entire length of the pavement section is driven and observed. A driver is required for safety reasons, with the inspector/recorder in the passenger side of the vehicle. The inspector should have a list of street sections to be surveyed and a planned route.

The entire pavement section is surveyed, and the distress data are estimated and recorded. In situations where the distresses need closer examination, or where there are difficulties in observation, the inspector should stop the vehicle and walk the pavement section to verify the distresses observed from the vehicle.

All field data collection procedures should conform to the local agency's safety practices and should be included in the QA/QC Plan (see Appendix A).

When walking surveys are used, the following procedure should be followed:

1. Each pavement section must be inspected using sample units. Individual sample units should be representative of the pavement section conditions and may be marked or identified to allow easy location for quality control purposes. Paint marks along the edge or sketches with locations connected to physical pavement features are acceptable. The figure below illustrates the definition of a pavement section and a representative sample unit.



2. The area of AC sample units should be 2500 ± 1500 square feet, and for PCC sample units, this should be 20 ± 8 slabs. The total inspected area or slabs for a pavement section must be at least 10% of the total pavement section area or slabs. This is an exception to the procedure described in ASTM D6433.

For example, a pavement section 950 feet long and 32 feet wide must have at least one sample unit (typically 100 feet long x 32 feet wide = 3200 sf). Longer sections will require multiple sample units.

3. Additional sample units are to be inspected only when non-representative distresses are observed. Typically, these will be distresses that are localized in nature and not representative of the entire pavement section e.g. high severity alligator cracking found near bus pads, rutting in intersections, distresses due to landscape watering/ponding etc.
4. Conduct the distress inspection by walking on the pavement shoulder or sidewalk adjacent to the sample unit being surveyed, measuring the quantity of each severity level of every distress type present, and recording the data. Each distress must correspond in type and severity to that described in the Paver Distress Identification Manuals.



5. A copy of the recorded distress data should be provided on a weekly basis to the responsible agency personnel for quality assurance.

It should be noted that windshield surveys, while reasonably fast and inexpensive, do have shortcomings. Chief among these are that low severity distresses are difficult to identify in this procedure, and consequently, the PCI may be significantly higher than it ought to be. A pavement may therefore be selected for a slurry seal when a thin overlay is more appropriate or for a thin overlay when a thick overlay is more appropriate. This may result in treatments that are not cost-effective.

When certain pavements are a high priority (usually those with high traffic volumes or other distinctive features) for a local agency, walking surveys are preferred to ensure that all pertinent distresses are captured, although windshield surveys are the minimum standard. For residential or local streets, windshield surveys are acceptable.

When automated or semi-automated surveys are used, the following procedure should be followed.

The Local Agency should:

- Establish a series of test sites
- Determine the distress data on those sites using a walking survey
- Compare the data from the automated equipment with the walking survey data.

It is desirable for the PCI values from the automated survey to be within plus or minus 5 PCI points of the values obtained from the walking survey. However, plus or minus 10 PCI points is generally considered acceptable. Any site with a difference greater than 10 PCI points should be carefully rechecked to determine the cause for the discrepancy. The agency must then make a judgement whether the automated data is acceptable.

OCTA's role is limited to the evaluation of the distress data submitted by the agencies and does not include a verification or evaluation of the automated equipment or procedure used by the agency submitting the automated survey.

Inspection Frequency

All streets identified on the MPAH must be surveyed at least once every two years. All local streets must be surveyed at least once every six years. This is a requirement of OCTA's PMP certification program.



Countywide Assessment Standards

In 1998, OCTA adopted the countywide pavement condition assessment standards for treatments as shown in Table 2.1.

Table 2.1 Pavement Condition Assessment Standards

Pavement Quality	PCI Thresholds	Funded Treatment
Very Good	86-100	None
Good	75-85	Surface seal*
Fair	60-74	Thin overlay
Poor	41-59	Thick overlay
Very Poor	0-40	Reconstruction

* Not eligible for CTFP competitive funding program

Note that Table 2.1 does NOT preclude other treatments that a local agency may choose to select or use. Indeed, there have been many new pavement technologies and techniques introduced since 1998 that a local agency should consider for preventive maintenance, and which may be funded under the M2 Fair Share program. **The treatments in Table 2.1 are intended to identify the types of treatments that OCTA will fund under the competitive grant program only.**

Quality Assurance/Quality Control (QA/QC) Plan

A QA/QC plan must be prepared by all agencies. The purpose of the QA/QC plan is to ensure that all procedures used to collect distress data comply with OCTA’s guidelines and result in the delivery of a quality data product. The QA/QC plan should also provide for corrective actions when deficiencies are encountered. As a minimum, the following components must be included:

- a. Description of condition survey procedures (distress types, severities) or reference to the relevant documents in Chapter 3. All procedures, changes or modifications should be well documented in the QA/QC plan so that future updates will be consistent. In particular, unique situations are especially important and their documentation should be included.
- b. How data will be collected (windshield, walking, automated or combination of methods).
- c. Accuracy required for data collection.
- d. Description of how data will be checked for accuracy by agency e.g. re-inspections.
- e. Schedule for when data will be submitted to local agency staff.
- f. Experience of inspectors including past training on condition surveys or calibration procedures.
- g. Field data collection safety procedures.

Any findings that may compromise data integrity and consistency should be discussed and



corrected. Examples of these include differences in survey methods from the last update (e.g. changing from windshield to walking surveys), collecting additional distress types and unique situations that may not lend themselves to existing condition survey procedures (e.g. gap-graded mixes, edge cracking with unpaved shoulders).

Prior to performing any work, local jurisdictions must review the QA/QC plan with inspection personnel.

A copy of the QA/QC plan must be submitted to OCTA together with the PMP certification.

Re-inspections

As part of any QA/QC process, it is essential to re-inspect portions of the network with different personnel than those performing the condition surveys. Re-inspections should be performed within one month of the original date of collection as pavement data will change with time, and during the winter, may change very rapidly.

The data to be re-inspected should include distress types, severities and quantities collected during the survey. At least 5% of the pavement sections should be re-inspected.

The selected sections for re-inspections should be representative of the local agency's network. This should include sections from:

- All functional classifications (i.e. MPAH and residential/local)
- All surface types (i.e. AC and PCC)
- Entire range of pavement conditions (i.e. good, fair, poor)
- All significant changes in PCI (i.e. sections with more than ± 10 PCI points a year with no plausible explanations should be targeted for re-inspections)
- All inspectors
- Different geographical areas

Acceptability Criteria

In general, inspectors should identify distress types accurately 95% of the time. Linear measurements should be considered accurate when they are within $\pm 10\%$ if re-measured, and area measurements should be considered accurate when they are within $\pm 20\%$ if re-measured.

For the data to be acceptable, 90% of the re-inspected sections must be within ± 10 PCI points.

If the results of the re-inspections do not meet the above criteria, all inspections should be immediately halted and any differences should be identified and discussed. Corrective actions should be taken immediately. The local jurisdiction should then perform re-inspections of an additional 5% of the pavement sections.

Prequalification/Calibration of Inspectors

Prequalification or calibration of inspectors ensures that proper procedures are followed and that the results obtained are within acceptable variability ranges. This will be implemented by OCTA staff.

Briefly, the procedures to prequalify or calibrate inspectors are as follows:

- a. OCTA will select approximately 20 pavement sections to be used as control or test sites. Collectively, the control sites should exhibit common distress types and levels of severity that will be encountered in the pavement network and should be across all functional classes, pavement age, surface type, pavement condition and distresses.
- b. Inspect the sections manually (walking survey) using at least two different experienced inspectors and the established survey protocols (Appendix A and ASTM D6433), including any modifications. This will establish the baseline PCI for each control section.
- c. The candidate inspectors should then survey the same pavement sections within one month of the control surveys established in Step (b). The data for the sections should be collected and submitted to OCTA as soon as they are completed.
- d. OCTA will calculate the PCIs based on the survey data collected by inspectors.
- e. Compare the control PCI data with survey results by candidate inspectors. Identify the differences and areas of ~~consistency improvement~~ variability.

Acceptability Criteria

The criteria for acceptability are:

- a. $nRMSE \leq 1.04$ where:

$$nRMSE = \sqrt{\frac{\sum_{i=1}^n \left(\frac{RPCI_i - BPCI_i}{SD_{PCI}} \right)^2}{n}}$$

Where:

nRMSE = Normalized root mean square error or deviation

RPCI_i = Reported PCI for control section i

BPCI_i = Baseline PCI for control section i

n = Number of control sections

and

$$SD_{PCI} = \frac{100 - BPCI}{3.6}$$

- b. Inspectors that obtain nRMSE values higher than 1.04 will be allowed to re-inspect and re-submit PCI values for three control sections. OCTA will indicate the three control sections where the inspectors showed the highest deviations from the baseline survey. Re-inspections are allowed only once. The normalized root mean square error (nRMSE) will be recalculated and the criteria described at point (a) applied.

- c. All inspections must be performed independently by each inspector.
- d. Inspectors will be individually prequalified
- e. At least one inspector of a consultant firm or local agency staff must be prequalified for a submitted Pavement Management Plan to be considered compliant with these Guidelines.

Pavement Management Software Training

Local agencies may utilize either MicroPAVER or StreetSaver® software for their PMPs, as long as they conform to ASTM D6433 and these guidelines. At least one representative of the local jurisdiction must be familiar with the PMP software utilized, and have attended one training class. In the case of MicroPAVER, training classes are conducted regularly. The American Public Works Association (APWA) conducts “hands-on” MicroPAVER training classes for a fee, at least once a year (see www.apwa.net for more information). Web-based training programs on specific modules are also available for a fee and broadcast schedules are periodically posted on the APWA website.

The Metropolitan Transportation Commission (MTC) provides free training classes on their StreetSaver® software program as well as field condition surveys. Typically, two field training classes are conducted annually; one in Northern California and one in Southern California (see www.mtcpms.org for more information). There are enough similarities between StreetSaver’s and MicroPAVER’s condition surveys that this training class will benefit any inspector new to the process.

OCTA offers limited software and field training focusing on those items to be included in the biennial PMP submittals. This training is sufficient to satisfy the training requirement of these Guidelines.

Pavement Management Data Files

The Pavement Management data files shall be submitted to OCTA in spreadsheet format. This must include the following information:

- Street name and limits for all public streets
- Street identifiers (Branch ID, Section ID)
- Direction (if applicable)
- Beginning and ending of each section
- Length, widths and true areas
- Functional Classification (MPAH, local)
- Number of travel lanes
- PCI and date of inspection
- Type of recommended treatment
- Cost of recommended treatment

Public alleys formally accepted as part of the local agency’s street system may be included in the PMP submittal at the local agency’s option. Public parking lots and private streets shall not be included in this submittal.



Chapter 3 – Agency Submittals

Local agencies must submit to OCTA the following as part of the biennial certification:

1. PMP Agency Submittal ~~Checklist Template~~ (See Appendix A)
2. PMP certification (see ~~Appendix B Page A-5~~)
3. QA/QC plan (see ~~Appendix C Model QA/QC Plan Pages A-15 – A-19~~)
4. Pavement management data files in a form useable by OCTA (see ~~Section Page 2-8~~)
5. PMP “hard copies” which include the following:
 - a. Average (weighted by area) PCI as of June 30 of the submittal year for:
 - i. Entire pavement network
 - ii. MPAH roadways
 - iii. Local streets
 - b. Projected PCI under existing funding levels, by year, over the next seven years for:
 - i. Entire pavement network
 - ii. MPAH roadways
 - iii. Local streets
 - c. Seven-year plan for road maintenance and rehabilitation based on current and projected budget, identifying street sections selected for treatment. Specific data to be submitted are:
 - i. Street name
 - ii. Limits of work
 - iii. Lengths, widths
 - iv. Pavement areas
 1. Each street
 2. Total area for local streets
 3. Total area for MPAH roadways
 4. Total area for entire public streets network
 - v. Functional classification (i.e. MPAH or local street)
 - vi. PCI and most recent date of inspection
 - vii. Type of treatment
 - viii. Cost of treatment
 - ix. Year of treatment
 - d. Alternative funding levels required to:
 - i. Maintain existing average network PCI
 - ii. To improve average network PCI
 - e. Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
 - f. Centerline mileage for MPAH, local streets, and total network.
 - g. Percentage of total network in each of the five condition categories based on centerline miles.
6. In order to be eligible for the local match reduction of 10%, the local jurisdiction must either:
 - a. Show measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one PCI point with no reduction in the overall weighted (by area) average PCI in the MPAH or local street categories;

or
 - b. Have road pavement conditions for the overall network during the previous reporting period within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher.



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Appendix A – Pavement Management Plan Submittal Template

The following template shall be used to submit the required Pavement Management Plan to OCTA. The Word document is available for download at octa.net/Eligibility.



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Agency

Pavement Management Plan

Prepared by: [Author Name]

Submitted to OCTA:[Date]



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XV. Appendix E – GIS Maps – Current Conditions (Optional) A-22



I. Pavement Management Plan Certification

The City/County of Type Here certifies that it has a Pavement Management Plan in conformance with the criteria stated in the Orange County Transportation Authority Ordinance No. 3. This ordinance requires that a Pavement Management Plan be in place and maintained to qualify for allocation of revenues generated from renewed Measure M2.

The plan was developed by Type here* using Type here, a pavement management system, conforming to American Society of Testing and Materials (ASTM) Standard D6433, and contains, at a minimum, the following elements:

- Inventory of MPAH and local routes reviewed and updated biennially. The last update of the inventory was completed on Month, Year for Arterial (MPAH) streets and Month, Month for local streets.
• Assessment of pavement condition for all routes in the system, updated biennially. The last field review of pavement condition was completed on Month, Year.
• Percentage of all sections of pavement needing:
o Preventative Maintenance: Type here%
o Rehabilitation: Type here%
o Reconstruction: Type here%
• Budget needs for Preventative Maintenance, Rehabilitation, and/or Reconstruction of deficient sections of pavement for:
o Current biennial period \$Type here
o Following biennial period \$Type here
• Funds budgeted or available for Preventative Maintenance, Rehabilitation, and/or Reconstruction:
o Current biennial period \$Type here
o Following biennial period \$Type here
• Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
• The Pavement Management Plan is consistent with countywide pavement condition assessment standards as described in the OCTA Countywide Pavement Management Plan Guidelines adopted by the OCTA Board of Directors.

*An electronic copy of the Pavement Management Plan (with Micro Paver or StreetSaver compatible files) has been, or will be, submitted with the certification statement.

A copy of this certification is being provided to the Orange County Transportation Authority.

Submitted by:

Click here to enter text.
Name (Print)

Click here to enter text.
Jurisdiction

Signed

Click here to enter a date.
Date

Click here to enter text.
Title (Public Works Director and/or City Engineer)



II. Executive Summary

Click here to enter text.



III. Background (Optional)

Click here to enter text.



IV. Current Pavement Conditions (PCI)

Current Network PCI	Current MPAH PCI	Current Local PCI
Click here to enter	Click here to enter	Click here to enter

V. Projected Pavement Conditions (PCI)

Should be by projected PCI by year under existing or expected funding levels for next seven fiscal years (“Today” is before June 30).

Fiscal Year	Current Funding	Entire Network PCI	MPAH	Local
Today	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter	Click here to enter



VI. Alternative Funding Levels

Maintain Existing Average Network PCI

Fiscal Year	Maintain Funding	Entire Network PCI	MPAH	Local
Today	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter	Click here to enter

Improve Average Network PCI

Fiscal Year	Current Funding	Entire Network PCI	MPAH	Local
Today	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter	Click here to enter



VII. Current and Projected Backlog by Year of Pavement Maintenance Needs

Fiscal Year	Current Funding Backlog	Maintain PCI Backlog	Increase PCI Backlog
Current	Click here to enter	Click here to enter	Click here to enter
2018-19	Click here to enter	Click here to enter	Click here to enter
2019-20	Click here to enter	Click here to enter	Click here to enter
2020-21	Click here to enter	Click here to enter	Click here to enter
2021-22	Click here to enter	Click here to enter	Click here to enter
2022-23	Click here to enter	Click here to enter	Click here to enter
2023-24	Click here to enter	Click here to enter	Click here to enter
2024-25	Click here to enter	Click here to enter	Click here to enter

VIII. Centerline Mileage

Entire Pavement Network	MPAH	Local Roads
Click here to enter	Click here to enter	Click here to enter



IX. Percentage of Network in Each of Five Condition Categories Based on Centerline Miles

Condition Category	PCI Range	Network	Percent Area of Total Pavement	Area of Pavement (sf)	Percent Centerline Mileage of Network	Centerline Mileage of Network
Very Good	86-100	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Good	75-85	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Fair	60-74	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Poor	41-59	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter
Very Poor	0-40	MPAH	Click here to enter%	Click here to enter	Click here to enter%	Click here to enter
		Local	Click here to enter%	Click here to enter		Click here to enter



X. Reduction in Local Match

A local agency match reduction of 10% of the eligible cost for projects submitted for consideration of funding through the Comprehensive Transportation Funding Programs (CTFP) call for projects is available if the local agency either:

- a. Shows measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one Pavement Condition Index (PCI) point with no reduction in the overall weighted (by area) average PCI in the Master Plan of Arterial Highways (MPAH) or local street categories;

or

- b. Have road pavement conditions during the previous reporting period, within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher, otherwise defined as in “good condition”.

If applicable, please use the space below to justify the local agency’s eligibility for a reduction in Local Match based on the statement above.

[Click here to enter text.](#)



XI. Appendix A – Seven-Year Road Maintenance and Rehabilitation Plan Based on Current or Expected Funding Level

The seven-year plan for road maintenance and rehabilitation should be based on current and projected budget. Street sections selected for treatment should be identified here. Specific data to be submitted should follow the format below:

MPAH								
	Limits of Work							
Street Name	From	To	Length of Segment	Width of Segment	Pavement Area	Type of Treatment	Cost of Treatment	Year of Treatment

LOCAL								
	Limits of Work							
Street Name	From	To	Length of Segment	Width of Segment	Pavement Area	Type of Treatment	Cost of Treatment	Year of Treatment

Please attach the seven-year road maintenance and rehabilitation plan, following the above template, after this sheet. The plan should be labeled Appendix A.



XII. Appendix B – Complete Listing of Current Street Conditions

A complete listing of current pavement conditions should be included in this report. Specific data to be submitted should follow the format below:

MPAH						
Street Name	From	To	Width of Segment	Area	Current PCI	Most Recent Inspection Date

LOCAL						
Street Name	From	To	Width of Segment	Area	Current PCI	Most Recent Inspection Date

Please attach the complete street listing, following the above template, after this sheet. The pages should be labeled Appendix B.

XIII. Appendix C – Quality Assurance/Quality Control Plan

Introduction

When performing data collection in any field, the need for quality control is paramount as it is essential for accurate planning, analysis and design. This is particularly true for collecting pavement distress data for a pavement management system.

The Quality Assurance/Quality Control (QA/QC) Plan establishes minimum quality standards for performance and procedures for updates of the pavement management system.

If applicable, utilize the space below to include information on the agency’s QA/QC policies:

[Click here to enter text.](#)

Objectives

This document constitutes a formal QA/QC Plan for the City/County. It was prepared on Select date and last revised on Select date.

Specifically, it is intended for the Year Applicable Pavement Management Plan Update. The focus is on the collection of network-level pavement distress data (defined by National Cooperative Highway Research Program (NCHRP) Synthesis 401 Quality Management of Pavement Data Collection, as “Network-level data collection involves collection of large quantities of pavement condition data, which is often converted to individual condition indices or aggregated into composite condition indices.”)

This document also addresses the QA/QC plan requirements of the Orange County Transportation Authority (OCTA)’s “Countywide Pavement Management Plan Guidelines” (section 2.4), originally adopted in May 2010.

Structure of QA/QC Plan

The following components are addressed in this QA/QC Plan:

- Condition survey procedures used
- Accuracy required for data collection
- Inspector qualifications and experience
- Safety



Condition Survey Procedures

The governing document in performing condition surveys for the Enter agency name is ASTM D6433 “Standard Practice for Roads and Parking Lots Pavement Condition Index (PCI) Surveys.” Both asphalt concrete (AC) and Portland cement concrete (PCC) pavements are included in this protocol. The following distresses are collected for each pavement type.

Asphalt Concrete AC Pavements

1. Alligator (fatigue) cracking
2. Bleeding
3. Block cracking
4. Bumps and sags
5. Corrugation
6. Depression
7. Edge cracking
8. Joint reflection cracking
9. Lane/Shoulder drop off
10. Longitudinal & Transverse cracking
11. Patching and utility cut patching
12. Polished aggregate
13. Potholes
14. Railroad crossing
15. Rutting
16. Shoving
17. Slippage cracking
18. Swell
19. Weathering
20. Raveling

Portland Cement Concrete (Jointed)

1. Blowup/buckling
2. Corner breaks
3. Divided slab
4. Durability (“D”) cracking
5. Faulting
6. Joint seal damage
7. Lane/shoulder drop off
8. Linear cracking
9. Patching (large) and utility cuts
10. Patching (small)
11. Polished aggregate
12. Popouts
13. Pumping
14. Punchout
15. Railroad crossing
16. Scaling, map cracking and crazing
17. Shrinkage cracks
18. Spalling (corner)
19. Spalling (joint)

Any exceptions to the above procedures are discussed before any surveys are performed. These are documented in the paragraphs below.

[Note to agency: these are usually related to distresses or situations that are not covered in the manuals. Examples include roller check marks or edge cracking on streets with no curbs and gutters. Others include the raveling of surface seals or the use of open-graded asphalt concrete mixes where the surface appears to have large voids present. Any modifications must be documented and included in this document. Photos are extremely helpful.]

All surveys are performed as Indicate type of surveys – walking, windshield, semi-automated etc. surveys, and a minimum 10% sampling rate is utilized. Field crews are typically composed of Click here to enter field crew information (Typically a one-person crew on residential streets and some collectors, and up to two-person crews for major arterials, depending on traffic volumes and speeds. Edit as appropriate). The safety of field personnel is paramount in all instances.

The sample unit selected must be representative of the entire pavement section. This assumes that the section is homogenous; if it is not homogeneous, then the section must be split according to the criteria agreed upon by the agency. Typically, the criteria used are:

- Pavement condition
- Construction age, if known
- Maintenance history, if known
- Traffic volumes (or functional classification as a surrogate)
- Surface types (e.g. asphalt concrete or Portland cement concrete)
- Geometric elements (e.g. widths)

Any modifications to the section inventory data are documented in the pavement management report. A sample unit must be between $2,500 \pm 1,000$ square feet in conformance with ASTM D6433 protocols. Typical sample unit dimensions are 100 feet long by the width of the street. Streets that are wider than 40 feet wide will have shorter lengths (generally 50 feet) or if they are divided by a raised median, separate sample units will be taken in each direction.

Any pavement areas that are not representative of the section will be noted and surveyed as an additional sample unit.

Accuracy Required for Data Collection

The accuracy required for data collection has two components, both of which are further described in the following paragraphs.

- Re-inspections
- PCI comparisons with past surveys

Random and Systematic Re-Inspections

Random Re-inspections

Random re-inspections will include a representative selection across the following categories:

- Functional classes (i.e. MPAH, locals);
- Surface types (e.g. asphalt concrete or Portland cement concrete);
- Pavement conditions (e.g. good, fair, poor);
- Inspectors;
- Geographical areas, if applicable.

Systematic Re-inspections

For systematic re-inspections, this could be due to noticed trends such as specific treatment types (e.g. open-graded mixes), a specific inspector or geographical area. In such cases, more than 5% will be re-inspected.



Acceptability Criteria

At the time of re-inspection, the actual distresses will be re-inspected and verified, and any corrections made, if necessary. Distress types and severities must be the same and re-measured quantities within $\pm 10\%$ of the original measured quantity.

If corrections are required on more than 10% of the re-inspected sample unit, then an additional 5% will be re-inspected. This will continue until more than 95% of the re-inspected sections meet the acceptability criteria.

PCI Comparison with Past Surveys

As another level of quality control, the new PCIs are compared with the previous PCIs. If they differ by more than ± 10 PCI points, these sections are automatically flagged for further investigation.

If PCI Increases 10 points

The section is investigated to see if a maintenance and rehabilitation event has occurred since the last survey, but has not been recorded. Typically, it may include activities such as:

- Crack sealing activities – changes medium or high severity cracking to low severity
- Patching activities – alligator cracking that has been removed and patched, so that the resultant PCI is increased.
- Surface seals
- Overlay
- Others

Therefore, an up to date maintenance and rehabilitation history file in the pavement management database is desirable, both for historical accuracy as well as to provide additional quality control.

If PCI decreases 10 points

The section is checked to see if the average deterioration rate (usually 3 to 4 points per year) is exceeded. If the drop in PCI is within range of what is acceptable, no further action is required. If the drop is more than the acceptable range, a re-inspection will be performed. The default performance curves in the pavement management software form the basis for what is acceptable.



Inspector’s Qualifications and Experience

The Enter agency here inspectors have attended formal training on pavement condition distress surveys. This training was conducted prior to performing any work using the ASTM D6433 protocols, consistent with OCTA’s requirements.

Inspector Name	Date of ASTM D6433 Training	Training Conducted By:
Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter

Resumes of the technicians utilized on this project are included as an attachment.

Safety Procedures

The Enter agency here administers a health and safety program in compliance with the Cal Occupational Safety and Health Administration (OSHA) Title VIII, Section 3203. The program is documented in Enter document name here.

Generally, the safety procedures include (Edit as applicable to agency):

- Inspectors to wear a Class 2 or 3 safety vest at all times;
- Flashing beacon on all vehicles utilized for surveys; and
- Stopped vehicles to be parked at locations away from moving traffic (e.g. nearby parking, shoulders, etc.).
- Enter safety protocol here.

On streets where there is a high volume of traffic or high speeds, additional measures may be necessary, such as:

- Surveys to occur during off-peak periods or on weekends;
- Additional inspector to watch out for traffic; and
- Traffic flaggers in extreme cases.

Attachment – Appendix C: Resumes of Field Inspectors

---End of QA/QC Plan---



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XIV. Appendix D – Pavement Management Data Files

The Pavement Management data files shall be submitted to OCTA in spreadsheet format. This must include the following information:

- Street name and limits for all public streets
- Street identifiers (Branch ID, Section ID)
- Direction (if applicable)
- Beginning and ending of each section
- Length, widths, and true areas
- Functional Classification (MPAH, Local)
- Number of travel lanes
- PCI and date of inspection
- Type of recommended treatment
- Cost of recommended treatment

The Pavement Management data files are attached here as a CD, or included as Appendix D



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XV. Appendix E – GIS Maps – Current Conditions (Optional)

If included, attach and label Appendix E.



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Appendix B – Prequalified Pavement Inspection Consultants and Local Agencies

March 23, 2016 – Expires June 30, 2018

1. Bucknam Infrastructure Group
2. City of Cypress
3. Civil Source, Inc.
4. Dynatest
5. Fugro
6. GIE
7. NCE
8. Onward Engineering
9. City of Orange

April 21, 2017 – Expires June 30, 2019

1. Adhara Systems, Inc.
 - Jeff Vu
 - William Duong
2. Fugro Roadware, Inc. (Automated)
 - Shi Chang
 - Thomas Burchett
3. GMU
 - Armando Roa
 - Ashley Varni
4. Harris & Associates
 - Marissa Baclig
 - Mike DeVila
 - Paul Muse
 - Vijay Pulijal
5. IMS
 - Alan Sadowsky
 - David Butler
6. Marker Geospatial (Automated)
 - John Zimmer
 - Ken Huisaran
7. NCE
 - David Na
 - Jacob Rajnowski
8. Twining
 - Adrian Moreno
 - Amir Ghavjbazoo
 - David Hanna Ford
 - Paul Soltis
9. Vanderhawk
 - Mat Huff

February 15, 2018 – Expires June 30, 2020

1. Bucknam Infrastructure Group
2. Dynatest

* Firms prequalified at least one representative in both cycles
(x) Number of inspectors prequalified



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Appendix C – Recommendations for Pavement Inspectors

Since 2011, OCTA has completed prequalification studies which involved more than 30 inspectors and over 60 different pavement control sections. From one prequalification cycle to the next, OCTA made an effort to streamline and improve the process by learning from the observations made during each prequalification cycle. Following are recommendations for inspectors interested in participating in the prequalification program:

General

- Inspectors should have in their possession the latest edition of the Paver pocket guides for easy reference to distress definitions and severity levels during field surveys.
- It is important to accurately measure crack width in order to correctly identify the severity of distress.
- It is strongly advised that inspectors have a second person watch for traffic while they are conducting the surveys. Visually approximating quantities of distress and severities will most certainly result in inaccurate estimates of the PCI.

PCC Pavements

- There are a limited number of concrete pavements in Orange County. The majority of these pavements are old and in some instances the slabs are more than 50 feet long. According to ASTM D6433, slabs longer than 9m (29.5 feet) must be divided into imaginary joints that are considered to be in perfect condition.
- Missing joint seal on concrete pavement is recorded as high severity joint seal damage for the entire length of joints affected. Most PCC pavements in the county completely lack joint sealant.
- When surveying a PCC section, it is very important to make sketch of the slabs being evaluated. Without the sketch, it will be very difficult to correctly count and report distress.

Asphalt Concrete Pavements

- Several types of distress may occur in the same area. With few exceptions, all types of distress have to be recorded: e.g. raveling and alligator cracking.
- Measurements of rutting require the use of a straight edge of minimum 6 feet length. Repeated measurements are required to correctly identify the areas of rutting and severity levels. This type of measurement requires the help of a second person to watch for traffic. Remember that OCTA does not provide traffic control.

Surface Treatments

- ASTM D6433 does not include distresses specific to surface treatment such as slurry seals or chip seals. Inspectors should use their best judgment to evaluate the condition of the original asphalt concrete surface underneath the surface treatment.



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COMMITTEE TRANSMITTAL

April 9, 2018

To: Members of the Board of Directors
From: *LW*
Laurena Weinert, Clerk of the Board
Subject: Interstate 405 Improvement Project Update

Regional Planning and Highways Committee Meeting of April 2, 2018

Present: Directors Bartlett, Delgleize, M. Murphy, Nelson, and Steel
Absent: Directors Pulido and Spitzer

Committee Vote

Following the discussion, no action was taken on this receive and file as an information item.

Staff Recommendation

Receive and file as information item.



April 2, 2018

To: Regional Planning and Highways Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Interstate 405 Improvement Project Update

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the email header.

Overview

The Orange County Transportation Authority is currently underway with the implementation of the Interstate 405 Improvement Project. This report provides a project update.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation, and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, is implementing the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (Project). The Project will add one general-purpose lane from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that will combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes.

On November 14, 2016, the OCTA Board of Directors (Board) awarded the design-build (DB) contract to OC 405 Partners (OC 405). OCTA executed the DB contract with OC 405 and issued Notice to Proceed (NTP) No. 1 on January 31, 2017. NTP No. 1 was a limited NTP for mobilization, design, and administrative activities. On July 26, 2017, the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement was executed between OCTA and the United States Department of Transportation (USDOT). On July 27, 2017, OCTA issued NTP No. 2 to OC 405. NTP No. 2 was a full NTP for all activities, including construction.

Discussion

A number of activities are ongoing as the final design continues and construction has been initiated. The final design is approximately 60 percent complete overall. The final baseline schedule, a detailed schedule of design and construction activities, is nearing completion.

Construction

OCTA held a groundbreaking ceremony on January 26, 2018, with more than 600 attendees, to commemorate the start of construction. The event was made possible by the generosity of more than 30 project partners. OC 405 began construction on March 6, 2018. Initial construction activities will continue over the next few months, including restriping portions of the freeway and setting up concrete barriers on the outside of the freeway to protect work areas for activities such as tree removals and grading. More significant construction activities, such as paving operations and bridge demolition activities, are anticipated to begin in the fall.

Right-of-Way (ROW) Acquisition

Construction of the Project will impact 288 properties, including 179 residential properties, 71 commercial/industrial properties, 37 public properties, and one railroad property. There are 287 properties identified as partial acquisitions and one property is identified as a full acquisition at the owner's request. The total number of impacted properties is less than the 305 previously reported as design changes have eliminated impacts to certain properties. The real property requirements for the partial acquisitions are comprised of a combination of fee acquisitions, permanent easements, temporary construction easements (TCE), and access control rights needed to construct the proposed highway and express lane improvements for the Project. The full-fee acquisition, partial-fee acquisitions, permanent easements, and TCEs are required for roadway and bridge construction, soundwalls and retaining walls, drainage systems, and for the installation of above-ground and underground facilities, including electrical, telecommunication, water, sewer, gas, and storm drain systems.

The ROW acquisition program is currently on schedule. Of the 288 total parcels needed, the following summarizes the status of the ROW acquisition:

- 275 notices of decision to appraise sent
- 220 offers presented
- 167 agreements reached (76 percent of offers presented)
- 30 resolutions of necessity approved

Utility Relocations

There are currently 105 utilities that require relocation as part of the Project. OCTA is coordinating with the 22 impacted utility companies to identify issues and work to resolve them. There are several utility relocation challenges that staff continues to focus on as utilities are a shared risk between OCTA and OC 405.

Tolling Procurements

On February 26, 2018, the Board selected Kapsch TrafficCom USA, Inc., (Kapsch) to provide toll lanes system integration services for design, installation, operation, and maintenance of the electronic toll and traffic management system on both the 405 and 91 Express Lanes. Kapsch will be working closely with the design-builder to deliver fully functional express lanes upon opening in 2023.

Staff recently initiated the development of a request for proposals for the back office support and customer service center contract for both the 405 and 91 Express Lanes, and plans to seek Board approval for its release in fall 2018.

TIFIA Loan

On July 26, 2017, OCTA executed a TIFIA loan agreement with the USDOT for up to \$628.93 million. Pursuant to the terms identified in the loan agreement, OCTA staff recently submitted the first TIFIA reimbursement requisition for \$165 million to the USDOT Build America Bureau and Federal Highway Administration. OCTA anticipates receiving the first reimbursement by April 16, 2018. As of the end of February, OCTA has expended over \$300 million on the Project.

Public Outreach

The weekend of February 16 to February 18, 2018, staff hosted a booth at two Orange County Tet Festivals, one at Mile Square Park, as well as one at the Orange County Fairgrounds. Multi-lingual staff provided Project information and encouraged festival attendees to sign up to receive email, text, and phone alerts during construction. Information was made available in both English and Vietnamese, and more than 400 attendees signed up to receive more information at the two events.

Project open houses will be scheduled in the coming months in multiple cities to share general Project information, the anticipated bridge construction schedule, and other Project details. Door hangers with open house information will be distributed to residents and businesses near the Project area. In

addition, staff will utilize targeted online and social media advertisements, Chamber of Commerce and corridor city websites, as well as other communication mediums to invite the public to attend. Prior to bridge work commencing later this year, staff will host neighborhood meetings in residential areas immediately adjacent to bridge reconstruction. These meetings are a grassroots community outreach approach and encourage residents to ask questions about the Project over coffee and donuts.

OCTA continually strives to keep pace with technology and to be innovative in its public outreach tactics. Staff developed an interactive map for the Project website which includes closure and detour information to help guide the traveling public during construction, as well as provide general facts on bridges and intersections along the 16-mile stretch. The interactive map is connected to Waze, the popular, free navigation app, with real-time traffic information. Staff is working with Waze to incorporate the Project's closures and detours into the system proactively. This is the first OCTA freeway construction project to utilize this tool, and a demonstration will be available at the upcoming Project open houses.

A Project mobile app is also in development. The free app will provide up-to-date Project information such as schedule, closures and detours, milestones, and overall benefits. It will also allow the user to view the interactive map, interesting photos and videos from the field, contact the outreach team, as well as experience the configurations and aesthetics of the bridges in every angle via a virtual reality component. This app is another innovative first for an OCTA freeway construction project.

Next Steps

Staff will continue to work closely with the design-builder as design and construction continue. This involves completing portions of the final design, obtaining permits, utility relocation coordination, and construction activities. Additionally, the ROW acquisition program will continue as planned.

Summary

Final design continues and construction has been initiated. Currently, final design, right-of-way acquisition, public outreach, and other activities are in process to continue the construction phase of the Interstate 405 Improvement Project between State Route 73 and Interstate 605.

Attachment

None.

Prepared by:



Jeff Mills, P.E.
Program Manager
(714) 560-5925

Approved by:



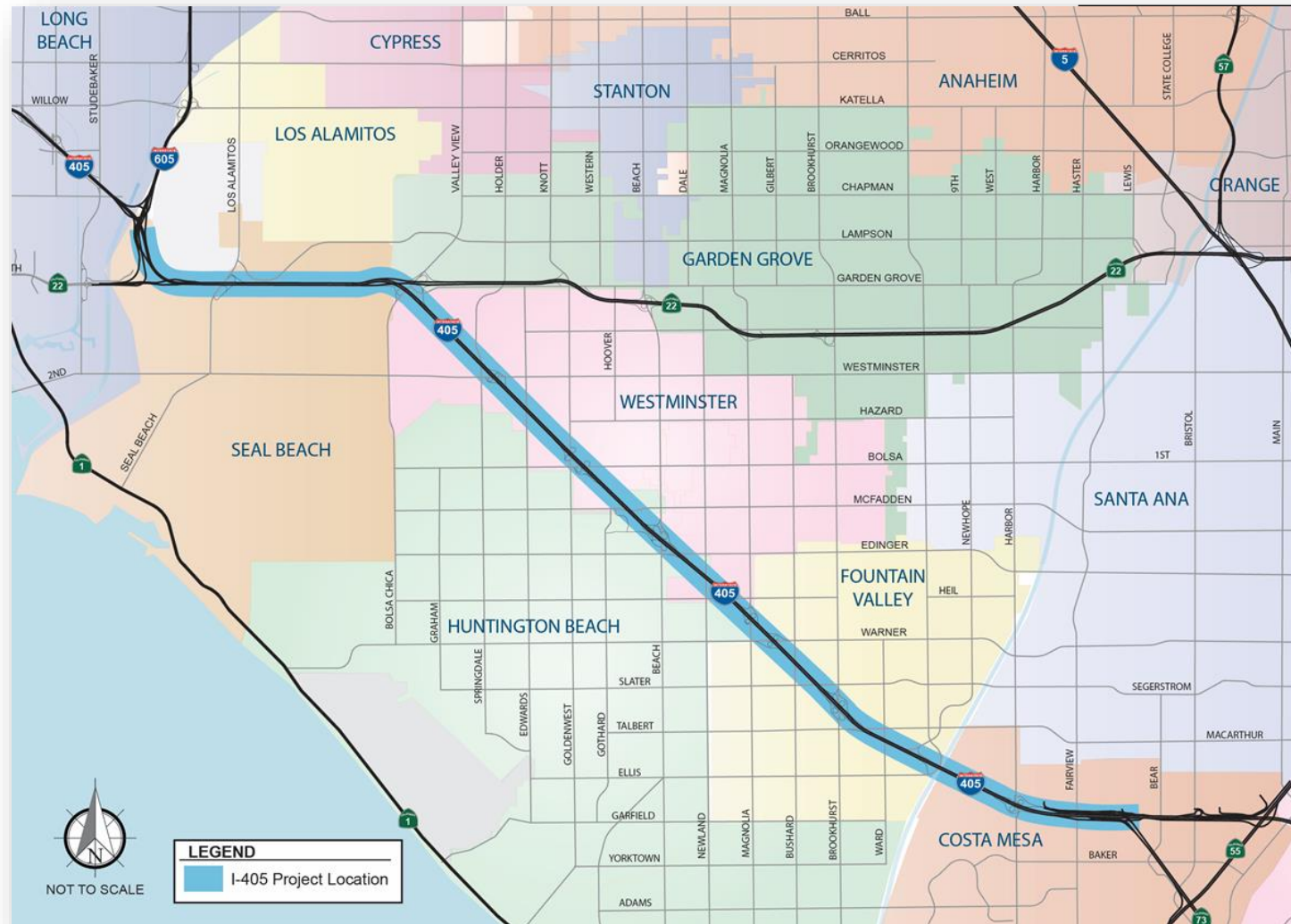
James G. Beil, P.E.
Executive Director, Capital Programs
(714) 560-5646



Interstate 405 Improvement Project Update

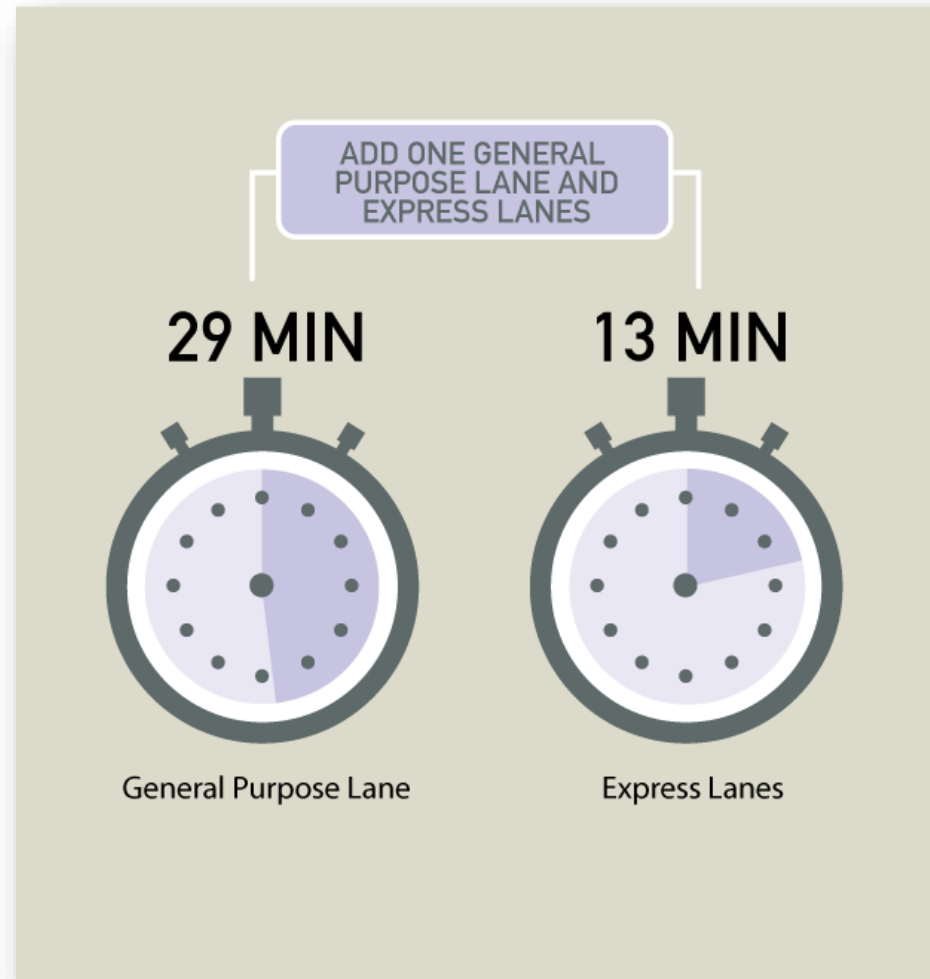


Project Location and Key Features



Project Travel Time Benefits

2040 travel time from State Route 73 to Interstate 605



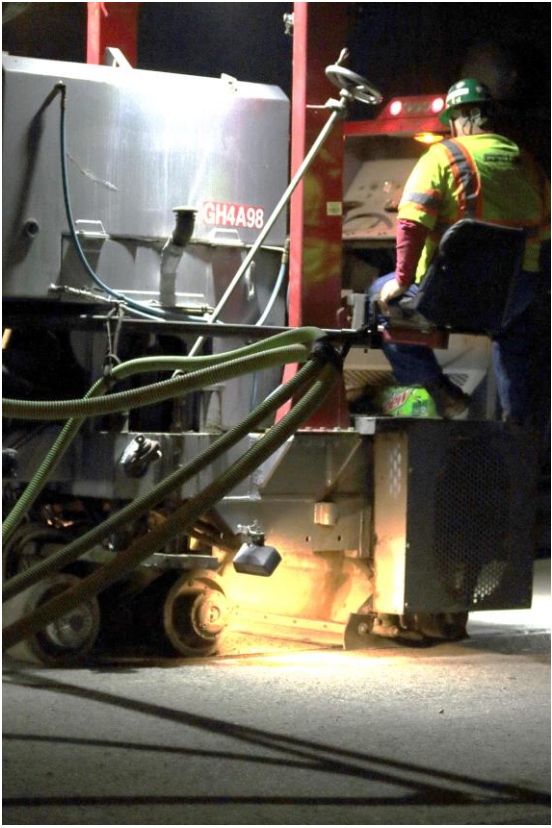
Background

- On November 14, 2016, the Orange County Transportation Authority (OCTA) Board of Directors (Board) awarded the design-build (DB) contract to OC 405 Partners (OC 405)
- On January 31, 2017, OCTA executed the contract with OC 405 and issued Notice to Proceed (NTP) No. 1
- On June 26, 2017, the Board approved the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan
- On July 27, 2017, OCTA issued NTP No. 2 to OC 405

Groundbreaking Ceremony



Construction Update



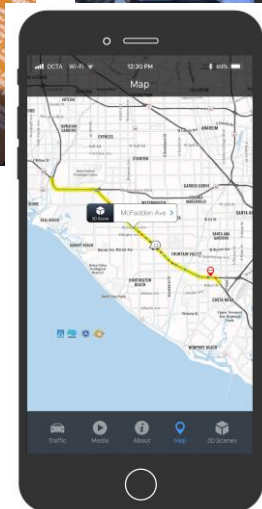
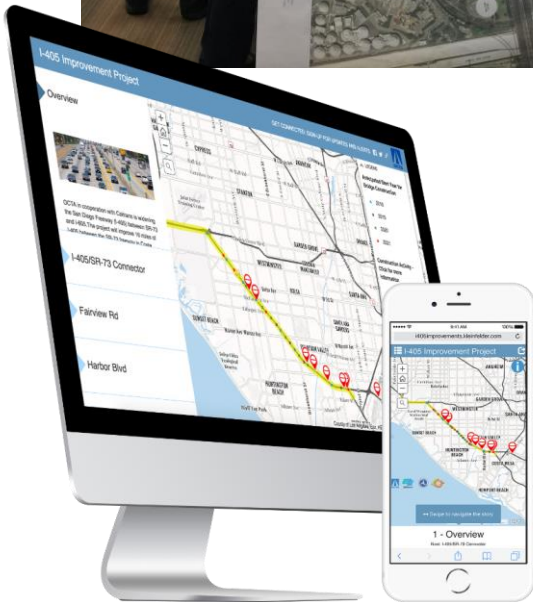
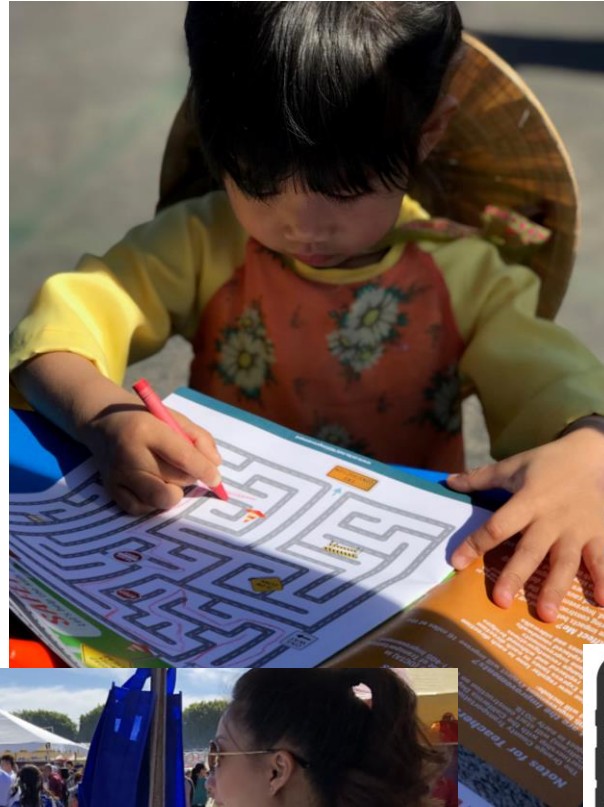
Additional Updates

- Completion of final detailed project schedule
- Design-builder currently completing the project design
- Toll lanes system integrator contract awarded on February 26, 2018
- First TIFIA loan requisition

Preliminary Bridge Construction Timeline



Ongoing Community Outreach



New Project Videos

- Now available on our website
- www.octa.net/405improvement
- There are two episodes; each one provides different information about various aspects of the 16-mile project.



Recent and Next Steps

Activity/Milestone	Date
DB Implementation	
Groundbreaking ceremony	January 26, 2018
Beginning of construction	March 6, 2018
Design and construction	2017-2023
Project, including 405 Express Lanes, opens	2023
Toll Lanes System Integrator Procurement	
Request for proposals released	August 28, 2017
Contract awarded	February 26, 2018
Contract execution and NTP	April 2018