Date:	**Monday, November 24, 2008**
Time:	**9:00 a.m.**
Where:	**Orange County Transportation Authority Headquarters 600 South Main Street, First Floor - Conference Room 154 Orange, California 92868**

Orange County Transportation Authority Board Meeting
Orange County Transportation Authority Headquarters
First Floor - Room 154, 600 South Main Street
Orange, California
Monday, November 24, 2008, at 9:00 a.m.

REVISED

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 (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda Descriptions
The agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Board of Directors may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Comments on Agenda Items
Members of the public wishing to address the Board of Directors regarding any item appearing on the agenda may do so by completing a Speaker's Card and submitting it to the Clerk of the Board. Speakers will be recognized by the Chairman at the time the agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes.

Public Availability of Agenda Materials
All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Call to Order

Invocation
Director Moorlach

Pledge of Allegiance
Director Brown

Special Matters

1. **Presentation of Resolutions of Appreciation for Employees of the Month for November 2008**

   Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2008-67, 2008-66, 2008-68 to James Fluellen, Coach Operator; Jose Ruiz, Maintenance; and Vicki Austin, Administration, as Employees of the Month for November 2008.

2. **Consideration of Public Member Appointment**
   Arthur T. Leahy

   Overview

   The Board Members representing cities and the County of Orange select the two public members. The current term of one public member expires on January 9, 2009. Decisions are requested to provide the opportunity for the Board of Directors to consider selection of one public member for the term commencing January 10, 2009.

   Recommendation

   Agendize the appointment of one Public Member position for the second Board meeting in November 2008.

3. **Public Hearing for the Proposed Federal Fiscal Year 2008-09 Federal Transit Administration Section 5307 Program of Projects**
Tresa Oliveri/Kia Mortazavi

Overview

The Orange County Transportation Authority has prepared a proposal to secure $56.03 million in federal fiscal year 2008-09 Section 5307 Urbanized Area Formula Program funds and $899,000 of Congestion Mitigation and Air Quality funds. A public hearing is scheduled for the November 24, 2008, Board of Directors meeting consistent with Federal Transit Administration requirements for receiving these funds.

Recommendation

Approve the proposed federal fiscal year 2008-09 Section 5307 Program of Projects.

4. **Recommended Fare Adjustment**
Kenneth Phipps/James S. Kenan

Overview

Due to rising costs, a decline in the farebox recovery ratio, and the necessity to ensure appropriate revenue levels to provide bus service to meet the demands of customers, it is proposed that the Orange County Transportation Authority Board of Directors consider implementing a systemwide fare adjustment.

Recommendations

A. Approve the recommended fare adjustments, as outlined in Attachment A .

B. Direct staff to make appropriate changes to the Orange County Transportation Authority Schedule of Tariffs.

C. Direct staff to undertake internal and external public outreach and customer information programs to implement pending adjustments.

4. **(Continued)**

D. Implement fare adjustment on January 4, 2009.

E. Prepare and file a Notice of Exemption from the California Environmental Quality Act.

5. **Adopt Resolutions of Necessity for Acquisition of Property Interests by Eminent Domain for the Metrolink Service Expansion Program**
James Staudinger/Kia Mortazavi

Overview

The Orange County Transportation Authority is working toward a major rail service expansion, the Metrolink Service Expansion Program, which is expected to become operational in early 2010. Proposed track improvement projects in Fullerton and Anaheim for the Metrolink Service Expansion Program require the acquisition of property interests adjacent to existing Orange County Transportation Authority's operating railroad right-of-way. The acquisition of these property interests has been conducted in accordance with the Orange County Transportation Authority Board of Directors-approved right-of-way policies and procedures. Negotiations for the acquisition of property interests currently owned by George Bushala and Commercial Family Limited Partnership are at an impasse; therefore, eminent domain action is necessary in order to acquire possession of those property interests so as to not delay construction.

Recommendations

A. Adopt Resolution of Necessity No. 2008-88 for acquisition by eminent domain of property interests necessary for the construction of the Metrolink Service Expansion Program.

B. Adopt Resolution of Necessity No. 2008-89 for acquisition by eminent domain of property interests necessary for the construction of the Metrolink Service Expansion Program.

C. Authorize Orange County Transportation Authority staff and legal counsel to take all steps necessary to acquire the specified necessary property interests through the eminent domain process.

Consent Calendar (Items 6 through 27)

All matters on the Consent Calendar are to be approved in one motion unless a Board Member or a member of the public requests separate action on a specific item.

Orange County Transportation Authority Consent Calendar Matters

6. Approval of Minutes

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of November 10, 2008.

7. Approval of Resolutions of Appreciation for Employees of the Month for November 2008

Adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2008-67, 2008-66, 2008-68 to James Fluellen, Coach Operator; Jose Ruiz, Maintenance; and Vicki Austin, Administration, as Employees of the Month for November 2008.

8. Fiscal Year 2008-09 Internal Audit Plan, First Quarter Update
Kathleen M. O'Connell

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2008-09 Internal Audit Plan on August 13, 2008. This update is for the first quarter of the fiscal year.

Recommendation

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2008-09 Internal Audit Plan.

9. Medical Examinations and Services Contract Compliance Review
Kathleen M. O'Connell

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed a compliance review of medical examinations and services contracts. Internal Audit has provided six recommendations to improve contract management and strengthen internal controls. Management has indicated recommendations provided in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement the recommendations made in the Medical Examinations and Services Contract Compliance Review, Internal Audit Report No. 08-006.

10. Conflict of Interest Code and Annual Statement of Economic Interests Filing for 2008
Wendy Knowles

Overview

Pursuant to the Orange County Transportation Authority's Conflict of Interest Code, Members of the Board of Directors and certain designated employees are required to file Statement of Economic Interests and the Conflict of Interest Code must be amended as appropriate.

Recommendations

A. Adopt the Orange County Transportation Authority Conflict of Interest Code and direct staff to forward the code for approval to the reviewing body, the Orange County Board of Supervisors.

B. Direct the Clerk of the Board to distribute and monitor Statements of Economic Interests for 2008 for Members of the Board of Directors, the Chief Executive Officer, and certain designated employees, and file those statements with the Clerk of the Orange County Board of Supervisors by April 1, 2009.

11. **Orange County Transportation Authority 2009 State Platform**
Kristin Essner/P. Sue Zuhlke

Overview

The draft 2009 State Legislative Platform has been revised based upon input and is submitted for consideration and adoption.

Committee Recommendations

A. Adopt the Orange County Transportation Authority 2009 State Legislative Platform.

B. Direct staff to distribute the adopted platform to legislators, advisory committees, local governments, affected agencies, the business community, and other interested parties.

C. Direct staff to explore language for staggering public member terms through an omnibus bill and bring potential language back for further discussion prior to any action.

12. **State Legislative Status Report**
Kristin Essner/P. Sue Zuhlke

Overview

An oppose position is recommended for a special session proposal to eliminate the State Transit Assistance program for fiscal year 2008-2009. An overview is provided of measures the California Air Resources Board is proposing to implement to meet the greenhouse gas emission reduction goals set forth under AB 32 – the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006).

Committee Recommendation

Oppose any and all special session efforts to eliminate the State Transit Assistance program for fiscal year 2008-2009 by changing how Proposition 42 is distributed.

13. Performance Evaluation of Sacramento Legislative Advocate, Sloat Higgins Jensen & Associates
Wendy Villa/P. Sue Zuhlke

Overview

Sloat Higgins Jensen & Associates provide legislative advocacy services in Sacramento. A staff evaluation of the services provided during the past 12 months is presented to the Board of Directors for consideration and further comment.

Recommendation

Receive staff's evaluation as an information item and provide any additional comments.

14. Federal Legislative Status Report
Richard J. Bacigalupo

Overview

This report provides an analysis of the issues surrounding early termination of sale and leaseback transactions for rail rolling stock which have been entered into by transportation entities nationwide, including Metrolink, and seeks support for a federal administrative or legislative solution to eliminate any exposure to these entities and to federally guarantee the leases.

Recommendation

Support requests for administrative action by the United States Treasury and alternatively, for federal legislative action, which would guarantee all such lease transactions nationwide and cure the possibility of technical default and early termination for the Metrolink rolling stock lease transactions.

15. Grant Award for Compressed Natural Gas Fueling Station at the Garden Grove Bus Base
Ric Teano/Richard J. Bacigalupo

Overview

The Mobile Source Air Pollution Reduction Review Committee awarded the Orange County Transportation Authority $400,000 in competitive grant funds to support the construction of the compressed natural gas fueling facility at the Garden Grove Base. Authorization is requested to accept the award and execute grant-related agreements.

Recommendation

Authorize the Chief Executive Officer to execute grant agreements with the Mobile Source Air Pollution Reduction Review Committee to support the construction of the compressed natural gas fueling facility at the Garden Grove Base.

16. Agreement for On-Call Right-of-Way Services for the Grade Separation Projects
Simin Yazdan/Kia Mortazavi

Overview

Consultant services are required to assist the Orange County Transportation Authority in securing the right-of-way needed to implement five rail-highway grade separation projects in the City of Placentia. Proposals were solicited and received for on-call right-of-way services in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute agreements for on-call right-of-way services between the Orange County Transportation Authority and Epic Land Solutions, Inc. (Agreement No. C-8-1292), HDR Engineering, Inc. (Agreement No. C-8-1291), and Overland, Pacific & Cutler, Inc. (Agreement No. C-8-1096), in an aggregate amount not to exceed $997,475.

17. **Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account**
Adriann Cardoso/Kia Mortazavi

Overview

Proposition 1B, passed by the voters in November 2006, made available $19.9 billion for investment in transportation throughout the state. Included in Proposition 1B is the Public Transportation Modernization, Improvement, and Service Enhancement Account, which provides $3.6 billion for investment in transit capital to eligible public transportation agencies. Recommendations for the use of fiscal year 2008-09 Proposition 1B transit funds are presented for review and approval.

Recommendations

A. Authorize the use of Public Transportation Modernization, Improvement, and Service Enhancement Account funds for the track project component of the Metrolink Service Expansion Program.

B. Authorize staff to process all necessary amendments to the Regional Federal Transportation Improvement Program and execute any necessary agreements to facilitate the above actions.

18. **Metrolink Ridership and On-Time Performance Report**
Megan Taylor/Kia Mortazavi

Overview

A report on Metrolink ridership and on-time performance for service in Orange County, covering the first quarter of fiscal year 2008-09, is presented.

Recommendation

Receive and file as an information item.

19. **Approval to Release Request for Proposals for Operating Railroad Right-of-Way Maintenance**
Dinah Minteer/Kia Mortazavi

Overview

Orange County Transportation Authority staff has developed a draft request for proposals to initiate a procurement process to retain technical and professional services in order to provide preventative and corrective maintenance of the Orange County Transportation Authority's operating railroad right-of-way.

Recommendations

A. Approve the proposed evaluation criteria and weightings for selection of consultant services for Request for Proposals No. 8-1129.

B. Approve the release of Request for Proposals No. 8-1129 for preventative and corrective maintenance services of the Orange County Transportation Authority's operating railroad right-of-way.

20. **Agreement for Financial Advisory Services**
Kirk Avila/James S. Kenan

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved financial advisory services. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendations

A. Authorize the Chief Executive Officer to execute Agreement No. C-8-0883 between the Orange County Transportation Authority and Sperry Capital, Inc., in an amount not to exceed $475,000, for general financial advisory services for a three-year term.

20. (Continued)

B. Authorize the Chief Executive Officer to execute Agreement No. C-8-1241 between the Orange County Transportation Authority and Public Financial Management, Inc., in an amount not to exceed $50,000, for swap valuation services and other financial advisory services for a three-year term.

21. Fiscal Year 2007-08 Comprehensive Annual Financial Report, 91 Express Lanes Fund Financial Statements, and 91 Express Lanes Fund Franchise Agreement Report

Tom Wulf/James S. Kenan

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Mayer Hoffman McCann P.C., an independent accounting firm, has completed its annual audit of the Orange County Transportation Authority's Comprehensive Annual Financial Report, 91 Express Lanes Fund financial statements, and the special-purpose 91 Express Lanes Fund Franchise Agreement schedules for the fiscal year 2007-08.

Recommendation

Receive and file the fiscal year 2007-08 Comprehensive Annual Financial Report, 91 Express Lanes Fund financial statements, and 91 Express Lanes Fund Franchise Agreement Report.

22. State Transit Assistance Fund Claims for Fiscal Year 2008-09

William Dineen, Jr./James S. Kenan

Overview

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. In order to receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

22. (Continued)

Recommendation

Adopt Resolution No. 2008-065 to authorize the filing of State Transit Assistance Fund claims, in the amount of $16,810,337, to support public transportation.

Orange County Local Transportation Authority Consent Calendar Matters

23. Agreement for Grade Crossing Construction Outreach and Communications Program
Sarah Swensson/Ellen C. Burton

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved $70 million to implement rail safety enhancements at 52 grade crossings. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional services to develop and implement a comprehensive construction outreach program that will increase community involvement and public awareness during construction of the rail-safety features.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-1250 between the Orange County Transportation Authority and Katz & Associates in an amount not to exceed $200,000, for a term of two years, for rail safety communications outreach.

24. **Consultant Selection for the Regional Capacity Needs Assessment**
Anup Kulkarni/Kia Mortazavi

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved funding for consultant services to develop an assessment of current and future Orange County arterial street demand and capacity. Proposals for the services were received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-0611 between the Orange County Transportation Authority and the top-ranked firm, Kimley-Horn and Associates, in an amount not to exceed $550,000, for consultant services to develop the Regional Capacity Needs Assessment.

25. **Cooperative Agreement with the Garden Grove Unified School District for Noise Abatement at Sunnyside and Mitchell Elementary Schools and Jordan Intermediate School**
M. Joseph Toolson/Kia Mortazavi

Overview

The Orange County Transportation Authority proposes to enter into a cooperative agreement with the Garden Grove Unified School District to define the specific terms, conditions, and funding responsibilities for installation of air conditioning units at Sunnyside and Mitchell elementary schools and Jordan Intermediate School as required by the Garden Grove Freeway (State Route 22) improvement project's environmental document.

Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-8-0702 between the Orange County Transportation Authority and the Garden Grove Unified School District, in an estimated amount of $700,000, for the design, construction, and construction administration required for the installation of air conditioning units and supporting electrical infrastructure at Sunnyside and Mitchell elementary schools and Jordan Intermediate School.

Orange County Transit District Consent Calendar Matters

26. Agreement for Bus Stop Maintenance Program
Ryan Erickson/Beth McCormick

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved the continuation of the Bus Stop Maintenance Program. This program involves servicing each bus stop location on a pre-determined schedule along assigned routes. Bus stop maintenance is performed as needed ensuring that each stop location is safe, clean, and in good condition for passenger use. The bus stop maintenance contract proposals were solicited and received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Committee Recommendation

Select Option 3, authorizing the Chief Executive Officer to extend current Agreement No. C-3-0810 between the Orange County Transportation Authority and Shelter CLEAN, Inc., for a period of 12 months through November 30, 2009, at an increase of $850,000 to provide continuous and ongoing maintenance at each of the existing 6,575 bus stops located within the Orange County Transportation Authority's service area. Scope of work shall remain the same.

27. Amendment to Agreement for Bus System Schedule Checking
Audrey Saller/Beth McCormick

Overview

On December 10, 2007, the Board of Directors approved an agreement with Southland Car Counters, Inc., in the amount of $247,200, to provide bus system schedule checking services for a one-year period with two one-year options. Southland Car Counters, Inc., was retained in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

27. (Continued)

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement No. C-7-1115 between the Orange County Transportation Authority and Southland Car Counters, Inc., to exercise the first option year, in an amount not to exceed $256,800, for schedule checking services.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

28. 91 Express Lanes Financing Documents
Kirk Avila/James S. Kenan

Overview

On October 10, 2008, the Orange County Transportation Authority Board of Directors authorized staff to negotiate final terms with the Orange County Treasurer on a private placement for the $100 million in 91 Express Lanes variable rate demand bonds. The financing documents for the transaction are presented for review and approval.

Recommendations

A. Approve a private placement transaction with the Orange County Investment Pool for the $100 million in 91 Express Lanes variable rate demand bonds and authorize the Chairman, Vice-Chairman, Chief Executive Officer, Executive Director of Finance and Administration, and other appropriate officers of the Orange County Transportation Authority to sign all documents on behalf of the 91 Express Lanes.

B. Adopt Resolution No. 2008-74 and approve the form of the required financing documents necessary for the Orange County Transportation Authority to proceed with the private placement with the Orange County Investment Pool and confirm approval of prior actions in connection therewith and with the acquisition of the 91 Express Lanes Series 2003-B Bonds by the Orange County Transportation Authority.

28. (Continued)

C. Amend the Orange County Transportation Authority's Fiscal Year 2009 Budget by $510,000, to cover additional cost of issuance expenses related to the 91 Express Lanes debt restructure. These expenses are to be fully funded through the 91 Express Lanes Fund.

29. Fiscal Year 2008-09 Budget Amendment
Rene I. Vega/James S. Kenan

Overview

The Orange County Transportation Authority is faced with a serious financial challenge this fiscal year due to the impacts of several economic factors, including the volatility in financial markets, recessionary fears, increased home foreclosures, and higher unemployment. All of these factors have led to shortfalls in state funding and lower sales tax receipts, which fund bus service and Measure M. To address this revenue shortfall, immediate action needs to be taken to realign expenditure levels with the revised revenue forecast. Board of Directors approval is requested to implement several short-term actions to balance this fiscal year's budget and ensure long-term sustainability of the transit system.

Recommendations

A. Amend the fiscal year 2008-09 budget by reducing revenues by $63.3 million, services and supplies budget by $5.2 million, and the capital and fixed-asset budget by $58.1 million.

B. Authorize the Chief Executive Officer to implement bus service reductions based on coach operator attrition with the recommended reduction for the upcoming December service change totaling 33,000 annual service hours. Subsequent reductions will be implemented as applicable to mitigate the anticipated budget shortfall.

C. Authorize the Chief Executive Officer to delay the capital construction elements of the Bus Rapid Transit Project and allow staff to begin reprogramming Proposition 1B funds to the Metrolink Service Expansion Project.

29. (Continued)

D. Authorize the Chief Executive Officer to execute an internal transfer of up to $46 million from the Commuter and Urban Rail Endowment Fund to the Bus Operations Fund to address the anticipated revenue shortfall over the next three years.

Orange County Local Transportation Authority Regular Calendar Matters

30. Renewed Measure M Transit Funding Program Guidelines
Kurt Brotcke/Kia Mortazavi

Overview

This item was originally presented at the September 22, 2008, Board of Directors' meeting. At the meeting, the Board of Directors passed unanimously to postpone action pending the outcome of the November 4, 2008, election.

Work has started on developing the competitive process for the Renewed Measure M transit program. An initial framework and competitive scoring criteria for Project T (Convert Metrolink Stations to Regional Gateways) are provided for review and direction.

Recommendations

A. Provide direction to staff on the proposed framework and competitive scoring criteria for Project T (Convert Metrolink Stations to Regional Gateways).

B. Direct staff to review the proposed Project T (Convert Metrolink Stations to Regional Gateways) framework and competitive scoring criteria with the Metrolink rail corridor cities in Orange County and return in January 2009 with recommendations.

Discussion Items

31. Public Comments

At this time, members of the public may address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors, but no action may be taken on off-Agenda items unless authorized by law. Comments shall be limited to three (3) minutes per speaker, unless different time limits are set by the Chairman subject to the approval of the Board of Directors.

32. Chief Executive Officer's Report

33. Directors' Reports

34. Closed Session

A. Pursuant to Government Code 54957 to review the performance of the Chief Executive Officer.

B. Pursuant to Government Code 54957.6 to meet with designated representatives Chairman Norby, Vice Chairman Buffa, and former Chairman Cavecche to discuss the compensation of the Chief Executive Officer.

35. Consideration of Compensation of the Chief Executive Officer
Chairman Chris Norby

36. Adjournment

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, December 8, 2008,** at the OCTA Headquarters.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Consideration of Public Member Appointment

Executive Committee meeting of November 3, 2008

Present: Chairman Norby, Vice Chairman Buffa, Directors Bates, Buffa, Campbell, Cavecche, Nguyen, Pringle, and Rosen
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Agendize the appointment of one Public Member position for the second Board meeting in November 2008.

Committee Discussion

At the September 29, 2008, Executive Committee meeting, the Committee voted to recommend the agendizing of the reappointment of Director Greg Winterbottom to the Public Member position for the second Board meeting in November and to post this opportunity on the OCTA website for any interested parties who wished to submit an application to be considered for interviews at the November 3 Executive Committee meeting. The opportunity was posted on the OCTA website On October 1; no applications were received by the Clerk of the Board's office and no candidates have requested consideration.

OCTA

November 3, 2008

To: Executive Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Consideration of Public Member Appointment

Overview

The Board Members representing cities and the County of Orange select the two public members. The current term of one public member expires on January 9, 2009. Decisions are requested to provide the opportunity for the Board of Directors to consider selection of one public member for the term commencing January 10, 2009.

Recommendation

Agendize the appointment of one Public Member position for the second Board meeting in November 2008.

Background

The membership of the Orange County Transportation Authority (OCTA) Board of Directors (Board) includes two public member positions that must be filled by the members of the Board that represent cities and the County of Orange.

Qualifications for a public member are as follows:

- A resident of Orange County
- Not serving currently or within the last four years as an elected official of a city, county, or any agency or special district within Orange County

The term of office for a public member is four years from the date of appointment. There is no limit on the number of terms a public member may serve.

Discussion

The current four-year term of Director Greg Winterbottom will expire January 9, 2009. (Vice Chairman Peter Buffa is serving a four-year term that will expire on October 13, 2009.) Public members are selected by majority action of the Board Members representing cities and the County. There is no procedure for this selection prescribed in either state law or any OCTA policies. Past practice has varied depending upon the circumstances.

Staff requests that the process and timetable for appointing the public member be determined at this time.

At the September 29, 2008, Executive Committee meeting, the Committee voted to recommend the agendizing of the reappointment of Greg Winterbottom to the Public Member position for the second Board meeting in November and to post this opportunity on the OCTA website for any interested parties who wished to submit an application to be considered for interviews at the November 3 Executive Committee meeting.

As directed, the opportunity was posted to the OCTA website on October 1, 2008. At this writing, no applications have been received by the Clerk of the Board's office.

Summary

Decisions are sought on a process for filling one public member term expiring on the Board of Directors of the Orange County Transportation Authority.

Attachment

None.

Prepared by:

Paul C. Taylor, PE
Deputy Chief Executive Officer
714-560-5431

3.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To:	Members of the Board of Directors
From:	WK Wendy Knowles, Clerk of the Board
Subject:	Public Hearing for Proposed Federal Fiscal Year 2008-09 Federal Transit Administration Section 5307 Program of Projects

Transit Committee meeting of November 13, 2008

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Approve the proposed federal fiscal year 2008-09 Section 5307 Program of Projects.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

OCTA

November 13, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Proposed Federal Fiscal Year 2008-09 Federal Transit Administration Section 5307 Program of Projects

Overview

The Orange County Transportation Authority has prepared a proposal to secure $56.03 million in federal fiscal year 2008-09 Section 5307 Urbanized Area Formula Program funds and $899,000 of Congestion Mitigation and Air Quality funds. A public hearing is scheduled for the November 24, 2008, Board of Directors meeting consistent with Federal Transit Administration requirements for receiving these funds.

Recommendation

Approve the proposed federal fiscal year 2008-09 Section 5307 Program of Projects.

Background

The Section 5307 Urbanized Area (UZA) Formula Program makes federal funds available for transit capital assistance to urbanized areas with populations of 50,000 or more. Funding is apportioned on the basis of legislative formulas. For areas with populations of 200,000 and more, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles, as well as population and population density. The Orange County Transportation Authority (OCTA) is the designated recipient for the UZAs in Orange County, which include the Mission Viejo UZA and a portion of the Los Angeles/Long Beach/Santa Ana UZA.

Congestion Mitigation and Air Quality (CMAQ) funds are federal funds apportioned based on population and severity of pollution. The CMAQ funds may be used for either transit or certain highway projects with air quality benefits. If used for highway projects, the funds remain with the Federal

Highway Administration (FHWA), but if used for a transit purpose, the funds are transferred to the Federal Transit Administration (FTA) and administered subject to the Section 5307 formula program regulations.

The FTA regulations require a public hearing and Board of Directors (Board) approval of the Section 5307 Program of Projects (POP) in order to receive these funds.

Discussion

The POP is developed jointly by OCTA Transit and Finance division staff to ensure that the most accurate revenue estimates and current schedules are reflected in Attachment A of this report.

OCTA is expected to receive approximately $56.03 million in federal Section 5307 funds for federal fiscal year (FFY) 2008-09, which lasts from October 1, 2008 to September 30, 2009. The estimated local match share is approximately $29.85 million.

Should the federal apportionment vary from OCTA's estimate, the operating and capital line items in the POP will be adjusted accordingly (either increased or decreased).

The FFY 2008-09 POP is developed based on OCTA's Comprehensive Business Plan (CBP), where the operation and expansion of the transit system is planned, and provides the framework for identifying current and future transit capital needs for OCTA. Therefore, the goals outlined below mirror the goals of the CBP as approved by the Board, along with previous Board actions regarding the use of CMAQ funds for the rideshare and vanpool programs.

Accordingly, the FFY 2008-09 POP was developed consistent with the following goals and requirements:

- Fund critical projects first, including replacement vehicles, debt service payments, preventive maintenance, and paratransit operating assistance.
- Set aside at least 1 percent of the total Section 5307 funding for federally required transit enhancements.
- Evaluate the long-term cash flow impacts of projects included in the grant.
- Leverage grant opportunities and use of local dollars on transit capital needs.
- Projects are consistent with previous Board action.

Key proposed projects and activities (federal plus local contributions) include $53.96 million for non-fixed route operating assistance and preventive maintenance, $31.21 million for the acquisition of 61 alternative fuel 40-foot replacement buses, $700,344 for bike and pedestrian facilities, $450,000 for CMAQ rideshare costs, and $499,000 for the vanpool program.

The proposed bus purchases were coordinated with OCTA's ten-year fleet plan and reflect no additional capital expenditures for ACCESS paratransit service consistent with current growth management strategies. Federal Section 5307 guidelines require a minimum 1 percent set aside for transit enhancements (bike and pedestrian facilities). The CMAQ funds reflect programming previously approved by the Board for the rideshare and vanpool programs.

The Section 5307 FFY 2008-09 POP and local match total $86.77 million as shown below:

Estimated FFY 2008-09 Section 5307 funds:	$ 56,027,442
Local, non-federal matching funds for Section 5307:	$ 29,847,908
Total CMAQ transfers from FHWA:	$ 899,000
	$ 86,774,350

The schedule for adopting the POP allows OCTA to complete the required processes so that the agency is able to seek federal reimbursement for all items included in the POP in a timely manner. The proposed POP will become final if there are no public comments or Board changes received on the draft. The public hearing was advertised and will be conducted according to OCTA procedures by the Clerk of the Board (Attachment B). If comments are received and changes need to be made, OCTA will publish the new POP through a second public hearing process.

Fiscal Impact

Staff proposes to use local transit funds as the match for the Section 5307 program grant. These funds were previously approved in the OCTA Fiscal Year 2008-09 Budget as the required match to the Section 5307 funds.

Summary

A public hearing will be held on November 24, 2008, for the Section 5307 UZA Formula POP for FFY 2008-09 totaling $86.77 million, including the local match. The public hearing and Board approval is required to meet FTA requirements for these funding sources.

Attachments

A. Proposed Program of Projects (POP) for Section 5307 Grant Revenue (Federal Fiscal Year 2009)

B. Notice of Public Hearing - Orange County Transportation Authority Section 5307 Urbanized Area Formula Program of Projects for Federal Fiscal Year 2008-09

Prepared by:

Tresa Oliveri

Tresa Oliveri
Transportation Analyst
(714) 560-5374

Approved by:

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

ATTACHMENT A

Proposed Program of Projects (POP) for Section 5307 Grant Revenue (Federal Fiscal Year 2009)

Line Item Description	Federal Share	Local Match	Total
Other Bus Capital Assistance	**$ 29,560,966**	**$ 24,401,750**	**$ 53,962,716**
Non-Fixed Route Paratransit Ops Assistance @ 10% (maximum)	4,622,147	18,359,396	22,981,543
Non-Fixed Route Paratransit Ops Assistance **(Mission Viejo UZA {MV UZA})**	980,597	52,799	1,033,396
Preventive Maintenance - Salaries & Benefits	15,230,904	3,807,726	19,038,630
Preventive Maintenance - Salaries & Benefits **(MV UZA)**	8,727,318	2,181,829	10,909,147
Transit Enhancements	**$ 560,275**	**$ 140,069**	**$ 700,344**
Bicycle Pedestrian & Facilities (BPF) Program - Construction @ 1% (minimum)	462,215	115,554	577,769
Bicycle Pedestrian & Facilities (BPF) Program - Construction **(MV UZA)**	98,060	24,515	122,575
Replacement CNG 40' Buses	**$ 25,906,201**	**$ 5,306,089**	**$ 31,212,290**
(61) Alternative Fuel 40' Buses	25,906,201	5,306,089	31,212,290
Total Eligible Project Cost	**$ 56,027,442**	**$ 29,847,908**	**$ 85,875,350**
Total Eligible Cost - Grant #CA-90-Y###	**$ 56,027,442**	**$ 29,847,908**	**$ 85,875,350**

Grant #CA-95-####			
Total Transfers from FHWA for CMAQ/High Priority Projects	**$ 899,000**	**$ -**	**$ 899,000**
OCTA Rideshare - CMAQ **	450,000	-	450,000
OCTA Vanpool Program (Administration) - CMAQ **	449,000	-	449,000
OCTA Vanpool Program (Capital) - CMAQ **	-	-	-
** Does not count against Section 5307 apportionment			

ATTACHMENT B

NOTICE OF PUBLIC HEARING

Orange County Transportation Authority
Section 5307 Urbanized Area Formula Program of Projects for Federal Fiscal Year 2008-09

NOTICE IS HEREBY GIVEN that the Orange County Transportation Authority (OCTA) Board of Directors (Board) will hold a public hearing at the OCTA Administrative Offices, 600 S. Main Street, Orange, California, at its regular meeting on Monday, November 24, 2008. The meeting will begin at 9:00 a.m. The public hearing shall be for the purpose of considering Section 5307 Urbanized Area Formula Program of Projects for federal fiscal year 2008-09. OCTA has prepared the Program of Projects that outlines the use of $56.7 million in Federal Fiscal Year 2008-09 Section 5307 Urbanized Area Formula program funds and $669,649 in Congestion Mitigation and Air Quality Improvement program funds. Once the public hearing has concluded, the Board is expected to take an action to finalize the proposed list.

The proposed list of projects with corresponding allocations is available upon request. Please contact:

OCTA: Tresa Oliveri – see address below
(714) 560-5374 or e-mail: toliveri@octa.net

The final list may be requested after the public hearing and board action by contacting Ms. Oliveri.

ALL INTERESTED PARTIES are invited to attend the Public Hearing and to submit oral or written requests, comments, or concerns. Written comments may be addressed to the Clerk of the Board:

Wendy Knowles
Clerk of the Board
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Telephone (714) 560-5676

4.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Recommended Fare Adjustment

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Approve the recommended fare adjustments, as outlined in Attachment A .

B. Direct staff to make appropriate changes to the Orange County Transportation Authority Schedule of Tariffs.

C. Direct staff to undertake internal and external public outreach and customer information programs to implement pending adjustments.

D. Implement fare adjustment on January 4, 2009.

E. Prepare and file a Notice of Exemption from the California Environmental Quality Act.

Note:

The attached document was distributed at the November 12, 2008, Finance and Administration Committee meeting.

TRANSMITTAL ATTACHMENT

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: **2009 Proposed Fare Policy Adjustments**

The proposed fare policy modifications described in the October 27, 2008 report to the Board of Directors are subject to review under state and federal laws and regulations. Based on the description of the proposed changes in the Board report, below are the findings regarding the environmental status of this project.

California Environmental Quality Act (CEQA)

Under CEQA Regs. 15273, the establishment, modification or approval of fares for the purpose of meeting operating expenses are statutory exemptions, as described in Section 4.3(f) of the OCTA's Environmental Guidelines. The attached Notice of Exemption serves as the required written findings and satisfies the environmental processing requirements under CEQA.

The Notice of Exemption must be filed with the Orange County Clerk's Office for posting after the Board approves the proposed fare policy modifications. The environmental process under CEQA will be automatically complete at the end of the posting period, assuming no public comments on the environmental impact of the fare policy adjustments are raised during the posting period.

National Environmental Policy Act (NEPA)

Under the National Environmental Policy Act (NEPA), establishment of fares is not considered a project and is therefore not subject to the requirements of NEPA. No further action is necessary.

ATL: kp
Attachment

DRAFT

NOTICE OF EXEMPTION

Exempt per Govt. Code Section 6103

[ ]	Office of Planning and Research 1400 10th Street, Room 121 Sacramento, CA 95814	[X]	County of Orange P.O. Box 238 Santa Ana, CA 92702

FROM: Orange County Transportation Authority
550 South Main Street
Orange, CA 92863-1584

DATE: November 25, 2008

PROJECT TITLE: Orange County Transportation Authority Fare Policy Modifications

PROJECT LOCATION: Orange County, California

DESCRIPTION OF NATURE, PURPOSE AND BENEFICIARIES OF PROJECT:

The Fare Policy Adjustments include adjustments and/or increases in various fare categories (see Attachment), effective January 4, 2009.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Orange County Transportation Authority

NAME OF AGENCY CARRYING OUT PROJECT: Orange County Transportation Authority

EXEMPT STATUS:

[ ] MINISTERIAL (Section 15073)
[ ] DECLARED EMERGENCY (Section 15071 (a))
[ ] EMERGENCY PROJECT (Section 15071 (b) and (c))
[ ] CATEGORICAL EXEMPTION (state tvpe and section number):
[X] STATUTORY EXEMPTION (P.R.C. Section 21080(b)(8), Title 14 Ca. Code of Regs 15273)
[ ] GENERAL RULE EXEMPTION: CEQA Regs. 15061(b)(3)

REASON WHY PROJECT IS EXEMPT: The bus fare adjustments are for the purpose of: (a) meeting operating expenses including employee wage rates and fringe benefits, (b) purchasing and leasing supplies, equipment and materials, (c) meeting financial reserve needs and requirements, and (d) obtaining funds for capital projects necessary to maintain service within existing service areas.

CONTACT PERSON: Ken Phipps, Deputy Director, Finance and Administration
TELEPHONE: (714) 560-5637

SUBMITTED BY:

Arthur T. Leahy

Arthur T. Leahy
Chief Executive Officer
Orange County Transportation Authority

11-25-2008

Date

ceqa\2005 Fare Policy Modifications NOE.doc

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Recommended Fare Adjustment

Overview

Due to rising costs, a decline in the farebox recovery ratio, and the necessity to ensure appropriate revenue levels to provide bus service to meet the demands of customers, it is proposed that the Orange County Transportation Authority Board of Directors consider implementing a systemwide fare adjustment.

Recommendations

A. Approve the recommended fare adjustments, as outlined in Attachment A .

B. Direct staff to make appropriate changes to the Orange County Transportation Authority Schedule of Tariffs.

C. Direct staff to undertake internal and external public outreach and customer information programs to implement pending adjustments.

D. Implement fare adjustment on January 4, 2009.

E. Prepare and file a Notice of Exemption from the California Environmental Quality Act.

Background

In recent years, dramatic growth in fuel prices, employee pension plan costs, healthcare, and other operating costs has added pressure to the need for revenue enhancement. Since fares were last increased in January 2005, fuel costs have soared 185 percent, employee pension costs have increased 92 percent with no benefit enhancement, and healthcare costs have risen 28 percent even with reduced benefits and increased employee cost sharing.

An adjustment in fare revenues will help pay for the aforementioned cost increases, help balance the budget, and continue to provide vital bus service. Without an increase in revenues, service levels demanded by customers and approved by the Orange County Transportation Authority (OCTA) Board of Directors (Board) in both the annual budget and the Comprehensive Business Plan (CBP) will not be sustainable.

The need to raise fares is made even more critical by the reduction in other revenues. The largest OCTA transit revenue source, the quarter cent sales tax enacted under the State Transportation Development Act (TDA) represents more than 40 percent of annual transit operating revenues. Due to the weak economy, sales tax revenues for fiscal year (FY) 2007-08 declined by more than 3 percent as compared to FY 2006-07, and the most recent three university average economic forecast projects growth for FY 2008-09 at only 1.56 percent, as compared to a budgeted growth rate of 3.39 percent. Furthermore, the recently approved state budget is expected to provide $9 million less in State Transit Assistance Funds than budgeted for FY 2008-09. These revenue shortfalls increase the financial imperative to reduce costs and/or adjust fares.

While the OCTA has experienced growth in ridership in recent years, fare revenues have not kept pace with escalating costs, thus reducing the farebox recovery ratio. In order to maintain efficient use of taxpayer funds, the TDA mandates that a transit property meet a minimum 20 percent farebox recovery ratio to receive its full share of TDA funding. In FY 2007-08, the systemwide farebox recovery ratio was only 20.5 percent. Although this poses no immediate threat to this necessary revenue stream, continued erosion could. In order to continue to be a good steward of taxpayer dollars and to increase the farebox recovery ratio, the OCTA must substantially reduce costs and/or increase fares.

Discussion

As discussed with the OCTA Board throughout the FY 2008-09 budget development process, and in conjunction with a variety of cost control measures, staff is proposing that the OCTA Board consider adjusting fares in January 2009. Based on the experience of the January 2005 fare adjustment, it is anticipated that a January 2009 implementation of an approximate 25 percent fare increase, as compared to FY 2007-08 data normalized for the strike, will result in approximately $3.4 million in additional fare revenue for FY 2008-09 and a potential decrease of approximately two million boardings

The FY 2008 CBP, approved by the OCTA Board on January 28, 2008, relied on fare increases of approximately 25 percent every four years to fund bus service. Without the necessary fares, or a substitute revenue source, the planned service levels, which include expanded express bus and bus rapid transit, will not be sustainable.

Many options are examined when contemplating a fare adjustment. Factors considered by staff were: increasing revenues to meet operating expenses, balancing the FY 2008-09 budget, and supporting long-term service viability; minimizing the disruptive impact on customers by keeping the frequency of fare adjustments low; being responsible to the taxpayers by maintaining at least a 20 percent farebox recovery ratio; avoiding an unplanned draw on reserves; increasing the systemwide average fare per boarding; and maintaining system efficiency by minimizing the impact on dwell time.

Passes offer customers a discount from cash fares. To promote the sale of 30-day passes, thereby reducing the number of on-board cash transactions and improving system efficiency by moving the point of sale off the bus, staff is proposing a proportionally lower increase for the 30-day pass than for the day pass. While it is proposed that the day pass be increased 33 percent from $3.00 to $4.00, it is proposed that the 30-day pass be increased by only 22 percent, providing excellent value to the customer and supporting the underlying goals. There are a variety of convenient methods for customers to acquire passes. Customers can make purchases via telephone, mail, internet, at over 200 vendor outlets including Ralph's grocery stores, as well as at the OCTA Store.

Even with the proposed fare adjustment, OCTA's bus fares would still be below the average of other California transit agencies. The proposed regular cash fare of $1.50 compares to an average of $1.53 and senior cash fare of $0.60 compares to an average of $0.69. The proposed regular day pass fare of $4.00 compares to an average of $4.25 and senior day pass of $1.25 compares to an average of $2.32. The proposed regular 30-day pass fare of $55.00 compares to an average of $58.36 and senior 30-day pass of $18.00 compares to an average of $20.56.

External Affairs staff members developed and implemented a public involvement program to increase awareness of the fare adjustment proposal and to solicit public comments. Public notices appeared twice in the Orange County Register, Excelsior, and Nguoi Viet newspapers on September 26, 2008 and October 10, 2008. Staff also provided information to more than 20,000 community members, stakeholders, and ACCESS customers on September 19, 2008. The mailer included information about the proposed adjustment, an invitation to the community open houses, and notice of the public hearing along with a response card. In addition, staff placed approximately 32,000 informational handouts and response cards on the buses starting on September 29, 2008. Staff posted information online with approximately 2,800 visitors to www.octa.net. The two open houses and public hearing resulted in the participation of 27 people with thirteen speakers who shared comments at the public hearing during the October 27, 2008, Board of Directors meeting. In total, more than 1,200 people shared comments about the fare proposal with 63 percent indicating they do not support the adjustment while 37 percent said they understand the need for the change.

Staff proposes that the fare adjustment take effect on Sunday, January 4, 2009, the first Sunday of 2009. Sunday ridership and bus use is the lowest of any day of the week. Major system changes are generally implemented on Sundays in order to minimize the impact on our customers and maximize availability of vehicles to service workers and mechanics. This fare adjustment will require that every farebox be reprogrammed and every fare matrix decal be changed.

Summary

After a thorough review of comments received at the fare adjustment public hearing of October 27, 2008, public outreach meetings of October 13, 2008 and October 16, 2008, through customer comment cards and the internet, and a consideration of directions from Board Members, staff recommends the attached fare policy adjustments. Upon final approval by the Board of Directors, staff will immediately proceed with implementation to take effect January 4, 2009.

Attachments

A. Orange County Transportation Authority - Recommended Fare Matrix
B. Public Information Materials

Prepared by:

Kenneth Phipps
Director,
Finance and Administration
(714) 560-5637

Approved by:

James S. Kenan
Executive Director,
Finance and Administration
(714) 560-5678

ATTACHMENT A

Orange County Transportation Authority
Recommended Fare Matrix

Fare Type	Fare Structure Current	Fare Structure Proposed	% Increase
Adult (Fixed Route and Bus Rapid Transit)			
Cash Fare	**$ 1.25**	**$ 1.50**	20.00%
Day Pass	**$ 3.00**	**$ 4.00**	33.33%
Prepaid Day Pass (pack of 10)	**$ 27.00**	**$ 36.00**	33.33%
7 Day Pass	**$ 15.00**	**$ 20.00**	33.33%
15 Day Pass	**$ 26.00**	**$ 35.00**	34.62%
30 Day Pass	**$ 45.00**	**$ 55.00**	22.22%
Intracounty express (cash)	**$ 2.50**	**$ 3.00**	20.00%
Intercounty express (cash)	**$ 3.75**	**$ 4.50**	20.00%
OC express 30 day pass	**$ 86.00**	**$ 100.00**	16.28%
Intercounty express 30 day pass	**$ 128.00**	**$ 150.00**	17.19%
Senior and Disabled (Fixed Route and Bus Rapid Transit)			
Senior and Disabled Cash Fare peak service	$ 1.25	$ 1.50	20.00%
Measure M pays	$ 0.75	$ 0.90	20.00%
Senior and Disabled Cash Fare peak service	**$ 0.50**	**$ 0.60**	20.00%
Senior and Disabled Cash Fare off-peak service	$ 0.60	$ 0.75	25.00%
Measure M pays	$ 0.10	$ 0.15	50.00%
Senior and Disabled Cash Fare off-peak service	**$ 0.50**	**$ 0.60**	20.00%
Senior and Disabled Day Pass	$ 1.50	$ 2.00	33.33%
Measure M pays	$ 0.50	$ 0.75	50.00%
Senior and Disabled Day Pass	**$ 1.00**	**$ 1.25**	25.00%
Prepaid Senior and Disabled Day Pass (pack of 10)	**$ 9.00**	**$ 11.50**	27.78%
Senior and Disabled 7 Day Pass	$ 7.50	$ 10.00	33.33%
Measure M pays	$ 2.50	$ 3.50	40.00%
Senior and Disabled 7 Day Pass	**$ 5.00**	**$ 6.50**	30.00%
Senior and Disabled 15 Day Pass	$ 14.50	$ 19.50	34.48%
Measure M pays	$ 5.50	$ 7.50	36.36%
Senior and Disabled 15 Day Pass	**$ 9.00**	**$ 12.00**	33.33%
Senior and Disabled 30 Day Pass	$ 23.50	$ 28.00	19.15%
Measure M pays	$ 8.50	$ 10.00	17.65%
Senior and Disabled 30 Day Pass	**$ 15.00**	**$ 18.00**	20.00%
Senior and Disabled Intracounty Express Cash	**$ 2.50**	**$ 3.00**	20.00%
Measure M pays	$ 0.25	$ 0.30	20.00%
Senior and Disabled Intracounty Express Cash	**$ 2.25**	**$ 2.70**	20.00%
Senior and Disabled Intercounty Express Cash	**$ 3.75**	**$ 4.50**	20.00%
Measure M pays	$ 0.40	$ 0.50	25.00%
Senior and Disabled Intercounty Express Cash	**$ 3.35**	**$ 4.00**	19.40%

Orange County Transportation Authority
Recommended Fare Matrix

Fare Type	Fare Structure Current	Fare Structure Proposed	% Increase
Youth and Child			
Youth (age 7 - 18) 30 Day Pass	**$ 26.00**	**$ 33.00**	26.92%
Summer Youth Pass	**$ 40.00**	**$ 50.00**	25.00%
Child (age 6 and under)	**free**	**free**	
Student and Employee			
College Semester Pass	**$ 120.00**	**$ 150.00**	25.00%
College Quarter Pass	**$ 75.00**	**$ 95.00**	26.67%
University Pass (per boarding)	**$ 0.75**	**$ 1.00**	33.33%
University Pass Student (cap)	**$ 30.00**	**$ 37.00**	23.33%
University Pass Faculty (cap)	**$ 45.00**	**$ 55.00**	22.22%
University Pass Intracounty premium (per boarding)	**$ 1.25**	**$ 1.50**	20.00%
University Pass Intracounty premium (cap)	**$ 86.00**	**$ 100.00**	16.28%
University Pass Intercounty premium (per boarding)	**$ 2.50**	**$ 3.00**	20.00%
University Pass Intercounty premium (cap)	**$ 128.00**	**$ 150.00**	17.19%
Employer Pass (per boarding)	**$ 0.75**	**$ 1.00**	33.33%
Employer Pass (cap)	**$ 45.00**	**$ 55.00**	22.22%
Employer Pass Intracounty premium (per boarding)	**$ 1.25**	**$ 1.50**	20.00%
Employer Pass Intracounty premium (cap)	**$ 86.00**	**$ 100.00**	16.28%
Employer Pass Intercounty premium (per boarding)	**$ 2.50**	**$ 3.00**	20.00%
Employer Pass Intercounty premium (cap)	**$ 128.00**	**$ 150.00**	17.19%
ACCESS			
ACCESS standard [curb] service	$ 2.50	**$ 3.00**	20.00%
Measure M pays	$ 0.25	$ 0.30	20.00%
ACCESS standard service	**$ 2.25**	**$ 2.70**	20.00%
Companion of ACCESS rider	$ 2.50	**$ 3.00**	20.00%
Measure M pays	$ 0.25	$ 0.30	20.00%
Companion	**$ 2.25**	**$ 2.70**	20.00%
Personal care attendant of ACCESS rider	**free**	**free**	
ACCESS premium service [door]	$ 5.00	$ 5.00	0.00%
Measure M pays	$ -	$ -	0.00%
ACCESS premium service	**$ 5.00**	**$ 5.00**	0.00%
ACCESS eligible Fixed Route Cash Fare peak service	$ 1.25	$ 1.50	20.00%
Measure M pays	$ 1.00	$ 1.25	25.00%
ACCESS eligible Fixed Route Cash Fare peak service	**$ 0.25**	**$ 0.25**	0.00%
ACCESS eligible Fixed Route Cash Fare off-peak service	$ 0.60	$ 0.75	25.00%
Measure M pays	$ 0.35	$ 0.50	42.86%
ACCESS eligible Fixed Route Cash Fare off-peak service	**$ 0.25**	**$ 0.25**	0.00%
Other			
Any peace officer, firefighter, military	**free**	**free**	

ATTACHMENT B

PUBLIC INFORMATION MATERIALS

OC Register
September 26 and October 10

ATTACHMENT B

PUBLIC COMMENTS

Proposed Fare Adjustment

Learn more & share your comments

The high price of gas has impacted all of us across the country. Here in Orange County, thousands of new customers are seeking relief from skyrocketing gas prices by riding buses for reliable and cost-effective trips.

The nation's fuel crisis significantly has increased the cost to operate our bus system that delivered more than 67 million boardings last fiscal year. The Orange County Transportation Authority (OCTA) is addressing this issue by proposing a reasonable fare increase.

To ensure the best decision is made, we want to share with you our fare adjustment proposal. We also want your comments, ideas and suggestions, so we may continue to provide quality bus service for Orange County.

Learn about the fare proposal and take an online survey at:
www.octa.net/fareproposal

Share your comments: www.octa.net/comment
1-800-636-RIDE (7433) (select 2)

E-mail us at: customers@octa.net

Or mail to:
Orange County Transportation Authority
550 South Main Street, P.O. Box 14184, Orange, CA 92863-1584

Attend a community open house:

Visit anytime between 5 and 7 p.m.

Oct. 13 - Laguna Hills Community Center
25555 Alicia Pkwy. in Laguna Hills
Served by bus routes: 87, 177, 187 and 212

Oct. 16 - OCTA Headquarters,
600 S. Main St. in Orange
Served by bus routes: 53, 56 and 83

Attend a public hearing:

9 a.m. Oct. 27 at the OCTA Board of Directors meeting
600 S. Main St. in Orange
Served by bus routes: 53, 56 and 83

OCTA

Excelsior
September 26 and October 10

COMENTARIOS PÚBLICOS

Propuesta para ajustar tarifas

Aprenda más y comparta sus comentarios

El alto precio de la gasolina nos ha impactado a todos. Aquí en el condado de Orange, miles de nuevos clientes buscan alivio contra el alto costo de la gasolina utilizando autobuses para viajes seguros y económicamente efectivos.

La crisis nacional de combustible ha aumentado el costo para operar nuestro sistema de autobuses, que el último año fiscal tuvo más de 67 millones de abordajes. La Autoridad de Transportación del Condado de Orange (OCTA por sus siglas en inglés) se está dirigiendo a este tema proponiendo un razonable aumento en sus tarifas.

Para asegurar que se tome la decisión mejor, queremos compartir con usted nuestra propuesta para ajustar las tarifas. También queremos sus comentarios, ideas y sugerencias para asi continuar proporcionando servicio de autobús de calidad para el condado de Orange.

Aprenda más sobre nuestra propuesta para el ajuste de tarifas y llene su encuesta visitando nuestra página en el internet: www.octa.net/fareproposal

Comparta sus comentarios en www.octa.net/comment
(800) 636-RIDE (7433) (seleccione 2)
(714) 636-RIDE (7433) (seleccione 2)
(949) 636-RIDE (7433) (seleccione 2)

Envíenos un correo electrónico a customers@octa.net

O por correo a
Orange County Transportation Authority
550 Main Street, P.O. Box 14184, Orange, CA 92863-1584

Asista a una de nuestras reuniones comunitarias:

Puede visitar a cualquier hora entre las 5 y 7 p.m.

13 de octubre- Laguna Hills Community Center
25555 Alicia Pkwy. En Laguna Hills
Autobuses que pasan por el área: 87, 177, 187, y 212

16 de octubre- Oficina Central de OCTA
600 S. Main St. En Orange
Autobuses que pasan por el área: 53, 56 y 83.

Para asistir a una audiencia pública:

9 a.m. 27 de octubre en la junta de la mesa directiva de OCTA
600 S. Main St. En Orange
Autobuses que pasan por el área: 53, 56 y 83.

OCTA

Nguoi Viet
September 26 and October 10

Ý KIẾN CỦA CÔNG CHÚNG

Đề nghị điều chỉnh giá vé

Tìm hiểu thêm & chia sẻ ý kiến của bạn

Tình trạng xăng lên giá đã ảnh hưởng đến mọi người trên toàn quốc. Tại Orange County, nhằm đối phó sự việc giá xăng tăng vọt như hỏa tiễn, hàng ngàn người chọn đi xe buýt lần đầu tiên để có những chuyến đi bảo đảm và bớt tốn kém.

Cuộc khủng hoảng nhiên liệu của đất nước đã khiến phí tổn tặng thêm trong lãnh vực điều hành hệ thống xe buýt của chúng ta. Hệ thống này chuyên chở trên 67 triệu hành khách trong tài khóa năm ngoái. Cơ quan vận chuyển Orange County Transportation Authority (OCTA) đang đề cập đến vấn đề này qua một đề nghị tăng giá vé xe buýt một cách hợp lý.

Để bảo đảm có được một quyết định chín chắn nhất, chúng tôi muốn chia sẻ đề nghị điều chỉnh giá vé với bạn. Chúng tôi cũng muốn bạn đóng góp ý kiến, đưa ra sáng kiến và đề nghị để cho chúng tôi có thể tiếp tục cung cấp dịch vụ xe buýt có phẩm chất cao tại Orange County.

Để biết thêm về đề nghị tăng giá vé và để tham dự một cuộc thăm dò ý kiến, bạn hãy vào trang mạng www.octa.net/fareproposal

Chia sẻ ý kiến qua:	**www.octa.net/comment** **1-800-636-RIDE (7433) (chọn số 2)**
E-mail đến chúng tôi ở địa chỉ:	**customers@octa.net**

Hoặc gởi thư đến:
Orange County Transportation Authority
550 South Main Street, P.O. Box 14184, Orange, CA 92863-1584

Tham dự một buổi thảo luận trong cộng đồng:

Có thể đến trong khoảng thời gian từ 5 đến 7 giờ chiều
13 Tháng Mười – tại Laguna Hills Community Center (trung tâm cộng đồng)
25555 Alicia Parkway ở thành phố Laguna Hills
Dành cho các tuyến xe buýt 87, 177, 187 và 212

16 Tháng Mười – tại trụ sở của OCTA
600 S. Main St. ở thành phố Orange
Dành cho các tuyến xe buýt số 53, 56 và 83

Tham dự buổi điều trần trước công chúng:

9 giờ sáng, 27 Tháng Mười
tại buổi họp của OCTA Board of Directors
600 S. Main St. ở thành phố Orange
Dành cho các tuyến xe buýt số 53, 56 và 83

OCTA

08176AD0303V

ORANGE COUNTY TRANSPORTATION AUTHORITY
ATTN: CUSTOMER RELATIONS
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CURRENT BUS FARE ACROSS CALIFORNIA / TARIFAS ACTUALES DE AUTOBUSES A TRAVES CALIFORNIA				
LOCATION	TRANSIT AGENCY	ONE-RIDE FARE	DAY PASS	30-DAY PASS
Sacramento	RTD	$2.00	$5.00	$85.00
San Francisco	MUNI	$1.50	–	$45.00
Oakland	AC Transit	$1.75	–	$70.00
San Jose	VTA	$1.75	$5.00	$61.25
Long Beach	Long Beach Transit	$0.90	$2.50	$50.00
Los Angeles	METRO	$1.25	$5.00	$62.00
Orange County	**OCTA**	**$1.25**	**$3.00**	**$45.00**
San Bernardino	Omnitrans	$1.35	$3.50	$45.00
Riverside	RTA	$1.25	$3.75	$43.00
San Diego	San Diego Transit	$2.00	$5.00	$64.00
Average		$1.50	$4.09	$57.03

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ORANGE COUNTY TRANSPORTATION AUTHORITY
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ORANGE, CA 92863-1584

PUBLIC COMMENTS

Proposed Fare Adjustment

Public Hearing
Oct. 27, 2008
9:00 a.m.
600 S. Main Street
Orange, CA 92863

Propuesta para el Ajuste de Tarifas en los Pasajes

Conferencia Pública
27 de Octubre de 2008
9:00 a.m.
600 S. Main Street
Orange, CA 92863

OCTA

Proposed Fare Adjustment

Learn more & share your comments

The high price of gas has impacted all of us across the country. Here in Orange County, thousands of new customers are seeking relief from skyrocketing gas prices by riding buses for reliable and cost-effective trips.

The nation's fuel crisis significantly has increased the cost to operate our bus system that delivered more than 67 million boardings last fiscal year. The Orange County Transportation Authority (OCTA) is addressing this issue by proposing reasonable fare increases.

To ensure the best decision is made, we want to share with you our fare adjustment proposal. We also want your comments, ideas and suggestions, so we may continue to provide quality bus service for Orange County.

Learn about the fare proposal at:
www.octa.net/fareproposal

Share your comments:
www.octa.net/comment

1-800-636-RIDE (7433) (select 2)
(714) 636-RIDE (7433) (select 2)
(949) 636-RIDE (7433) (select 2)

E-mail us at: customers@octa.net

Or mail to:
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

Attend a community open house:

Visit anytime between 5 and 7 p.m.

Oct. 13 - Laguna Hills Community Center
25555 Alicia Pkwy. in Laguna Hills
Served by bus routes: 87, 177, 187 and 212

Oct. 16 - OCTA Headquarters
600 S. Main St. in Orange
Served by bus routes: 53, 56 and 83

Attend a public hearing:

9 a.m. Oct. 27 at the OCTA Board of Directors meeting
600 S. Main St. in Orange
Served by bus routes: 53, 56 and 83

****

Propuesta para el Ajuste de Tarifas en los Pasajes

Aprenda más y comparta sus comentarios

El alto precio de la gasolina nos ha impactado a todos dentro del país. Aquí en el Condado de Orange, miles de clientes nuevos buscan alivio contra el alto costo de la gasolina por medio del uso de autobuses para viajes seguros y bajos en costo.

La crisis nacional de combustible ha aumentado el costo para operar nuestro sistema de autobuses, el cual facilitó el abordo a más de 67 millones de pasajeros este último año fiscal (Julio 1, 2007 - Junio 30, 2008). La Autoridad de Transporte del Condado de Orange (OCTA por sus siglas en Inglés) está tratando de buscar soluciones a éste problema proponiendo ajustes razonables a sus tarifas de pasaje.

Para asegurarnos de tomar la mejor decisión, queremos compartir con ustedes nuestra propuesta de ajuste a estas tarifas. Como también queremos sus comentarios, ideas, y sugerencias para así poder continuar ofreciendo servicio de calidad en el Condado de Orange.

Aprenda más sobre nuestra propuesta para el ajuste de tarifas y llene su encuesta visitando nuestra página en el internet:
www.octa.net/fareproposal

Comparta sus comentarios: www.octa.net/comment

1-800-636-RIDE (7433) (seleccione 2)
(714) 636-RIDE (7433) (seleccione 2)
(949) 636-RIDE (7433) (seleccione 2)

Envíenos su correo electrónico a: customers@octa.net

Envíenos su correspondencia a:
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

Asista a una de nuestras reuniones comunitarias:

A cualquier hora entre las 5:00 y las 7:00 p.m.

Octubre 13 - Laguna Hills Community Center
25555 Alicia Pkwy. en Laguna Hills
Usando las rutas de autobús: 87, 177, 187 y 212

Octubre 16 - Oficinas de OCTA
600 S. Main Street, Orange, CA
Usando las rutas de autobús: 53, 56 y 83

Asista a la Conferencia Pública:

Octubre 27 a las 9:00 a.m.
Junta Directiva de OCTA
600 S. Main Street, Orange, CA
Usando las rutas de autobús: 53, 56 y 83

08176FL0808

COMMENT CARD
TARJETA DE COMENTARIOS

OCTA

Proposed Fare Adjustment
Propuesta para el Ajuste de Tarifas en los Pasajes

Name / Nombre: ____________________

Address / Dirección: ____________________

City / Ciudad: ____________________

Zip Code / Código Postal: ____________________

Telephone / Teléfono: ____________________

E-mail / Correo Electrónico: ____________________

☐ Yes, I understand the need for a fare increase. / Si, comprendo la necesidad de un ajuste de tarifas en los pasajes.

☐ No, I do not support a fare increase. / No, no apoyo el ajuste de tarifas en los pasajes.

Comments / Comentarios:

____
____
____
____
____
____

COMMENT CARD
TARJETA DE COMENTARIOS

OCTA

Proposed Fare Adjustment
Propuesta para el Ajuste de Tarifas en los Pasajes

Name / Nombre: Josef Leblanc

Address / Dirección: 240 E TAFT AVE APT 2

City / Ciudad: ORANGE

Zip Code / Código Postal: 92865

Telephone / Teléfono: (714) 998-2045

E-mail / Correo Electrónico: THEMBAOMPS2@EARTHLINK.NET

☐ Yes, I understand the need for a fare increase. / Si, comprendo la necesidad de un ajuste de tarifas en los pasajes.

☒ No, I do not support a fare increase. / No, no apoyo el ajuste de tarifas en los pasajes.

Comments / Comentarios:

AN INCREASE IN BUS FARES, WHILE NOT LARGE ON CASH FARES AND DAY PASSES, IS TOO DRASTIC ON ALL OTHER TYPES OF BUS PASSES FOR WORKING CLASS FAMILIES TO AFFORD. THIS IS WHY I DON'T SUPPORT THE FARE INCREASE.

COMMENT CARD
TARJETA DE COMENTARIOS

OCTA

Proposed Fare Adjustment
Propuesta para el Ajuste de Tarifas en los Pasajes

Name / Nombre: Christine Waters

Address / Dirección: 3H #B Wilma Circle

City / Ciudad: Placentia

Zip Code / Código Postal: 92870

Telephone / Teléfono: (714) 524-1738

E-mail / Correo Electrónico: creppy1973@yahoo.com

☐ Yes, I understand the need for a fare increase. / Si, comprendo la necesidad de un ajuste de tarifas en los pasajes.

☒ No, I do not support a fare increase. / No, no apoyo el ajuste de tarifas en los pasajes.

Comments / Comentarios:

I think it should stay as it is now. I take Access more because of my Epilepsy and the amount should stay @ $5.00 Round trip fees.

COMMENT CARD
TARJETA DE COMENTARIOS

OCTA

Proposed Fare Adjustment
Propuesta para el Ajuste de Tarifas en los Pasajes

Name / Nombre: Hue Tieu

Address / Dirección: 2026 11th St #5

City / Ciudad: Long Beach

Zip Code / Código Postal: 90805

Telephone / Teléfono: 562. 428 6081

E-mail / Correo Electrónico:

☒ Yes, I understand the need for a fare increase. / Si, comprendo la necesidad de un ajuste de tarifas en los pasajes.

☐ No, I do not support a fare increase. / No, no apoyo el ajuste de tarifas en los pasajes.

Comments / Comentarios:

Thank you very much for your good service. We senior people hope to get affordable fare like usual.

Proposed New Bus Fares

The Orange County Transportation Authority (OCTA) is proposing a fare increase in order to continue providing you with the quality bus service you expect.

The state budget crisis resulted in cuts of $7.8 million – a significant impact to OCTA's operating budget. This budget shortfall came in addition to these rising costs to OCTA since 2005:

- Fuel costs have skyrocketed 185 percent – a 70 percent jump this year alone
- Employee pension costs have jumped 92 percent
- Healthcare costs have risen 28 percent

OCTA also is making major cuts to administrative costs and exploring other cost-cutting measures.

We want to ensure the bus system continues to be a cost-effective travel option for the more than 67 million customers who depend upon it every year.

Types of Bus Fares	Bus Fares	
	Current	Proposed
Adult		
Cash Fare	$1.25	$1.50
Day Pass	$3.00	$4.00
Prepaid Day Pass (pack of 10)	$27.00	$36.00
7-Day Pass	$15.00	$20.00
15-Day Pass	$26.00	$35.00
30-Day Pass	$45.00	$55.00
OC Express (757 & 758) cash fare	$2.50	$3.00
• Additional fare when combined with day or multi-day pass	$1.25	$1.50
Express (701, 721 & 794) cash fare	$3.75	$4.50
• Additional fare when combined with day or multi-day pass	$2.50	$3.00
OC Express (757 & 758) 30-Day Pass	$86.00	$100.00
Express (701, 721 & 794) 30-Day Pass	$128.00	$150.00
Senior and Disabled		
Cash Fare	50 cents	60 cents
Day Pass	$1.00	$1.25
Prepaid Day Pass (pack of 10)	$9.00	$11.25
7-Day Pass	$5.00	$6.50
15-Day Pass	$9.00	$12.00
30-Day Pass	$15.00	$18.00
OC Express (757 & 758) cash fare	$2.25	$2.70
• Additional fare when combined with day or multi-day pass	$1.75	$2.10
Express (701, 721 & 794) cash fare	$3.35	$4.00
• Additional fare when combined with day or multi-day pass	$2.85	$3.40
Youth and Child		
Child (age 6 and under)	Free	Free
Youth 30-Day Pass (ages 7 – 18)	$26.00	$33.00
Summer Youth Pass (ages 7 – 18)	$40.00	$50.00
Employee and College		
Employer Pass		
• Per boarding fare	75 cents	$1.00
• Monthly cap	$45.00	$55.00
• OC Express additional fare when combined with day or multi-day pass	$1.25	$1.50
• Express additional fare when combined with day or multi-day pass	$2.50	$3.00
College Pass		
• Quarter Pass (75-Day)	$75.00	$95.00
• Semester Pass (120-Day)	$120.00	$150.00
ACCESS Paratransit		
ACCESS eligible fixed-route fare	25 cents	25 cents
ACCESS standard curb service	$2.25	$2.70
Companion of ACCESS rider	$2.25	$2.70
Personal care attendant of ACCESS rider	Free	Free
ACCESS premium door service	$5.00	$5.00
Public Safety Officers		
Any peace officer, firefighter, military	Free	Free

OCTA

Nuevas Tarifas de Autobús Propuestas

La Autoridad de Transportación del Condado de Orange (OCTA) esta proponiendo un aumento de tarifas para poder seguir proporcionándole la calidad de servicio de autobús que usted espera.

La reciente crisis económica a nivel estatal resultó en recortes de $7.8 millones al presupuesto de autobuses de OCTA – una perdida realmente impactante. Además de este recorte a nuestro presupuesto, desde el 2005 OCTA ha tenido que pagar aumentos en los siguientes costos:

- Combustible – el precio que pagamos por el combustible ha subido un total de 185%, incluyendo un aumento de 70% en este año
- Pensiones de Empleados – el costo de pensiones para empleados ha subido en 92%
- Seguros de Salud para Empleados – el costo para proveer seguros de salud ha incrementado en 28%

OCTA también esta reduciendo gastos administrativos y explorando otras medidas para economizar.

Queremos asegurar que el servicio de autobús siga siendo un modo de transportación económico para los mas de 67 millones de usuarios que dependen de el cada año.

Tarifas de Servicio Autobús	Actual	Propuesto
Adulto		
Tarifa Regular	$1.25	$1.50
Pase Diario	$3.00	$4.00
Pase Diario Prepagado (paquete de 10)	$27.00	$36.00
Pase de 7 días	$15.00	$20.00
Pase de 15 días	$26.00	$35.00
Pase de 30 días	$45.00	$55.00
OC Express (757 & 758) tarifa regular	$2.50	$3.00
• Tarifa adicional al combinarse con pases de uno o varios días	$1.25	$1.50
Express (701, 721 & 794) tarifa regular	$3.75	$4.50
• Tarifa adicional al combinarse con pases de uno o varios días	$2.50	$3.00
Pase de 30 días OC Express (757 & 758)	$86.00	$100.00
Pase de 30 días Express (701, 721 & 794)	$128.00	$150.00
Personas de edad avanzada y personas discapicitadas		
Tarifa Regular	50 centavos	60 centavos
Pase Diario	$1.00	$1.25
Pase Diario Prepagado (paquete de 10)	$9.00	$11.25
Pase de 7 días	$5.00	$6.50
Pase de 15 días	$9.00	$12.00
Pase de 30 días	$15.00	$18.00
OC Express (757 & 758) tarifa regular	$2.25	$2.70
• Tarifa adicional al combinarse con pases de uno o varios días	$1.75	$2.10
Express (701, 721 & 794) tarifa regular	$3.35	$4.00
• Tarifa adicional al combinarse con pases de uno o varios días	$2.85	$3.40
Menores de 18 años		
Niños (6 años o menos)	Gratis	Gratis
Pase de 30 días para Jóvenes (7-18 años)	$26.00	$33.00
Pase de Verano para Jóvenes (7-18 años)	$40.00	$50.00
Empleados y Estudiantes		
Pase de Empleador		
• Tarifa por trayecto	75 centavos	$1.00
• Maximo mensual	$45.00	$55.00
• OC Express tarifa adicional al combinarse con pases de uno o varios días	$1.25	$1.50
• Express tarifa adicional al combinarse con pases de uno o varios días	$2.50	$3.00
Pase Universitario		
Pase Trimestral (75 días)	$75.00	$95.00
Pase Semestral (120 días)	$120.00	$150.00
Ruta fija ACCESS		
Tarifa local para el servicio de rutas fijas para pasajeros eligibles de ACCESS	25 centavos	25 centavos
Servicio ACCESS Regular	$2.25	$2.70
Servicio ACCESS para Acompañante	$2.25	$2.70
Servicio ACCESS para Asistente Personal	Gratis	Gratis
Servicio ACCESS de Primera Clase	$5.00	$5.00
Oficiales de Seguridad Publica		
Policias, Bomberos, Militares	Gratis	Gratis

Current Bus Fares in California

Actuales Tarifas de Autobús en California

Location *Ciudad*	**Transit Agency** *Agencia*	**One-Ride Fare** *Tarifa Regular*	**Day Pass** *Pase Diario*	**30-Day Pass** *Pase de 30 Días*
Sacramento	RTD	$2.00	$5.00	$85.00
San Francisco	MUNI	$1.50	-----	$45.00
Oakland	AC Transit	$1.75	-----	$70.00
San Jose	VTA	$1.75	$5.00	$61.25
Long Beach	Long Beach Transit	$0.90	$2.50	$50.00
Los Angeles	METRO	$1.25	$5.00	$62.00
San Bernardino	Omnitrans	$1.35	$3.50	$45.00
Riverside	RTA	$1.25	$3.75	$43.00
San Diego	San Diego Transit	$2.00	$5.00	$64.00
Average *Promedio*		**$1.53**	**$4.25**	**$58.36**
OCTA		**$1.25**	**$3.00**	**$45.00**

OCTA

Proposed Fare Adjustment
FACT SHEET

OCTA

No matter what takes place, OCTA's customers are our top priority, and an adjustment is only being made to ensure we can continue providing this vital service to Orange County's residents.

We are extremely sensitive about how proposed fare changes would impact our bus customers because they depend on our buses to get to jobs, schools, healthcare facilities and other important locations throughout Orange County.

We are doing everything possible to ensure that our customers are aware of the proposed changes, asking them for their comments and allowing them time to prepare.

Our fare policy proposal will help ensure the long-term viability of our bus services.

In order to receive state funding – OCTA's primary funding source for our bus system – we must collect 20 cents for every dollar spent on bus service. Called "fare-box recovery," OCTA is in jeopardy of falling below this mandated mark.

Record-setting fuel costs significantly have impacted our ability to deliver the outstanding transit service our customers deserve.

The nation's fuel crisis has increased our cost to operate the bus system. Our operating cost has jumped 25 percent – mostly because our fuel costs have skyrocketed by 185 percent since 2005.

Last fiscal year, we served more than 67 million customers, making OCTA one of the top bus systems in the nation. Also, our ACCESS paratransit service for eligible seniors and people with disabilities continues to experience growth. Demand for our ACCESS service is outpacing available public funds to support our growing senior population and those with disabilities.

Even with a fare increase, bus service in Orange County will remain the best option to beat the record high cost of gas.

If approved, the proposed fare increase will be the second change in 18 years despite the growing costs to provide bus services.

The proposed fares will be on par with other transit agencies in California.

We are providing information about our difficult choices on proposed fare changes to our fixed-route bus service and ACCESS service for eligible seniors and people with disabilities.

We are providing bilingual information to our bus customers, our ACCESS users and other stakeholders in the community and soliciting their comments.

Current Bus Fares Across California

Location	Transit Agency	One-Ride Fare	Day Pass	30-Day Pass
Sacramento	RTD	$2.00	$5.00	$85.00
San Francisco	MUNI	$1.50	-----	$45.00
Oakland	AC Transit	$1.75	-----	$70.00
San Jose	VTA	$1.75	$5.00	$61.25
Long Beach	Long Beach Transit	$0.90	$2.50	$50.00
Los Angeles	METRO	$1.25	$5.00	$62.00
San Bernardino	Omnitrans	$1.35	$3.50	$45.00
Riverside	RTA	$1.25	$3.75	$43.00
San Diego	San Diego Transit	$2.00	$5.00	$64.00
	Average	$1.53	$4.25	$58.36
Orange County	**OCTA**	**$1.25**	**$3.00**	**$45.00**

Proposed Fare Adjustment
Learn More and Share Your Comments

Learn about the fare proposal: www.octa.net/fareproposal

Share your comments online: www.octa.net/comment

Talk to us:
- Toll-free number
  800-636-RIDE (7433) select 2
- Northern and Central Orange County
  714-636-RIDE (7433) select 2
- South Orange County
  949-636-RIDE (7433) select 2

E-mail us:
customers@octa.net

Mail us:
OCTA Customer Relations
P.O. Box 14184
550 S. Main St.
Orange, CA 92863-1584

Participate in a community open house:
Between 5 and 7 p.m., Monday, Oct. 13
Laguna Hills Community Center, 25555 Alicia Pkwy., Laguna Hills, CA
Served by bus routes: 87, 177, 187 and 212

Between 5 and 7 p.m., Thursday, Oct. 16
OCTA headquarters, 600 S. Main St., Orange, CA
Served by bus routes: 53, 56 and 83

Attend a public hearing at an OCTA board meeting:
9 a.m., Monday, Oct. 27, OCTA headquarters
600 S. Main St., Orange, CA
Served by bus routes: 53, 56 and 83

OCTA

Proposed Fare Adjustment

Frequently Asked Questions

Why is OCTA proposing to increase bus fares?

The Orange County Transportation Authority (OCTA) is proposing a fare increase in order to continue providing you with the quality bus service you expect.

The state budget crisis resulted in cuts of $7.8 million – a significant impact to OCTA's operating budget. This budget shortfall came in addition to these rising costs to OCTA since 2005:

- Fuel costs have skyrocketed 185 percent – a 70 percent jump this year alone
- Employee pension costs have jumped 92 percent
- Healthcare costs have risen 28 percent

OCTA also is making major cuts to administrative costs and exploring other cost-cutting measures.

We want to ensure the bus system continues to be a cost-effective travel option for the more than 67 million customers who depend upon it every year.

How does OCTA current bus fares compare with other bus systems in California?

Location	Transit Agency	One-Ride Fare	Day Pass	30-Day Pass
Sacramento	RTD	$2.00	$5.00	$85.00
San Francisco	MUNI	$1.50	-----	$45.00
Oakland	AC Transit	$1.75	-----	$70.00
San Jose	VTA	$1.75	$5.00	$61.25
Long Beach	Long Beach Transit	$0.90	$2.50	$50.00
Los Angeles	METRO	$1.25	$5.00	$62.00
San Bernardino	Omnitrans	$1.35	$3.50	$45.00
Riverside	RTA	$1.25	$3.75	$43.00
San Diego	San Diego Transit	$2.00	$5.00	$64.00
	Average	**$1.53**	**$4.25**	**$58.36**
Orange County	**OCTA**	**$1.25**	**$3.00**	**$45.00**

What are the proposed new bus fares?

Types of Bus Fares	Bus Fares Current	Bus Fares Proposed
Adult		
Cash Fare	$1.25	$1.50
Day Pass	$3.00	$4.00
Prepaid Day Pass (pack of 10)	$27.00	$36.00
7-Day Pass	$15.00	$20.00
15-Day Pass	$26.00	$35.00
30-Day Pass	$45.00	$55.00
OC Express (757 & 758) cash fare	$2.50	$3.00
• Additional fare when combined with day or multi-day pass	$1.25	$1.50
Express (701, 721 & 794) cash fare	$3.75	$4.50
• Additional fare when combined with day or multi-day pass	$2.50	$3.00
OC Express (757 & 758) 30-Day Pass	$86.00	$100.00
Express (701, 721 & 794) 30-Day Pass	$128.00	$150.00
Senior and Disabled		
Cash Fare	50 cents	60 cents
Day Pass	$1.00	$1.25
Prepaid Day Pass (pack of 10)	$9.00	$11.25
7-Day Pass	$5.00	$6.50
15-Day Pass	$9.00	$12.00
30-Day Pass	$15.00	$18.00
OC Express (757 & 758) cash fare	$2.25	$2.70
• Additional fare when combined with day or multi-day pass	$1.75	$2.10
Express (701, 721 & 794) cash fare	$3.35	$4.00
• Additional fare when combined with day or multi-day pass	$2.85	$3.40
Youth and Child		
Child (age 6 and under)	Free	Free
Youth 30-Day Pass (ages 7 – 18)	$26.00	$33.00
Summer Youth Pass (ages 7 – 18)	$40.00	$50.00
Employee and College		
Employer Pass		
• Per boarding fare	75 cents	$1.00
• Monthly cap	$45.00	$55.00
• OC Express additional fare when combined with day or multi-day pass	$1.25	$1.50
• Express additional fare when combined with day or multi-day pass	$2.50	$3.00
College Pass		
• Quarter Pass (75-Day)	$75.00	$95.00
• Semester Pass (120-Day)	$120.00	$150.00
ACCESS Paratransit		
ACCESS eligible fixed-route fare	25 cents	25 cents
ACCESS standard curb service	$2.25	$2.70
Companion of ACCESS rider	$2.25	$2.70
Personal care attendant of ACCESS rider	Free	Free
ACCESS premium door service	$5.00	$5.00
Public Safety Officers		
Any peace officer, firefighter, military	Free	Free

What is driving the need to increase bus fares?

OCTA staff members are proposing that its Board of Directors consider implementing a system-wide fare adjustment. The proposed fare increase stems from rising costs, a decline in the "farebox recovery" ratio and the necessity to enhance revenues to provide bus service to meet the demands of our customers.

In order to receive state funding – OCTA's primary funding source for our bus system, we must collect 20 cents for every dollar spent on bus service. OCTA is in jeopardy of falling below this mandated mark.

What costs are fueling this increase?

In recent years, dramatic growth in fuel prices, employee pension plan costs, healthcare and other operating costs has added pressure to the need for revenue enhancement.

Since fares were last increased in January 2005, costs to operate OCTA's buses have risen significantly. An increase in fare revenues will help pay for these cost increases in order to help balance the budget and continue to provide vital bus service. Without an increase in revenues, service levels that our customers expect will not be possible.

What other factors are contributing to the proposal to increase bus fares?

The need to increase fares is made even more critical by the reduction in other revenues. The largest OCTA transit revenue source is a quarter-cent sales tax enacted under the State Transportation Development Act. This represents more than 40 percent of OCTA's annual transit operating revenues.

Due to the weak economy, sales tax revenues for fiscal year 2007-08 declined more than 3 percent as compared to fiscal year 2006-07. Also, the most recent economic forecast projects growth for fiscal year 2008-09 at only 1.5 percent as compared to a budgeted growth rate of 3.39 percent.

How effectively is OCTA managing taxpayer dollars?

While the OCTA has experienced growth in ridership in recent years, growth in fare revenues has not kept pace with escalating costs – reducing the farebox recovery ratio. In order to promote efficient use of taxpayer funds, the state requires that OCTA maintain a minimum farebox recovery ratio of 20 percent to receive its full share of state funding.

In fiscal year 2007-08, the system-wide farebox recovery ratio was only 20.5 percent. Although this poses no immediate threat to this vital revenue stream, further erosion of the ratio will have negative consequences. For every 1 percent below the 20 percent minimum requirement, OCTA would be penalized approximately $2.7 million in additional lost state revenues. In order to remain a good steward of taxpayer dollars and to increase the farebox recovery ratio, the OCTA must increase fares and/or substantially reduce costs.

When would the new proposed fares begin?

OCTA staff members are proposing to the OCTA Board of Directors to consider increasing fares in January 2009. We are conducting community open houses Oct. 13 and Oct. 16 to share the fare proposal with the public and to seek comments. We also will host a public hearing Oct. 27, and the Board of Directors will consider the fare increase at its Nov. 24 meeting.

What would happen to OCTA's bus system if fares are not increased?

With rising gas costs, new riders have been using the bus system – increasing demand for service. Without the necessary fare increase or a substitute revenue source, OCTA's planned service levels will have to be reduced. OCTA will be unable to meet the demands of our customers. Also, new service such as express bus and bus rapid transit may not be financially feasible.

How is OCTA sharing information about the proposal?

No matter what takes place, OCTA's customers are our top priority, and an adjustment is only being made to ensure we can continue providing this vital service to Orange County's residents.

We are extremely sensitive about how proposed fare changes would impact our bus customers because you depend on our buses to get to jobs, schools, healthcare facilities and other important locations throughout Orange County.

We are doing everything possible to ensure that our customers are aware of the proposed changes, asking for comments and allowing you time to prepare. We have mailed information to residences and businesses.

We also have placed information on board our buses. Public notification ads have been placed in newspapers and stories about the proposed fare increase have run in the news media.

How can I share my comments with OCTA?

Share your comments online at www.octa.net/comment

Also, you may attend a community open house between 5 and 7 p.m.

- Monday, Oct. 13, Laguna Hills Community Center, 25555 Alicia Pkwy. in Laguna Hills
    - Served by bus routes: 87, 177, 187 and 212

- Thursday, Oct. 16, OCTA headquarters, 600 S. Main St. in Orange
    - Served by bus routes: 53, 56 and 83

- Attend a public hearing at 9 a.m., Monday, Oct. 27, OCTA Board of Directors meeting, 600 S. Main St. in Orange
    - Served by bus routes: 53, 56 and 83

Will OCTA buses continue to be a cost-effective way to travel?

Even with a fare increase, bus service in Orange County will remain the best option to beat the record high cost of gas. If approved, the proposed fare increase will be the second change in 18 years despite the increasing costs to provide bus services.

A person can achieve an average savings of $9,499 per year by taking public transportation instead of driving based on yesterday's gas prices and the average unreserved parking rate according to the American Public Transportation Association's "Transit Savings Report."

CUSTOMER COMMENTS

- ❑ Yes, I understand the need for a fare increase.
- ❑ No, I do not support a fare increase.

To better communicate with our customers in the future, we would like you to answer a few questions:

1) Do you have a cell phone? ❑ Yes ❑ No
2) Would you want to receive bus schedule information via your cell phone? ❑ Yes ❑ No
3) Do you have access to the internet:
   ❑ At home ❑ No access available
   ❑ At work
4) Do you currently use the OCTA website to receive your bus schedule information? ❑ Yes ❑ No
5) Do you want to receive updates from OCTA via E-mail?
   ❑ Yes ❑ No

Comments: ______________________________

Name: ______________________________
Address: ______________________________
City: ________________ Zip Code: __________
Telephone: ______________________________
E-mail: ______________________________

OCTA

CUSTOMER COMMENTS

- ❑ Yes, I understand the need for a fare increase.
- ❑ No, I do not support a fare increase.

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   ❑ At home ❑ No access available
   ❑ At work
4) Do you currently use the OCTA website to receive your bus schedule information? ❑ Yes ❑ No
5) Do you want to receive updates from OCTA via E-mail?
   ❑ Yes ❑ No

Comments: ______________________________

Name: ______________________________
Address: ______________________________
City: ________________ Zip Code: __________
Telephone: ______________________________
E-mail: ______________________________

OCTA

OCTA

Ajuste de Tarifas Propuesta
RESUMEN DE DATOS

Sin importar que pase, los clientes de OCTA son nuestra máxima prioridad, y este ajuste se hace para poder continuar brindando este vital servicio a los residentes del Condado de Orange.

Queremos ser extremadamente sensibles acerca de cómo impactarían a nuestros clientes de autobús los cambios de tarifas propuestas, ya que usted depende de nuestros autobuses para ir a su trabajo, a la escuela, a los centros de cuidado médico y a otros lugares de importancia a lo largo del Condado de Orange.

Estamos haciendo todo lo posible para asegurarnos que nuestros clientes estén enterados de los cambios propuestos, pidiendo comentarios y dando tiempo para que se preparen.

Nuestra propuesta a la política sobre tarifas va a ayudar a asegurar la viabilidad a largo plazo de nuestros servicios de autobús.

A fin de recibir financiamiento estatal – la fuente principal de fondos de OCTA para nuestro servicio de autobús – debemos recaudar 20 centavos por cada dólar que se gaste en el servicio de autobús. En la "recuperación de la caja de recaudación," OCTA está en riesgo de caer por debajo de las marcas requeridas por la ley.

Los precios de combustible récords han impactado considerablemente nuestra posibilidad de prestar el excelente servicio de transporte que nuestros clientes merecen.

La crisis nacional en el combustible ha aumentado nuestro costo de operación del sistema de autobús. Nuestros costos operativos han brincado un 25 por ciento – principalmente porque nuestros costos de combustible se dispararon en un 185 por ciento desde el año 2005.

El último año fiscal, dimos servicio a más de 67 millones de usuarios, haciendo de OCTA uno de los sistemas de autobús más importantes de la nación.

Asimismo, nuestro servicio paralelo de transporte ACCESS para personas elegibles de la tercera edad y con discapacidades, continúa creciendo. La demanda de nuestro servicio ACCESS está sobrepasando los fondos públicos disponibles para respaldar nuestra creciente población de individuos de la tercera edad e individuos con discapacidades.

Aún con el aumento de tarifas, el servicio de autobús en el Condado de Orange continuará siendo la mejor opción para combatir los altos costos de la gasolina.
Si se aprueba esta propuesta de aumento de tarifas, será el segundo cambio en 18 años, a pesar de los costos crecientes para proporcionar servicios de autobús.

Las tarifas propuestas estarán a la par de otras agencias de transporte de California.

Le estamos proporcionando información acerca de nuestras difíciles alternativas a los cambios de tarifas propuestas en nuestro servicio de ruta fija de autobús y en el servicio ACCESS para individuos elegibles de la tercera edad y personas con discapacidades.

Disponemos de información bilingüe para nuestros usuarios de autobús, de ACCESS y otras partes interesadas dentro de la comunidad, y solicitamos sus comentarios.

Tarifas Actuales de Autobús para California

Ciudad	Agencia	Tarifa Regular	Pase Diario	Pase de 30 Días
Sacramento	RTD	$2.00	$5.00	$85.00
San Francisco	MUNI	$1.50	----	$45.00
Oakland	AC Transit	$1.75	-----	$70.00
San José	VTA	$1.75	$5.00	$61.25
Long Beach	Long Beach Transit	$0.90	$2.50	$50.00
Los Angeles	METRO	$1.25	$5.00	$62.00
San Bernardino	Omnitrans	$1.35	$3.50	$45.00
Riverside	RTA	$1.25	$3.75	$43.00
San Diego	San Diego Transit	$2.00	$5.00	$64.00
	Promedio	$1.53	$4.25	$58.36
Orange County	**OCTA**	**$1.25**	**$3.00**	**$45.00**

OCTA

Propuesta de Ajuste de Tarifas

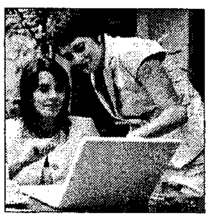
Conozca Más y Comparta Sus Comentarios

Conozca acerca de las tarifas propuestas: www.octa.net/fareproposal

Comparta sus comentarios en línea: www.octa.net/comment

Llámenos:

- Número gratuito
  800-636-RIDE (7433) seleccione el # 2
- Condado de Orange Norte y Centro
  714-636-RIDE (7433) seleccione el # 2
- Condado de Orange Sur
  949-636-RIDE (7433) seleccione el # 2



Correo electrónico:
customers@octa.net

Envíe por correo:
OCTA Customer Relations
P.O. Box 14184
550 S. Main St.
Orange, CA 92863-1584

Participe en una reunión abierta al público:
Entre las 5 y 7 p.m., el lunes 13 de Octubre
Laguna Hills Community Center, 25555 Alicia Pkwy., Laguna Hills, CA
Utilizando el servicio de rutas de autobús: 87, 177, 187 y 212

Entre las 5 y 7 p.m., el jueves 16 de Octubre
Oficinas centrales de OCTA, 600 S. Main St., Orange, CA
Utilizando el servicio de rutas de autobús: 53, 56 y 83

Asista a una audiencia pública de la Junta Directiva de OCTA:
9 a.m., el lunes 27 de Octubre, oficinas centrales de OCTA
600 S. Main St., Orange, CA
Utilizando el servicio de rutas de autobús: 53, 56 y 83

OCTA

Propuesta de Aumento de Tarifas

Preguntas Frecuentes

¿Por qué está OCTA proponiendo un aumento a la tarifa de boletos de autobús?

La Autoridad de Transportación del Condado de Orange (OCTA) está proponiendo un aumento en las tarifas para poder seguir proporcionando la calidad de servicio de autobús que usted espera.

La crisis presupuestaria del Estado trajo como resultado recortes de $7.8 millones – impactando de manera importante al presupuesto de operación de OCTA. Este déficit en el presupuesto se suma al aumento de costos que enfrenta OCTA desde el año 2005:

- Los costos de combustible se han disparado un 185 por ciento – un 70 por ciento de aumento en tan solo este año
- Los gastos de pensión a empleados han aumentado un 92 por ciento
- Los gastos de cuidado médico han aumentado un 28 por ciento

OCTA está haciendo también recortes serios a gastos administrativos y está explorando otras medidas para reducir costos.

Queremos asegurarnos que el sistema de autobús continúe siendo una opción de bajo costo para desplazarse, para más de 67 millones de clientes que dependen del mismo cada año.

¿Cómo se comparan las actuales tarifas de autobús contra otros sistemas de autobús en California?

Ciudad	Agencia	Tarifa Regular	Pase Diario	Pase de 30 Días
Sacramento	RTD	$2.00	$5.00	$85.00
San Francisco	MUNI	$1.50	-----	$45.00
Oakland	AC Transit	$1.75	-----	$70.00
San José	VTA	$1.75	$5.00	$61.25
Long Beach	Long Beach Transit	$0.90	$2.50	$50.00
Los Angeles	METRO	$1.25	$5.00	$62.00
San Bernardino	Omnitrans	$1.35	$3.50	$45.00
Riverside	RTA	$1.25	$3.75	$43.00
San Diego	San Diego Transit	$2.00	$5.00	$64.00
Promedio		**$1.53**	**$4.25**	**$58.36**
Condado de Orange	**OCTA**	**$1.25**	**$3.00**	**$45.00**

¿Cuáles son las nuevas tarifas de autobús propuestas?

Tarifas de Servicio Autobús	Actual	Propuesto
Adulto		
Tarifa Regular	$1.25	$1.50
Pase Diario	$3.00	$4.00
Pase Diario Prepagado (paquete de 10)	$27.00	$36.00
Pase de 7 días	$15.00	$20.00
Pase de 15 días	$26.00	$35.00
Pase de 30 días	$45.00	$55.00
OC Express (757 & 758) tarifa regular	$2.50	$3.00
• Tarifa adicional al combinarse con pases de uno o varios días	$1.25	$1.50
Express (701, 721 & 794) tarifa regular	$3.75	$4.50
• Tarifa adicional al combinarse con pases de uno o varios días	$2.50	$3.00
Pase de 30 días OC Express (757 & 758)	$86.00	$100.00
Pase de 30 días Express (701, 721 & 794)	$128.00	$150.00
Personas de edad avanzada y personas discapicitadas		
Tarifa Regular	50 centavos	60 centavos
Pase Diario	$1.00	$1.25
Pase Diario Prepagado (paquete de 10)	$9.00	$11.25
Pase de 7 días	$5.00	$6.50
Pase de 15 días	$9.00	$12.00
Pase de 30 días	$15.00	$18.00
OC Express (757 & 758) tarifa regular	$2.25	$2.70
• Tarifa adicional al combinarse con pases de uno o varios días	$1.75	$2.10
Express (701, 721 & 794) tarifa regular	$3.35	$4.00
• Tarifa adicional al combinarse con pases de uno o varios días	$2.85	$3.40
Menores de 18 años		
Niños (6 años o menos)	Gratis	Gratis
Pase de 30 días para Jóvenes (7-18 años)	$26.00	$33.00
Pase de Verano para Jóvenes (7-18 años)	$40.00	$50.00
Empleados y Estudiantes		
Pase de Empleador		
• Tarifa por trayecto	75 centavos	$1.00
• Maximo mensual	$45.00	$55.00
• OC Express tarifa adicional al combinarse con pases de uno o varios días	$1.25	$1.50
• Express tarifa adicional al combinarse con pases de uno o varios días	$2.50	$3.00
Pase Universitario		
Pase Trimestral (75 días)	$75.00	$95.00
Pase Semestral (120 días)	$120.00	$150.00
Ruta fija ACCESS		
Tarifa local para el servicio de rutas fijas para pasajeros eligibles de ACCESS	25 centavos	25 centavos
Servicio ACCESS Regular	$2.25	$2.70
Servicio ACCESS para Acompañante	$2.25	$2.70
Servicio ACCESS para Asistente Personal	Gratis	Gratis
Servicio ACCESS de Primera Clase	$5.00	$5.00
Oficiales de Seguridad Publica		
Policias, Bomberos, Militares	Gratis	Gratis

¿Cuál es la necesidad de aumentar los boletos de autobús?

Los miembros del personal de OCTA están proponiendo que su Junta Directiva considere el implementar un ajuste de tarifas en todo el sistema. El aumento a los pasajes propuesto deriva del alza de costos, de una disminución en la proporción de la "recuperación de la caja de recaudaciones" y de la necesidad de incrementar los ingresos para proporcionar el servicio de autobús que nuestros clientes esperan.

Para recibir fondos estatales – la fuente primordial de financiamiento de OCTA para nuestro sistema de autobús, debemos recaudar 20 centavos por cada dólar gastado en el servicio de autobús. OCTA está en peligro de caer por debajo de la marca requerida por la ley.

¿Porqué proponer un aumento?

En años recientes, el dramático crecimiento en los precios de combustible, los costos de los planes de pensión para empleados, cuidado médico, y otros costos de operación han aumentado la presión a la necesidad de un incremento en los ingresos.

Desde la última vez que se aumentaron los boletos en Enero del año 2005, los costos de operación de autobuses de OCTA se han elevado significativamente. Un aumento en los ingresos por boletos ayudará a pagar estos aumentos de costos y así ayudará a equilibrar el presupuesto y a continuar proporcionando el vital servicio de autobús. Sin un aumento en los ingresos, los niveles de servicio que esperan nuestros clientes no serán posibles.

¿Qué otros factores están contribuyendo a la propuesta de aumento a las tarifas de autobús?

La necesidad de aumentar los boletos se ha hecho aún más crítica debido a la reducción de otros ingresos. La mayor fuente de ingresos para OCTA por transporte es un impuesto sobre las ventas de una cuarta parte de un centavo aprobada bajo el Ley Sobre Desarrollo de Transportación del Estado. Este representa más del 40 por ciento de los ingresos de operación anuales de OCTA.

Debido a una economía débil, los ingresos por concepto de impuesto sobre las ventas para el año fiscal 2007-08 disminuyeron más del 3 por ciento comparado con el año fiscal del 2006-07. Además, los pronósticos económicos más recientes proyectan un crecimiento de tan sólo 1.5 por ciento para el año fiscal 2008-09 comparado a una tasa de crecimiento presupuestada del 3.39 por ciento.

¿Qué tan efectivamente administra OCTA los dólares de los contribuyentes?

Aunque OCTA ha experimentado un aumento de pasajeros que usan este transporte público en los años recientes, el aumento a los ingresos por boletos no se ha mantenido a la par de los costos crecientes – reduciendo la tasa de recuperación de la caja de recaudaciones. De manera que se promueva el uso eficiente de los fondos de los contribuyentes, el estado requiere que OCTA mantenga una tasa mínima de recuperación de la caja de recaudaciones de un 20 por ciento para que reciba su porción completa de los fondos que brinda el estado.

En el año fiscal 2007-08, la tasa de recuperación de la caja de recaudaciones en todo el sistema fue de tan solo 20.5 por ciento. Aún cuando esto no representa una amenaza inmediata para esta corriente de ingresos vitales, un mayor desgaste a la tasa tendrá consecuencias negativas. Por cada 1 por ciento debajo del requisito del 20 por ciento mínimo, OCTA sería penalizada con aproximadamente $2.7 millones de pérdida adicional por ingresos estatales.

Para continuar siendo un buen administrador de los dólares de los contribuyentes y para aumentar la tasa de recuperación de la caja de recaudaciones, OCTA debe aumentar los boletos y/o reducir los costos considerablemente.

¿Cuando comenzarían a operar las nuevas tarifas propuestas?

Los miembros del personal de OCTA están proponiendo a la Junta Directiva de OCTA que consideren el aumento de tarifas para Enero del año 2009. Estamos llevando a cabo reuniones abiertas a la comunidad el 13 y el 16 de Octubre para compartir la propuesta de tarifas y para pedir comentarios. También llevaremos a cabo una audiencia pública el 27 de Octubre, y la Junta Directiva considerará el aumento al boleto en su reunión del 24 de Noviembre.

¿Qué le sucedería al sistema de autobús de OCTA si los boletos no se aumentan?

Con los crecientes aumentos en el precio de la gasolina, hay nuevos pasajeros utilizando el sistema de autobús – aumentando la demanda del servicio. Sin el necesario aumento al boleto o una fuente de ingresos sustituta, los niveles de servicio planeados por OCTA tendrán que reducirse. OCTA no podrá cumplir con las exigencias de nuestros clientes. Además, nuevos servicios como el autobús expreso y el autobús de tránsito rápido no podrán ser realizables financieramente hablando.

¿Cómo está compartiendo OCTA la información de la propuesta?

Sin importar que pase, los clientes de OCTA son nuestra máxima prioridad, y este ajuste se hace para poder continuar brindando este vital servicio a los residentes del Condado de Orange.

Queremos ser extremadamente sensibles acerca de cómo impactarían a nuestros clientes de autobús los cambios de las tarifas propuestas, ya que usted depende de nuestros autobuses para ir a su trabajo, a la escuela, a los centros de cuidado médico y a otros lugares de importancia a lo largo del Condado de Orange.

Estamos haciendo todo lo posible para asegurarnos que nuestros clientes estén enterados de los cambios propuestos, pidiendo comentarios y dando tiempo para que se preparen. Hemos enviado información por correo a los hogares y negocios.

También hemos colocado información a bordo de nuestros autobuses. Se han colocado anuncios públicos en los periódicos, y se han hecho reportajes en los medios de prensa acerca del aumento de las tarifas propuestas.

¿Cómo puedo compartir mis comentarios con OCTA?

Comparta sus comentarios en línea en esta dirección de Internet: www.octa.net/comment

También puede asistir a una reunión abierta al público entre las 5 y las 7 p.m.

- El lunes 13 de octubre, en el Laguna Hills Community Center, 25555 Alicia Pkwy. en Laguna Hills
    - Utilizando el servicio de las rutas de autobús: 87, 177, 187 y 212

- El jueves 16 de Octubre, en las oficinas centrales de OCTA, 600 S. Main St. en Orange
    - Utilizando el servicio de las rutas de autobús: 53, 56 y 83

- Asista a una audiencia pública a las 9 a.m., el Lunes 27 de Octubre, reunión de la Junta Directiva de OCTA, 600 S. Main St. en Orange
    - Utilizando el servicio de las rutas de autobús: 53, 56 y 83

¿Continuarán siendo los autobuses de OCTA un medio de desplazarse de bajo costo?

Aún con un aumento de tarifas, el servicio de autobús del Condado de Orange seguirá siendo la mejor opción para ganarle a los altos precios récord de la gasolina. Si se aprueba el aumento de tarifas propuesto será el segundo cambio en 18 años a pesar de los crecientes costos para proporcionar los servicios de autobús.

Una persona puede lograr un ahorro promedio de $9,499 por año si usa la transportación pública en vez de manejar sus autos, basado en los precios de la gasolina del día de ayer y del promedio de las tarifas de estacionamientos no reservados de acuerdo con el "Reporte de Ahorros de Tránsito" de la Asociación Americana de Transportación Pública.

COMENTARIOS DE CLIENTES

☐ Sí, Entiendo la necesidad de un ajuste de tarifas.

☐ No, No estoy de acuerdo con el un ajuste de tarifas.

Para comunicarnos mejor con nuestros clientes, nos gustaria que contestara las siguientes preguntas:

1) Tiene teléfono celular? ☐ Sí ☐ No
2) Le gustaria recibir información sobre los horarios de las rutas de autobus en su teléfono celular? ☐ Sí ☐ No
3) Tiene acceso a la internet:
   ☐ En casa ☐ No tengo acceso
   ☐ En el trabajo
4) Utiliza la pagina web de OCTA para recibir información sobre los horarios de las rutas de autobús? ☐ Sí ☐ No
5) Quisiera recibir información via correo electronico (E-mail)?
   ☐ Sí ☐ No

Comentarios: ______________________________

Nombre: ______________________________
Direccion: ______________________________
Ciudad: ______________ Código Postal: ________
Teléfono: ______________________________
E-mail: ______________________________

OCTA

COMENTARIOS DE CLIENTES

☐ Sí, Entiendo la necesidad de un ajuste de tarifas.

☐ No, No estoy de acuerdo con el un ajuste de tarifas.

Para comunicarnos mejor con nuestros clientes, nos gustaria que contestara las siguientes preguntas:

1) Tiene teléfono celular? ☐ Sí ☐ No
2) Le gustaria recibir información sobre los horarios de las rutas de autobus en su teléfono celular? ☐ Sí ☐ No
3) Tiene acceso a la internet:
   ☐ En casa ☐ No tengo acceso
   ☐ En el trabajo
4) Utiliza la pagina web de OCTA para recibir información sobre los horarios de las rutas de autobús? ☐ Sí ☐ No
5) Quisiera recibir información via correo electronico (E-mail)?
   ☐ Sí ☐ No

Comentarios: ______________________________

Nombre: ______________________________
Direccion: ______________________________
Ciudad: ______________ Código Postal: ________
Teléfono: ______________________________
E-mail: ______________________________

OCTA

POWERPOINT

PRESENTATION

Recommended Fare Adjustment

Board of Directors Meeting
November 24, 2008

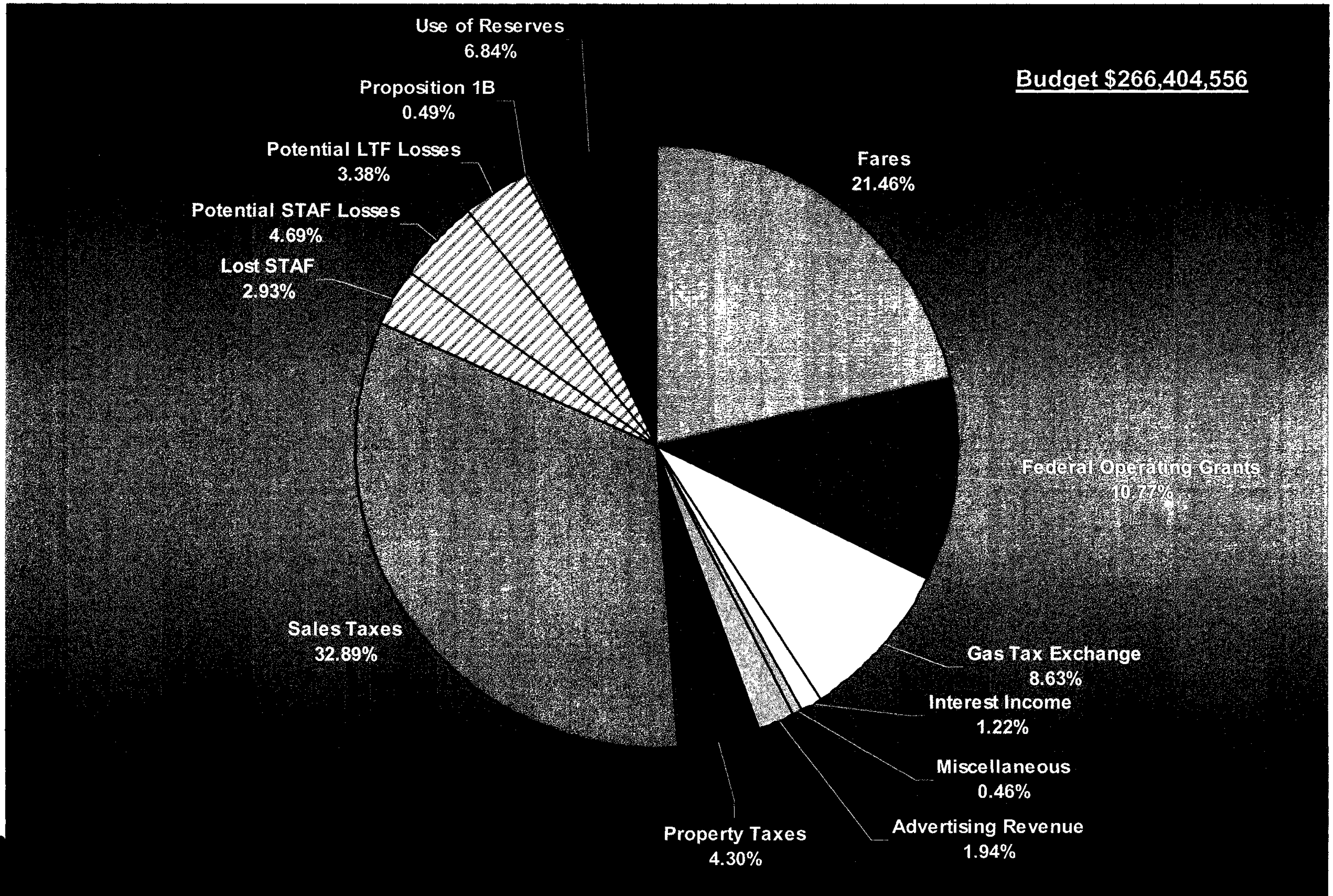
Public Outreach

- 32,000 brochures on buses
- 20,000 mailers to customers & stakeholders
- 6 ads with 1.2 million impressions
- 2 community open houses, Public Hearing
- 2,800 people viewed information online
- 1,045 response cards generated
  - 389 understand need for fare adjustment
  - 656 do not support fare adjustment
- Online survey
  - 41 understand need
  - 84 do not support

Results: 37% understand need **63%** do not support

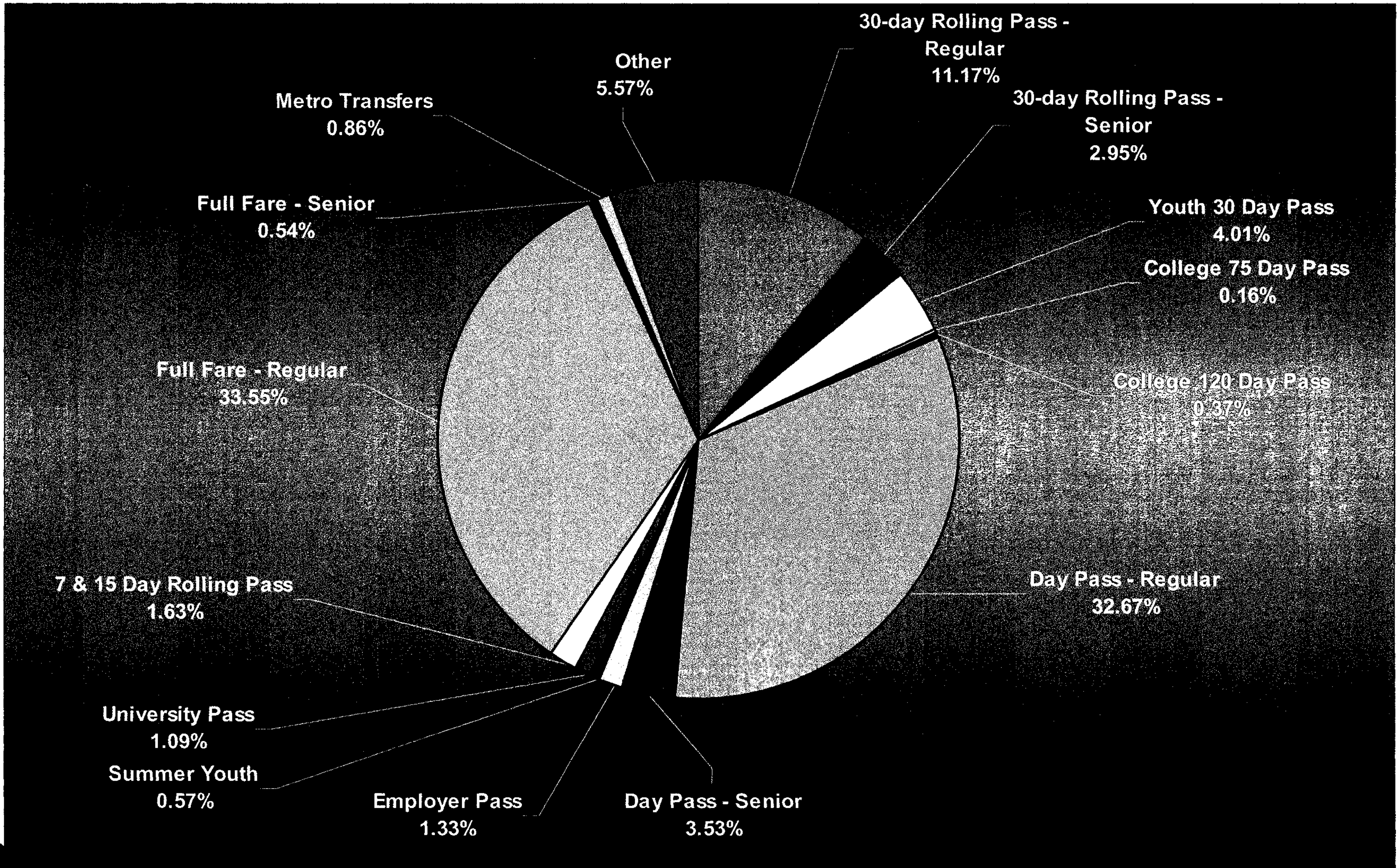
OCTA

FY2008-09 Budget
Bus Transit Operating Revenues

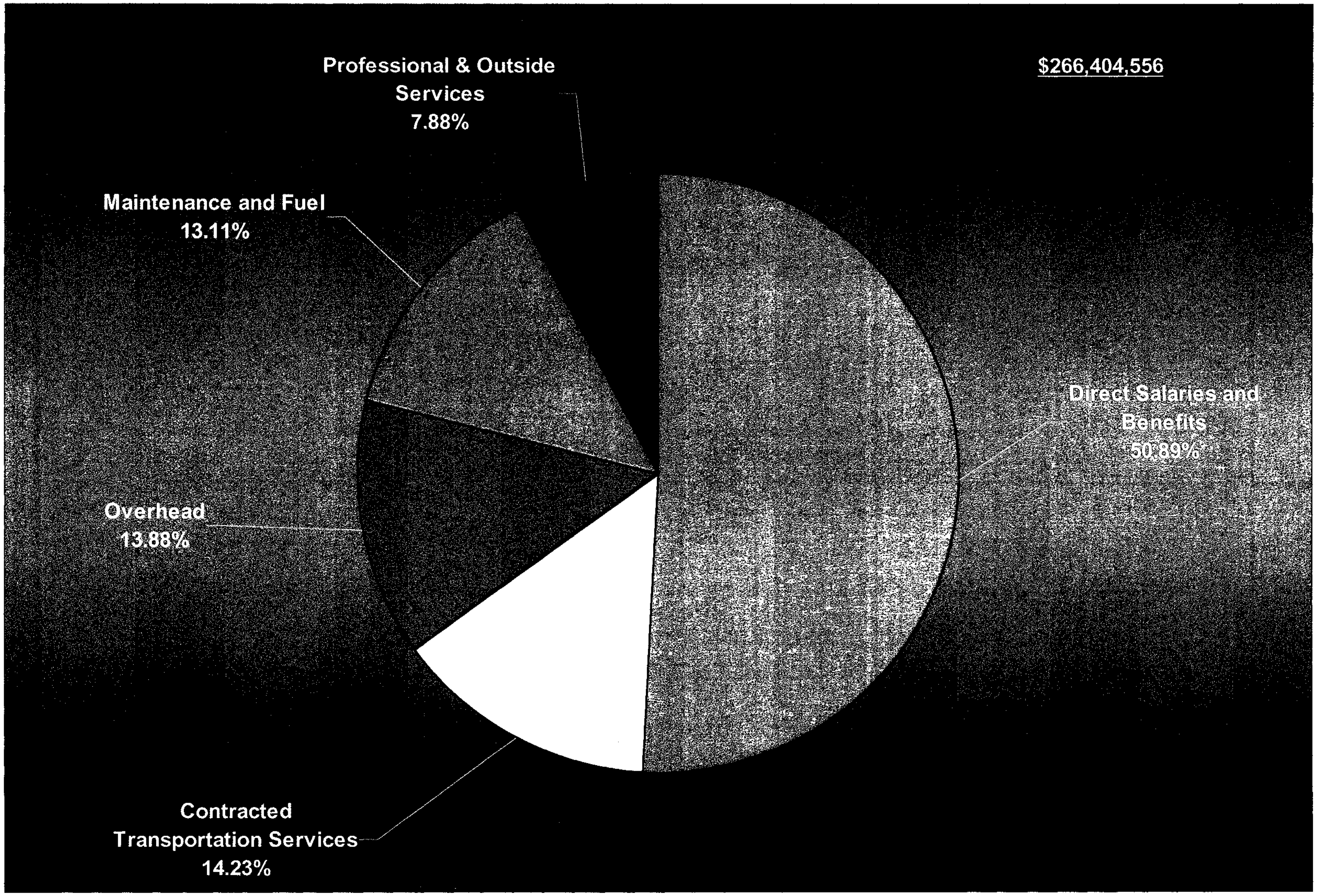


OCTA

Fare Revenue Composition by Category



FY2008-09 Budget
Bus Transit Operating Expenses



OCTA

Bus Transit Operations
FY2008-09 Performance Measures

	Directly Operated	Paratransit	Contract Fixed Route	Total System
Boardings	64,793,852	1,387,530	1,261,504	67,442,886
Boardings per Revenue Hour	35.58	2.07	10.25	25.78
Boardings per Revenue Mile	2.89	0.13	0.69	1.95
Vehicle Hours	2,008,404	764,653	153,104	2,926,161
Vehicle Miles	26,973,245	12,984,996	2,865,154	42,823,395
Revenue Hours	1,821,090	671,927	123,063	2,616,080
Revenue Miles	22,434,344	10,328,195	1,817,006	34,579,545
Fare Revenues	$ 51,846,071	$ 4,311,835	$ 1,009,417	$ 57,167,323
Operating Costs	$ 218,711,761	$ 39,902,886	$ 7,789,909	$ 266,404,556
Farebox Recovery	23.71%	10.81%	12.96%	21.46%
Subsidy per Boarding	$ 2.58	$ 25.65	$ 5.37	$ 3.10
Cost per Vehicle Hour	$ 108.90	$ 52.18	$ 50.88	$ 91.04
Cost per Vehicle Mile	$ 8.11	$ 3.07	$ 2.72	$ 6.22
Cost per Revenue Hour	$ 120.10	$ 59.39	$ 63.30	$ 101.83
Cost per Revenue Mile	$ 9.75	$ 3.86	$ 4.29	$ 7.70
Fare Revenue per Boarding	$ 0.80	$ 3.11	$ 0.80	$ 0.85

OCTA

Fixed Route Subsidy by Fare Type

Fare Type	Subsidy/Board	% Subsidized
Free	$ 3.39	100.00%
30-day Rolling Pass - Senior	$ 3.17	93.57%
ACCESS Eligible	$ 3.14	92.62%
Day Pass - Senior	$ 3.11	91.64%
7 & 15 Day Rolling Pass	$ 2.93	86.38%
Full Fare - Senior	$ 2.89	85.24%
Youth 30 Day Pass	$ 2.80	82.69%
Metro Transfers	$ 2.76	81.56%
30-day Rolling Pass - Adult	$ 2.75	81.12%
Summer Youth	$ 2.74	80.89%
Employer Pass	$ 2.64	77.87%
University Pass	$ 2.64	77.87%
Day Pass - Regular	$ 2.63	77.68%
College 75 Day Pass	$ 2.52	74.44%
Full Fare - Regular	$ 2.14	63.11%
College 120 Day Pass	$ 1.92	56.75%
Other	$ 1.85	54.70%

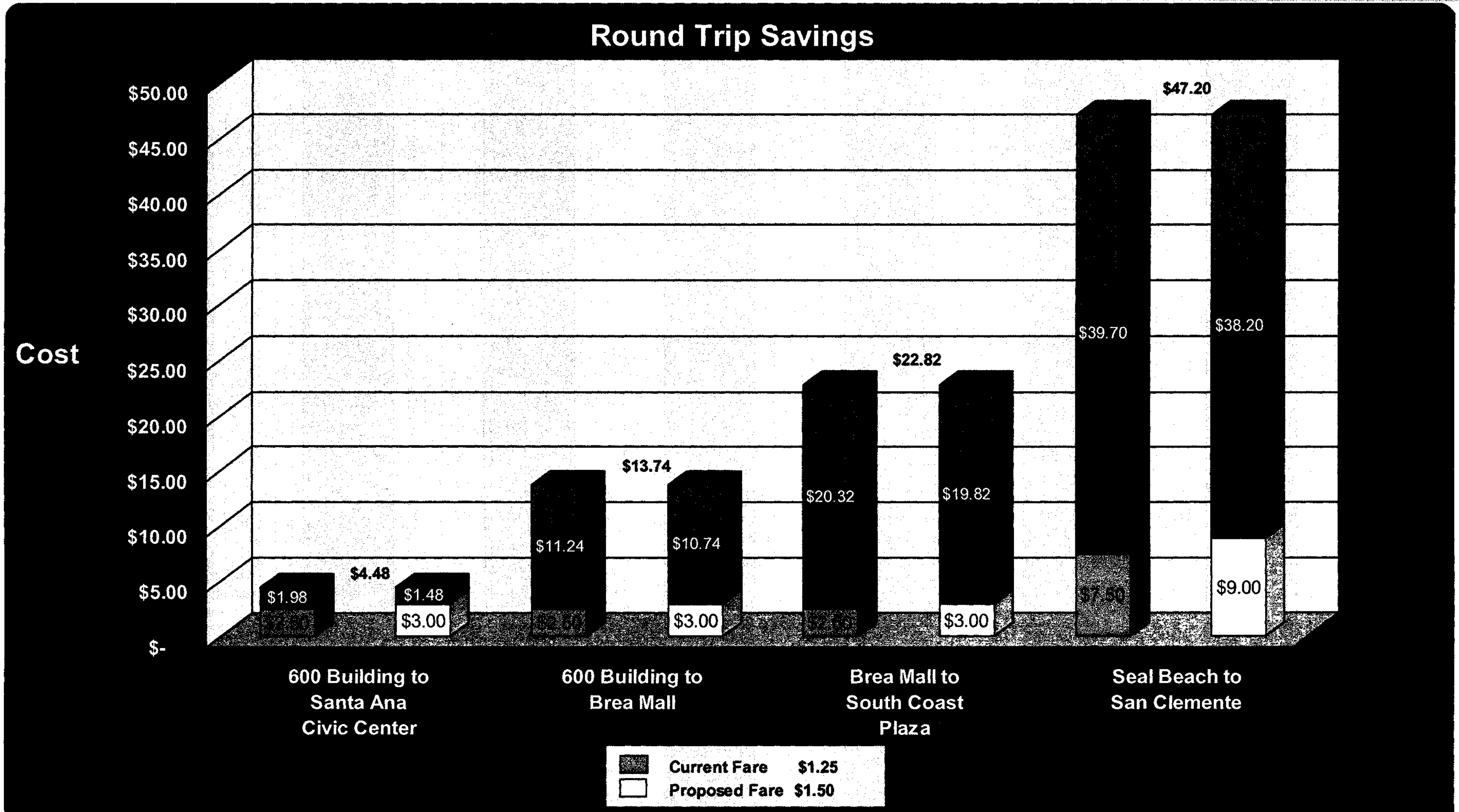
OCTA

Need for Fare Adjustment

- Rising Costs
  - Wages, fuel, pension, healthcare, etc.
  - ACCESS service
- Declining Farebox Recovery
  - Transportation Development Act - 20% mandate
- Revenue Enhancement
  - Declining Sales Tax revenue
  - Necessary to meet operating expenses
  - Balance the FY2008-09 budget
  - Support long term service viability

OCTA

Bus vs. Car Cost



OCTA Proposals vs. Other Agencies

City	Transit Agency	Cash Fare	Day Pass	30-Day Pass	Farebox Recovery Ratio *
Los Angeles	LACMTA	$ 1.50	$ 5.00	$ 62.00	29%
Oakland	AC Transit	1.75		70.00	19%
San Diego	San Diego Transit	2.00	5.00	64.00	25%
San Jose	VTA	1.75	5.00	61.25	14%
Long Beach	Long Beach Transit	0.90	2.50	50.00	22%
Riverside	RTA	1.25	3.75	43.00	21%
San Bernardino	Omintrans	1.35	3.50	45.00	21%
San Francisco	MUNI	1.50		45.00	27%
Sacramento	RTD	2.00	5.00	85.00	22%
Average		**$ 1.56**	**$ 4.25**	**$ 58.36**	**22%**
Orange County	**OCTA (current fares)**	**$ 1.25**	**$ 3.00**	**$ 45.00**	
Orange County	**OCTA (Proposed fares)**	**$ 1.50**	**$ 4.00**	**$ 55.00**	

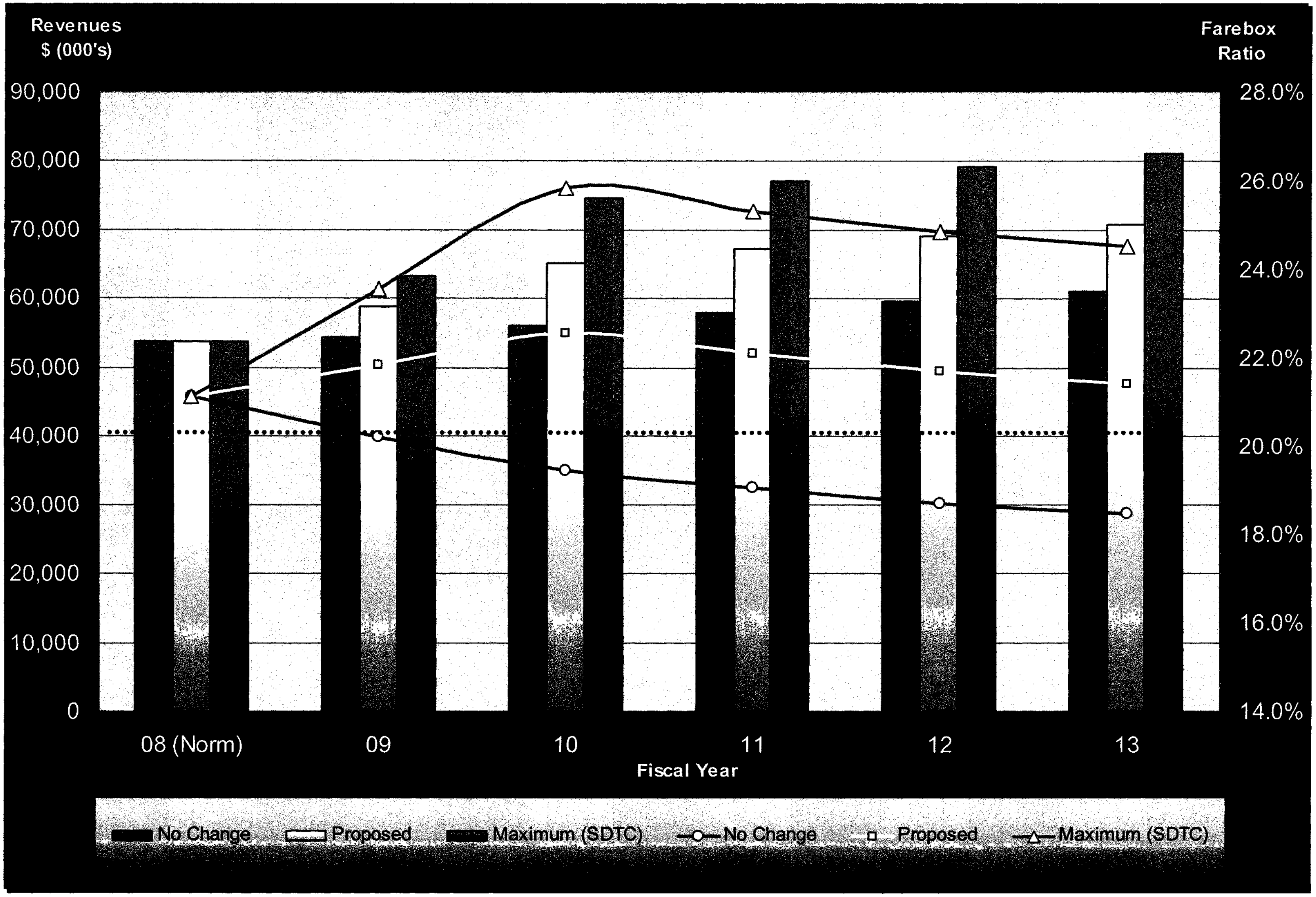
OCTA

OCTA Senior/Disabled Proposals vs. Other Agencies

City	Transit Agency	Cash Fare	Day Pass	30-Day Pass	Farebox Recovery Ratio *
Los Angeles	LACMTA	$ 0.55	$ 1.80	$ 14.00	29%
Oakland	AC Transit	0.85		20.00	19%
San Diego	San Diego Transit	1.00	5.00	16.00	25%
San Jose	VTA	0.75	2.00	20.00	14%
Long Beach	Long Beach Transit	0.45	1.50	19.00	22%
Riverside	RTA	0.60	1.85	21.00	21%
San Bernardino	Omintrans	0.55	1.60	22.50	21%
San Francisco	MUNI	0.50		10.00	27%
Sacramento	RTD	1.00	2.50	42.50	22%
Average		**$ 0.69**	**$ 2.32**	**$ 20.56**	**22%**
Orange County	**OCTA (current fares)**	**$ 0.50**	**$ 1.00**	**$ 15.00**	
Orange County	**OCTA (Proposed fares)**	**$ 0.60**	**$ 1.25**	**$ 18.00**	

OCTA

Fare Adjustment Scenarios



OCTA Proposed Fare Matrix

Fare Type	Fare Structure	
	Current	Proposed
Adult (Fixed Route and Bus Rapid Transit)		
Cash Fare	$ 1.25	$ 1.50
Day Pass	$ 3.00	$ 4.00
Prepaid Day Pass (pack of 10)	$ 27.00	$ 36.00
7 Day Pass	$ 15.00	$ 20.00
15 Day Pass	$ 26.00	$ 35.00
30 Day Pass	$ 45.00	$ 55.00
Intracounty express (cash)	$ 2.50	$ 3.00
Intercounty express (cash)	$ 3.75	$ 4.50
OC express 30 day pass	$ 86.00	$ 100.00
Intercounty express 30 day pass	$ 128.00	$ 150.00

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OCTA Proposed Fare Matrix

Fare Type	Fare Structure	
	Current	Proposed
Senior and Disabled (Fixed Route and Bus Rapid Transit)		
Senior and Disabled Cash Fare peak/off-peak service	$ 0.50	$ 0.60
Senior and Disabled Day Pass	$ 1.00	$ 1.25
Prepaid Senior and Disabled Day Pass (pack of 10)	$ 9.00	$ 11.25
Senior and Disabled 7 Day Pass	$ 5.00	$ 6.50
Senior and Disabled 15 Day Pass	$ 9.00	$ 12.00
Senior and Disabled 30 Day Pass	$ 15.00	$ 18.00
Senior and Disabled Intracounty Express Cash	$ 2.25	$ 2.70
Senior and Disabled Intercounty Express Cash	$ 3.35	$ 4.00

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OCTA Proposed Fare Matrix

Fare Type	Fare Structure	
	Current	Proposed
ACCESS		
ACCESS standard service (curb)	$ 2.25	$ 2.70
Companion of ACCESS rider	$ 2.25	$ 2.70
Personal care attendant of ACCESS rider	free	free
ACCESS premium service [door]	$ 5.00	$ 5.00
ACCESS eligible Fixed Route Cash Fare peak/off-peak service	$ 0.25	$ 0.25

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OCTA Proposed Fare Matrix

Fare Type	Fare Structure	
	Current	Proposed
Student and Employee		
College Semester Pass	$ 120.00	$ 150.00
College Quarter Pass	$ 75.00	$ 95.00
University Pass (per boarding)	$ 0.75	$ 1.00
University Pass Student (cap)	$ 30.00	$ 37.00
University Pass Faculty (cap)	$ 45.00	$ 55.00
University Pass Intracounty premium (per boarding)	$ 1.25	$ 1.50
University Pass Intracounty premium (cap)	$ 86.00	$ 100.00
University Pass Intercounty premium (per boarding)	$ 2.50	$ 3.00
University Pass Intercounty premium (cap)	$ 128.00	$ 150.00
Employer Pass (per boarding)	$ 0.75	$ 1.00
Employer Pass (cap)	$ 45.00	$ 55.00
Employer Pass Intracounty premium (per boarding)	$ 1.25	$ 1.50
Employer Pass Intracounty premium (cap)	$ 86.00	$ 100.00
Employer Pass Intercounty premium (per boarding)	$ 2.50	$ 3.00
Employer Pass Intercounty premium (cap)	$ 128.00	$ 150.00

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OCTA Proposed Fare Matrix

Fare Type	Fare Structure	
	Current	Proposed
Youth and Child		
Youth (age 7 - 18) 30 Day Pass	$ 26.00	$ 33.00
Summer Youth Pass	$ 40.00	$ 50.00
Child (age 6 and under)	free	free
Other		
Any peace officer, firefighter, military	free	free

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Goals for Fare Adjustment

- Increase Revenue
  - Necessary to meet operating expenses
  - Help balance FY 2008-2009 budget
  - Support long term service viability
- Minimize impact to customers
- Maintain farebox recovery
  - Transportation Development Act - 20% mandate
- Avoid un-planned Use of Reserves

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Next Steps

- Board Action
  - Update Schedule of Tariffs
  - Communicate change to public
  - File CEQA Notice of Exemption
  - Implement Fare Change Jan 4, 2009

OCTA

5.

OCTA

November 24, 2008

To: Members of the Board of Directors

From: Arthur T. Leahy, Chief Executive Officer

Subject: Adopt Resolutions of Necessity for Acquisition of Property Interests by Eminent Domain for the Metrolink Service Expansion Program

Overview

The Orange County Transportation Authority is working toward a major rail service expansion, the Metrolink Service Expansion Program, which is expected to become operational in early 2010. Proposed track improvement projects in Fullerton and Anaheim for the Metrolink Service Expansion Program require the acquisition of property interests adjacent to existing Orange County Transportation Authority's operating railroad right-of-way. The acquisition of these property interests has been conducted in accordance with the Orange County Transportation Authority Board of Directors approved right-of-way policies and procedures. Negotiations for the acquisition of property interests currently owned by George Bushala and Commercial Family Limited Partnership are at an impasse; therefore, eminent domain action is necessary in order to acquire those property interests so as to not delay construction.

Recommendations

A. Adopt Resolution of Necessity No. 2008-88 for acquisition by eminent domain of property interests necessary for the construction of the Metrolink Service Expansion Program.

B. Adopt Resolution of Necessity No. 2008-89 for acquisition by eminent domain of property interests necessary for the construction of the Metrolink Service Expansion Program.

C. Authorize Orange County Transportation Authority staff and legal counsel to take all steps necessary to acquire the specified necessary property interests through the eminent domain process.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

required due to the length of track needed to accommodate the required train lengths at the layover facility.

On March 3 and May 23, 2008, the Board authorized OCTA staff to acquire property interests in Fullerton and Anaheim. OCTA began acquiring the property interests in accordance with federal and state laws and regulations as well as OCTA's policies and procedures, which were approved by the Board on October 28, 2002. Offers for purchase have been made for the amount established as just compensation, which were determined through the appraisal process.

Discussion

OCTA's policies and procedures prescribe the internal steps that OCTA takes to ensure federal and state laws and regulations are followed and that there is an orderly and effective process for implementing the acquisition and relocation process. The Uniform Relocation Assistance and Real Property Acquisition Policies Act (Uniform Act) was enacted by the federal government to ensure that real property interests are acquired and that persons, businesses, and personal property are relocated in an equitable, consistent, and equal manner. State laws and regulations were also enacted to provide benefits and safeguards better than, and in addition to, those prescribed in the Uniform Act.

Written offers to purchase were prepared for the full estimated value of the required property interests, based on independent appraisals, and delivered personally to property owners. As part of the written offer, the property owners were given an appraisal summary statement, which described the property and included information on the sales comparables that were used in the preparation of the value estimate. This information was provided so that the property owners could have information helpful for the evaluation of the offers. The property owners were also given an acquisition handbook, which provides information on the acquisition process including eminent domain. OCTA staff and the ROW consultant treated the property owners with respect and understanding and negotiated in good faith.

Efforts to obtain agreements with property owners George Bushala and Commercial Family Limited Partnership have reached an impasse. Although the property owners were given the opportunity to obtain appraisals, to date, the property owners have not done so. Counter offers received from the owners were extremely high and did not have supporting information sufficient for meaningful analysis. All efforts were made to reach a negotiated settlement; however, since an impasse has been reached, OCTA staff requests

Attachments

A. Resolution No. 2008-88 – A Resolution of the Orange County Transportation Authority Finding and Determining that the Public Interest and Necessity Require the Acquisition by Eminent Domain of Interests in Certain Real Property for Public Use and Authorizing and Directing Condemnation
B. Resolution No. 2008-89 – A Resolution of the Orange County Transportation Authority Finding and Determining that the Public Interest and Necessity Require the Acquisition by Eminent Domain of Interests in Certain Real Property for Public Use and Authorizing and Directing Condemnation
C. Property Location Maps
D. Metrolink Service Expansion Program – Acquisition Summary List

Prepared by:

James Staudinger
Manager, Right-of-Way
(714) 560-5746

Approved by:

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

RESOLUTION NO. 2008-88

A RESOLUTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY FINDING AND DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY REQUIRE THE ACQUISITION BY EMINENT DOMAIN OF INTERESTS IN CERTAIN REAL PROPERTY FOR PUBLIC USE AND AUTHORIZING AND DIRECTING CONDEMNATION.

WHEREAS, the Orange County Transportation Authority (Authority) is undertaking a major rail service expansion, the Metrolink Service Expansion Program, which is expected to become operational in early 2010 (the "Project"); and

WHEREAS, the Project is intended to provide 30- to 60-minute train service throughout the day and transform Metrolink into a more viable option for thousands of Orange County residents. The Project is a transportation improvement measure identified to attain mandated regional air quality conformance. The Project intends to increase the frequency of commuter rail service to 30- to 60-minute departures, along the Orange County Metrolink railroad service corridor, between the Fullerton Station and the Laguna Niguel Station. Daily train trips will more than double on weekdays, and additional trains will run on weekends; and

WHEREAS, key physical improvements for the Project, in the cities of Fullerton and Anaheim, include construction of a turnback facility at the Fullerton Station, including the approaching pocket track, and a layover facility approximately one mile south of the Fullerton Station between Orangethorpe Avenue and the Riverside Freeway (State Route 91) in Anaheim. The layover facility will include the addition of requisite turnouts and approach tracks that move trains from the mainline tracks into and out of the facility. The pocket track is a necessary improvement that minimizes impact to existing Amtrak and railroad freight operations that share tracks with the Metrolink commuter rail operation. These physical improvements are required for the operation of the expanded commuter rail service; and

WHEREAS, proposed track improvements for the Project call for additional track capacity, which requires the acquisition of property interests from private parties adjacent to the existing Metrolink right-of-way in the City of Fullerton and the City of Anaheim. An initial study/mitigated negative declaration was prepared, as required by the California Environmental Quality Act, for the Fullerton turnback facility and Anaheim layover facility. The draft environmental document was publicly circulated from December 21, 2007 to January 21, 2008.

The final environmental document was approved by the Board (Resolution No. 2008-31) on May 19, 2008; and

WHEREAS, the Project will be a transportation improvement project serving the public interest; and

WHEREAS, subsection (a) of the California Public Utilities Code section 130220.5 authorizes the Authority to exercise the power of eminent domain to acquire any property necessary, incidental, or convenient to the exercise of the Authority's powers; and

WHEREAS, on March 2, 2008 and May 23, 2008 the Authority's Board of Directors authorized Authority staff to acquire property interests in Fullerton and Anaheim for the Project; and

WHEREAS, the hereinafter described real property required for the Project is 335,630 +/- square feet located on five parcels and consists of a fee interest. The subject property is located in the Cities of Fullerton and Anaheim. The property interests to be acquired are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference together with a map thereof. To the extent there exists any improvements within the property area described on Exhibit "A", the proposed acquisition will include those improvements as well; and

WHEREAS, in accordance with section 1245.235 of the California Code of Civil Procedure, on October 24, 2008 there was mailed a Notice of Hearing on the Intent of the Authority to adopt a Resolution of Necessity for acquisition by eminent domain of the real property described in Exhibit "A" herein, which Notice of Hearing is attached hereto as Exhibit "B" and is incorporated herein by this reference. The Notice of Hearing was mailed to all persons whose names appear on the last equalized county assessment roll notice as having an interest in the property described in Exhibit "A" and to the address appearing on said roll; and

WHEREAS, in accordance with subsection (c) of California Public Utilities code section 130220.5, on October 29, 2008 there were mailed to the mayors, city managers, city clerk and city council members of the Cities of Fullerton and Anaheim letters with a copy of the Notice of Hearing on the Intent of the Authority to adopt a Resolution of Necessity for acquisition by eminent domain of the real property described in Exhibit "A". Copies of said letters to the Mayors of Fullerton and Anaheim are attached hereto as Exhibit "C" and incorporated herein by this reference; and

WHEREAS, the Project, including all amendments thereto, together with the staff reports, environmental impact documents and all other evidence presented to the Board of Directors at the times the Project and the amendments thereto were adopted, are incorporated herein by this reference and made a part hereof as though fully set forth herein; and

WHEREAS, pursuant to section 1245.235 of the California Code of Civil Procedure, the Authority scheduled a hearing for Monday, November 24, 2008 at 9:00 a.m. at 600 South Main Street, Orange, California, 92683-1584 and gave to each person whose property is to be acquired notice and a reasonable opportunity to appear at said hearing and to be heard on the matters referred to in section 1240.030 of the California Code of Civil Procedure; and

WHEREAS, said hearing has been held by the Authority and each person whose property is to be acquired by eminent domain was afforded an opportunity to be heard on those matters specified in the Authority's notice of intention to conduct a hearing on whether to adopt a Resolution of Necessity and referred to in section 1240.030 of the California Code of Civil Procedure; and

WHEREAS, the Authority may adopt a Resolution of Necessity pursuant to section 1240.040 of the California Code of Civil Procedure.

NOW, THEREFORE, the Orange County Transportation Authority does hereby find, determine, resolve and order as follows:

Section 1. Incorporation of Findings and Recitals. The above findings and recitals are true and correct and are incorporated herein in full by this reference.

Section 2. Compliance with California Code of Civil Procedure. There has been compliance by the Authority with the requirements of section 1245.235 of the California Code of Civil Procedure regarding notice and hearing.

Section 3. Public Use. The public use for which the property and the interest in the property are to be acquired is for the construction and future maintenance of the Project, a public transportation improvement, as more fully described hereinabove. Subsection (a) of California Public Utilities Code section 130220.5 authorizes the Authority to acquire by eminent domain property and interest in property necessary for such purpose and for all uses incidental or convenient thereto.

Section 4. Necessity.

(a) The proposed Project is necessary to satisfy the anticipated increase in ridership demands and maintain mandated regional air quality conformance.

(b) The public interest and necessity require the acquisition by eminent domain proceedings a fee interest in the real property described in Exhibit "A" to this Resolution of Necessity, together with any improvements thereon.

609573.1

Section 5. Description of Property Interests.

(a) The property interests to be acquired are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference together with a map thereof.

(b) Also included in Exhibit "A" is the legal description and plat of the real property interests to be acquired as well as other interest(s) in real property to be acquired by the Authority, which describes the general locations and extent of the property interests with sufficient detail for reasonable identification.

Section 6. Findings. The Authority hereby finds, determines and declares each of the following:

(a) The public interest and necessity require the proposed Project;

(b) The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and least private injury;

(c) The above-described property interests and as described in Exhibit "A" are necessary for the proposed Project;

(d) The offer required by section 7267.2 of the California Government Code has been made to the owner or owners of record; and

(e) All conditions and statutory requirements necessary to exercise the power of eminent domain ("the right to take") to acquire the property described herein have been complied with by the Authority.

Section 7. Use Not Unreasonably Interfering With Existing Public Use(s). To the extent any of the real property to be acquired is subject to easements and rights-of-way appropriated to existing public uses that are not owned by a public body, the herein described use or uses will not unreasonably interfere with or impair the continuance of the public use as it now exists or may reasonably be expected to exist in the future. As such, General Counsel ("Counsel") is authorized to acquire the real property subject to such existing public use(s) pursuant to section 1240.510 of the California Code of Civil Procedure. To the extent any of the real property to be acquired is subject to easements and rights-of-way appropriated to existing public uses that are owned by a public body, the herein described use or uses will not unreasonably interfere with or impair the continuance of the public use as it now exists or may reasonably be expected to exist in the future. As such, Counsel is authorized to acquire the real property subject to such existing public use(s) pursuant to section 1240.510 of the California Code of Civil Procedure.

Section 8. Authority to Exercise Eminent Domain. The Authority is hereby authorized and empowered to acquire fee title in the real property described in Exhibit "A", including the improvements thereon, if any, by eminent domain for the proposed Project in accordance with the applicable provisions of the California Code of Civil Procedure, the California Public Utilities Code and the Constitution of California relating to eminent domain.

Section 9. Further Activities. Counsel is hereby authorized and empowered to acquire the hereinabove described interests in real property (and any improvements thereon) in the name of and on behalf of the Authority by eminent domain, and Counsel is authorized to institute and prosecute such legal proceedings as may be required in connection therewith. Counsel is further authorized to take such steps as may be authorized and required by law, and to make such security deposits as may be required by order of court, to permit the Authority to take possession of and use the hereinabove described real property (and any improvements thereon) at the earliest possible time. Counsel is further authorized to correct any errors in this Resolution of Necessity or to make or agree to non-material changes in the legal descriptions of the real property that are deemed necessary for the conduct of the eminent domain action or other proceedings or transactions required to acquire the subject real property. Counsel is further authorized to reduce the extent of the interests or property to be acquired so as to reduce the compensation payable in the action where such change would not substantially impair the construction and operation of the Project for which the real property is being acquired.

Section 10. Effective Date. This Resolution shall take effect upon adoption.

PASSED, APPROVED and adopted on this _____ day of _____________, 2008.

____
CHRIS NORBY
Chairman

ATTEST:

____

____
Clerk of the Board

I, _________________________________, Clerk of the Board of Directors o the Orange County Transportation Authority, do hereby certify that the foregoing Resolution No.________ was duly and regularly adopted by the Orange County Transportation Authority at a meeting thereof held on the ______ day of ____________________, 2008, by the following votes:

AYES: ______________________
NOES: ______________________
ABSTAIN: ______________________
ABSENT: ______________________

____

____
Clerk of the Board

EXHIBIT "A"

PARCEL 1: (APN: 033-143-30)

THAT PORTION OF BLOCK 37 OF THE TOWNSITE OF FULLERTON, AS SHOWN ON A MAP RECORDED IN BOOK 22, PAGES 3, 4 AND 5 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, BEING MORE PARTICULARLY THAT PORTION SHOWN AS "A PORTION OF BLOCK 37 NOT A PART OF THIS SUBDIVISION" ON THE MAP OF TRACT NO. 398 RECORDED IN BOOK 16, PAGE 3 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 37 AS SAME IS SHOWN ON SAID MAP OF TRACT NO. 398; THENCE ALONG THE EAST LINE OF LAWRENCE AVENUE AS SAME IS SHOWN ON SAID MAP SOUTH 00° 01' 25" WEST 66.58 FEET; THENCE LEAVING SAID EAST LINE OF LAWRENCE AVENUE SOUTH 89° 59' 30" EAST 243.94 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 935.37 FEET AND A CENTRAL ANGLE OF 18° 34' 05"; THENCE ALONG THE ARC OF SAID CURVE SOUTHEASTERLY, 303.13 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1699.12 FEET AND A CENTRAL ANGLE OF 10° 59' 32", A RADIAL LINE THROUGH SAID POINT BEARS NORTH 18° 34' 35" EAST; THENCE ALONG THE ARC OF SAID CURVE EASTERLY, 325.98 FEET; THENCE NORTH 17° 19' 29" EAST 39.05 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1860.08 FEET, A RADIAL THROUGH SAID POINT BEARS NORTH 27° 32' 45" EAST, SAID POINT BEING IN THE SOUTHERLY LINE OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY RIGHT-OF-WAY AS SAID IS SHOWN ON SAID MAP OF THE TOWNSITE OF FULLERTON, SAID RIGHT-OF-WAY PRESENTLY BEING 100.00 FEET WIDE; THENCE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 27° 14' 55", NORTHWESTERLY 884.61 FEET TO THE POINT OF BEGINNING.

PARCEL 2: (APN'S: 033-143-29 AND 033-143-38)

THAT PORTION OF BLOCK 37 IN THE TOWNSITE OF FULLERTON, AS SHOWN ON A MAP RECORDED IN BOOK 22, PAGES 3, 4 AND 5 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 37, SAID POINT OF BEGINNING BEING THE POINT OF INTERSECTION OF THE EAST LINE OF SOUTH LAWRENCE AVENUE WITH THE SOUTH LINE OF THE 100.00 FOOT RIGHT OF WAY OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, AS SHOWN ON SAID MAP; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 37 A DISTANCE OF 246.56 FEET TO A POINT IN THE EAST PROLONGATION OF THE NORTH LINE OF THE ALLEY IN BLOCK 38 OF SAID TOWNSITE OF FULLERTON; THENCE EAST ALONG THE PROLONGATION OF THE NORTH LINE OF SAID ALLEY 524.87 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 942.87 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE A DISTANCE OF 633.97 FEET TO A POINT DISTANT SOUTHWESTERLY 60.00 FEET, MEASURED RADIALLY, FROM THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY, SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1800.08 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE AND ALONG A LINE PARALLEL WITH THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY A DISTANCE OF 290.00 FEET TO A POINT IN THE SOUTH LINE OF SAID BLOCK 37; THENCE EAST ON SAID SOUTH LINE 80.00 FEET TO A POINT IN THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY; THENCE NORTHWESTERLY AND WESTERLY ALONG THE SOUTHWEST AND SOUTH LINE OF SAID 100.00 FOOT RIGHT OF WAY A DISTANCE OF 1595.09 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHERLY AND SOUTHWESTERLY OF THE

NORTHERLY AND NORTHEASTERLY LINE AND SOUTHERLY OF THE WESTERLY PROLONGATION OF SAID NORTHERLY LINE, OF THE LAND SHOWN ON A MAP FILED IN BOOK 185, PAGES 13 AND 14 OF PARCEL MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THAT PORTION INCLUDED WITHIN PARCEL 4 OF THE LAND DESCRIBED IN A QUITCLAIM DEED TO THE CITY OF FULLERTON RECORDED SEPTEMBER 28, 1982 AS INSTRUMENT NO. 82-341429 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN PARCEL 1 HEREINABOVE DESCRIBED.

PARCEL 3: (APN'S: 033-200-49 AND 033-200-50)

A STRIP OF LAND 50.00 FEET IN WIDTH BEING THAT PORTION OF THE EAST ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 10 WEST, RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, LYING WEST OF AND ADJACENT TO THE 100.00 FOOT RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY, SAID STRIP OF LAND LYING 25.00 FEET ON EACH SIDE OF, MEASURED AT RIGHT ANGLES FROM, THE FOLLOWING DESCRIBED CENTER LINE, AND THE PROLONGATION THEREOF, TO-WIT:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID EAST ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, DISTANT EAST 569.73 FEET FROM THE SOUTHWEST CORNER OF SAID EAST ONE-HALF, SAID POINT OF BEGINNING ALSO BEING DISTANT 25.00 FEET WEST FROM THE WEST LINE OF THE RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY; THENCE NORTHWESTERLY ALONG A LINE PARALLEL WITH SAID WEST LINE OF THE RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY TO A POINT ON THE NORTH LINE OF SAID EAST ONE-HALF.

PARCEL 4: (APN: 073-100-06)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 10 WEST, RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, BEING WESTERLY OF AND ADJACENT TO THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY COMPANY AS DESCRIBED IN DEED RECORDED IN BOOK 327, PAGE 224 OF DEEDS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND LYING EASTERLY OF A LINE PARALLEL WITH AND DISTANT WESTERLY 25.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE FOLLOWING DESCRIBED CENTER LINE OF THE LOS ANGELES & SALT LAKE RAILROAD:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION DISTANT WEST 35.00 FEET FROM THE WEST LINE OF SAID RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE NORTH 0° 45' 00" WEST PARALLEL WITH SAID WEST LINE OF RIGHT OF WAY 947.80 FEET TO THE BEGINNING OF A TRANSITION CURVE CONCAVE WESTERLY AND INCREASING IN DEGREE OF CURVATURE AT THE RATE OF 0.2 MINUTES PER 0.1 FOOT OF CURVE; THENCE NORTHERLY ALONG SAID TRANSITION CURVE 180.00 FEET TO THE BEGINNING OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 955.37 FEET; THENCE NORTHERLY ON SAID CURVE OF RADIUS 955.37 FEET A DISTANCE OF 196.78 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF SAID SOUTHWEST QUARTER, DISTANT WEST 79.05 FEET FROM SAID WEST LINE OF RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY COMPANY.

EXCEPTING THEREFROM ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM THE PROPERTY WHICH UNDERLIES A PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF THE PROPERTY FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM THE PROPERTY BY MEANS OF MINES, WELLS, DERRICKS OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE PROPERTY, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE PROPERTY OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED BY THE GRANTOR, IT'S SUCCESSORS AND ASSIGNS IN A DEED RECORDED FEBRUARY 9, 2001 AS INSTRUMENT NO. 01-75817 OF OFFICIAL RECORDS.

PARCEL 5: (APN: 035-020-65)

REAL PROPERTY IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

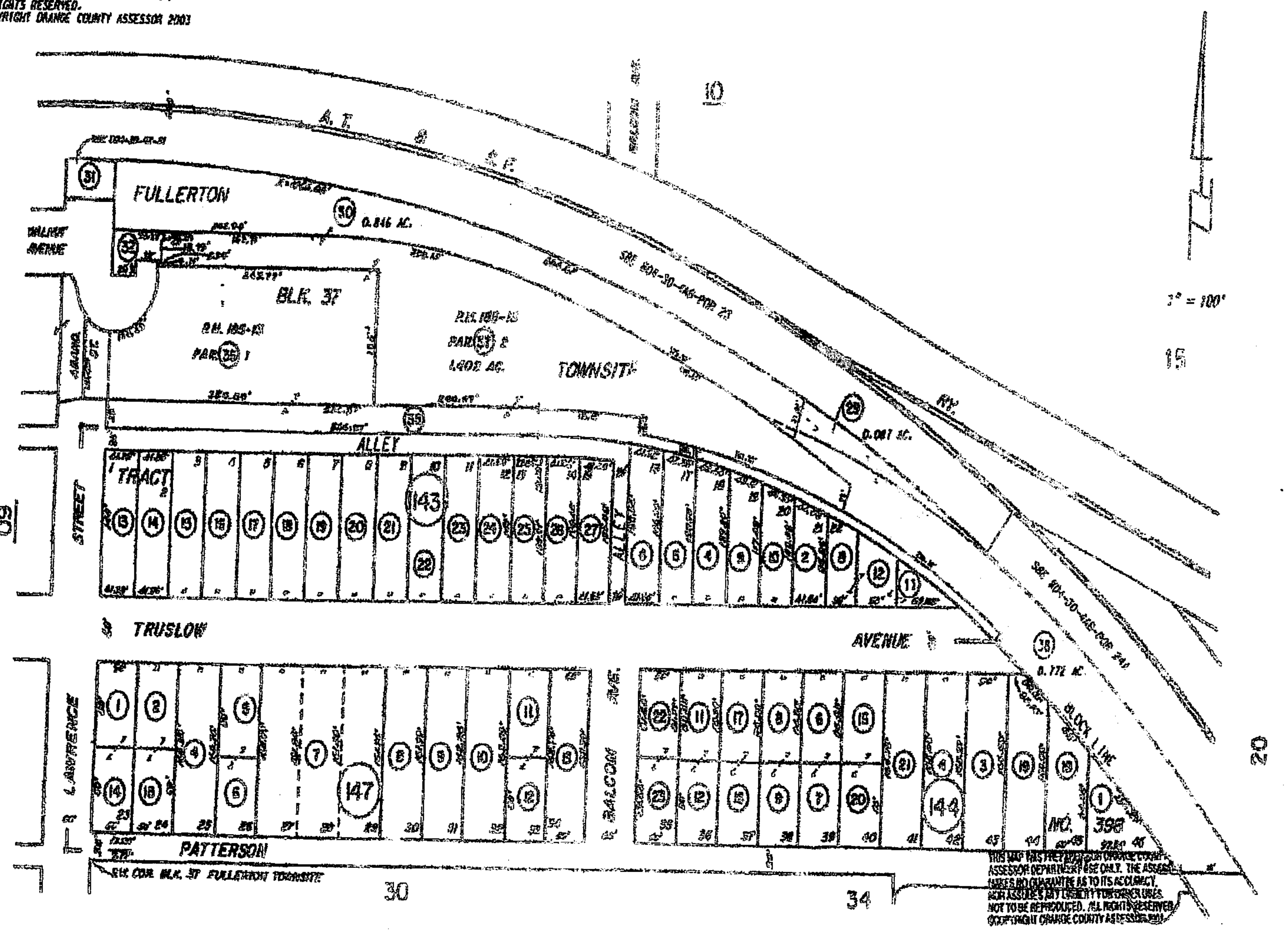
BEGINNING AT A POINT IN THE NORTH LINE OF SAID SECTION DISTANT EAST 1278.6 FEET FROM THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 0° 45' EAST 1826.0 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID NORTHEAST QUARTER DISTANT EAST 1280.21 FEET FROM THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE WEST ALONG SAID SOUTH LINE, 70.0 FEET; THENCE NORTH 0° 45' WEST 590.0 FEET; THENCE EAST 10.0 FEET; THENCE NORTH 0° 45' WEST 1236.0 FEET, MORE OR LESS, TO A POINT IN THE NORTH LINE OF SAID NORTHEAST QUARTER DISTANT EAST 1218.6 FEET FROM THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE EAST 60.0 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF LAND CONVEYED TO THE STATE OF CALIFORNIA THROUGH FINAL ORDER OF CONDEMNATION RECORDED ON MARCH 27, 2001 AS INSTRUMENT NO. 20010177452 OF OFFICIAL RECORDS OF SAID COUNTY.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCE AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND BELOW THE PRESENT SURFACE OF SAID LAND, FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM SAID LAND BY MEANS OF MINES, WELLS, DERRICKS AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE ABOVE DESCRIBED LAND, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF THE ABOVE DESCRIBED LAND NOR TO USE ANY OF THE SAID LAND OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND BELOW THE PRESENT SURFACE OF THE SAID LAND FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED OCTOBER 23, 2000, INSTRUMENT NO. 200000568973.

SEC. 34, T 3 S, R 10 W

033-14



MARCH 1971

FULLERTON TOWNSITE
TRACT NO. 398
PARCEL MAP

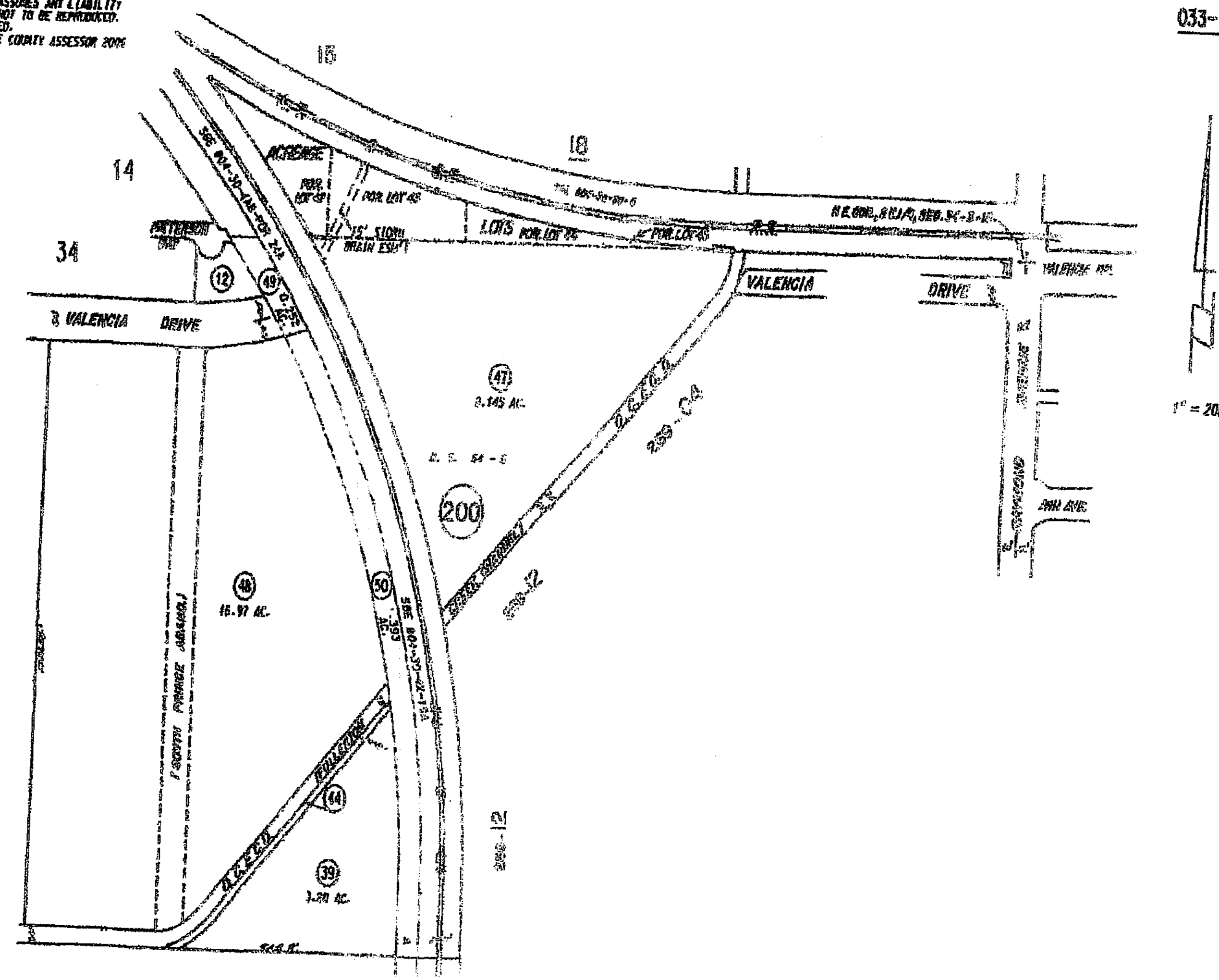
L.A. 2-30, 39 40
M.M. 16-3
P.M. 105-13

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP
BOOK 033 PAGE 14
COUNTY OF ORANGE

POR. N 1/2, SE 1/4, SEC. 34, T 3 S, R 10 W

033-20

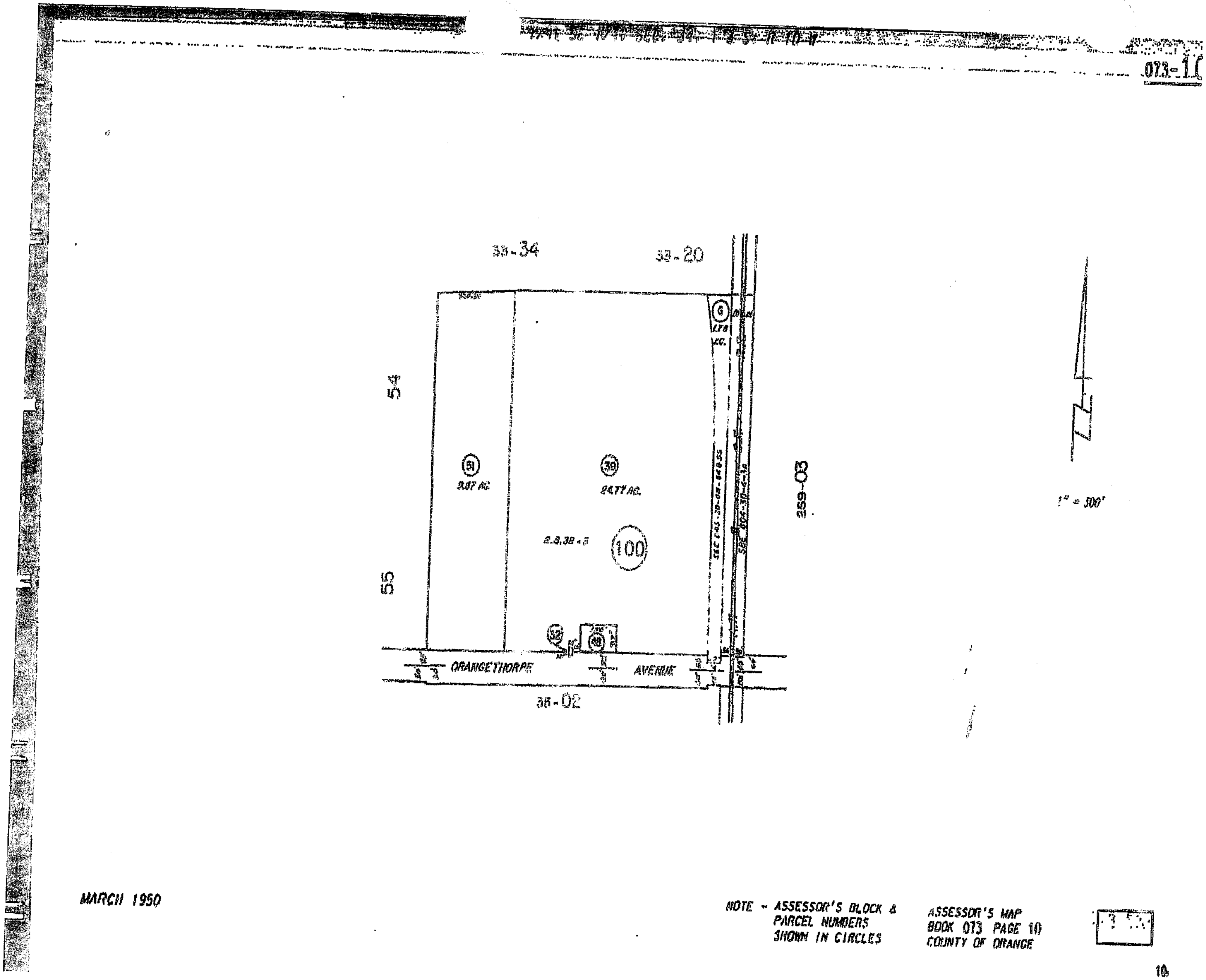


MARCH 1949

ACREAGE LOTS L.A. 2-40

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 033 PAGE 20 COUNTY OF ORANGE


073-10
33-34
33-20
54
55
51
9.87 AC.
39
24.77 AC.
100
6
1.78 AC.
52
48
269-03
ORANGETHORPE
AVENUE
36-02
1" = 300'
MARCH 1950
NOTE - ASSESSOR'S BLOCK &
PARCEL NUMBERS
SHOWN IN CIRCLES
ASSESSOR'S MAP
BOOK 073 PAGE 10
COUNTY OF ORANGE
10

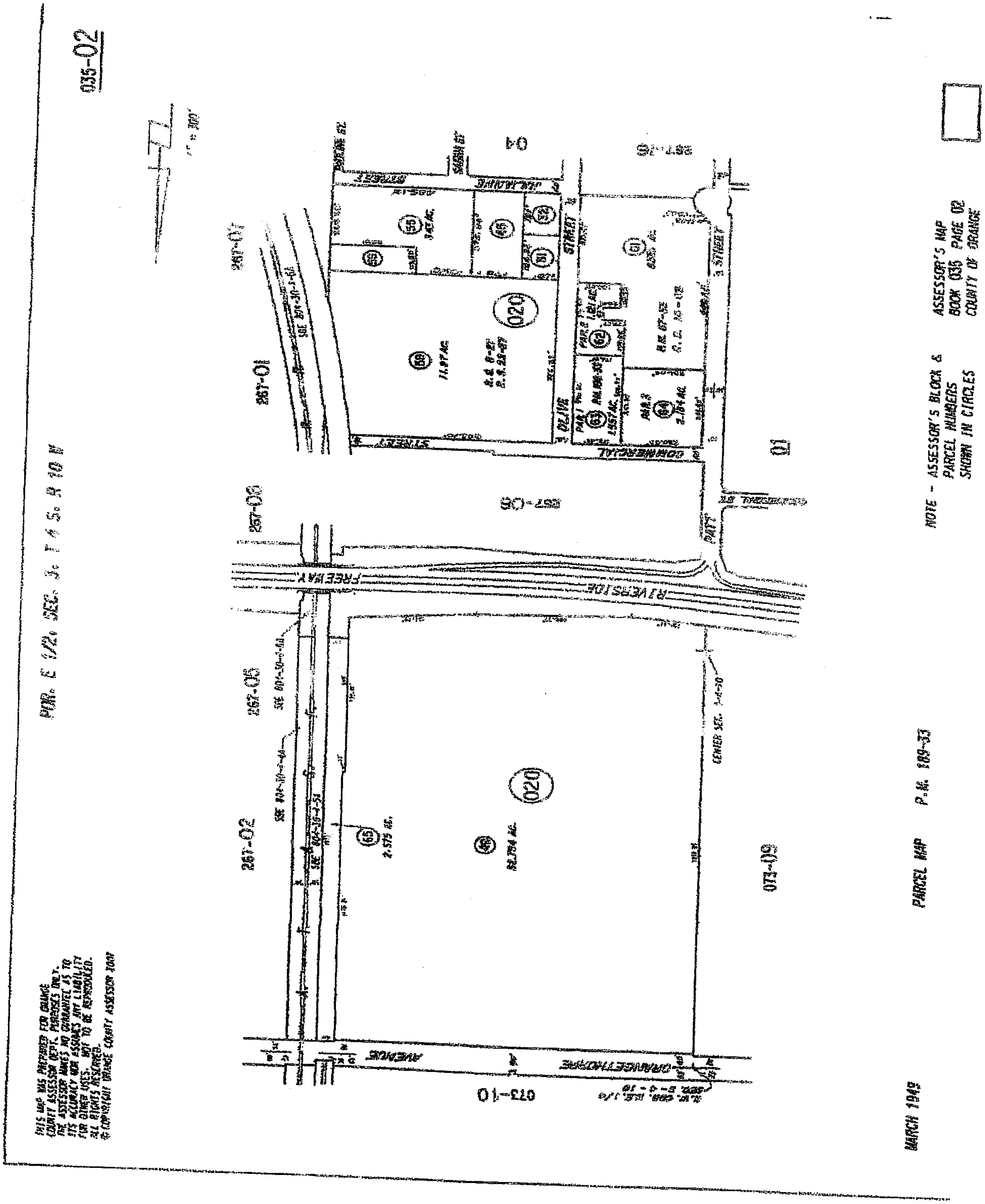

035-02
POR. E 1/2, SEC. 3, T 4 S, R 10 W
RIVERSIDE FREEWAY
ORANGETHORPE AVENUE
COMMERCIAL STREET
OLIVE STREET
NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
ASSESSOR'S MAP BOOK 035 PAGE 02 COUNTY OF ORANGE
PARCEL MAP P.M. 189-33
MARCH 1949

EXHIBIT "B"

OCTA

NOTICE OF HEARING

NOTICE OF HEARING REGARDING THE INTENTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) TO ADOPT A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PROPERTY LOCATED IN THE CITIES OF FULLERTON AND ANAHEIM, CALIFORNIA, COMMONLY KNOWN AS APNs: 033-143-29, 033-143-30, 033-143-38, 033-200-49, 033-200-50, 035-020-65 AND 073-100-06, WHICH IS LEGALLY DESCRIBED ON EXHIBIT A, ATTACHED HERETO. NOTICE IS PROVIDED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1245.235.

TO: George Bushala
110 East Walnut Avenue
Fullerton, CA 92832

California Code of Civil Procedure Section 1240.030 provides that the power of eminent domain may be exercised to acquire property for a proposed project if the following conditions are satisfied:

(a) The public interest and necessity require the project.

(b) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

(c) The property sought to be acquired is necessary for the project.

(d) The offer required by Government Code Section 7267.2 has been made to the owner or owners of record.

YOU ARE HEREBY NOTIFIED, that the Board of Directors for the OCTA, at its meeting to be held on Monday, November 24, 2008, commencing at 9:00 A.M., or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, California, 92863-1584, will meet to decide if the above conditions are met concerning your property and, if the conditions are met, to consider the adoption of a Resolution of Necessity pursuant to Public Utilities Code Section 130220.5, et seq., for acquisition by eminent domain of a fee interest in certain real property (Property) in connection with the Metrolink Service Expansion Program (Project). Project improvements include railroad track improvements, layover and turnback facilities, station improvements and other improvements at Fullerton and Anaheim necessary for improved Metrolink service implementation. The Property is 335,630 +/- square feet, irregular in shape, which is legally described on Exhibit A, attached hereto. Maps depicting the property have also been attached for your convenience.

The hearing will be held on Monday, November 24, 2008 at 9:00 AM, or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, CA 92863-1584.

You, as a person claiming or having an interest in and to the Property, are hereby notified that you have the right to appear and be heard on the issues to be considered at that hearing.

The issues which will be considered are set forth in California Code of Civil Procedure Section 1240.030, and include:

1. Whether or not the public interest and necessity require the Project;
2. Whether or not the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
3. Whether or not the property sought to be acquired is necessary for this Project.
4. Whether the offer required to be made by Government Code Section 7267.2, together with the accompanying statement and summary of the basis for the amount established as just compensation was made to the owner or owners of record.

Questions regarding the amount of compensation to be paid are not part of this proceeding and the Board does not consider such in determining whether a Resolution should be adopted.

If adopted, the Resolution will authorize the OCTA to acquire the Property by eminent domain.

If you wish to be heard at this hearing, you MUST FILE A WRITTEN REQUEST, indicating your intent to appear and be heard, within fifteen (15) days of the mailing of this notice by filing or delivering that written request to the OCTA, Attention: James Staudinger, at 550 South Main Street, P. O. Box 14184, Orange, CA 92863-1584.

Your failure to timely file a written request to appear and be heard may result in a waiver of your right to be heard.

For further information, contact Simin Yazdan at (714) 560-5758.

Dated and Mailed: October 24, 2008

James Staudinger

EXHIBIT A

PARCEL 1: (APN: 033-143-30)

THAT PORTION OF BLOCK 37 OF THE TOWNSITE OF FULLERTON, AS SHOWN ON A MAP RECORDED IN BOOK 22, PAGES 3, 4 AND 5 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, BEING MORE PARTICULARLY THAT PORTION SHOWN AS "A PORTION OF BLOCK 37 NOT A PART OF THIS SUBDIVISION" ON THE MAP OF TRACT NO. 398 RECORDED IN BOOK 16, PAGE 3 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 37 AS SAME IS SHOWN ON SAID MAP OF TRACT NO. 398; THENCE ALONG THE EAST LINE OF LAWRENCE AVENUE AS SAME IS SHOWN ON SAID MAP SOUTH 00° 01' 25" WEST 66.58 FEET; THENCE LEAVING SAID EAST LINE OF LAWRENCE AVENUE SOUTH 89° 59' 30" EAST 243.94 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 935.37 FEET AND A CENTRAL ANGLE OF 18° 34' 05"; THENCE ALONG THE ARC OF SAID CURVE SOUTHEASTERLY, 303.13 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1699.12 FEET AND A CENTRAL ANGLE OF 10° 59' 32", A RADIAL LINE THROUGH SAID POINT BEARS NORTH 18° 34' 35" EAST; THENCE ALONG THE ARC OF SAID CURVE EASTERLY, 325.98 FEET; THENCE NORTH 17° 19' 29" EAST 39.05 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1860.08 FEET, A RADIAL THROUGH SAID POINT BEARS NORTH 27° 32' 45" EAST, SAID POINT BEING IN THE SOUTHERLY LINE OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY RIGHT-OF-WAY AS SAID IS SHOWN ON SAID MAP OF THE TOWNSITE OF FULLERTON, SAID RIGHT-OF-WAY PRESENTLY BEING 100.00 FEET WIDE; THENCE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 27° 14' 55", NORTHWESTERLY 884.61 FEET TO THE POINT OF BEGINNING.

PARCEL 2: (APN'S: 033-143-29 AND 033-143-38)

THAT PORTION OF BLOCK 37 IN THE TOWNSITE OF FULLERTON, AS SHOWN ON A MAP RECORDED IN BOOK 22, PAGES 3, 4 AND 5 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 37, SAID POINT OF BEGINNING BEING THE POINT OF INTERSECTION OF THE EAST LINE OF SOUTH LAWRENCE AVENUE WITH THE SOUTH LINE OF THE 100.00 FOOT RIGHT OF WAY OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, AS SHOWN ON SAID MAP; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 37 A DISTANCE OF 246.56 FEET TO A POINT IN THE EAST PROLONGATION OF THE NORTH LINE OF THE ALLEY IN BLOCK 38 OF SAID TOWNSITE OF FULLERTON; THENCE EAST ALONG THE PROLONGATION OF THE NORTH LINE OF SAID ALLEY 524.87 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 942.87 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE A DISTANCE OF 633.97 FEET TO A POINT DISTANT SOUTHWESTERLY 60.00 FEET, MEASURED RADIALLY, FROM THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY, SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1800.08 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE AND ALONG A LINE PARALLEL WITH THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY A DISTANCE OF 290.00 FEET TO A POINT IN THE SOUTH LINE OF SAID BLOCK 37; THENCE EAST ON SAID SOUTH LINE 80.00 FEET TO A POINT IN THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY; THENCE NORTHWESTERLY AND WESTERLY ALONG THE SOUTHWEST AND SOUTH LINE OF SAID 100.00 FOOT RIGHT OF WAY A DISTANCE OF 1595.09 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHERLY AND SOUTHWESTERLY OF THE

NORTHERLY AND NORTHEASTERLY LINE AND SOUTHERLY OF THE WESTERLY PROLONGATION OF SAID NORTHERLY LINE, OF THE LAND SHOWN ON A MAP FILED IN BOOK 185, PAGES 13 AND 14 OF PARCEL MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THAT PORTION INCLUDED WITHIN PARCEL 3 OF THE LAND DESCRIBED IN A QUITCLAIM DEED TO THE CITY OF FULLERTON RECORDED SEPTEMBER 28, 1982 AS INSTRUMENT NO. 82-341429 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN PARCEL 1 HEREINABOVE DESCRIBED.

PARCEL 3: (APN'S: 033-200-49 AND 033-200-50)

A STRIP OF LAND 50.00 FEET IN WIDTH BEING THAT PORTION OF THE EAST ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 10 WEST, RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, LYING WEST OF AND ADJACENT TO THE 100.00 FOOT RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY, SAID STRIP OF LAND LYING 25.00 FEET ON EACH SIDE OF, MEASURED AT RIGHT ANGLES FROM, THE FOLLOWING DESCRIBED CENTER LINE, AND THE PROLONGATION THEREOF, TO-WIT:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID EAST ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, DISTANT EAST 569.73 FEET FROM THE SOUTHWEST CORNER OF SAID EAST ONE-HALF, SAID POINT OF BEGINNING ALSO BEING DISTANT 25.00 FEET WEST FROM THE WEST LINE OF THE RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY; THENCE NORTHWESTERLY ALONG A LINE PARALLEL WITH SAID WEST LINE OF THE RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY TO A POINT ON THE NORTH LINE OF SAID EAST ONE-HALF.

PARCEL 4: (APN: 073-100-06)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 10 WEST, RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, BEING WESTERLY OF AND ADJACENT TO THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY COMPANY AS DESCRIBED IN DEED RECORDED IN BOOK 327, PAGE 224 OF DEEDS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND LYING EASTERLY OF A LINE PARALLEL WITH AND DISTANT WESTERLY 25.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE FOLLOWING DESCRIBED CENTER LINE OF THE LOS ANGELES & SALT LAKE RAILROAD:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION DISTANT WEST 35.00 FEET FROM THE WEST LINE OF SAID RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE NORTH 0° 45' 00" WEST PARALLEL WITH SAID WEST LINE OF RIGHT OF WAY 947.80 FEET TO THE BEGINNING OF A TRANSITION CURVE CONCAVE WESTERLY AND INCREASING IN DEGREE OF CURVATURE AT THE RATE OF 0.2 MINUTES PER 0.1 FOOT OF CURVE; THENCE NORTHERLY ALONG SAID TRANSITION CURVE 180.00 FEET TO THE BEGINNING OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 955.37 FEET; THENCE NORTHERLY ON SAID CURVE OF RADIUS 955.37 FEET A DISTANCE OF 196.78 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF SAID SOUTHWEST QUARTER, DISTANT WEST 79.05 FEET FROM SAID WEST LINE OF RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY COMPANY.

EXCEPTING THEREFROM ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM THE PROPERTY WHICH UNDERLIES A PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF THE PROPERTY FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM THE PROPERTY BY MEANS OF MINES, WELLS, DERRICKS OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE PROPERTY, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE PROPERTY OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED BY THE GRANTOR, IT'S SUCCESSORS AND ASSIGNS IN A DEED RECORDED FEBRUARY 9, 2001 AS INSTRUMENT NO. 01-75817 OF OFFICIAL RECORDS.

PARCEL 5: (APN: 035-020-65)

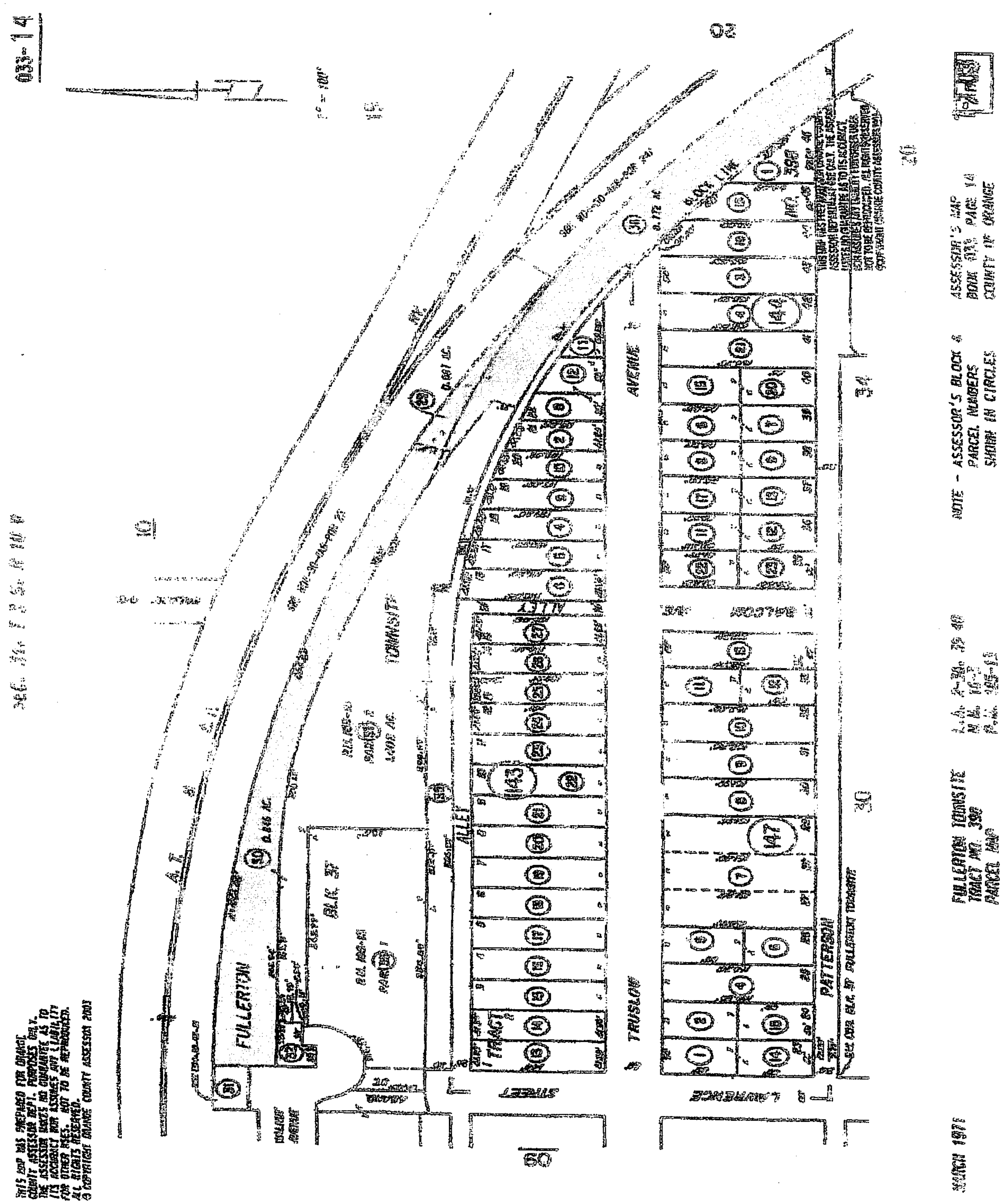
REAL PROPERTY IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

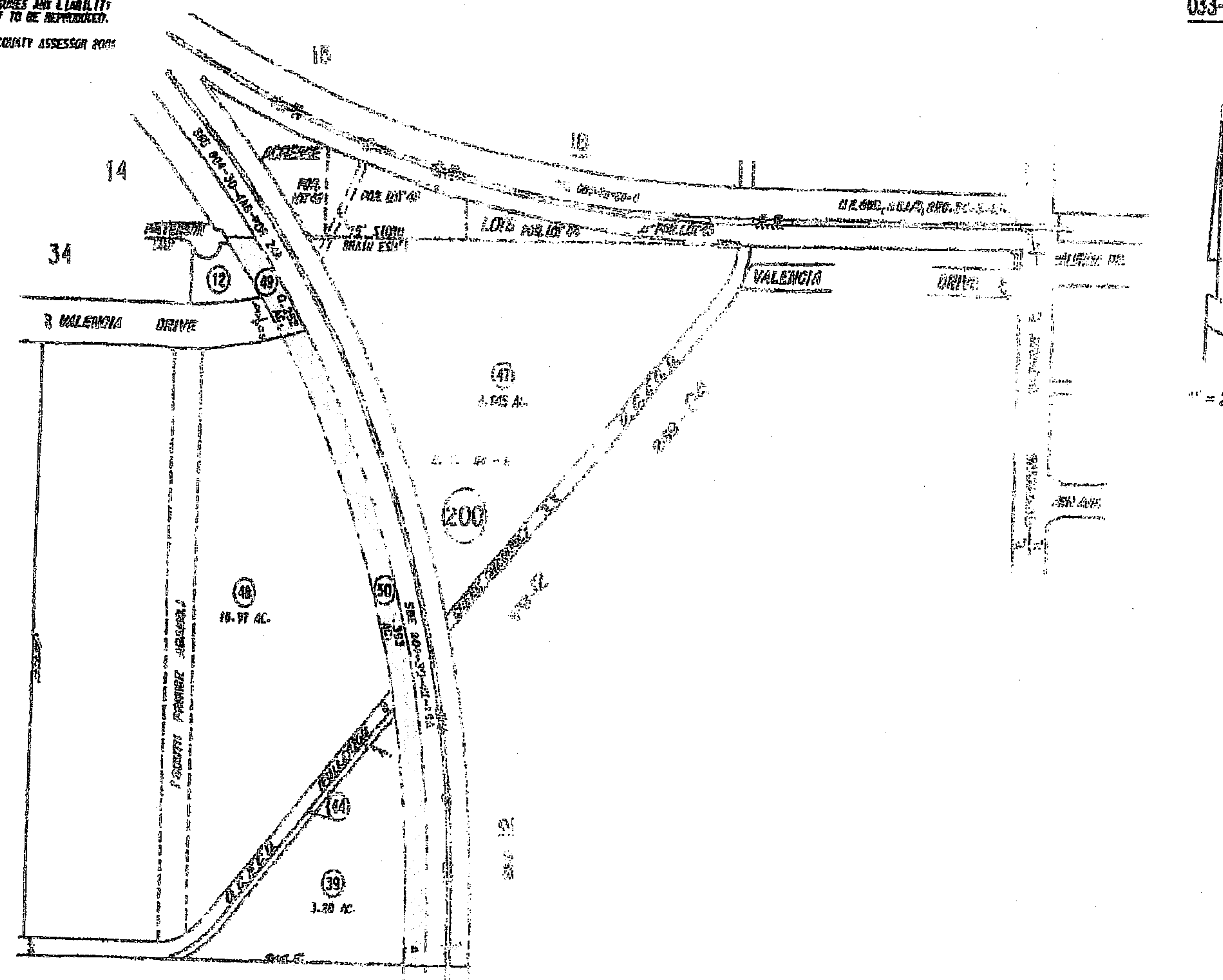
BEGINNING AT A POINT IN THE NORTH LINE OF SAID SECTION DISTANT EAST 1278.6 FEET FROM THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 0° 45' EAST 1826.0 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID NORTHEAST QUARTER DISTANT EAST 1280.21 FEET FROM THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE WEST ALONG SAID SOUTH LINE, 70.0 FEET; THENCE NORTH 0° 45' WEST 590.0 FEET; THENCE EAST 10.0 FEET; THENCE NORTH 0° 45' WEST 1236.0 FEET, MORE OR LESS, TO A POINT IN THE NORTH LINE OF SAID NORTHEAST QUARTER DISTANT EAST 1218.6 FEET FROM THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE EAST 60.0 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF LAND CONVEYED TO THE STATE OF CALIFORNIA THROUGH FINAL ORDER OF CONDEMNATION RECORDED ON MARCH 27, 2001 AS INSTRUMENT NO. 20010177452 OF OFFICIAL RECORDS OF SAID COUNTY.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCE AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND BELOW THE PRESENT SURFACE OF SAID LAND, FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM SAID LAND BY MEANS OF MINES, WELLS, DERRICKS AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE ABOVE DESCRIBED LAND, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF THE ABOVE DESCRIBED LAND NOR TO USE ANY OF THE SAID LAND OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND BELOW THE PRESENT SURFACE OF THE SAID LAND FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED OCTOBER 23, 2000, INSTRUMENT NO. 200000568973.


033-14
ASSESSOR'S MAP
BOOK 033 PAGE 14
COUNTY OF ORANGE
NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
FULLERTON TOWNSITE
TRACT NO. 398
PARCEL MAP
MARCH 1971
FULLERTON
TRUSLOW
PATTERSON
LAWRENCE
AVENUE
STREET
ALLEY
TOWNSITE
143
144
147

POR. N 1/2, SE 1/4, SEC. 34, T 3 S, R 10 W



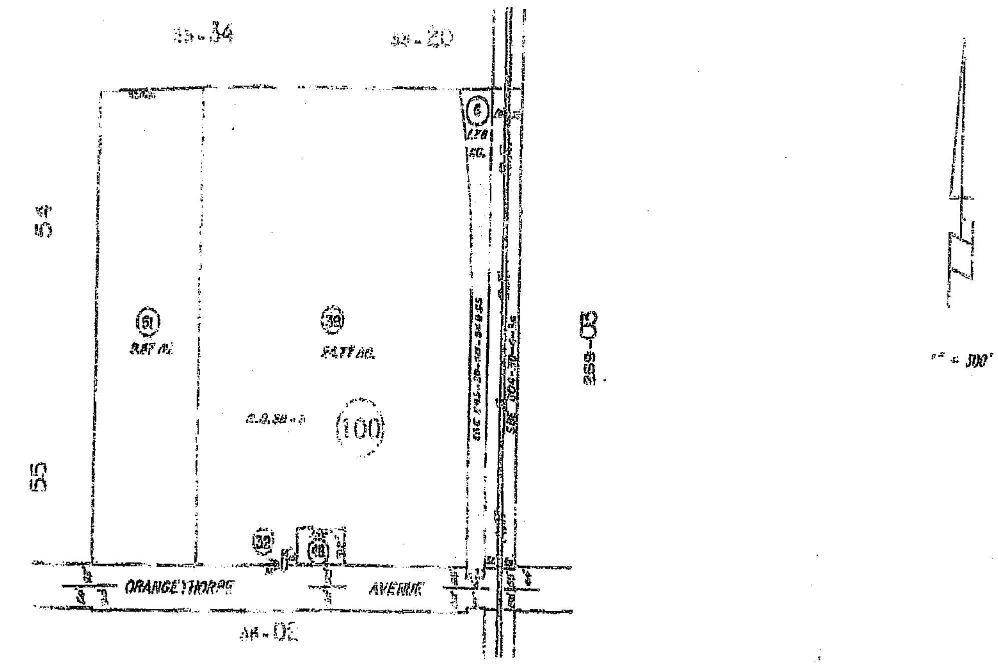
T5-10

MARCH 1949

ACREAGE LOTS L.A. 2-40

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

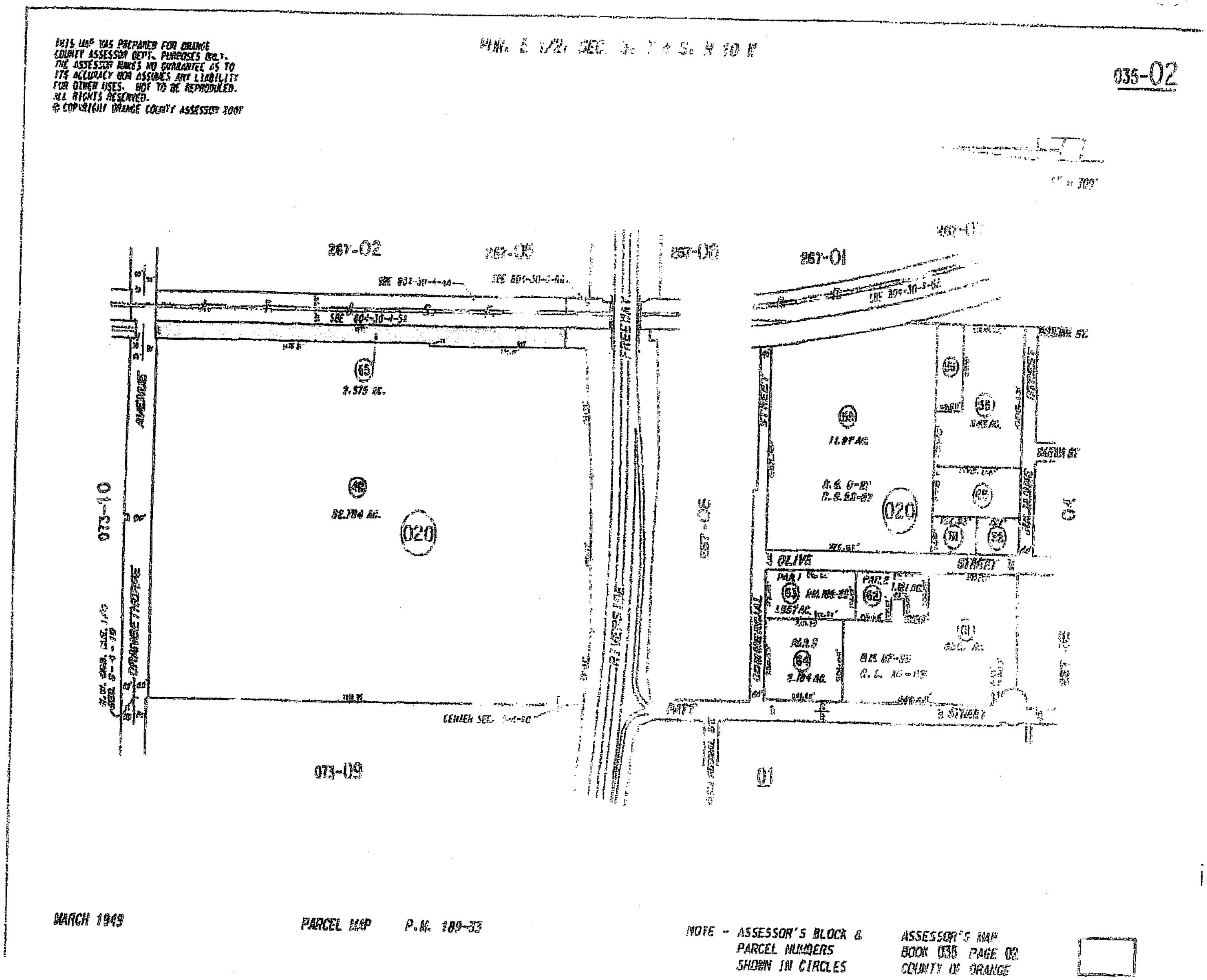
ASSESSOR'S MAP BOOK 033 PAGE 20 COUNTY OF ORANGE



MARCH 1950

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP
BOOK 013 PAGE 10
COUNTY OF ORANGE


THIS MAP WAS PREPARED FOR ORANGE COUNTY ASSESSOR DEPT. PURPOSES ONLY. THE ASSESSOR MAKES NO GUARANTEE AS TO ITS ACCURACY NOR ASSUMES ANY LIABILITY FOR OTHER USES. NOT TO BE REPRODUCED. ALL RIGHTS RESERVED.
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035-02
267-02
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267-06
267-01
073-10
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11.87 AC.
2.575 AC.
OLIVE
STREET
PAFT
MARCH 1949
PARCEL MAP P.M. 189-33
NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
ASSESSOR'S MAP BOOK 035 PAGE 02 COUNTY OF ORANGE

OCTA

November 14, 2008

George Bushala
110 East Walnut Avenue
Fullerton, CA 92832

Dear Mr. Bushala:

On October 24, 2008, you were sent a Notice of Hearing notifying you that the Orange County Transportation Authority's Board of Directors will hold a hearing on Monday, November 24, 2008, to consider adopting a Resolution of Necessity to acquire property located in the cities of Fullerton and Anaheim. A legal description of the property subject to the Resolution of Necessity was provided as an attachment to the Notice of Hearing.

The legal description, which was furnished by First American Title Company, contained a scrivener's error. First American Title Company has provided the correct legal description, which is attached to this letter. You can find the change on the second page of the legal description, on the first line of the first full paragraph. The erroneous legal description read as follows: "ALSO EXCEPTING THEREFROM THAT PORTION INCLUDED WITHIN PARCEL 3 OF THE LAND". The correct legal description reads as follows: "ALSO EXCEPTING THEREFROM THAT PORTION INCLUDED WITHIN PARCEL 4 OF THE LAND". The Resolution of Necessity contains the correct legal description.

I apologize for this error. If you have any questions, please feel free to telephone me at (714) 914-2191.

Yours truly,

James Staudinger
Right of Way Manager

PARCEL 1: (APN: 033-143-30)

THAT PORTION OF BLOCK 37 OF THE TOWNSITE OF FULLERTON, AS SHOWN ON A MAP RECORDED IN BOOK 22, PAGES 3, 4 AND 5 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, BEING MORE PARTICULARLY THAT PORTION SHOWN AS "A PORTION OF BLOCK 37 NOT A PART OF THIS SUBDIVISION" ON THE MAP OF TRACT NO. 398 RECORDED IN BOOK 16, PAGE 3 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 37 AS SAME IS SHOWN ON SAID MAP OF TRACT NO. 398; THENCE ALONG THE EAST LINE OF LAWRENCE AVENUE AS SAME IS SHOWN ON SAID MAP SOUTH 00° 01' 25" WEST 66.58 FEET; THENCE LEAVING SAID EAST LINE OF LAWRENCE AVENUE SOUTH 89° 59' 30" EAST 243.94 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 935.37 FEET AND A CENTRAL ANGLE OF 18° 34' 05"; THENCE ALONG THE ARC OF SAID CURVE SOUTHEASTERLY, 303.13 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1699.12 FEET AND A CENTRAL ANGLE OF 10° 59' 32", A RADIAL LINE THROUGH SAID POINT BEARS NORTH 18° 34' 35" EAST; THENCE ALONG THE ARC OF SAID CURVE EASTERLY, 325.98 FEET; THENCE NORTH 17° 19' 29" EAST 39.05 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1860.08 FEET, A RADIAL THROUGH SAID POINT BEARS NORTH 27° 32' 45" EAST, SAID POINT BEING IN THE SOUTHERLY LINE OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY RIGHT-OF-WAY AS SAID IS SHOWN ON SAID MAP OF THE TOWNSITE OF FULLERTON, SAID RIGHT-OF-WAY PRESENTLY BEING 100.00 FEET WIDE; THENCE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 27° 14' 55", NORTHWESTERLY 884.61 FEET TO THE POINT OF BEGINNING.

PARCEL 2: (APN'S: 033-143-29 AND 033-143-38)

THAT PORTION OF BLOCK 37 IN THE TOWNSITE OF FULLERTON, AS SHOWN ON A MAP RECORDED IN BOOK 22, PAGES 3, 4 AND 5 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 37, SAID POINT OF BEGINNING BEING THE POINT OF INTERSECTION OF THE EAST LINE OF SOUTH LAWRENCE AVENUE WITH THE SOUTH LINE OF THE 100.00 FOOT RIGHT OF WAY OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, AS SHOWN ON SAID MAP; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 37 A DISTANCE OF 246.56 FEET TO A POINT IN THE EAST PROLONGATION OF THE NORTH LINE OF THE ALLEY IN BLOCK 38 OF SAID TOWNSITE OF FULLERTON; THENCE EAST ALONG THE PROLONGATION OF THE NORTH LINE OF SAID ALLEY 524.87 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 942.87 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE A DISTANCE OF 633.97 FEET TO A POINT DISTANT SOUTHWESTERLY 60.00 FEET, MEASURED RADIALLY, FROM THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY, SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1800.08 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE AND ALONG A LINE PARALLEL WITH THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY A DISTANCE OF 290.00 FEET TO A POINT IN THE SOUTH LINE OF SAID BLOCK 37; THENCE EAST ON SAID SOUTH LINE 80.00 FEET TO A POINT IN THE SOUTHWEST LINE OF SAID 100.00 FOOT RIGHT OF WAY; THENCE NORTHWESTERLY AND WESTERLY ALONG THE SOUTHWEST AND SOUTH LINE OF SAID 100.00 FOOT RIGHT OF WAY A DISTANCE OF 1595.09 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHERLY AND SOUTHWESTERLY OF THE

NORTHERLY AND NORTHEASTERLY LINE AND SOUTHERLY OF THE WESTERLY PROLONGATION OF SAID NORTHERLY LINE, OF THE LAND SHOWN ON A MAP FILED IN BOOK 185, PAGES 13 AND 14 OF PARCEL MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THAT PORTION INCLUDED WITHIN PARCEL 4 OF THE LAND DESCRIBED IN A QUITCLAIM DEED TO THE CITY OF FULLERTON RECORDED SEPTEMBER 28, 1982 AS INSTRUMENT NO. 82-341429 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN PARCEL 1 HEREINABOVE DESCRIBED.

PARCEL 3: (APN'S: 033-200-49 AND 033-200-50)

A STRIP OF LAND 50.00 FEET IN WIDTH BEING THAT PORTION OF THE EAST ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 10 WEST, RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, LYING WEST OF AND ADJACENT TO THE 100.00 FOOT RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY, SAID STRIP OF LAND LYING 25.00 FEET ON EACH SIDE OF, MEASURED AT RIGHT ANGLES FROM, THE FOLLOWING DESCRIBED CENTER LINE, AND THE PROLONGATION THEREOF, TO-WIT:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID EAST ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, DISTANT EAST 569.73 FEET FROM THE SOUTHWEST CORNER OF SAID EAST ONE-HALF, SAID POINT OF BEGINNING ALSO BEING DISTANT 25.00 FEET WEST FROM THE WEST LINE OF THE RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY; THENCE NORTHWESTERLY ALONG A LINE PARALLEL WITH SAID WEST LINE OF THE RIGHT OF WAY OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY TO A POINT ON THE NORTH LINE OF SAID EAST ONE-HALF.

PARCEL 4: (APN: 073-100-06)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 10 WEST, RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, BEING WESTERLY OF AND ADJACENT TO THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY COMPANY AS DESCRIBED IN DEED RECORDED IN BOOK 327, PAGE 224 OF DEEDS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND LYING EASTERLY OF A LINE PARALLEL WITH AND DISTANT WESTERLY 25.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE FOLLOWING DESCRIBED CENTER LINE OF THE LOS ANGELES & SALT LAKE RAILROAD:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION DISTANT WEST 35.00 FEET FROM THE WEST LINE OF SAID RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE NORTH 0° 45' 00" WEST PARALLEL WITH SAID WEST LINE OF RIGHT OF WAY 947.80 FEET TO THE BEGINNING OF A TRANSITION CURVE CONCAVE WESTERLY AND INCREASING IN DEGREE OF CURVATURE AT THE RATE OF 0.2 MINUTES PER 0.1 FOOT OF CURVE; THENCE NORTHERLY ALONG SAID TRANSITION CURVE 180.00 FEET TO THE BEGINNING OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 955.37 FEET; THENCE NORTHERLY ON SAID CURVE OF RADIUS 955.37 FEET A DISTANCE OF 196.78 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF SAID SOUTHWEST QUARTER, DISTANT WEST 79.05 FEET FROM SAID WEST LINE OF RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY COMPANY.

EXCEPTING THEREFROM ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM THE PROPERTY WHICH UNDERLIES A PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF THE PROPERTY FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM THE PROPERTY BY MEANS OF MINES, WELLS, DERRICKS OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE PROPERTY, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE PROPERTY OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND 500 FEET BELOW THE PRESENT SURFACE OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED BY THE GRANTOR, IT'S SUCCESSORS AND ASSIGNS IN A DEED RECORDED FEBRUARY 9, 2001 AS INSTRUMENT NO. 01-75817 OF OFFICIAL RECORDS.

PARCEL 5: (APN: 035-020-65)

REAL PROPERTY IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTH LINE OF SAID SECTION DISTANT EAST 1278.6 FEET FROM THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 0° 45' EAST 1826.0 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID NORTHEAST QUARTER DISTANT EAST 1280.21 FEET FROM THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE WEST ALONG SAID SOUTH LINE, 70.0 FEET; THENCE NORTH 0° 45' WEST 590.0 FEET; THENCE EAST 10.0 FEET; THENCE NORTH 0° 45' WEST 1236.0 FEET, MORE OR LESS, TO A POINT IN THE NORTH LINE OF SAID NORTHEAST QUARTER DISTANT EAST 1218.6 FEET FROM THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE EAST 60.0 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF LAND CONVEYED TO THE STATE OF CALIFORNIA THROUGH FINAL ORDER OF CONDEMNATION RECORDED ON MARCH 27, 2001 AS INSTRUMENT NO. 20010177452 OF OFFICIAL RECORDS OF SAID COUNTY.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCE AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND BELOW THE PRESENT SURFACE OF SAID LAND, FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM SAID LAND BY MEANS OF MINES, WELLS, DERRICKS AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE ABOVE DESCRIBED LAND, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF THE ABOVE DESCRIBED LAND NOR TO USE ANY OF THE SAID LAND OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND BELOW THE PRESENT SURFACE OF THE SAID LAND FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED OCTOBER 23, 2000, INSTRUMENT NO. 200000568973.

EXHIBIT “C”

OCTA

October 29, 2008

The Honorable Sharon Quirk
Mayor
City of Fullerton
303 West Commonwealth
Fullerton, CA 92832

Dear Mayor Quirk:

As you are aware, the Orange County Transportation Authority (OCTA) is advancing a major rail service expansion program for Orange County. The project will provide 30 to 60 minute service throughout the day and transform Metrolink into a more viable travel option for thousands of Orange County residents. The additional trains are scheduled to begin operation in early 2010.

As part of this project, OCTA is working closely with the cities along the corridor to make capital improvements ranging from grade crossing safety enhancements to transit station expansions. These improvements also call for additional track capacity, which requires the acquisition of additional right of way adjacent to the existing railroad tracks.

Over the past year, OCTA has been working with the property owners and your city towards acquiring the necessary land. Despite our best efforts, it is necessary at this time to proceed with adoption of resolution of necessity for some of the property.

Attached are copies of Notices of Hearing from property that the OCTA is considering acquiring within your city limits. The property is not city property; however, we are giving you notice of the resolution of necessity hearing pursuant to the requirements set forth in California Public Utilities Code Section 130220.5.

OCTA will continue working with the property owners towards a mutually acceptable settlement, but OCTA also needs to preserve its legal options to ensure timely implementation of this vital project.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

Should you have any questions, please do not hesitate to contact Simin Yazdan, Senior Right of Way Administrator, at (714) 560-5758.

Sincerely,

Arthur T. Leahy

Arthur T. Leahy
Chief Executive Officer

ATL:js
Attachment

c: City Council Members
City Clerk

OCTA

NOTICE OF HEARING

NOTICE OF HEARING REGARDING THE INTENTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) TO ADOPT A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PROPERTY LOCATED IN THE CITIES OF FULLERTON AND ANAHEIM, CALIFORNIA, COMMONLY KNOWN AS APNs: 033-143-29, 033-143-30, 033-143-38, 033-200-49, 033-200-50, 035-020-65 AND 073-100-06, WHICH IS LEGALLY DESCRIBED ON EXHIBIT A, ATTACHED HERETO. NOTICE IS PROVIDED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1245.235.

TO: George Bushala
110 East Walnut Avenue
Fullerton, CA 92832

California Code of Civil Procedure Section 1240.030 provides that the power of eminent domain may be exercised to acquire property for a proposed project if the following conditions are satisfied:

(a) The public interest and necessity require the project.

(b) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

(c) The property sought to be acquired is necessary for the project.

(d) The offer required by Government Code Section 7267.2 has been made to the owner or owners of record.

YOU ARE HEREBY NOTIFIED, that the Board of Directors for the OCTA, at its meeting to be held on Monday, November 24, 2008, commencing at 9:00 A.M., or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, California, 92863-1584, will meet to decide if the above conditions are met concerning your property and, if the conditions are met, to consider the adoption of a Resolution of Necessity pursuant to Public Utilities Code Section 130220.5, et seq., for acquisition by eminent domain of a fee interest in certain real property (Property) in connection with the Metrolink Service Expansion Program (Project). Project improvements include railroad track improvements, layover and turnback facilities, station improvements and other improvements at Fullerton and Anaheim necessary for improved Metrolink service implementation. The Property is 335,630 +/- square feet, irregular in shape, which is legally described on Exhibit A, attached hereto. Maps depicting the property have also been attached for your convenience.

The hearing will be held on Monday, November 24, 2008 at 9:00 AM, or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, CA 92863-1584.

You, as a person claiming or having an interest in and to the Property, are hereby notified that you have the right to appear and be heard on the issues to be considered at that hearing.

The issues which will be considered are set forth in California Code of Civil Procedure Section 1240.030, and include:

1. Whether or not the public interest and necessity require the Project;
2. Whether or not the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
3. Whether or not the property sought to be acquired is necessary for this Project.
4. Whether the offer required to be made by Government Code Section 7267.2, together with the accompanying statement and summary of the basis for the amount established as just compensation was made to the owner or owners of record.

Questions regarding the amount of compensation to be paid are not part of this proceeding and the Board does not consider such in determining whether a Resolution should be adopted.

If adopted, the Resolution will authorize the OCTA to acquire the Property by eminent domain.

If you wish to be heard at this hearing, you MUST FILE A WRITTEN REQUEST, indicating your intent to appear and be heard, within fifteen (15) days of the mailing of this notice by filing or delivering that written request to the OCTA, Attention: James Staudinger, at 550 South Main Street, P. O. Box 14184, Orange, CA 92863-1584.

Your failure to timely file a written request to appear and be heard may result in a waiver of your right to be heard.

For further information, contact Simin Yazdan at (714) 560-5758.

Dated and Mailed: October 24, 2008

James Staudinger

OCTA

October 29, 2008

The Honorable Curt Pringle
Mayor
City of Anaheim
200 South Anaheim Boulevard
Anaheim, CA 92805

Dear Mayor Pringle:

As you are aware, the Orange County Transportation Authority (OCTA) is advancing a major rail service expansion program for Orange County. The project will provide 30 to 60 minute service throughout the day and transform Metrolink into a more viable travel option for thousands of Orange County residents. The additional trains are scheduled to begin operation in early 2010.

As part of this project, OCTA is working closely with the cities along the corridor to make capital improvements ranging from grade crossing safety enhancements to transit station expansions. These improvements also call for additional track capacity, which requires the acquisition of additional right of way adjacent to the existing railroad tracks.

Over the past year, OCTA has been working with the property owners and your city towards acquiring the necessary land. Despite our best efforts, it is necessary at this time to proceed with adoption of resolution of necessity for some of the property.

Attached are copies of Notices of Hearing from property that the OCTA is considering acquiring within your city limits. The property is not city property; however, we are giving you notice of the resolution of necessity hearing pursuant to the requirements set forth in California Public Utilities Code Section 130220.5.

OCTA will continue working with the property owners towards a mutually acceptable settlement, but OCTA also needs to preserve its legal options to ensure timely implementation of this vital project.

Should you have any questions, please do not hesitate to contact Simin Yazdan, Senior Right of Way Administrator, at (714) 560-5758.

Sincerely,

Arthur T. Leahy

Arthur T. Leahy
Chief Executive Officer

ATL:js
Attachment

c: City Council Members
City Clerk

NOTICE OF HEARING

NOTICE OF HEARING REGARDING THE INTENTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) TO ADOPT A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PROPERTY LOCATED IN THE CITIES OF FULLERTON AND ANAHEIM, CALIFORNIA, COMMONLY KNOWN AS APNs: 033-143-29, 033-143-30, 033-143-38, 033-200-49, 033-200-50, 035-020-65 AND 073-100-06, WHICH IS LEGALLY DESCRIBED ON EXHIBIT A, ATTACHED HERETO. NOTICE IS PROVIDED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1245.235.

TO: George Bushala
110 East Walnut Avenue
Fullerton, CA 92832

California Code of Civil Procedure Section 1240.030 provides that the power of eminent domain may be exercised to acquire property for a proposed project if the following conditions are satisfied:

(a) The public interest and necessity require the project.

(b) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

(c) The property sought to be acquired is necessary for the project.

(d) The offer required by Government Code Section 7267.2 has been made to the owner or owners of record.

YOU ARE HEREBY NOTIFIED, that the Board of Directors for the OCTA, at its meeting to be held on Monday, November 24, 2008, commencing at 9:00 A.M., or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, California, 92863-1584, will meet to decide if the above conditions are met concerning your property and, if the conditions are met, to consider the adoption of a Resolution of Necessity pursuant to Public Utilities Code Section 130220.5, et seq., for acquisition by eminent domain of a fee interest in certain real property (Property) in connection with the Metrolink Service Expansion Program (Project). Project improvements include railroad track improvements, layover and turnback facilities, station improvements and other improvements at Fullerton and Anaheim necessary for improved Metrolink service implementation. The Property is 335,630 +/- square feet, irregular in shape, which is legally described on Exhibit A, attached hereto. Maps depicting the property have also been attached for your convenience.

The hearing will be held on Monday, November 24, 2008 at 9:00 AM, or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, CA 92863-1584.

You, as a person claiming or having an interest in and to the Property, are hereby notified that you have the right to appear and be heard on the issues to be considered at that hearing.

The issues which will be considered are set forth in California Code of Civil Procedure Section 1240.030, and include:

1. Whether or not the public interest and necessity require the Project;
2. Whether or not the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
3. Whether or not the property sought to be acquired is necessary for this Project.
4. Whether the offer required to be made by Government Code Section 7267.2, together with the accompanying statement and summary of the basis for the amount established as just compensation was made to the owner or owners of record.

Questions regarding the amount of compensation to be paid are not part of this proceeding and the Board does not consider such in determining whether a Resolution should be adopted.

If adopted, the Resolution will authorize the OCTA to acquire the Property by eminent domain.

If you wish to be heard at this hearing, you MUST FILE A WRITTEN REQUEST, indicating your intent to appear and be heard, within fifteen (15) days of the mailing of this notice by filing or delivering that written request to the OCTA, Attention: James Staudinger, at 550 South Main Street, P. O. Box 14184, Orange, CA 92863-1584.

Your failure to timely file a written request to appear and be heard may result in a waiver of your right to be heard.

For further information, contact Simin Yazdan at (714) 560-5758.

Dated and Mailed: October 24, 2008

James Staudinger

RESOLUTION NO. 2008-89

A RESOLUTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY FINDING AND DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY REQUIRE THE ACQUISITION BY EMINENT DOMAIN OF INTERESTS IN CERTAIN REAL PROPERTY FOR PUBLIC USE AND AUTHORIZING AND DIRECTING CONDEMNATION.

WHEREAS, the Orange County Transportation Authority (Authority) is undertaking a major rail service expansion, the Metrolink Service Expansion Program which is expected to become operational in early 2010 (the "Project"); and

WHEREAS, the Project is intended to provide 30- to 60-minute train service throughout the day and transform Metrolink into a more viable option for thousands of Orange County residents; and the Project is a transportation improvement measure identified to attain mandated regional air quality conformance. The Project intends to increase the frequency of commuter rail service to 30- to 60-minute departures, along the Orange County Metrolink railroad service corridor, between the Fullerton Station and the Laguna Niguel Station. Daily train trips will more than double on weekdays, and additional trains will run on weekends; and

WHEREAS, key physical improvements for the Project, in the cities of Fullerton and Anaheim, include construction of a turnback facility at the Fullerton Station, including the approaching pocket track, and a layover facility approximately one mile south of the Fullerton Station between Orangethorpe Avenue and the Riverside Freeway (State Route 91) in Anaheim. The layover facility will include the addition of requisite turnouts and approach tracks that move trains from the mainline tracks into and out of the facility. The pocket track is a necessary improvement that minimizes impact to existing Amtrak and railroad freight operations that share tracks with the Metrolink commuter rail operation. These physical improvements are required for the operation of the expanded commuter rail service; and

WHEREAS, proposed track improvements for the Project call for additional track capacity, which requires the acquisition of property interests from private parties adjacent to the existing Metrolink right-of-way in the City of Anaheim. An initial study/mitigated negative declaration was prepared, as required by the California Environmental Quality Act, for the Fullerton turnback

609580.1

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facility and Anaheim layover facility. The draft environmental document was publicly circulated from December 21, 2007 to January 21, 2008. The final environmental document was approved by the Board (Resolution No. 2008-31) on May 19, 2008; and

WHEREAS, the Project will be a transportation improvement project serving the public interest; and

WHEREAS, subsection (a) of the California Public Utilities Code section 130220.5 authorizes the Authority to exercise the power of eminent domain to acquire any property necessary, incidental, or convenient to the exercise of the Authority's powers; and

WHEREAS, on March 2, 2008 and May 23, 2008 the Authority's Board of Directors authorized Authority staff to acquire property interests in Fullerton and Anaheim for the Project; and

WHEREAS, the hereinafter described real property required for the Project is 14,013 +/- square feet located on a single parcel and consists of a fee interest. The subject property is located in the City of Anaheim. The property interest to be acquired is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference together with a map thereof. To the extent there exists any improvements within the property are described on Exhibit "A", the proposed acquisition will include those improvements as well; and

WHEREAS, in accordance with section 1245.235 of the California Code of Civil Procedure, on October 24, 2008 there was mailed a Notice of Hearing on the Intent of the Authority to adopt a Resolution of Necessity for acquisition by eminent domain of the real property described in Exhibit "A" herein, which Notice of Hearing is attached hereto as Exhibit "B" and is incorporated herein by this reference. The Notice of Hearing was mailed to all persons whose names appear on the last equalized county assessment roll notice as having an interest in the property described in Exhibit "A" and to the address appearing on said roll; and

WHEREAS, in accordance with subsection (c) of California Public Utilities code section 130220.5, on October 29, 2008 there were mailed to the mayor, city manager, city clerk and city council members of the City of Anaheim letters with a copy of the Notice of Hearing on the Intent of the Authority to adopt a Resolution of Necessity for acquisition by eminent domain of the real property described in Exhibit "A". A copy of said letter mailed to the Mayor of Anaheim is attached hereto as Exhibit "C" and incorporated herein by this reference; and

WHEREAS, the Project, including all amendments thereto, together with the staff reports, environmental documents and all other evidence presented to the Board of Directors at the times the Project and the amendments thereto were adopted, are incorporated herein by this reference and made a part hereof as though fully set forth herein; and

WHEREAS, pursuant to section 1245.235 of the California Code of Civil Procedure, the Authority scheduled a hearing for Monday, November 24, 2008 at 9:00 a.m. at 600 South Main Street, Orange, California, 92683-1584 and gave to each person whose property is to be acquired notice and a reasonable opportunity to appear at said hearing and to be heard on the matters referred to in section 1240.030 of the California Code of Civil Procedure; and

WHEREAS, said hearing has been held by the Authority and each person whose property is to be acquired by eminent domain was afforded an opportunity to be heard on those matters specified in the Authority's notice of intention to conduct a hearing on whether to adopt a Resolution of Necessity and referred to in section 1240.030 of the California Code of Civil Procedure; and

WHEREAS, the Authority may adopt a Resolution of Necessity pursuant to section 1240.040 of the California Code of Civil Procedure.

NOW, THEREFORE, the Orange County Transportation Authority does hereby find, determine, resolve and order as follows:

Section 1. Incorporation of Findings and Recitals. The above findings and recitals are true and correct and are incorporated herein in full by this reference.

Section 2. Compliance with California Code of Civil Procedure. There has been compliance by the Authority with the requirements of section 1245.235 of the California Code of Civil Procedure regarding notice and hearing.

Section 3. Public Use. The public use for which the property and the interest in the property are to be acquired is for the construction and future maintenance of the Project, a public transportation improvement, as more fully described hereinabove. Subsection (a) of California Public Utilities Code section 130220.5 authorizes the Authority to acquire by eminent domain property and interest in property necessary for such purpose and for all uses incidental or convenient thereto.

Section 4. Necessity.

(a) The proposed Project is necessary to satisfy the anticipated increase in ridership demands and maintain mandated regional air quality conformance.

(b) The public interest and necessity require the acquisition by eminent domain proceedings a fee interest in the real property described in Exhibit "A" to this Resolution of Necessity, together with any improvements thereon.

Section 5. Description of Property Interests.

(a) The property interest to be acquired is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference together with a map thereof. To the extent there exists any improvements within the property area described on Exhibit "A", the proposed acquisition will include those improvements as well.

(b) Also included in Exhibit "A" is the legal description and plat of the real property interest to be acquired as well as other interest(s) in real property to be acquired by the Authority, which describes the general location and extent of the property interest with sufficient detail for reasonable identification.

Section 6. Findings. The Authority hereby finds, determines and declares each of the following:

(a) The public interest and necessity require the proposed Project;

(b) The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and least private injury;

(c) The above-described property interest and as described in Exhibit "A" is necessary for the proposed Project;

(d) The offer required by section 7267.2 of the California Government Code has been made to the owner or owners of record; and

(e) All conditions and statutory requirements necessary to exercise the power of eminent domain ("the right to take") to acquire the property described herein have been complied with by the Authority.

Section 7. Use Not Unreasonably Interfering With Existing Public Use(s). To the extent any of the real property to be acquired is subject to easements and rights-of-way appropriated to existing public uses that are not owned by a public body, the herein described use or uses will not unreasonably interfere with or impair the continuance of the public use as it now exists or may reasonably be expected to exist in the future. As such, General Counsel ("Counsel") is authorized to acquire the real property subject to such existing public use(s) pursuant to section 1240.510 of the California Code of Civil Procedure. To the extent any of the real property to be acquired is subject to easements and rights-of-way appropriated to existing public uses that are owned by a public body, the herein described use or uses will not unreasonably interfere with or impair the continuance of the public use as it now exists or may reasonably be expected to exist in the future. As such, Counsel is authorized to acquire the real property subject to such existing public use(s) pursuant to section 1240.510 of the California Code of Civil Procedure.

<u>Section 8. Authority to Exercise Eminent Domain</u>. The Authority is hereby authorized and empowered to acquire fee title in the real property described in Exhibit "A", including the improvements thereon, if any, by eminent domain for the proposed Project in accordance with the applicable provisions of the California Code of Civil Procedure, the California Public Utilities Code and the Constitution of California relating to eminent domain.

<u>Section 9. Further Activities</u>. Counsel is hereby authorized and empowered to acquire the hereinabove described interests in real property (and any improvements thereon) in the name of and on behalf of the Authority by eminent domain, and Counsel is authorized to institute and prosecute such legal proceedings as may be required in connection therewith. Counsel is further authorized to take such steps as may be authorized and required by law, and to make such security deposits as may be required by order of court, to permit the Authority to take possession of and use the hereinabove described real property (and any improvements thereon) at the earliest possible time. Counsel is further authorized to correct any errors in this Resolution of Necessity or to make or agree to non-material changes in the legal descriptions of the real property that are deemed necessary for the conduct of the eminent domain action or other proceedings or transactions required to acquire the subject real property. Counsel is further authorized to reduce the extent of the interests or property to be acquired so as to reduce the compensation payable in the action where such change would not substantially impair the construction and operation of the Project for which the real property is being acquired.

<u>Section 10. Effective Date</u>. This Resolution shall take effect upon adoption.

PASSED, APPROVED and adopted on this _____ day of _____________, 2008.

____
CHRIS NORBY
Chairman

ATTEST:

____

____
Clerk of the Board

I, _________________________________, Clerk of the Board of Directors o the Orange County Transportation Authority, do hereby certify that the foregoing Resolution No.________ was duly and regularly adopted by the Orange County Transportation Authority at a meeting thereof held on the ______ day of ____________________, 2008, by the following votes:

AYES: ____________________
NOES: ____________________
ABSTAIN: ____________________
ABSENT: ____________________

____

____
Clerk of the Board

EXHIBIT "A"

EXHIBIT "A"
LEGAL DESCRIPTION

THAT PORTION OF A STRIP OF LAND, 70.0 FEET IN WIDTH, BEING ALL THAT PART OF THE ANAHEIM BRANCH (NOW ABANDONED) OF THE UNION PACIFIC RAILROAD COMPANY, SUCCESSOR IN INTEREST TO THE LOS ANGELES & SALT LAKE RAILROAD COMPANY, SITUATE IN THE SOUTHEAST QUARTER (SE ¼) OF SECTION 3, TOWNSHIP 4 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE & MERIDIAN, IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA, SAID STRIP LYING BETWEEN LINES DISTANT 0.00 FEET AND 70.0 FEET WESTERLY, WHEN MEASURED AT RIGHT ANGLES FROM THE WESTERLY LINE OF THE RIGHT OF WAY OF THE BURLINGTON NORTHERN SANTA FE RAILROAD, AS PRESENTLY CONSTRUCTED AND OPERATED, THE SAID STRIP OF LAND BEING MORE PARTICULARLY DESCRIBED IN THE QUITCLAIM DEED TO COMMERCIAL FAMILY LIMITED PARTNERSHIP, RECORDED JANUARY 3, 2001 AS DOCUMENT NO. 20010001700 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID PORTION OF SAID STRIP BEING BOUNDED ON THE NORTH BY THE NORTHERLY LINE OF THE SAID SOUTHEAST QUARTER (SE ¼) OF SECTION 3 AND BOUNDED ON THE SOUTH BY THE NORTH LINE OF PARCEL 1 AS DESCRIBED IN THE DEED OF EASEMENT TO STATE OF CALIFORNIA, RECORDED DECEMBER 4, 1957 IN BOOK 4124, PAGE 257 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

CONTAINING 14,013 SQUARE FEET, MORE OR LESS.

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.

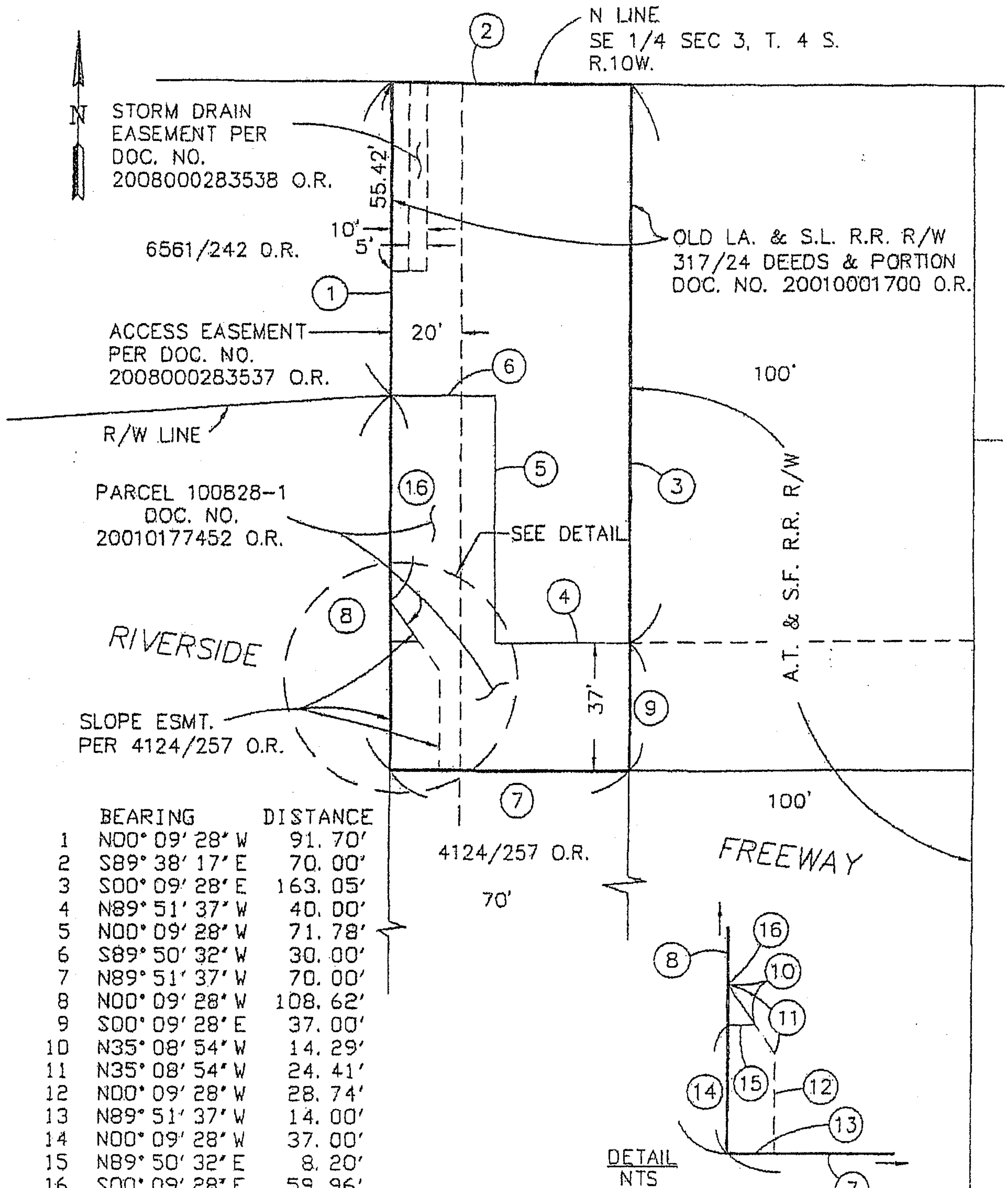
DATED THIS 26th DAY OF AUGUST, 2008.

Gwen-Vera del Castillo

GWEN-VERA DEL CASTILLO, PLS 5108
REGISTRATION EXPIRES 6/30/09

LICENSED LAND SURVEYOR
GWEN-VERA DEL CASTILLO
L.S. 5108
EXP. 6/30/09
STATE OF CALIFORNIA

RANCHO SAN JUAN CAJON DE SANTA ANA



	BEARING	DISTANCE
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5	N00° 09' 28" W	71.78'
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7	N89° 51' 37" W	70.00'
8	N00° 09' 28" W	108.62'
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12	N00° 09' 28" W	28.74'
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14	N00° 09' 28" W	37.00'
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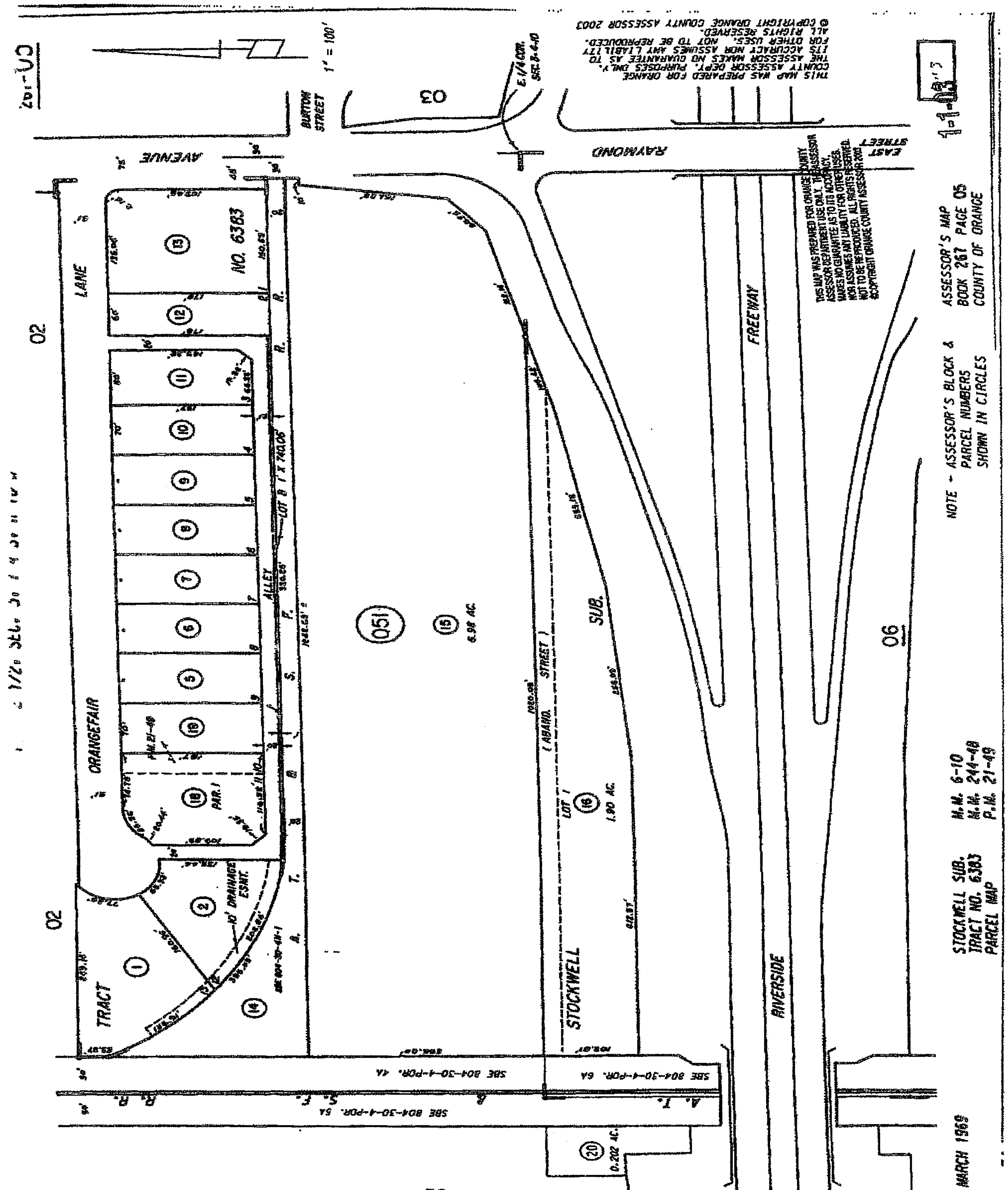
16	S00° 09' 28" E	59.96'

JOB #:107-065
DATE: 8/5/08
SCALE: 1"=40'
SHEET 1 OF 1

EXHIBIT "B"

AP NO. 267-051-20

COAST SURVEYING, INC.
15031 PARKWAY LOOP, SUITE B
TUSTIN, CA 92780-6527 (714) 918-6266



THIS MAP WAS PREPARED FOR ORANGE COUNTY ASSESSOR DEPT. PURPOSES ONLY. THE ASSESSOR MAKES NO GUARANTEE AS TO ITS ACCURACY NOR ASSUMES ANY LIABILITY FOR OTHER USES. NOT TO BE REPRODUCED. ALL RIGHTS RESERVED.
© COPYRIGHT ORANGE COUNTY ASSESSOR 2003
1" = 100'
BURTON STREET
RAYMOND
AVENUE
EAST STREET
ORANGEFAIR LANE
TRACT NO. 6383
ALLEY
LOT 1
STOCKWELL SUB.
RIVERSIDE
FREEWAY
ASSESSOR'S MAP
BOOK 261 PAGE 05
COUNTY OF ORANGE
NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
STOCKWELL SUB. M.M. 6-10
TRACT NO. 6383 M.M. 244-48
PARCEL MAP P.M. 21-49
MARCH 1969
035-02

EXHIBIT “B”

NOTICE OF HEARING

NOTICE OF HEARING REGARDING THE INTENTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) TO ADOPT A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PROPERTY LOCATED IN THE CITY OF ANAHEIM, CALIFORNIA, WHICH IS LEGALLY DESCRIBED ON EXHIBIT A, ATTACHED HERETO. NOTICE IS PROVIDED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1245.235.

TO: Commercial Family Limited Partnership,
A Nevada Limited Partnership
202 North Curry Street, Suite 100
Carson City, Nevada 89703-4121

California Code of Civil Procedure Section 1240.030 provides that the power of eminent domain may be exercised to acquire property for a proposed project if the following conditions are satisfied:

(a) The public interest and necessity require the project.

(b) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

(c) The property sought to be acquired is necessary for the project.

(d) The offer required by Government Code Section 7267.2 has been made to the owner or owners of record.

YOU ARE HEREBY NOTIFIED, that the Board of Directors for the OCTA, at its meeting to be held on Monday, November 24, 2008, commencing at 9:00 A.M., or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, California, 92683-1584, will meet to decide if the above conditions are met concerning your property and, if the conditions are met, to consider the adoption of a Resolution of Necessity pursuant to Public Utilities Code Section 130220.5, et seq., for acquisition by eminent domain of a fee interest in certain real property (Property) in connection with the Metrolink Service Expansion Program (Project). Project improvements include railroad track improvements, layover and turnback facilities, station improvements and other improvements at Fullerton and Anaheim necessary for improved Metrolink service implementation. The Property is 14,013 +/- square feet, slightly irregular in shape, which is legally described on Exhibit A, attached hereto. Maps depicting the property have also been attached for your convenience.

The hearing will be held on Monday, November 24, 2008 at 9:00 AM, or as soon thereafter as the OCTA can hear said matter, at 600 South Main Street, Orange, CA 92863-1584.

You, as a person claiming or having an interest in and to the Property, are hereby notified that you have the right to appear and be heard on the issues to be considered at that hearing.

The issues which will be considered are set forth in California Code of Civil Procedure Section 1240.030, and include:

1. Whether or not the public interest and necessity require the Project;
2. Whether or not the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
3. Whether or not the property sought to be acquired is necessary for this Project,
4. Whether the offer required to be made by Government Code Section 7267.2, together with the accompanying statement and summary of the basis for the amount established as just compensation was made to the owner or owners of record.

Questions regarding the amount of compensation to be paid are not part of this proceeding and the Board does not consider such in determining whether a Resolution should be adopted.

If adopted, the Resolution will authorize the OCTA to acquire the Property by eminent domain.

If you wish to be heard at this hearing, you MUST FILE A WRITTEN REQUEST, indicating your intent to appear and be heard, within fifteen (15) days of the mailing of this notice by filing or delivering that written request to the OCTA, Attention: James Staudinger, at 550 South Main Street, P. O. Box 14184, Orange, CA 92863-1584.

Your failure to timely file a written request to appear and be heard may result in a waiver of your right to be heard.

For further information, contact Simin Yazdan at (714) 560-5758.

Dated and Mailed: October 24, 2008

James Staudinger

EXHIBIT "A"
LEGAL DESCRIPTION

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Gwen-Vera del Castillo

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REGISTRATION EXPIRES 6/30/09

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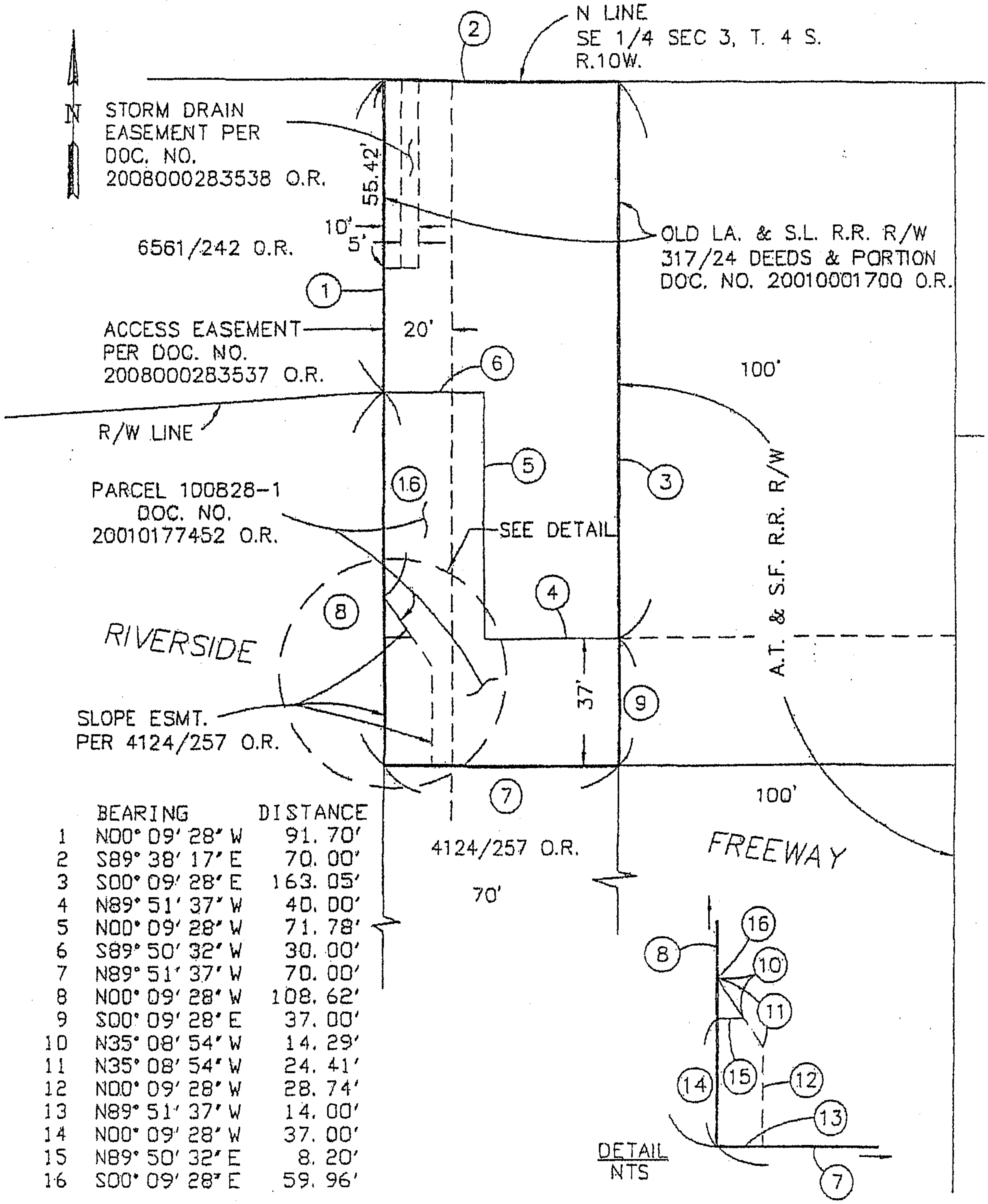

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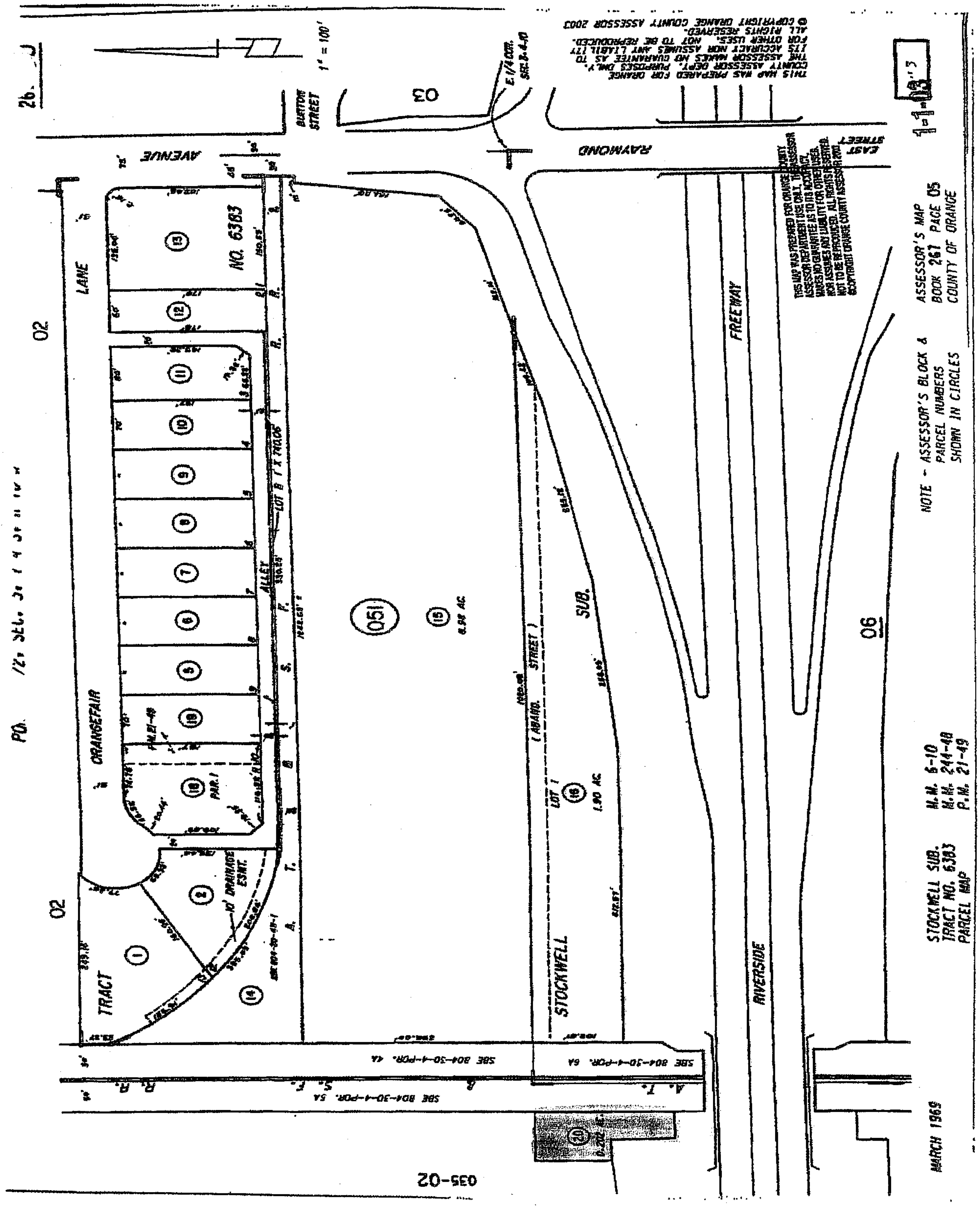
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TRACT NO. 6383 M.M. 244-48
PARCEL MAP P.M. 21-49
MARCH 1969

EXHIBIT "C"

OCTA

October 29, 2008

The Honorable Curt Pringle
Mayor
City of Anaheim
200 South Anaheim Boulevard
Anaheim, CA 92805

Dear Mayor Pringle:

As you are aware, the Orange County Transportation Authority (OCTA) is advancing a major rail service expansion program for Orange County. The project will provide 30 to 60 minute service throughout the day and transform Metrolink into a more viable travel option for thousands of Orange County residents. The additional trains are scheduled to begin operation in early 2010.

As part of this project, OCTA is working closely with the cities along the corridor to make capital improvements ranging from grade crossing safety enhancements to transit station expansions. These improvements also call for additional track capacity, which requires the acquisition of additional right of way adjacent to the existing railroad tracks.

Over the past year, OCTA has been working with the property owners and your city towards acquiring the necessary land. Despite our best efforts, it is necessary at this time to proceed with adoption of resolution of necessity for some of the property.

Attached are copies of Notices of Hearing from property that the OCTA is considering acquiring within your city limits. The property is not city property; however, we are giving you notice of the resolution of necessity hearing pursuant to the requirements set forth in California Public Utilities Code Section 130220.5.

OCTA will continue working with the property owners towards a mutually acceptable settlement, but OCTA also needs to preserve its legal options to ensure timely implementation of this vital project.

Should you have any questions, please do not hesitate to contact Simin Yazdan, Senior Right of Way Administrator, at (714) 560-5758.

Sincerely,

Arthur T. Leahy

Arthur T. Leahy
Chief Executive Officer

ATL:js
Attachment

c: City Council Members
City Clerk

OCTA

NOTICE OF HEARING

NOTICE OF HEARING REGARDING THE INTENTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) TO ADOPT A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PROPERTY LOCATED IN THE CITY OF ANAHEIM, CALIFORNIA, WHICH IS LEGALLY DESCRIBED ON EXHIBIT A, ATTACHED HERETO. NOTICE IS PROVIDED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1245.235.

TO: Commercial Family Limited Partnership,
A Nevada Limited Partnership
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If adopted, the Resolution will authorize the OCTA to acquire the Property by eminent domain.

If you wish to be heard at this hearing, you MUST FILE A WRITTEN REQUEST, indicating your intent to appear and be heard, within fifteen (15) days of the mailing of this notice by filing or delivering that written request to the OCTA, Attention: James Staudinger, at 550 South Main Street, P. O. Box 14184, Orange, CA 92863-1584.

Your failure to timely file a written request to appear and be heard may result in a waiver of your right to be heard.

For further information, contact Simin Yazdan at (714) 560-5758.

Dated and Mailed: October 24, 2008

James Staudinger

EXHIBIT C

OCTA

October 29, 2008

The Honorable Curt Pringle
Mayor
City of Anaheim
200 South Anaheim Boulevard
Anaheim, CA 92805

Dear Mayor Pringle:

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OCTA will continue working with the property owners towards a mutually acceptable settlement, but OCTA also needs to preserve its legal options to ensure timely implementation of this vital project.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

Should you have any questions, please do not hesitate to contact Simin Yazdan, Senior Right of Way Administrator, at (714) 560-5758.

Sincerely,

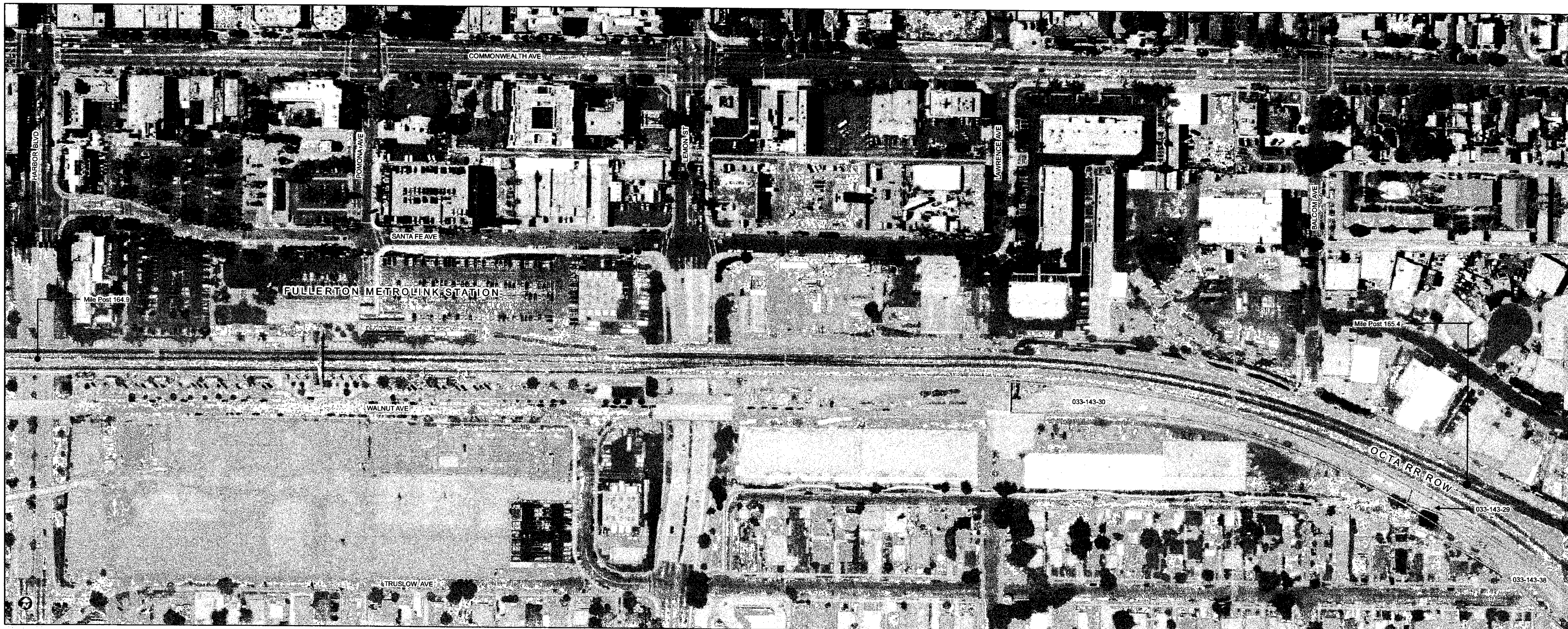
Arthur T. Leahy

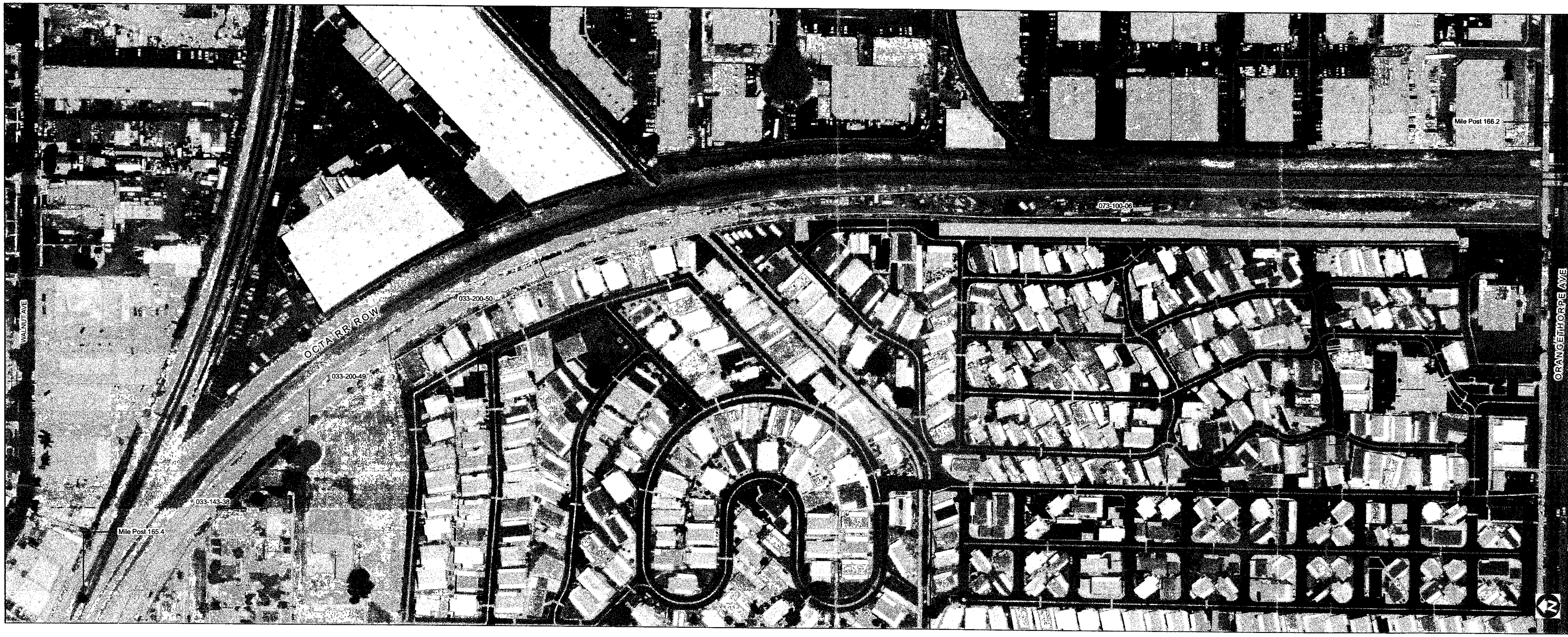
Arthur T. Leahy
Chief Executive Officer

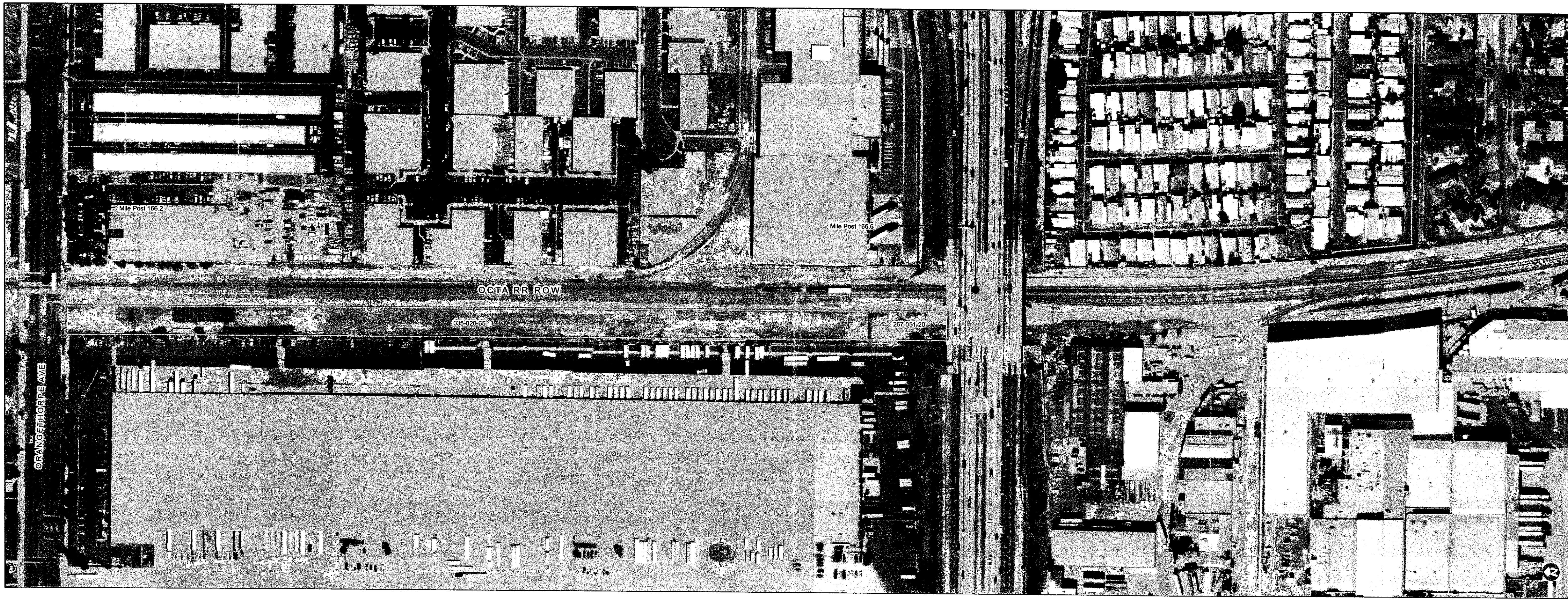
ATL:js
Attachment

c: City Council Members
City Clerk

PROPERTY LOCATION MAPS




Mile Post 166.2
073-100-06
ORANGETHORPE AVE
033-200-50
OCTA RR ROW
033-200-49
WALNUT AVE
033-143-38
Mile Post 165.4


ORANGETHORPE AVE
Mile Post 166.2
Mile Post 166.6
OCTA RR ROW
035-020-65
267-051-20

ATTACHMENT D

METROLINK SERVICE EXPANSION PROGRAM
ACQUISITION SUMMARY LIST

APN #	PROPERTY ADDRESS/OWNER	CURRENT USE	PROPOSED TAKE AREA
033-143-29	None, Fullerton/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
033-143-30	None, Fullerton/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
033-143-38	None, Fullerton/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
033-200-49	None, Fullerton/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
033-200-50	None, Fullerton/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
073-100-06	None, Fullerton & Anaheim/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
035-020-65	None, Anaheim/Bushala	Commercial/Industrial Remnant Railroad Parcel	Full
267-051-20	None, Anaheim/Commercial Family	Commercial/Industrial Remnant Railroad Parcel	Partial

6.

Minutes of the Meeting of the
Orange County Transportation Authority
Orange County Service Authority for Freeway Emergencies
Orange County Local Transportation Authority
Orange County Transit District
Board of Directors
November 10, 2008

Call to Order

The November 10, 2008, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Norby at 9:00 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present:	Chris Norby, Chairman Peter Buffa, Vice Chairman Jerry Amante Patricia Bates Arthur C. Brown Bill Campbell Carolyn Cavecche Paul Glaab Cathy Green John Moorlach Janet Nguyen Miguel Pulido Mark Rosen Gregory T. Winterbottom Jim Beil, representing Cindy Quon, Governor's Ex-Officio Member
Also Present:	Arthur T. Leahy, Chief Executive Officer Paul C. Taylor, Deputy Chief Executive Officer Wendy Knowles, Clerk of the Board Laurena Weinert, Assistant Clerk of the Board Kennard R. Smart, Jr., General Counsel Members of the Press and the General Public
Directors Absent:	Richard Dixon Allan Mansoor Curt Pringle

Invocation

Director Green gave the invocation.

Pledge of Allegiance

Director Amante led the Board and audience in the Pledge of Allegiance.

Public Comments on Agenda Items

Chairman Norby announced that members of the public who wished to address the Board of Directors regarding any item appearing on the agenda would be allowed to do so by completing a Speaker's Card and submitting it to the Clerk of the Board.

Special Matters

There were no Special Matters.

Chairman Norby offered Board Members and those in the audience an opportunity to recognize their college alma mater, and recognized those who wore school colors or had items of memorabilia from their colleges and universities they wished to share.

Consent Calendar (Items 1 through 9)

Chairman Norby stated that all matters on the Consent Calendar would be approved in one motion unless a Board Member or a member of the public requested separate action on a specific item.

Orange County Transportation Authority Consent Calendar Matters

1. Approval of Minutes

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of October 27, 2008.

Director Campbell was not present to vote on this item.

2. State Legislative Status Report of Legislation Enacted in 2008

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to receive and file this item for information.

Director Campbell was not present to vote on this item.

3. **Cooperative Agreement with the City of Anaheim for the Anaheim Regional Transportation Intermodal Center and Project Description**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to:

A. Approve the project description for the Anaheim Regional Transportation Intermodal Center.

B. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-8-1118 between the Orange County Transportation Authority and the City of Anaheim to define the roles and responsibilities for Phase 1 of the Anaheim Regional Transportation Intermodal Center.

Director Campbell was not present to vote on this item.

4. **Amendment to Agreement for 91 Express Lanes Operating Contract with Cofiroute USA, LLC**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-5-0300 between the Orange County Transportation Authority and Cofiroute USA, LLC, in an amount not to exceed $483,000, for two additional information technology professionals through January 2, 2011.

Director Campbell was not present to vote on this item.

Orange County Local Transportation Authority Consent Calendar Matters

5. **Release of Request for Proposals for Project Report and Environmental Services for the San Diego Freeway (Interstate 5) High-Occupancy Vehicle Lane Project**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to:

A. Approve the release of Request for Proposals No. 8-1238 for consultant services to prepare the project report and environmental document for the San Diego Freeway (Interstate 5) project in the City of San Clemente.

B. Approve the proposed evaluation criteria and weightings for consultant selection.

Director Campbell was not present to vote on this item.

6. **Approval of Cooperative Agreements for the Northbound Orange Freeway (State Route 57) Widening Projects**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to:

A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-7-1282 between the Orange County Transportation Authority and the California Department of Transportation for the California Department of Transportation to provide oversight, at no cost, of the preparation of plans, specifications, and estimates for the northbound Orange Freeway (State Route 57) widening between Orangethorpe Avenue and Lambert Road.

B. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-7-1237 between the Orange County Transportation Authority and the California Department of Transportation for the California Department of Transportation to provide oversight, at no cost, of the preparation of the environmental document, project report, and the final design plans, specifications, and estimates for the northbound Orange Freeway (State Route 57) between Katella Avenue and Lincoln Avenue.

Director Campbell was not present to vote on this item.

7. **Approval to Release Request for Proposals for Engineering Plan Check and Design Review Services for Railroad Grade Separation Projects**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to:

A. Approve the release of Request for Proposals No. 8-1272 for engineering plan check and design review services for the Placentia Avenue, Kraemer Boulevard, Orangethorpe Avenue, Tustin Avenue/Rose Drive, and Lakeview Avenue railroad grade separation projects.

B. Approve the proposed evaluation criteria and weightings.

Director Campbell was not present to vote on this item.

8. **Fiscal Year 2008-09 Measure M Eligibility Review**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to approve the Measure M turnback and competitive funding eligibility for all local jurisdictions in Orange County.

Director Campbell was not present to vote on this item.

9. **Measure M Quarterly Progress Report**

A motion was made by Director Amante, seconded by Vice Chairman Buffa, and declared passed by those present, to receive and file this item as information.

Director Campbell was not present to vote on this item.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

10. **Placentia Grade Separations Update**

Tom Bogard, Director of Highway Project Delivery, introduced Scott Nelson, Mayor of Placentia, Troy Butzlaff, Placentia City Administrator, and Andy Muth, Placentia City Engineer.

Mr. Butzlaff informed the Board that this project, the Gateway Project, will go to the Placentia City Council and the Planning Commission on November 17 to take up the Environmental Impact Report and Environmental Impact Statement. He further reported that in 2007, the City Council adopted Alternative D as the Local Preferred Alternative for this project, which he stated would be the primary focus of today's update.

Mayor Nelson offered comments on the regional significance of this project and the importance of the project to the City of Placentia and to north Orange County.

Mr. Muth presented an update for the Board on the Placentia Grade Separations Project, highlighting various scenarios and grade crossings and how each would impact the city and traffic conditions.

Director Brown stated that he felt it was important to sequence the project and not do it all at the same time. Mr. Muth confirmed that sequencing the work is planned.

Director Cavecche requested that turn volumes be provided for the Tustin/Rose grade crossing intersection. She also emphasized that construction must begin by 2011 and that no funding be jeopardized.

Director Moorlach inquired if there is legal exposure for OCTA with their involvement on the project. General Counsel, Kennard R. Smart, Jr., indicated there is no exposure for OCTA.

Following a lengthy discussion, a motion was made by Director Brown, seconded by Vice Chairman Buffa, and declared passed by those present, to receive and file as an information item.

Director Winterbottom was not present for this vote.

Discussion Items

11. Orange County Transportation Authority Public Information Program

Ellen Burton, Executive Director of External Affairs, presented this Public Information Program to the Board, highlighting data on ridership, costs, statistics on how riders get their information, growth in trips, strategies to improve efficiencies, and cost impacts.

Discussion followed, including comments related to real-time information being provided to riders either at bus stops or via cell phones. Director Cavecche requested capital and associated costs for providing real-time information for bus riders.

12. Discussion of Reauthorization

Richard J. Bacigalupo, Manager of Federal Relations, provided an update on the status of the upcoming reauthorization, stating that the current authorization expires in December 2009. Mr. Bacigalupo also provided an update of the status of the Highway Trust Fund and history of that fund along with the planned draw-down which has taken place of the past few years.

Bob Gaines, Federal advocate, offered comments on the process and stated there may be a delay in urgency due to a potential stimulus package being developed.

13. Public Comments

Chairman Norby announced that members of the public who wished to address the Board of Directors regarding any item appearing on the agenda would be allowed to do so by completing a Speaker's Card and submitting it to the Clerk of the Board.

There were no public comments offered at this time.

14. Chief Executive Officer's Report

Chief Executive Officer (CEO), Arthur T. Leahy, provided information on upcoming meetings and events. He further reported on the following:

- Gary Mudge, long-time Special Needs in Transit Committee member, passed away a few days ago. Mr. Mudge had been very active as an advocate for handicapped bus riders and those with other special needs.

- A brief summary of Los Angeles County's Measure R, which passed at the recent election, and what those funds will mean to that County.

14. (Continued)

- Comments on Proposition 1A, which also passed at the recent election, and what that will mean to the future of high-speed rail.
- Summary of comments regarding the State Budget and OCTA's potential jeopardy of losing $13 million in funding.
- A savings of $750,000 was realized with reducing Bus Book printing. No complaints have been received from this change.

15. Directors' Reports

Chairman Norby provided comments and historical information regarding Veteran's Day (November 11).

16. Closed Session

A Closed Session was held:

A. Pursuant to Government Code 54957 to review the performance of the Chief Executive Officer.

B. Pursuant to Government Code 54957.6 to meet with designated representatives Chairman Norby, Vice Chairman Buffa, and former Chairman Cavecche to discuss the compensation of the Chief Executive Officer.

17. Adjournment

The meeting adjourned at 11:18 a.m. The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, November 24, 2008,** at the OCTA Headquarters.

ATTEST

Wendy Knowles
Clerk of the Board

Chris Norby
OCTA Chairman

7.

OCTA

ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

James Fluellen

WHEREAS, *the Orange County Transportation Authority recognizes and commends James Fluellen; and*

WHEREAS, *let it be known that James Fluellen has earned a nine (9) year Safe Driving Award, and has been with the Authority since March 29, 1999. He has distinguished himself by maintaining an outstanding record for safety, attendance, and customer relations; and*

WHEREAS, *James's dedication to his duties and desire to excel are duly noted, and he is recognized as an outstanding Authority employee who has consistently demonstrated a level of professionalism that is the embodiment of the Authority's core values; and*

WHEREAS, *be it known that James Fluellen takes great pride in his driving skills and demonstrates true professionalism in his overall performance as an OCTA Coach Operator.*

NOW, THEREFORE, BE IT RESOLVED *that the Authority does hereby declare James Fluellen as the Orange County Transportation Authority Coach Operator Employee of the Month for November 2008; and*

BE IT FURTHER RESOLVED *that the Orange County Transportation Authority Board of Directors recognizes James Fluellen's valued service to the Authority.*

Dated: November 24, 2008

Chris Norby, Chairman
Orange County Transportation Authority

Arthur T. Leahy, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2008-67

OCTA

ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

Jose Ruiz

WHEREAS, *the Orange County Transportation Authority recognizes and commends Jose Ruiz; and*

WHEREAS, *be it known that Jose has performed his duties as OCTA's Senior Facilities Technician with the highest level of professionalism and integrity.*

WHEREAS, *Jose is an excellent Senior Technician with perfect attendance and an outstanding safety record. Jose has been a Safety Captain for the past eight years;*

WHEREAS, *Jose's work ethic motivates his fellow employees to a higher level as he sets the pace for the rest of the crew;*

NOW, THEREFORE, BE IT RESOLVED *that the Authority does hereby declare Jose Ruiz as the Orange County Transportation Authority Maintenance Employee of the Month for November 2008; and*

BE IT FURTHER RESOLVED *that the Orange County Transportation Authority Board of Directors recognizes Jose Ruiz's valued service to the Authority.*

Dated: November 24, 2008

Chris Norby, Chairman
Orange County Transportation Authority

Arthur T. Leahy, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2008-66

OCTA

ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

Vicki Austin

WHEREAS, *the Orange County Transportation Authority recognizes and commends Vicki Austin; and*

WHEREAS, *be it known that Vicki Austin has performed her duties as the Authority's General Accounting Manager in an outstanding manner, demonstrating the highest level of integrity and professionalism in all her dealings with Authority staff; and*

WHEREAS, *Vicki's contributions to financial reporting at the Authority has earned unqualified audit opinions and the Government Finance Officer Association's Certificate of Excellence in Financial Reporting for every fiscal year Vicki has managed the reporting function; and*

WHEREAS, *Vicki's knowledge and understanding of generally accepted accounting standards coupled with her analytical expertise and institutional knowledge of the Authority make her an invaluable asset to the Authority; and*

WHEREAS, *Vicki's superb work ethic, communication skills, can-do attitude and dedication epitomize the values of the Orange County Transportation Authority.*

NOW, THEREFORE, BE IT RESOLVED *that the Authority does hereby declare Vicki Austin as the Orange County Transportation Authority Administrative Employee of the Month for November 2008; and*

BE IT FURTHER RESOLVED *that the Orange County Transportation Authority Board of Directors recognizes Vicki Austin's valued service to the Authority.*

Dated: November 24, 2008

Chris Norby, Chairman Orange County Transportation Authority	Arthur T. Leahy, Chief Executive Officer Orange County Transportation Authority

OCTA Resolution No. 2008-68

8.

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Fiscal Year 2008-09 Internal Audit Plan, First Quarter Update

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2008-09 Internal Audit Plan.

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Fiscal Year 2008-09 Internal Audit Plan, First Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2008-09 Internal Audit Plan on August 13, 2008. This update is for the first quarter of the fiscal year.

Recommendation

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2008-09 Internal Audit Plan.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include overseeing the annual financial audit, operational reviews, contract compliance reviews, internal control assessments, investigations, and pre-award price reviews. Internal Audit also monitors and provides guidance in computer software system implementation to help ensure that proper controls are built into systems prior to implementation. All audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The Orange County Transportation Authority Internal Audit Department Fiscal Year 2008-09 Internal Audit Plan (Plan) (Attachment A) reflects the status of each of the projects. As indicated in Attachment A, numerous projects are underway including the annual financial statement audit of OCTA and related entities.

Audits completed include a compliance audit of the State Transportation Improvement Program – Planning, Programming, and Monitoring (STIP-PPM) 2003-04 grant. The audit resulted in no findings or recommendations. This is in contrast to prior STIP-PPM audits which had found some delay in OCTA's required reporting.

Internal Audit also completed an audit of policies, procedures, and controls over OCTA's capital assets. The audit identified noteworthy accomplishments in the areas of asset custodian training and training material. Several recommendations were made to enhance policies and procedures related to capital assets accounting.

An operational review was completed of the payroll function. As segregation of duties is the most important control within a payroll process, Internal Audit offered recommendations to strengthen these controls by segregating the input and review of payroll data into OCTA's payroll system.

A compliance review of contracts for medical examinations was recently completed. The contractors were found to be out of compliance with certain provisions of the contract, including requirements for periodic statistical reporting to OCTA and quality control testing of laboratories usee for specimen testing. Internal Audit offered recommendations to improve contract oversight.

Internal Audit Initiatives

Internal Audit assists the Contracts Administration and Materials Management Department (CAMM) in the evaluation of cost and price proposals for architectural and engineering (A&E) contracts. With the implementation of the Measure M Early Action Plan and numerous other state funded development projects, Internal Audit expects to be committing a great deal of its resources in coming months to conducting these price reviews. Internal Audit is working with the CAMM to streamline the process and improve the timeliness of these reviews while ensuring the highest level of price protection to OCTA on A&E contracts.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee, unresolved audit recommendations are included in Internal Audit's quarterly updates to the Plan as Attachment B. In order to also ensure timely and adequate resolution of findings and recommendations provided by external auditors, Internal Audit also includes findings and recommendations provided by regulatory auditors and OCTA's independent financial statement auditors, Mayer Hoffman McCann P.C.

Summary

The Internal Audit Department will continue to implement the Plan and report to the Board of Directors on a quarterly basis the status of the Plan.

Attachments

A. Orange County Transportation Authority Internal Audit Department FY 2008-09 Internal Audit Plan First Quarter Update
B. Unresolved Audit Findings and Recommendations (Audit Reports Issued prior to September 2008)

Prepared by:

Kathleen M. O'Connell

Kathleen M. O'Connell
Manager, Internal Audit
(714) 560-5669

ATTACHMENT A

Orange County Transportation Authority
Internal Audit Department
FY 2008-09 Internal Audit Plan
First Quarter Update

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Cost / Estimate to Complete (E)	Status (Date to F&A)	Notes (Contract Auditor)
Mandatory External Independent Audits									
Annual Financial Audit	FY09-001-4	Annual contracted financial audit for fiscal year 2007-08	Financial	325	76	250	$ 307,490	In process	(Mayer Hoffman McCann)
Annual Transportation Development Act Audits	FY09-005	Coordination of legally required annual audits of the recipients of Local Transportation Funds for fiscal year 2007-08.	Compliance	100	12	88	$ 59,900	In process	(Mayer Hoffman McCann)
Triennial Performance Audits	FY09-027	Initiate procurement of external auditors to conduct the State trienniel performance audit and renewed Measure M performance assessment for fiscal years 2007, 2008, and 2009	Compliance	50		50			
Internal Audit Initiatives									
Risk Assessment and Annual Audit Plan	FY09-006	Annual preparation of the audit plan for next fiscal year; periodic assessment of risk throughout the year.	Risk Assessment	100	34	66			
Quality Assurance and Self-Assessment	FY09-007	Self assessment of Internal Audit's compliance with Government Auditing Standards.	Quality Assurance	175	15	161			
Peer Review Participation	FY09-008	Participation as a review committee member for reciprocal credit.	Peer Review	80		80			
Service Efforts & Accomplishments	FY09-025	Evaluation and summarization of the value of Internal Audit activities.	Service Efforts Report	100		100			
Internal Audits									
Authority-Wide									
Price Reviews	PR09-300	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	500	133	367	$ 62,205 (E) $ 57,795	Four completed	(Four on-call audit firms)
Unscheduled Reviews and Special Requests	FY09-100	Time allowed for unplanned audits and requests from the Board of Directors and management.	Varies	250	54	196			
Executive									
Safety Monitoring	FY08-031	Review and follow-up on any APTA Safety Review conducted in FY 2008.	Internal Controls	100		100			
AB1234 Compliance	FY09-021	Review of Authority recordkeeping evidencing compliance with AB1234 requirements.	Compliance	150		150			
Planning and Development									
Metrolink	FY08-010	Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	Operational	200	18	182		In process	

Orange County Transportation Authority
Internal Audit Department
FY 2008-09 Internal Audit Plan
First Quarter Update

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Cost / Estimate to Complete (E)	Status (Date to F&A)	Notes (Contract Auditor)
SR-22 Contract Close-out	FY08-022	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	Compliance	25	33	(8)		Report in Draft	(GCAP Services)
I-5 Gateway Contract	FY08-014	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	50	30	20	(E) $ 30,000	RFP complete	RFP will be circulated at 50% project completion
CalTrans Cooperative Agreement for I-405/SR-55	FY08-011	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	Compliance	50	46	4		Report in Draft	(Mayer Hoffman McCann)
CTFP Project Audits/CTFP System	FY08-019	Evaluation of program process and review of a sample of projects funded by the CTFP.	Compliance	100	8	92	(E) $ 75,000	RFP under development	
Buena Park Metrolink Station Closeout Audit	FY08-007	Closeout audit of construction of Metrolink station.	Compliance	25	4	21		Report in Draft	(Mayer Hoffman McCann)
On-Call Service Contracts	FY09-012	Review of on-call contracts for contract compliance and 2008 compliance with procurement policies and procedures.	Compliance	300		300			
Irvine Transportation Center	FY09-013	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	75		75	(E) $ 20,000		
Real Estate and Right-of-Way Administration	FY09-015	Review of right-of-way and other real estate operations and contracts.	Operational	300		300			
Transit Operations									
Buy America	FY08-027	Pre-award and post-delivery reviews to ensure vendor is in compliance with federal Buy America requirements.	Compliance	100	1	99			
Vehicle Maintenance	FY08-020	Review of policies, procedures, management reporting and regulatory compliance.	Operational	250		250			
Government Relations									
Grant Close-outs	FY09-026	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	Compliance	75	18	58	$ 12,275	One Complete (10/08/08)	(Thompson Cobb, Bazilio & Associates)
Finance									
Treasury	FY09-019	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	Compliance	200		200			
Revenue Accounting	FY08-024	Review of controls over the collection and processing of sales tax receipts.	Operational	275	7	268		In process	
Grants Management and Accounting	FY08-018	Review of policies, procedures and regulatory compliance with grant requirements.	Operational	150	152	(2)		In process	

Orange County Transportation Authority
Internal Audit Department
FY 2008-09 Internal Audit Plan
First Quarter Update

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Cost / Estimate to Complete (E)	Status (Date to F&A)	Notes (Contract Auditor)
Capital Assets	FY08-017	Review of policies and procedures for capital assets, including capitalization policy, classifications, depreciation, disposal.	Internal Controls	75	122	(47)		Complete (10/08/08)	
91 Express Lanes Collections	FY08-016	Review of contractual compliance and performance of collections contractor L.E.S.	Compliance	200	59	141		In process	
Purchasing Cards	FY09-029	Review of internal controls over purchasing cards	Internal Controls	120	65	55		In process	
Investment Management & Service Fees	FY09-011	Review of services and invoices for investment and debt advisory and management services	Compliance	250		250			
Human Resources									
Payroll	FY08-001	Audit of the payroll function including internal controls and analytics.	Operational	155	113	43		Complete (10/22/08)	
Payroll Information Systems	FY08-001	Information Systems Audit of Lawson payroll system	Operational				$ 48,790	Report in Draft	(Thompson Cobb, Bazilio & Associates)
Medical Examinations	FY08-006	Review of contracted services for medical examinations and programs.	Compliance	75	244	(169)		Complete (11/12/08)	
Employment Division	FY09-017	Review of controls and efficiency of candidate recruitment, selection and hiring.	Operational	350		350			
Contracts & Materials									
Contract Administration	FY08-015	Operational review to identify efficiencies and determine compliance with established policies and procedures. Scope to be further refined.	Operational	200	16	184			
Southern Counties Oil Company	FY08-026	Contract compliance review of C50467 - diesel and unleaded fuel supply.	Compliance	95	110.5	(16)		Report in Draft	
Bridgestone/Firestone Tire Lease	FY09-014	Review of lease of bus tires.	Compliance	175		175			
Maintenance Inventory Management	FY09-022	Review of inventory management policies, procedures, controls, and operational efficiency.	Operational	300		300			
Warranty Administration	FY09-023	Review of internal controls over warrantied equipment.	Internal Control	175		175			
Fuel Controls	FY09-024	Review of controls over dispensing of petroleum products.	Internal Control	150		150			
Information Systems									
Business Resumption Planning	FY09-009	Review of information systems recovery policies and procedures, testing, and post-event review.	Operational	75		75	(E) $20,000		
Telecommunications Equipment	FY09-020	Review of telecommunications equipment usage and internal controls.	Internal Control	175		175			

Orange County Transportation Authority
Internal Audit Department
FY 2008-09 Internal Audit Plan
First Quarter Update

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Cost / Estimate to Complete (E)	Status (Date to F&A)	Notes (Contract Auditor)
External Affairs									
Vanpool Program	FY08-023	Review of first year operations and contract compliance.	Operational	175	3	172		In process	
Customer Information Center (Alta Resources)	FY09-018	Review of contractually required service levels and contractor billing.	Contract Compliance	225		225	(E) $25,000		
Motorist Services									
Call Box Maintenance Services	FY09-028	Review of contract for call box maintenance	Contract Compliance	150		150			
Monitoring Activities									
Measure M COC and Administrative Issues	FY09-401	Coordination of audit activities with the Audit Committee of the Measure M Citizens Oversight Committee.	Monitoring	25	10	15			
91 Express Lanes	FY09-402	On-going monitoring of 91 Express Lanes activities and participation in roundtables.	Monitoring	25	2	23			
I-5 Gateway Project	FY09-403	On-going monitoring to keep apprised of activities and significant issues.	Monitoring	25	2	23			
CNG Station Project	FY09-404	On-going monitoring to keep apprised of activities and significant issues.	Monitoring	100	21	79			
BRT	FY09-405	On-going monitoring to keep apprised of activities and significant issues.	Monitoring	25	8	17			
Records Management	FY09-406	On-going participation on Records Management Task Force.	Monitoring	25		25			
Follow-up Reviews									
Follow-up reviews and reporting	FY09-200	Follow-up on audit findings and recommendations.		250	87	163			
Total Audit Hours				**7,700**	**1,502**	**6,199**			

ATTACHMENT B

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Prior to September 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that support for all credits and charges made outside of the monthly recurring contract cost be reviewed by management before approving invoices for payment.	Dec-08	All requests for credits and changes made outside of the monthly recurring contract cost are now being reviewed and approved by the Manager of Bus Operations.	Ng	Supporting documents for vacancy and workers compensation credits are not included with the invoice. Internal Audit has recommended that the Orange County Transporation Authority (OCTA or Authority) request inclusion of such documents from the Orance County Sherriff's Department. Additional follow-up will be conducted in December 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that management analyze the total cost of providing transit police services and determine whether it is beneficial to separately account for these costs.	Dec-08	Currently, the contract cost is split between the Orange County Transit District (OCTD) and Commuter Urban Rail Endowment (CURE) funds. The allocation costs are based on the division of labor between Bus and Rail, 73 percent and 27 percent respectively. All other costs are absorbed by OCTD and not equitably allocated to other service recipients. For future contract cost consideration, the cost of personnel, capital and maintenance-related costs will be included and charged back to a Transit Police Services (TPS) cost center and allocated to recipients of the TPS services. Some of these costs are: • Manager of Bus Operations time for administering the TPS contract. • TPS office specialist salary and benefit cost. • Capital cost for TPS vehicles. • Fuel, parts and labor for TPS vehicles.	Ng	Management indicated they will implement this in FY 2008-09. Additional follow up will be conducted in December 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	An agreement be documented between OCTA and the County for rights to conduct routine fiscal and compliance monitoring of the contract by OCTA.	Dec-08	OCTA Internal Audit Department and the Contracts and Materials Mangement (CAMM) Department have provided copies of an AUDIT AND INSPECTION OF RECORDS clause that will be included into contract language for any future contracts entered into between OCTA and the Orange County Sheriff Department.	Ng	An "Audit and Inspection of Records" clause has been submitted to the County of Orange for reveiw. Additional follow-up will be conducted in December 2008.
8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	The contract with the California Highway Patrol (CHP) should be updated to reflect current billing rates, level of service, responsibilities of each party,	Dec-08	Management concurs. CAMM will meet with the CHP to obtain current rates, level of service, responsibilities of each party and incorporate those items into a new contract.	Ng	A contract amendment will take place which will incorporate the contract changes. The contract amendment is up in Sacramento.

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8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	In addition to Cofiroute's review of CHP invoices for accuracy, the invoices should be reviewed by OCTA staff for propriety with contract terms.	Dec-08	Management concurs. Management will review all CHP invoices for propriety with contract terms.	Ng	CHP invoice review process will begin once the CHP contract is amended.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA consider conducting an assessment on the cost of providing unlimited paratransit services for visitors and revise their policy accordingly.	Oct-08	In sampling some of the high-use customers, it is likely that either, 1) their client file has been coded "visitor" in error, or 2) they once lived in the County, utilized the service heavily, and have since moved out of the County but have retained visitor status eligibility. Community Transportation Services (CTS) staff will review and verify the status of those visitors utilizing the service most frequently to ensure that status is accurately coded. In addition, CTS staff will further research trends for visitor use of ACCESS service. If the trend is found to be problematic, change of policy will be further considered.	Dunning	First follow-up response received from management in March 2008. Three recommendations have been implemented and cleared. Additional inquiry and review will be conducted for remaining recommendations in October 2008.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We commend OCTA's efforts to initiate the drafting of an Information Protection Policy. However, we recommend that OCTA aggressively move forward with completing and adopting an information protection policy that communicates management's criteria for handling and sharing sensitive data with business partners.	Oct-08	The Authority's Information Systems Department recently hired a Trapeze software specialist and a senior security analyst, to address the information protection policy issues for handling and sharing sensitive data with our contractors. The Authority staff is currently working to develop such policies and a plan for implementing these policies.	Dunning	First follow-up response received from management in March 2008. Three recommendations have been implemented and cleared. Additional inquiry and review will be conducted for remaining recommendations in October 2008.

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6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA management coordinate with CARE to implement password aging and forced password change functionality for ACCESS Services Management System (ASMS). We also recommend that OCTA management coordinate with CARE to implement password formatting functionality for ASMS.	Oct-08	Currently, Comprehensive Assessment Restorative Evaluation, LLC (CARE) does not have an automated system to require passwords be changed on a regular basis. CARE assigns all new users an access password and provides a manual notification to change passwords on a quarterly basis. CARE will remind staff of this requirement by e-mail notifications and at the OCTA ACCESS/CARE quarterly staff meetings. It was recommended and agreed upon that software is to be developed for an automated forced password change. The implementation of this will depend on financial programming resources, OCTA contractual requirements with business partners, and final implementation of an OCTA contractor policy for security standards.	Dunning	First follow-up response received from management in March 2008. Three recommendations have been implemented and cleared. Additional inquiry and review will be conducted for remaining recommendations in October 2008.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that ASMS access rights be reviewed and approved by CARE management on a periodic basis. This would require that management sign and date an ASMS access rights report as evidence of their review.	Oct-08	Currently, there is not an automated system to require user reviews on a regular basis. CARE has an annual review of users on the ASMS system and an automatic manual notification to the Information Systems Department (IS) when employees resign or are terminated. Any user that has resigned or is terminated is removed from the access users list. CARE will conduct a manual review of users on the ASMS system at all OCTA ACCESS quarterly staff meetings. A review action document will be developed which will list the current and recently terminated users. This will be made available for review by the Eligibility Administrator.	Dunning	Follow-up response received from management in March 2008. Three recommendations have been implemented and cleared. Additional inquiry and review will be conducted for remaining recommendations in September 2008.
6/15/2007	07-032	Finance, Administration and Human Resources	LNG Contract Review	CAMM should revise its policies and procedures to require formal Chief Executive Officer (CEO) approval for substantial changes to terms of inventory contracts.	Mar-09	CAMM agrees to review the procurement policies and procedures as they relate to inventory and to update the Procurement Manual as needed. Funds have been budgeted in the fiscal year 2008 budget for this activity. It is anticipated that this effort will start in the September time frame and will include a procedure for handling inventory purchases as well as amendments to inventory contracts.	Bonelli	A Request for Proposal (RFP) has been issued for a consultant to assist with updating the procurement manual. A completed manual is anticipated in early 2009. We will follow up with this item at that time.

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6/15/2007	07-032	Finance, Administration and Human Resources	LNG Contract Review	The monthly index prices for Liquified Natural Gas (LNG) should be independently verified and retained with the invoices.	Sep-08	CAMM agrees to independently verify the index price from a published source and forward that information to Accounts Payable. Accounts Payable can retain this verification with the invoices.	Bonelli	Follow-up test procedures in process September 2008. Management will implement a new procedure to verify fuel prices from an independent source.
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should develop a plan for the implementation of a comprehensive program to manage records organization-wide. Policies and procedures for the systematic and orderly accumulation and storage of active records should be developed to provide a foundation upon which better records retention and destruction can be controlled.	Jan-09	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	As of September 2008, management is in the process of developing an RFP for a contractor to assist in the development of a records management and document controls system for OCTA. Will monitor progress in January 2009
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	Employee awareness of their roles and responsibilities with regard to records management should be strengthened. A formal training program should be developed to drive greater accountability.	Jan-09	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	As of September 2008, management is in the process of developing an RFP for a contractor to assist in the development of a records management and document controls system for OCTA. Will monitor progress in January 2009
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should provide the technological resources necessary to allow consistent, organization-wide records retention, management, and retrieval. Electronic data and mail should be consistently classified, filed, sorted, and purged.	Jan-09	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	As of September 2008, management is in the process of developing an RFP for a contractor to assist in the development of a records management and document controls system for OCTA. Will monitor progress in January 2009
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	The current policy and records retention schedules should be updated to include security, third party and electronic document considerations.	Jan-09	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	As of September 2008, management is in the process of developing an RFP for a contractor to assist in the development of a records management and document controls system for OCTA. Will monitor progress in January 2009

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10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that OCTA adopt a "hands-off" approach for handling information from its fully insured plans. If a "hands-off" approach to PHI is adopted, the existing privacy policies and procedures should be updated to reflect the additional policies required for compliance, and training should be provided for the new policies and procedures.	Sep-08	Management agrees with the recommendation. We will take the necessary measures to adopt a "Hands-Off" approach and will amend our policies and procedures to ensure proper record keeping of this approach.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA needs to formally appoint a Privacy Official and a Security Official to be accountable for the privacy and data security obligations under the HIPAA rules and regulations.	Sep-08	Management agrees with the recommendation. We will take the necessary measures to appoint a Privacy Official and a Security Official, and we will update our current record keeping documents to reflect the appointed officials.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should update its training materials to provide more comprehensive training on HIPAA Privacy and Data Security and conduct a refresher training ensuring that all members of the workforce who handle PHI are timely trained.	Sep-08	Management agrees with the recommendation. We will update our training materials to include the recommendations given and will conduct a refresher training for all members of our workforce who handle PHI. In addition to providing training for those directly responsible for protecting PHI related information, the Information Systems department will be conducting annual Authority wide general Information Security Awareness training. Security Awareness training has been identified as one of the top Authority security initiatives as it provides the greatest security benefits for each dollar spent.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should develop a training module that will highlight the importance of e-PHI security to the personnel performing services involving the health plans or e-PHI.	Sep-08	Management agrees with the recommendation. We will Include e-PHI guidelines within the updated training materials.	Dunning	Follow-up review is in process.

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10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should finalize and implement HIPAA record retention policies for the Human Resources Department.	Sep-08	Management agrees with the recommendation. We will finalize and implement the HIPAA record retention policies after review with Legal Counsel. The Authority, under the guidance of the IS Department manager and Deputy CEO, is in the process of developing an enterprise wide data retention and classification process, that will ensure that any PHI related information is properly protected and archived.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend OCTA obtain Business Associate agreements with its vendors for shredding services and records storage.	Sep-08	Management agrees with the recommendation. The IS Department will work with CAMM to amend the current contracts in order to remediate this gap.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In concert with OCTA's Information Systems resources, OCTA's Human Resource/ Benefits personnel should establish a specific process for the ongoing evaluation of security policies for the health plans.	Sep-08	Management agrees with the recommendation. Human Resources will work in concert with Information Systems department to establish the process by which we operate for evaluation of our security policies for Creative Benefits health plan.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that OCTA store any and all sensitive health information related to these prior plans and obtain a business associate agreement with the outside document storage vendor. Aon has not reviewed, and there appears to be very little guidance available, as to whether OCTA still has HIPAA obligations with respect to these terminated health plans. As such, further discussion with legal counsel is recommended.	Sep-08	Management agrees with the recommendation. Human Resources will work with the Records Retention department to establish required language in the business associate agreements for the outside document storage vendor.	Dunning	Follow-up review is in process.
10/27/2007	07-024	Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In future negotiation with these unions, OCTA should consider obtaining certification that the applicable unions are in compliance with HIPAA's rules and regulations.	Sep-08	Management agrees with the recommendation. We will address this recommendation with Employee Relations and Legal Counsel.	Dunning	Follow-up review is in process.

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10/31/2007	07-030	Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA modify its current subrecipient monitoring policies and procedures to conform with federal requirements and communicate these policies and procedures to all managers of federal programs.	Jan-09	OCTA staff concurs and will subsequently modify its current subrecipient monitoring policies and procedures to conform with federal requirements and further communicate these policies and procedures to all managers of federal programs.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
10/31/2007	07-030	Transit	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA adhere to the Buy America requirements and ensure that all documentation is contained in the procurement files to support OCTA's compliance.	Jan-09	Staff provided the necessary quality assurance oversight for the referenced procurement, and the actual in-plant and acceptance inspections were conducted by OCTA mechanics. We did not use an individual checklist for each bus to confirm that each item of the Buy America Pre-Award Audit was verified by signature at the place and date of assembly by our resident inspectors. Since this delivery, we have expanded our inspection detail for our resident in-plant inspector's documentation and definition of the actual components used during the Pre-Award Audit to determine U.S. content and final assembly. We currently use the list of components, as approved by make and model, during the vehicles' assembly process.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
10/31/2007	07-030	Deputy Chief Executive Officer	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	OCTA should develop and implement a policy on misconduct. Once developed, the policy should be acknowledged and signed by each employee on an annual basis as evidence of their reaffirmation that they understand the policy and have complied with its provisions.	Jan-09	Management will develop and implement a policy on misconduct; each new hire will be asked to acknowledge and sign the policy upon starting work at OCTA.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
10/31/2007	07-030	Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA require departments using on-call contracts to comply with the existing Policies and Procedures Manual requirements governing the use of Contract Task Orders (CTOs).	Jan-09	Management agrees to ensure that all departments using on-call contracts comply with the existing Policies and Procedures Manual requirements governing the use of CTOs.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.

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10/31/2007	07-030	Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA acquire or develop an inventory system for passes that provides for proper tracking of unissued passes. Additionally, if the system also serves as a point of sales system, OCTA should ensure the system is compliant with current privacy regulations.	Jan-09	Management agrees that an inventory system is needed to track bus passes. For over 10 years, a manual Excel spreadsheet has been used to record pass receipts and sales. The spreadsheet was never reconciled to a physical inventory count until fiscal year 2006-2007. While investigating the discrepancies after the first inventory, it was determined that the Public Information and Customer Service (PICS) did not account for passes issued at no cost for promotional purposes. The adjustments to inventory were the result of cumulative transactions over a 10-year period. PICS has since been modified so that passes issued at no cost will be deducted from the excel spreadsheet inventory. Additionally, OCTA is in the process of procuring a point of sale and inventory software package for the pass sale function. Only applications that comply with privacy regulations are being considered.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
10/31/2007	07-030	Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA develop and implement a formal change management process that documents the system development life cycle of changes to hardware applications and systems.	Jan-09	OCTA's IS Department Management Team recognizes the need for a more formal and consistent method to documenting and controlling change in its computing environment. A combination of internal Help Desk tickets, external vendor help desk tickets, and an internal tracking spreadsheet are being used and reviewed at least twice per week to coordinate, communicate and track when changes are implemented. OCTA has developed a scope of work to pilot practices and a software solution that will bring improvements in both Configuration Management and Change Management practices to the department. Our plan is currently on hold due to competing demands of other projects deemed more important. We plan to further evolve the practices into the department's operation.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.

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10/31/2007	07-030	Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that an individual within the IS Department be tasked with the responsibility of assigning access permissions within IFAS. Access permission should only be assigned upon receipt of a properly authorized request for accss.	Jan-09	Since the implementation of IFAS, the Section Manager of General Accounting has been assigning access in IFAS as there was no one in the IS Department supporting the IFAS system. IS recently hired a Business Computing System Specialist (BCSS) to support the IFAS. As the BCSS gains IFAS expertise, the Accounting Department will transition the assignment of permissions to the BCSS.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
10/31/2007	07-030	Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that management prepare written instructions for department heads to be included as part of OCTA's accounting policies and procedures manual. These instructions should document the basic concepts of proper cutoffs and the individuals responsible for accruing payables at the accounting period end.	Jan-09	Accounting distributes instructions and an accrual worksheet to department heads regarding the year end cutoff, seeking notification of any outstanding expenses that were incurred prior to year end. Next year, Accounting will supplement the written instructions with in-person meetings with staff responsible for submitting invoices. The Accounting Department will also require accounts payable supervisory review of all weekly check writes through October to ensure that all payments related to the previous fiscal year have been properly accrued.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
12/3/2007	07-037	Korean American Senior Association of Orange County (KASA) - passed through the City of Garden Grove	2006-07 Annual Transportation Development Act Audits	We recommend that KASA maintain mileage logs to support reimbursements paid to employees. The auditable mileage logs should contain the following at a minimum: data of trip, purpose of trip, beginning odometer reading, ending odometer reading and total miles. KASA should reimburse employees for business miles at the established Internal Revenue Service (IRS) mileage rate instead of paying 100 percent of the fuel, repair, and maintenance costs for employee vehicles.	Jan-09	(Internal Audit requested a management response from KASA by February 25, 2008.)	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.

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12/3/2007	07-037	Korean American Senior Association of Orange County (KASA) - passed through the City of Garden Grove	2006-07 Annual Transportation Development Act Audits	We recommend that KASA obtain and implement automated accounting software that will allow for double-entry accounting and result in the production of a trial balance and general ledger detailing all transactions.	Jan-09	(Internal Audit requested a management response from KASA by February 25, 2008.)	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
12/7/2007	07-035	Orange County Transportation Authority (Transit)	Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, For the Period July 1, 2006 through June 30, 2007	We recommend that OCTA ensures that the contractor establishes written procedures requiring that the Data Entry Clerk document the reconciliation of the tripsheets and the Window Supervisor document the review of all tripsheets.	Jan-09	Management will ensure the contractor implements the recommendation	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
12/7/2007	07-035	Orange County Transportation Authority (Transit)	Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, For the Period July 1, 2006 through June 30, 2007	We recommend that OCTA develop and implement procedures to ensure the mathematical accuracy of the periodic data included on the worksheets and the periodic summaries for National Transit Database (NTD) reporting purposes.	Jan-09	OCTA Operations Analysis Department is in the process of developing written procedures to ensure formula calculations are accurate for NTD reporting purposes.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
12/19/2007	07-004	Orange County Transportation Authority (Finance, Administration and Human Resources)	2006-07 Annual Transportation Development Act Audits	We recommend that OCTA file claims for reimbursement for allowable Transportation Development Act (TDA) Article 3 expenses on at least a semi-annual basis. Additionally, we recommend that OCTA report its TDA revenue and expenses on the accrual basis of accounting.	Jan-09	In September 2006, staff recognized that the TDA Article 3 reserve balance established at the County Auditor-Controller was unusually high. An analysis determined that $3.72 million should be claimed in the October 2006 submittal to the County Auditor-Controller. This analysis uncovered an inadequate process that has subsequently been addressed. Staff will file claims for reimbursement for allowable TDA Article 3 expenses on at least a semi-annual basis.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.
12/19/2007	07-036	City of La Habra	2006-07 Annual Transportation Development Act Audits	We recommend that the City of La Habra competitively bid its contract for senior transportation services upon expiration.	Jan-09	The city agrees with the audit recommendation and plans to have a competitively bid contract in place within the next 60 days.	O'Connell	OCTA's external auditors, Mayer Hoffman McCann, are in the Field September and October 2008 and are taking the lead in following up on this item.

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2/18/2008	07-015	External Affairs	Bus Advertising Program Contract Compliance Operational Review	Internal Audit recommends that OCTA periodically request detail supporting the gross revenue reported by Titan Advertising, Inc. (Titan). The contract manager should then periodically, and on a sample basis, confirm advertising revenue directly with the advertisers. Internal Audit also recommends that management perform periodic comparisons of bus advertising revenues among local transit agencies to determine whether trends in OCTA's bus advertising revenues are consistent with trends experienced by other transit agencies. Finally, Internal Audit recommends that future procurements relating to bus advertising revenue administration also solicit proposals for annual flat fee amounts in addition to revenue sharing percentages and minimum guaranteed payments in the Request For Proposal (RFP).	Nov-08	The contract manager will request that Titan provide OCTA with detailed individual sales invoices between Titan and their advertisers and conduct an annual spot check directly with the advertisers to verify the cost and quantity of purchased advertisements. In addition, the contract manager will select two to three Southern California transit agencies to compare revenue receipts on an annual basis. For future procurements, OCTA will solicit proposals for annual flat fee amounts in addition to revenue sharing and minimum guaranteed payments in the Request For Proposal (RFP).	Bonelli	
2/18/2008	07-015	External Affairs	Bus Advertising Program Contract Compliance Operational Review	We recommend that management request that Titan report gross revenue, adjustments to gross revenue including any applicable agency commissions or production costs, and net revenue in its monthly revenue reports. This will allow the Contract Manager to evaluate whether the adjustments to gross revenue are allowable under the terms of the Titan Contract.	Nov-08	The Contract Manager has begun working with Titan to include the gross revenue, adjustments from agency commission and net revenue in the monthly reports. Although some contracts include production costs, when Titan invoices the agencies, revenue and production costs are invoiced separately. Therefore, the production costs will not be included in the monthly reports as they report revenue only. Titan's new monthly reports, reflecting these changes, are expected to begin in March 2008.	Bonelli	

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3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should ensure that updated copies of required documents are kept in the training files.	Oct-08	A review of the finding indicated that Operations Training and the Operations base managers need to work more closely to develop a procedure to ensure that a copy of each coach operator's required documents are kept not only at the base, but are routinely sent to the Operations Training Manager. A log of these transactions will be developed and maintained by the office specialist in Operations Training.	O'Connell	Follow-up in process as of October 1, 2008
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should ensure that Department of Motof Vehicles (DMV) Form DL260 is kept current and is in the training files.	Sep-08	Procedures will be changed to update training within the month that a training requirement is fulfilled. All files will be kept current.	O'Connell	Follow-up in process as of October 1, 2008
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should ensure that instructors are giving road tests at least every 90 days. Additionally, road trip testing logs for each instructor should be kept in the training files.	Sep-08	A review of the Operations training files revealed two of the instructors did not conduct road trip testing due to medical leaves of absence. When they returned to work, they were reinstated and have since been current. The third instructor had completed the required road trips, but the information had been incorrectly recorded. That information has been corrected. The information for each individual instructor will now be kept in their training files.	O'Connell	Follow-up in process as of October 1, 2008
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	To ensure efficiency of the training program, management should require behind-the-wheel trainers (BWTs) to commit to a minimum number of hours each year for training. Based on the number of hours needed, the number of trainers should also be determined.	Sep-08	The previous Collective Bargaining Agreement (CBA) in effect from May 2004 through April 2007, only allowed coach operators to work with Operations Training for a limited number of hours. This includes two categories, behind-the-wheel instructors (BWI), or working with the training class, and BWT, instructing new operators out on the street after completing the Student Coach Operator Training (SCOT). The new CBA does not renew that portion of the agreement. Operations Training is currently evaluating the best use of the BWI and BWT program.	O'Connell	Follow-up in process as of October 1, 2008
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should conduct records of hours, including overtime, used to back-fill route assignments for BWIs. This information should be used to determine the most efficient structure of the BWI program.	Sep-08	When coach operators are used as BWIs, their regular work is back-filled, but when they are BWTs, they mentor new operators on their own route assignments and no back-fill is required. The Bus Operations Manager will work with the Operations Training group to determine a method of recording the overtime required for the BWI program.	O'Connell	Follow-up in process as of October 1, 2008

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(Audit Reports Issued Prior to September 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
3/24/2008	08-012	Finance, Administration and Human Resources	Investment Activities July 1 through December 31, 2007	Internal Audit recommends that the Treasury Department ensure that the reconciliation of all balances on the Portfolio Listing is accurate prior to inclusion in the debt and investment reports.	Nov-08	The account balances are reconciled on a monthly basis to the Account Balance worksheet. This is a manual process. The balances are used to create the quarterly investment report that contains the Portfolio Listing. The Treasury Department will work to ensure that the balances shown in the printed report from quarter-end are reflected accurately in the debt and investment reports.	Ng	Follow-up review will be rolled into the next Investment Activities audit.
4/10/2008	07-018	Finance, Administration and Human Resources / Development	Farebox Revenue Operations Operational Review	We recommend that management monitor and investigate cumulative farebox variances.	Nov-08	Management concurs and is aggressively seeking ways to improve the accuracy of revenue reports so variances can be detected and investigated promptly. Steps include: 1) Working with the maintenance department to minimize the unclassified revenues that result from low batteries and timing issues, making it easier to reconcile actual deposits to anticipated revenue on a bin-by-bin basis. 2) Investigating the practice of placing circuit boards with test data into actual fareboxes. This may be inflating the Genfare, Inc.(GFI) revenue. 3) Seeking additional training on the GFI system from the supplier to identify additional GFI tools that may help identify the causes of variances. 4) Randomly auditing individual cash boxes, reconciling the actual collection to the GFI revenue figures to validate the GFI revenue figures that result from the probing process. 5) Monitoring the unclassified revenue amounts on a daily basis to enable quicker responses to spikes in unclassified revenue figures.	Bonelli	

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
4/24/2008	08-005	Transit	Review of Agreement No. C-5-3021 with Veolia Transporation Services, Inc.	The Community Transportation Services (CTS) Department should document the evaluation of the performance standards and related penalties for all of the thirty-two standards from contract inception to date. CTS should develop policies and procedures for this evaluation process. CTS should apply the performance standards in a consistent manner as specified in the Contract and, with Board of Director approval, amend the Contract to delete performance standards that are impossible or impractical to measure. Any deviations from contract terms should be elevated to executive management and, possibly, the Board of Directors.	Oct-08	CTS staff concurs with the recommendation and will ensure that incentives and penalties are applied to all performance standards as stated in the contract, or delete non-applicable performance standards and seek to amend the contract accordingly. In addition, CTS will develop a performance standards checklist to be included with each monthly service invoice to provide the status of each standard along with the application of the standard (a penalty, incentive, N/A) to the approved payment to Veolia.	Dunning	
4/24/2008	08-005	Transit	Review of Agreement No. C-5-3021 with Veolia Transporation Services, Inc.	The Contract should be amended to more specifically address fuel expense. The amendment should specify the terms of such an agreement as well as documentation required for any reimbursement.	Oct-08	The CTS Department staff concur with the recommendation and will work with the Contracts Administration and Material Management (CAMM) Department to draft contract language which addresses the responsibility of providing Compressed Natural Gas (CNG) fuel for OCTA vehicles assigned to the contract. The language addressing this item will be incorporated into an amendment to the current contract with Veolia.	Dunning	
4/24/2008	08-005	Transit	Review of Agreement No. C-5-3021 with Veolia Transporation Services, Inc.	The Contract should be amended to address Standby Service and its accompanying rates.	Oct-08	The CTS Department staff concurs with the recommendation and will develop a definition for Express Bus Standby Service and work with the CAMM Department to incorporate this into an amendment of the current contract with Veolia.	Dunning	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Prior to September 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
4/24/2008	08-005	Transit	Review of Agreement No. C-5-3021 with Veolia Transporation Services, Inc.	The CTS Department should clarify the maximum trips specified in the Contract or the Contract should be amended to be consistent with the terms of the Yellow Cab contract.	Oct-08	The maximum obligation of the contract with Yellow Cab of North Orange County for the provision of Same Day Taxi Service was developed using a maximum number of trips per day. There have been few occasions that the maximum number has been exceeded. There are many occasions that the number of trips requested under this program fall far below the maximum, particularly on weekends. Because of this variance, trips in excess of the maximum are generally accomodated because this can be done without exceeding the maximum obligation of the contract. The contract language could be clarified to specify that the maximum number of trips is an estimate.	Dunning	
4/24/2008	08-005	Transit	Review of Agreement No. C-5-3021 with Veolia Transporation Services, Inc.	We recommend that Veolia update current policies and procedures to ensure that the supervisory review (of trip sheets) has been completed by signing each trip sheet as they are submitted at the completion of routes.	Oct-08	CTS Department staff concur with the recommendation. CTS staff will work with Veolia staff to ensure that a "sign-off," or signature verifying trip sheet accuracy, is included on all ACCESS trip sheets.	Dunning (MHM)	
5/16/2008	08-009	Finance, Administration and Human Resources	Limited Review of Western Conference of Teamsters Pension Plan	Because OCTA pays for the Western Conference of Teamsters (WCT) Pension Plan benefit, Internal Audit recommends that OCTA acquaint new employees with the WCT Pension Plan during new coach operator and maintenance employee orientation.	Dec-08	We will add a slide to the new employee orientation materials indicating that the Coach Operators have a pension Plan through the Teamsters Union that is administered by Southwest Administrators and that any questions about this retirement benefit should be directed to Southwest Administrators or they should contact their union representative for additional information.	Ng	
7/10/2008	07-033	Finance, Administration and Human Resources	Internal Control Review of Contributions and Participant Data Transmission to the Orange County Employees Retirement System (OCERS)	Internal Audit recommends that Human Resources implement a practice of tracking new employees with potential reciprocal service and following up with OCERS if the paperwork is outstanding for a long time.	Feb-09	Human Resources is in the process of enhancing the Lawson system to provide a tool to track those new employees that have indicated prior California public service. This process will provide a quarterly list of employees to facilitate a follow up process.	Ng	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued Prior to September 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
7/10/2008	07-033	Finance, Administration and Human Resources	Internal Control Review of Contributions and Participant Data Transmission to the Orange County Employees Retirement System (OCERS)	Internal Audit recommends that a Human Resources manager or employee periodically reveiw ARBA benefit payments against source documents to ensure that ARBA benefit amounts are being paid in the appropriate amounts to the appropriate beneficiaries.	Feb-09	The Senior Benefits Analyst will provide a report to the Human Resources section manager of Compensation and Benefits to ensure that ARBA benefit amounts are being paid in the appropriate amount to the appropriate beneficiaries.	Ng	
7/10/2008	07-033	Finance, Administration and Human Resources	Internal Control Review of Contributions and Participant Data Transmission to the Orange County Employees Retirement System (OCERS)	Internal Audit recommends that OCTA monitor the OCERS audit function to ensure a Fiscal Year 2008 Internal Audit Plan is adopted and implemented.	Feb-09	Once OCERS has adopted and implemented an annual internal audit plan, OCTA will ask OCERS to provide evidence of such implementation.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Internal Audit recommends that the Accounting Department monitor the use of Payment Requests and report any suspected misuse to the appropriate department manager and CAMM. Internal Audit also recommends that OCTA develop a more formal and organization-wide procurement training program.	Mar-09	CAMM has assisted the Accounting Department in developing a policy that details the appropriate use of payment requests. The Accounting Department is conducting quarterly analysis of one-time or multiple payments to one vendor exceeding $2,500. The report is delivered to CAMM for review and follow up with user department. The Plan-Buy-Pay training program will be expanded to address procurement and payment concerns.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Internal Audit recommends that all subcontractors be incorporated into the Motorist Services contract or these services be separately procured.	Mar-09	CAMM will ensure that future contracts include all subcontractors. All project managers will be instructed to work with CAMM to amend a contract any time there is a change in the subcontractor status.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	The program manager for Motorist Services should ensure that contract payments are limited to the services identified in the scope of work.	Mar-09	Management agrees. The Orange County Taxicab Administration Program was transferred to Motorist Services in June 2005 after the contract was approved.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Internal Audit recommends that the program manager for Motorist Services more thoroughly review contract invoices and ensure that all billed services are properly supported.	Mar-09	Management agrees. The program manager for Motorist Services has been counseled to follow this recommendation.	Ng	

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	OCTA contract language should be amended to prohibit contractors from billing for local meals with OCTA employees.	Mar-09	Management agrees. The contractor has refunded the $175.16 payment. As a matter of practice, CAMM is incorporating this prohibition into all new contracts executed by the Authority.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Internal Audit recommends that policies governing on-call contracts be refined. The CAMM Department should enforce the competitive or sequential award of Contract Task Orders (CTO). CAMM should also ensure that CTO's are consistent with the scope of work. Scopes of work for on call contracts should, if applicable, reflect the multidiciplinary nature of the work and greater outreach should be done.	Mar-09	Management agrees that policies governing on-call contracts should be refined to clarify ambiguity where competitive or sequential awards are not practical. Some level of flexibility will be required and this will need to be articulated in the scope of work and allowed by the Board of Directors. Management agrees that greater circulation of on-call solicitations can be achieved through CAMM NET. Management agrees that the CAMM Department has primary responsibility for enforcing procurement policy with regard to CTOs.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Internal Audit recommends that CAMM communicate the expectation to contractors during the procurement process that they remain free from conflicts of interest during the conduct of their work for OCTA.	Mar-09	Management agrees that CAMM is in the best position to identify potential conflicts of interest, or perceptions of a conflict of interest with contractors that are doing business with OCTA. CAMM will take responsibilty for communications with the contractor as appropriate.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Only approved subcontractors should be paid, and only at rates specified in the contract.	Mar-09	Management concurs with the recommendation. The project manager authorized to approve an invoice for payment has responsibility for the accuracy of the invoice that he or she approves.	Ng	
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	OCTA should conduct a review and seek a legal opinion as to the tax status of OCTA contractors. Appropriate and necessary steps should be taken to maintain independent contractor status for all contractors. Access to OCTA facilities should be restricted as appropriate given contractor tasks.	Mar-09	Legal counsel has reviewed the tax status of OCTA contractors and the Authority's access card policy. In addition, legal counsel now signs off on all Authority agreements with independent contractors. The General Services Department conducts a bi-monthly review of contractor access cards to determine that access is still appropriate given contractor work duties.	Ng	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Prior to September 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
8/19/2008	08-008	Finance, Administration and Human Resources	Review of Agreement No. C-4-0793 Darrel Cohoon & Associates and Other Related Agreements	Internal Audit recommends that OCTA develop an organization-wide ethics policy, and employees should be trained on it. Internal Audit also recommends that CAMM revise its Standards of Conduct to include conflicts that may arise beyond financial conflicts.	Mar-09	Management agrees that an organization-wide ethics policy should be developed and appropriate training sessions should be conducted and that the Standards of Conduct for procurement activities be expanded beyond financial conflicts of interest.	Ng	

9.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Medical Examinations and Services Contract Compliance Review

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Direct staff to implement the recommendations made in the Medical Examinations and Services Contract Compliance Review, Internal Audit Report No. 08-006.

OCTA

November 12, 2008

To:	Finance and Administration Committee
From:	Arthur T. Leahy, Chief Executive Officer
Subject:	Medical Examinations and Services Contract Compliance Review

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed a compliance review of medical examinations and services contracts. Internal Audit has provided six recommendations to improve contract management and strengthen internal controls. Management has indicated recommendations provided in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement the recommendations made in the Medical Examinations and Services Contract Compliance Review, Internal Audit Report No. 08-006.

Background

The Orange County Transportation Authority (OCTA) requires a physical examination for any individual who has been offered employment. OCTA policy and Federal Transit Administration (FTA) regulations require that all safety sensitive employees be included in a drug and alcohol testing program. At the end of each calendar year, OCTA must provide a report to the United States Department of Transportation (DOT) summarizing the results of the drug and alcohol testing program. At December 31, 2007, OCTA had 1,584 employees classified as safety sensitive for purposes of random drug and alcohol testing.

The Human Resources Department (Human Resources) is responsible for managing several contracts for physical examinations, alcohol testing, drug screens, California Department of Motor Vehicles (DMV) DL-51 recertification services, post-offer medical examinations, vaccinations, and associated medical review officer services.

Contract services for post-offer medical examinations are managed by the Employment Section of Human Resources. Contract services for DMV recertification, vaccinations, alcohol testing, and drug screens are managed by the Compensation & Benefits Section of Human Resources.

Discussion

Due to concerns raised in the prior fiscal year by Human Resources and the safety related aspects of medical services providers, Internal Audit included a review of the medical examinations and services contracts in its fiscal year 2007-08 Internal Audit Plan. The review objectives were to determine compliance with contract terms and adequacy of internal controls over management of the contracts.

During the review, Internal Audit noted that OCTA was not receiving required semi-annual statistical reports from clinical laboratory subcontractors as required by the contract. Such reports are required by the FTA and are an essential tool for monitoring the drug and alcohol testing program. Internal Audit also noted that blind urine specimens were not being sent to the clinical laboratories as required by the contract. This too, is part of a quality assurance process to ensure that the laboratories are providing accurate test results. OCTA has also not performed an independent quality assurance inspection of the medical contractors or their clinical laboratories regarding medical procedure protocols and specimen collection processes.

Compliance with the invoice preparation requirements of the contracts could be improved. Social security numbers should be excluded from the invoices and Human Resources staff should consider including the contract number on the patient authorization form to reduce the possibility of the wrong service being provided.

Summary

Based on the review, Internal Audit offered six recommendations and management has indicated they have been or will be implemented.

Attachment

A. Medical Examinations and Services Contract Compliance Review, Internal Audit Report No. 08-006

Prepared by:

Kathleen O'Connell

Kathleen M. O'Connell
Manager, Internal Audit
(714) 560-5669

ATTACHMENT A

OCTA

INTEROFFICE MEMO

November 3, 2008

To: Jim Kenan, Executive Director
Finance, Administration & Human Resources

From: Gerry Dunning, Senior Internal Auditor GD
Internal Audit

Subject: **Medical Examinations and Services Contract Compliance Review - Internal Audit Report No. 08-006**

Attached hereto is the Medical Examinations and Services Contract Compliance Review, Internal Audit Report No. 08-006. The management responses to the six recommendations made in the review have been incorporated into the attached final audit report. Internal Audit concurs with the responses.

We appreciate the cooperation received during this review. Internal Audit will follow up on management's planned corrective actions in six months.

Appendix: Medical Examinations and Services Contract Compliance Review, Internal Audit Report No. 08-006

c: Lisa Arosteguy
Najla DeBow
Gail Hantelmann
Lorraine Mills
Kathleen O'Connell

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

OCTA

Medical Examinations and Services Contract Compliance Review

INTERNAL AUDIT REPORT NO. 08-006

October 13, 2008

Internal Audit Team: Kathleen M. O'Connell, CPA, Internal Audit Manager
Gerry Dunning, CIA,CISA,CFE, Senior Internal Auditor

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Medical Examinations and Services
Contract Compliance Review
October 13, 2008

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Medical Examinations and Services
Contract Compliance Review
October 13, 2008

CONCLUSION

The Internal Audit Department has completed a contract compliance review of medical examination contracts managed by the Human Resources Department of the Orange County Transportation Authority. Based on this review, controls over the management of the contracts could be improved. Recommendations are being made to improve contract management and internal controls.

BACKGROUND

The Orange County Transportation Authority (OCTA) requires a physical examination and an alcohol and drug test for any individual who has been offered employment. The purpose of the physical examination is to ensure that the individual is physically able to perform all the functions of the job. The post-offer alcohol and drug test is part of OCTA's Alcohol and Drug Policy (Policy), reflecting alcohol and drug testing regulations promulgated by the U.S. Department of Transportation (DOT) and the Federal Transit Administration (FTA).

The policy requires random drug and alcohol testing for all safety sensitive employees. At December 31, 2007, OCTA had 1,584 employees classified as safety sensitive for purposes of random drug and alcohol testing. At the end of each calendar year, OCTA must provide a report to the DOT summarizing the results of the drug and alcohol testing program. The categories of tests reported include pre-employment, random, post-accident, reasonable suspicion/cause, return-to-duty, and follow-up tests.

According to the California Department of Motor Vehicles (DMV), a person may not drive a commercial motor vehicle unless he is physically qualified to do so. OCTA must also ensure that all employees licensed to drive a bus are recertified as to physical qualification every two years. Each driver must have on his person a current medical examiner's certificate verifying that he is physically qualified to drive a commercial motor vehicle.

The Human Resources Department (Human Resources) is responsible for managing medical services contracts for physical examinations, alcohol testing, drug screens, DMV DL-51 recertification services, post-offer medical examinations, vaccinations and associated Medical Review Officer (MRO) services.

Contract services for post-offer medical examinations are managed by the Employment Section of Human Resources. Contract services for DMV recertification, vaccinations, alcohol testing and drug screens are managed by the Compensation & Benefits Section of Human Resources.

Medical Examinations and Services
Contract Compliance Review
October 13, 2008

OCTA has two contracts with Pacific Medical Clinic for medical services. Agreement No. C-6-0339 is primarily used for DMV vehicle recertification services. The maximum obligation for this contract is $218,500, for the first three years effective June 26, 2006. Services paid for on this agreement through December 31, 2007, were $105,068. Agreement No. C-2-1264 is primarily used for post-offer medical examinations. The maximum obligation for this contract is $270,000, effective July 1, 2003. Services paid for on this contract through December 31, 2007, were $194,752.

OCTA has two contracts with Golden West Medical Center for medical services. Agreement No. C-6-0135 is primarily used for physical examinations, vaccinations, alcohol testing and drug screens. The maximum obligation for this contract is $181,500, effective June 26, 2006. Services paid for on this contract through December 31, 2007, were $62,527. Agreement No. C-3-0494 is primarily used for post-offer medical examinations. The maximum obligation for this contract is $270,000, effective June 9, 2003. Services paid for on this second contract through December 31, 2007, were $34,517.

Pacific Medical Clinic and Golden West Medical Center both subcontract with clinical laboratories for drug and alcohol analysis and testing. A clinical laboratory is defined in state and federal law as any place where testing is done on human specimens for diagnostic purposes. The laboratories used by the medical providers are required to be licensed and approved for use by OCTA, the Federal Government and the State of California. The laboratories must follow all Department of Health & Human Services (DHHS) rules and guidelines and 49 Code of Federal Regulations (CFR) Part 40 procedures. The laboratories must provide semi-annual statistical summaries to OCTA as required by DOT and FTA regulations.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Internal Audit Plan for Fiscal Year 2007-08 included a review of Medical Examinations and Services Contracts. The review objectives were to determine compliance with contract terms and adequacy of internal controls over management of the contracts. The scope included invoices paid for the period July 1, 2006 through December 31, 2007. The audit approach included, but was not limited to the following:

- Review of the allowability of payments and required reporting.
- Review of the process and internal controls used by OCTA in the approval of invoices.
- Review of contractor invoice preparation process for compliance with contract terms.
- Review of OCTA's Alcohol and Drug Policy.
- Review of DOT and FTA regulations.
- Review of standards for blind urine specimens.

- Review of the 2007 DOT year end drug and alcohol testing reports filed by OCTA and Veolia (for safety sensitive employees).
- Review of license requirements for clinical laboratories in California.
- Review of recent state audits and United States Government Accountability Office reports related to testing programs.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that Internal Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for these findings and conclusions based on the audit objectives.

AUDIT COMMENTS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Noteworthy Accomplishments

Written policies and procedures are one means of ensuring that employees consistently, appropriately, and effectively implement internal control. This is particularly true in the authorization of payments.

Internal Audit noted during this review that OCTA Human Resources has written procedures in place to compare invoiced services to the services requested in order to reduce the chance of an unauthorized or duplicate payment.

Safety Sensitive employees are subject to random drug testing according to the FTA regulations and the OCTA Alcohol and Drug Policy. Internal Audit noted that Human Resources staff are using a computer based random number selection method to determine the employees to be tested. This enables OCTA to comply with the regulations and the OCTA policy.

Required Laboratory Reports Are Not Being Received

Clinical laboratories used by Pacific Medical Clinic and Golden West Medical for urine specimen analysis are not providing semi-annual statistical summaries to OCTA as required by the contracts with OCTA. The reports are due by January 20th, for July 1 through December 31, and July 20th, for January 1 through June 30. These reports allow OCTA to independently verify test results received during the course of the six-month period. For example, if, during the course of a six-month period, OCTA received reports that two individuals tested positive for drugs but the semi-annual report indicates that four individuals tested positive for drugs, OCTA could identify and investigate the discrepancy.

Oversight of clinical laboratories is particularly critical, as the State of California's oversight of these facilities has declined. A recent audit by the State of California Auditor (Appendix 1) found that the Department of Public Health's Laboratory Field Services is not performing required inspections every two years of laboratories that accept specimens. In fact, this department does not plan to conduct inspections unless it receives additional resources.

Recommendation 1: Internal Audit recommends that OCTA ensure that clinical laboratories are submitting semi-annual reports as required by the contracts. The summary reports should then be reconciled to OCTA data and exceptions should be documented and investigated.

Management Response:

We agree with the audit findings. Phamatech, the clinical laboratory used by Pacific Medical Clinic for specimen analysis has provided OCTA with the semi-annual statistical summaries as required by the contracts. The last report received was for the period of January 1, 2008 through June 30, 2008. This report was reviewed and verified by Human Resources. We are in the process of establishing this process with Golden West Medical Center. They will have this in place by November 15, 2008.

Blind Urine Specimens Are Not Sent To Clinical Laboratories

Blind urine specimens are not being sent to the clinical laboratories. A blind urine specimen is a specimen submitted to a clinical laboratory for quality control testing purposes, with a fictitious identifier and a predetermined result, so that the laboratory cannot distinguish it from an employee specimen. OCTA's contracts with Pacific Medical Clinic and Golden West Medical Center require that one blind specimen be sent to their clinical laboratories for each one hundred specimens examined.

The failure of OCTA to enforce the blind specimen requirement and the lack of inspections being performed by the State of California licensing agency reduce the quality controls designed to ensure that the testing process is working properly.

Recommendation 2: Internal Audit recommends that Human Resources work with Pacific Medical Clinic and Golden West Medical Center to develop a method for obtaining and processing blind urine specimens as required by the contracts. OCTA staff should document the results of these blind urine specimens and investigate any exceptions.

Management Response:

We agree with the audit findings and were aware that some of the terms of the contract were not being met. We contacted the Internal Audit team and requested such audit to be conducted.

According to DOT regulations (40.103), an employer with an aggregate of 2,000 or more DOT covered employees, must send blind specimens to laboratories they use. If an employer such as OCTA has fewer than 2,000 DOT covered employees, they are not required to provide blind specimens. For every 100 specimens sent to the laboratories each year, the number of blind specimens submitted should be equivalent to one percent of the specimens sent, up to a maximum of 50 blind specimens in each quarter.

OCTA's contracts with Pacific Medical Clinic and Golden West Medical Center require they submit 3 blind specimens for every 100 OCTA employee specimens tested. Pacific Medical Clinic had performed 497 drug tests for OCTA for the period of January 1, 2008 through June 30, 2008. They submitted 15 Blind Quality Control (QC) Samples and the reported result was the same as the expected result. Golden West Medical Center has purchased the blind specimens and is in the process of submitting them to the laboratory. Golden West Medical Center will provide the results to us by November 1, 2008.

<u>Quality Assurance Inspections Should Be Performed. OCTA Departments Should Coordinate On Contract Compliance Issues Related to Safety.</u>

The scope of work for the contracts between OCTA and the medical providers include numerous technical requirements designed to ensure that drug and alcohol screenings are accurate and will detect problems that could impact OCTA system safety. These technical requirements apply to both the medical providers and their subcontracted clinical laboratories. Examples of a few such technical provisions include the chain of custody of specimens, the calibration of instruments, the manner in which specimens are prepared for analysis, patient education, and technician qualifications.

OCTA's contracts with the medical providers also allow for annual inspections of the clinics and their specimen collection sites, without prior notice, to ensure these technical standards are being followed.

The United States Government Accountability Office (GAO) recently conducted undercover tests of specimen collection sites for the DOT. The GAO's work exposed significant vulnerabilities in DOT's drug testing program. The GAO concluded that a drug user could easily pass a DOT drug test and continue to work in his or her safety-sensitive commercial transportation job because DOT drug testing protocols were not strictly followed (see Appendix 2).

OCTA has not performed an independent quality assurance inspection of Pacific Medical Clinic, Golden West Medical Center, or their clinical laboratories regarding their medical procedure protocols and specimen collection process. Since many of these contractual provisions require medical expertise, they were beyond the scope of this audit.

Recommendation 3: Internal Audit recommends that Human Resources exercise the contract provision allowing for independent quality assurance inspections of the medical services and specimen collection requirements of OCTA's contract. This independent quality assurance review should be included as part of a regular quality assurance program that ensures contractor compliance with all legal and contract compliance requirements. Furthermore, due to the safety implications of the DOT standards and protocols, Internal Audit recommends that the Safety and Environmental Compliance Department monitor the results of such a quality assurance program to ensure all safety issues are addressed in a timely and effective manner.

Management Response:

We agree with the audit findings. It is an acceptable practice in the industry for the Human Resources staff to conduct such inspections. Periodically we have conducted inspections of the clinics. Our next inspections which will take place in January 2009, will be conducted without prior notice to the clinics.

Invoice Submissions Do Not Comply With Contract Requirements

A review of invoices submitted for payment for December 2007, from Pacific Medical Clinic and Golden West Medical Center identified the following matters that do not comply with contract terms.

- Invoices sent to OCTA are not certified.

  Invoices for Agreement No. C-6-0339 with Pacific Medical Clinic and Agreement No. C-6-0135 with Golden West Medical Center do not include a certification by the contractors that the invoice is a true, complete, and correct statement of reimbursable costs as required by the contracts. The contracts also require that the contractors certify that the invoice does not include any amount that the contractor intends to withhold or retain from a subcontractor, laboratory, or supplier.

- Contract numbers are not included on Invoices.

  Invoices for Agreement Nos. C-6-0339 and C-2-1264 with Pacific Medical Clinic, and Agreement No. C-6-0135 with Golden West Medical do not include the contract number on the invoice. The contracts all require that the contract number be included on the invoice. Because OCTA has multiple contracts with each of these vendors, including the contract number on each invoice will enable the payment to be processed in a timely manner and reduces the possibility that the payment will be applied to the wrong contract.

- Two copies of the invoice are not being provided directly to OCTA Accounts Payable.

  Invoices submitted for Agreement No. C-6-0135 with Golden West Medical Center had only one copy of the invoice being sent to Accounts Payable. Copies of the invoice were sent directly to Human Resources by the contractor. The contract requires that two copies of the invoice be sent directly to OCTA Accounts Payable. Accounts Payable keeps one and distributes the second copy to Human Resources staff for approval prior to payments being made.

Recommendation 4: Internal Audit recommends that OCTA work with the contractors to ensure that contract terms are followed when submitting invoices.

Management Response:

We agree with the audit findings. Invoices for Agreement No. C-6-0339 with Pacific Medical Clinic do include a certification by the contractors that the invoice is true, complete and correct statement of reimbursable costs as required by the contracts. We are in the process of establishing this process with Golden West Medical Center. They will have this in place for the next billing cycle.

As a result of our meeting with the Internal Audit team on October 9, 2008, we have agreed to make some slight changes to the invoicing procedure. We have made requests to Pacific Medical Clinic and Golden West Medical Center to send duplicate invoices to OCTA. The invoice to Accounts Payable will contain only the total amount due. The invoice to Human Resources will have the total amount due along with the itemized charges. Human Resources made this request to change the procedure due to the confidential information contained in the invoices.

Social Security Numbers Should Be Excluded From Invoices

A review of invoices submitted for December 2007, for Agreement No. C-6-0135 with Golden West Medical Center found that employee social security numbers are being included in the supporting detail. The information is provided to Human Resources and Accounts Payable and this sensitive information is visible to many individuals that have no need for it. Health Insurance Portability and Accountability Act (HIPAA) guidelines and good business practices suggest that the social security number need not be included. This reduces the possibility of identity theft.

Recommendation 5: Internal Audit recommends that OCTA work with the contractor to ensure that only the last four digits of the social security number are included on the invoice.

Management Response:

We agree with the audit findings. This has been corrected and is in place as of May 1, 2008. The invoices for Agreement No. C-6-0135 with Golden West Medical Center does not include the employee social security numbers. Employees are identified by their badge number.

Contract Number Should Be Included On Patient Authorization Forms

Through discussion with Pacific Medical Clinic staff, Internal Audit noted that the patient authorization form that the OCTA employee brings with them to Pacific Medical Clinic does not have the OCTA contract number on this form. Human Resources provides the patient authorization form to the employee prior to their going to the clinic.

Because OCTA has two contracts with Pacific Medical Clinic for several different services, having the correct contract number on the authorization form would expedite the process, reduce the possibility that the wrong service was provided and ensure that the invoice is prepared using the correct contract.

Recommendation 6: Internal Audit recommends that Human Resources include the contract number on all patient authorization forms in order to expedite the process and reduce the possibility of the wrong service being provided or the wrong contract being invoiced.

Management Response:

Through our invoice reconciliation process, all charges are reviewed and verified to be correct before being processed to accounts payable. Any charges which appear on the invoice that do not pertain to services rendered under Agreement No. C-6-0339 with Pacific Medical Clinic are first reviewed and verified with the clinic then removed from the invoice. Human Resources will prepare a separate patient authorization form that the Employment Section will use for Pre-Employment (Post Offer) exams and drug/alcohol testing when applicable.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Medical Examinations and Services
Contract Compliance Review
October 13, 2008

APPENDIX A: California State Auditor Fact Sheet

CALIFORNIA
STATE AUDITOR
Elaine M. Howle, State Auditor

FACT SHEET

Date: **September 4, 2008** **Report: 2007-040**

The California State Auditor released the following report today:

Department of Public Health

Laboratory Field Services' Lack of Clinical Laboratory Oversight Places the Public at Risk

BACKGROUND

Clinical laboratories analyze human specimens such as blood, tissue, and urine so medical professionals can make diagnoses and prescribe treatment. The Department of Public Health's Laboratory Field Services (Laboratory Services) is responsible for licensing, registering, and overseeing these clinical laboratories. Laboratory Services is required to inspect licensed laboratories, monitor proficiency testing, investigate complaints it receives against laboratories, and sanction laboratories that fail to correct deficiencies. To cover the cost of carrying out these responsibilities, Laboratory Services collects fees from the laboratories it oversees.

KEY FINDINGS

Our review of Laboratory Services' oversight of clinical laboratories revealed the following:

- Although it is required to inspect both in-state and out-of-state clinical laboratories that accept specimens originating inside the State every two years, it has not done so nor does it plan to conduct such inspections unless it receives additional resources. As of June 2007 Laboratory Services had not inspected 1,970 licensed laboratories that it should have nor had it inspected 91 out-of-state laboratories either when originally licensed or subsequently.
- It has inadequate policies and procedures and outdated regulations regarding proficiency testing—an external evaluation to verify the accuracy and reliability of laboratories' test results for those laboratories performing moderate-to-high-complexity tests.
- Laboratory Services' policies and procedures lack key controls to promptly log, prioritize, track, and investigate complaints it receives. It had a backlog of complaints and closed many of them without taking action.
- It has imposed few sanctions in recent years. Moreover, because it lacks an effective tracking mechanism, it could not identify the total number and types of sanctions it did impose.
- Information technology resources do not support all Laboratory Services' needs or supply complete and accurate management data related to the work it performs, further hindering it from meeting its mandated responsibilities. Its internal databases that support its enforcement activities contain some illogical, incomplete, or incorrect data that could not be used to effectively track activities or make sound decisions.
- It could use its existing resources more strategically and maximally by exercising more oversight when it renews licenses and registrations such as verifying that laboratory personnel have required licenses during the renewal process. Further, it has not taken advantage of its authority to approve accreditation organizations that can provide laboratory oversight or contract some of its inspection and investigations responsibilities.
- It incorrectly adjusted the fees it charges to laboratories, resulting in more than $1 million in lost revenue.

KEY RECOMMENDATIONS

We made many recommendations to Laboratory Services including that it ensure it performs all its mandated oversight responsibilities regarding inspecting laboratories, monitoring testing results, and reviewing and investigating complaints. We also identified areas where Laboratory Services could use existing resources more strategically and maximize their utility, and we recommended that it identify and explore opportunities to leverage existing processes and procedures. Moreover, we recommended that Laboratory Services ensure that its data systems support its needs.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Medical Examinations and Services
Contract Compliance Review
October 13, 2008

APPENDIX B: GAO Highlights – Drug Testing

GAO
Accountability•Integrity•Reliability
Highlights

Highlights of GAO-08-225T, a testimony before the Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

To help prevent accidents resulting from drug use by individuals in safety-sensitive positions, the Department of Transportation (DOT) requires motor carriers to conduct drug testing of their employees. These drug tests involve collecting a urine specimen from employees. To ensure the integrity of the urine specimen and the collection process, DOT regulations provide numerous protocols that outline collection procedures and identify controls to prevent employees from defeating a drug test.

Recent media accounts indicate that some sites performing DOT drug test collections may not be adhering to the collection protocols. Moreover, given the different techniques a drug user may employ in an attempt to defeat a drug test, it is possible that a commercial truck driver could defeat a drug test by diluting, substituting, or adulterating a urine specimen in order to obtain a passing result. GAO was asked to perform an undercover operation to determine whether (1) urine collectors followed DOT protocols at selected collection sites and (2) commercially available products could be used to defeat drug tests.

To perform this undercover operation, GAO created two fictitious trucking companies and produced bogus driver's licenses. GAO investigators then posed as truck drivers to test 24 collection sites throughout the United States. GAO briefed DOT officials on its results and they agreed with the findings.

To view the full product, including the scope and methodology, click on GAO-08-225T. For more information, contact Gregory Kutz at (202) 512-6722 or kutzg@gao.gov.

November 1, 2007

DRUG TESTING

Undercover Tests Reveal Significant Vulnerabilities i DOT's Drug Testing Program

What GAO Found

DOT's drug testing program is vulnerable to manipulation by drug users, especially given the wide availability of products designed to defeat drug test While all urine collection sites followed DOT protocols by asking GAO undercover investigators to provide identification, investigators successfully used bogus driver's licenses to gain access to all 24 sites—demonstrating tha a drug user could send someone to take a drug test in their place using fake identification. In addition, 22 of the 24 selected urine collection sites did not adequately follow the remaining protocols GAO tested. For example, 75 percent of the urine collection sites GAO tested failed to restrict access to items that could be used to adulterate or dilute the specimen, meaning that running water, soap, or air freshener was available in the bathroom during th test. The table below provides information about the high failure of selected protocols for the 24 collection sites tested.

Failure Rates for Selected DOT Protocols GAO Tested

Selected DOT urine specimen collection protocol	Percentage of the 2 collection sites th faile
Secure the facility from all substances that could be used to adulterate or dilute the specimen	7
Secure all sources of water in the restroom	6
Ask the employee to empty his/her pockets and display items to ensure no items are present that could be used to adulterate the specimen	4
Check the temperature of the specimen	1
Place a bluing agent in the toilet or secure it with tape	1

Source: GAO.

GAO also found that drug masking products such as adulterants, dilutants, and substitutes were widely available on the Internet. After purchasing drug masking products from Web sites, GAO investigators used adulterants at fou of the collection sites and substitute synthetic urine at another four sites without being caught by site collectors—demonstrating that these products could easily be brought into a collection site and used during a test. Even in one case where a collection site followed all DOT collection protocols regarding administration of the test, investigators were still able to substitute synthetic urine for their sample. Every drug masking product went undetecte by the drug screening labs. Provided the adulterant GAO used would be able to mask drug use as advertised, a drug user would likely be able to use the substances GAO tested to obtain a passing result on his or her test. Accordin to officials GAO interviewed at the Substance Abuse and Mental Health Services Administration (SAMHSA), companies that make drug-masking products are aware of government test standards and devise products that prevent laboratories from detecting them. SAMHSA is required to provide information to laboratories on how to test the validity of the urine specimens publicly providing detailed information on lab testing procedures on its Web site.

10.

OCTA

November 24, 2008

To:	Members of the Board of Directors
From:	Arthur T. Leahy, Chief Executive Officer
Subject:	Conflict of Interest Code and Annual Statement of Economic Interests Filing for 2008

Overview

Pursuant to the Orange County Transportation Authority's Conflict of Interest Code, Members of the Board of Directors and certain designated employees are required to file Statements of Economic Interests and the Conflict of Interest Code must be amended as appropriate.

Recommendations

A. Adopt the Orange County Transportation Authority Conflict of Interest Code and direct staff to forward the code for approval to the reviewing body, the Orange County Board of Supervisors.

B. Direct the Clerk of the Board to distribute and monitor Statements of Economic Interests for 2008 for Members of the Board of Directors, the Chief Executive Officer, and certain designated employees, and file those statements with the Clerk of the Orange County Board of Supervisors by April 1, 2009.

Background

The Political Reform Act requires that every local agency review its Conflict of Interest Code each year to determine if it is accurate to date. General Counsel has reviewed the code and the list of designated employees who are required to file Statements of Economic Interests.

Discussion

Members of the Orange County Transportation Authority (OCTA) Board of Directors, the Chief Executive Officer, and certain designated employees are required to file an annual Statement of Economic Interests Form 700 with the Clerk of the Orange County Board of Supervisors. In addition, other designated OCTA employees are required to file Form 700 with the OCTA's Clerk of the Board.

The Finance, Administration, and Human Resources Division reviewed the positions within the agency to determine which employees are required to file a statement, and under which category. General Counsel reviewed the employee list, the current Conflict of Interest Code, and its application to the OCTA.

The Appendix to the OCTA's Conflict of Interest Code lists the disclosure categories and a list of designated positions that are required to file with the OCTA's Clerk of the Board. Group 1 positions are required to disclose that person's interests in real property, investments, income, and business positions in business entities and sources of income. Group 2 positions must disclose that person's interest in investments, income, and business positions in business entities and sources of income.

The Clerk of the Board shall retain copies of all Statements of Economic Interests and forward the original statements of Board Members, the Chief Executive Officer, and certain designated employees, to the Filing Agency (Clerk of the Board, Orange County Board of Supervisors). The OCTA's Clerk of the Board shall retain original statements submitted by certain employees who are not required to be filed with the County Clerk.

Staff requests that all statements be submitted to the OCTA's Clerk of the Board by Friday, March 20, 2009, which will allow sufficient time for processing and meeting the California Fair Political Practices Commission's filing deadline of April 1, 2009.

Summary

The Board of Directors annually adopts the OCTA's Conflict of Interest Code, which directs that OCTA Board Members and certain designated OCTA employees file an annual Statement of Economic Interests, and these statements must be filed with the Orange County Clerk of the Board of Supervisors and the OCTA's Clerk of the Board by no later than April 1, 2009.

Attachments

A. Conflict of Interest Code for the Orange County Transportation Authority
B. Disclosure Categories for Filers of Form 700

Prepared by:

Wendy Knowles

Wendy Knowles
Clerk of the Board
(714) 560-5676

<u>ATTACHMENT A</u>

CONFLICT OF INTEREST CODE FOR THE

ORANGE COUNTY TRANSPORTATION AUTHORITY

The Political Reform Act, Government Code Sections 81000, <u>et seq</u>., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of the Orange County Transportation Authority.

Designated employees shall file Statements of Economic Interests with the Orange County Transportation Authority Clerk of the Board, who will make the statements available for public inspection and reproduction (Government Code Section 81008). Upon receipt of the statements of the members of the Board of Directors, the Chief Executive Officer, Deputy Chief Executive Officer, Director, Finance and Administration and Human Resources, Treasurer, and the Manager, Treasury and Public Finance, the Orange County Transportation Authority Clerk of the Board shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors. Statements for all other designated employees will be retained by the agency.

ADOPTED:

CONFLICT OF INTEREST CODE

ORANGE COUNTY TRANSPORTATION AUTHORITY

18730. Provisions of Conflict of Interest Codes

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of Article 2 of Chapter 7 of the Political Reform Act, Government Code Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) ***Section 1. Definitions.*** The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. Sections 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) ***Section 2. Designated Employees.*** The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) ***Section 3. Disclosure Categories.*** This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to

Article 2 of Chapter 7 of the Political Reform Act, Government Code Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under Article 2 of Chapter 7 of the Political Reform Act, Government Code Section 87200; and

(C) The filing officer is the same for both agencies.[1]

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) ***Section 4. Statements of Economic Interests: Place of Filing.*** Statements of Economic Interests shall be filed as follows:

(A) Members of the Board of Directors and the Chief Executive Officer shall file the original with the OCTA Clerk of the Board, who shall make and retain a copy and forward the original to the code reviewing body, the Board of Supervisors of the County of Orange, and

(B) All designated employees shall file the original with the OCTA Clerk of the Board.[2]

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[1] Designated employees who are required to file Statements of Economic Interests under any other agency's conflict of interest code, or under Article 2 for a different jurisdiction, may expand their Statement of Economic Interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code Section 81004.

(5) *Section 5. Statements of Economic Interests: Time of Filing.*

(A) *Initial Statements.* All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) *Assuming Office Statements.* All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) *Annual Statements.* All designated employees shall file statements no later than April 1.

(D) *Leaving Office Statements.* All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) *Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.* Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power, and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

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[2] See Government Code Section 81010 and 2 Cal. Code of Regs. Section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

(6) *Section 6. Contents of and Period Covered by Statements of Economic Interests.*

(A) *Contents of Initial Statements.* Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) *Contents of Assuming Office Statements.* Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) *Contents of Annual Statements.* Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Government Code section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to 2 Cal. Code Regs. section 18754.

(D) *Contents of Leaving Office Statements.* Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) *Section 7. Manner of Reporting.* Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) *Investments and Real Property Disclosure.* When an investment or an interest in real property[3] is required to be reported,[4] the statement shall contain the following:

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[3] For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

[4] Investments and interests in real property which have a fair market value of less than $1,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business

1. A statement of the nature of the investment or interest;

2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;

3. The address or other precise location of the real property;

4. A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars ($2,000), exceeds ten thousand dollars ($10,000), exceeds one hundred thousand dollars ($100,000), or exceeds one million dollars ($1,000,000).

(B) ***Personal Income Disclosure.*** When personal income is required to be reported,[5] the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars ($500) or more in value or fifty dollars ($50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars ($1,000) or less, greater than one thousand dollars ($1,000), greater than ten thousand dollars ($10,000), or greater than one hundred thousand dollars ($100,000).

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and for the term of the loan.

(C) ***Business Entity Income Disclosure.*** When income of a business entity, including income of a sole proprietorship, is required to be reported,[6] the statement shall contain:

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entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

[5] A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

[6] Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars ($10,000).

(D) ***Business Position Disclosure.*** When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) ***Acquisition or Disposal During Reporting Period.*** In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) ***Section 8. Prohibition on Receipt of Honoraria.***

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her Statement of Economic Interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

(8.1) ***Section 8.1. Prohibition on Receipt of Gifts in excess of $390.***

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than three hundred sixty dollars ($390) in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f) and (g) of Government Code Section 89503 shall apply to the prohibitions in this section.

(8.2) ***Section 8.2. Loans to Public Officials.***

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars ($500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) *Section 8.3. Loan Terms.*

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars ($500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) *Section 8.4. Personal Loans.*

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars ($100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars ($250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) *Section 9. Disqualification.* No designated employee shall make, participate in making, or in any way attempt to use this or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars ($2000) or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars ($2000), or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars ($500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating three hundred sixty dollars (*$390*) or more in value provided to; received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) ***Section 9.3. Legally Required Participation.*** No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) ***Section 9.5. Disqualification of State Officers and Employees.*** In addition to the general disqualification provisions of Section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value one thousand dollars ($1,000) or more.

(10) ***Section 10.*** ***<u>Disclosure of Disqualifying Interest.</u>*** When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act must be accompanied by disclosure of the disqualifying interest.

(11) ***Section 11.*** ***Assistance of the Commission and Counsel.*** Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code Section 83114 and 2 Cal. Code Regs. sections 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) ***Section 12.*** ***Violations.*** This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code Sections 81000 - 91014. In addition, a decision in relation to which violation of the disqualification provisions of this code or of Government Code Section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code Section 91003.

AUTHORITY: Section 83112, Gov. Code
REFERENCE: Sections 87300-87302, 89503, and 89504, Gov. Code

(Adopted by the Fair Political Practices Commission February 4, 1993, and as amended through **January 1, 2007.**)

ATTACHMENT B

DISCLOSURE CATEGORIES FOR FILERS OF FORM 700

1. Designated employees in Group "1" must file:

   An annual statement disclosing that person's interests in real property, investments, income, and business positions.

2. Designated employees in Group "2" must file:

   An annual statement disclosing that person's interest in investments, income, and business positions.

Conflict of Interest
2009

Designated Position	Disclosure Category	Schedules Associated
Analysis Project Manager	2	A-1, A-2, C, D and E
Assistant Base Manager, Bus Operations	2	A-1, A-2, C, D and E
Assistant General Manager, Operations	1	All
Base Manager, Bus Operations	1	All
Base Manager, Vehicle Maintenance	1	All
Benefits Analyst, Senior, Deferred Compensation	2	A-1, A-2, C, D and E
Business Computing Solutions Specialist, Lead	2	A-1, A-2, C, D and E
Business Computing Solutions Specialist, Senior	2	A-1, A-2, C, D and E
Business Systems Analyst, Principal, Financial Planning and Analysis	2	A-1, A-2, C, D and E
Business Systems Analyst, Senior, Contracts and Procurement	1	All
Business Systems Analyst, Senior, General Accounting	2	A-1, A-2, C, D and E
Buyer	2	A-1, A-2, C, D and E
Buyer, Associate	2	A-1, A-2, C, D and E
Buyer, Senior	1	All
CAMM Section Manager, Senior	1	All
Chief Executive Officer	1	All
Chief Information Officer	1	All
Chief of Staff	1	All
Chief Risk Officer	1	All
Civil Engineer, Principal	1	All
Civil Engineer, Senior	1	All
Claims Manager	1	All
Claims Representative	2	A-1, A-2, C, D and E
Claims Representative, Associate	2	A-1, A-2, C, D and E
Claims Representative, Senior	2	A-1, A-2, C, D and E
Code Administrator	2	A-1, A-2, C, D and E
Code Administrator, Senior	1	All
Construction Safety Officer	2	A-1, A-2, C, D and E
Consultant	1	All
Contracts Administrator	1	All
Contracts Administrator, Associate	2	A-1, A-2, C, D and E
Contracts Administrator, Principal	1	All
Contracts Administrator, Senior	1	All
Data Warehouse Architect	2	A-1, A-2, C, D and E
Data Warehouse Architect, Associate	2	A-1, A-2, C, D and E
Data Warehouse Architect, Senior	2	A-1, A-2, C, D and E
Database Administrator, Senior	2	A-1, A-2, C, D and E
Deputy Chief Executive Officer	1	All
Development Project Manager I, II, III	2	A-1, A-2, C, D and E

Conflict of Interest
2009

Designated Position	Disclosure Category	Schedules Associated
Director, Board of Directors	1	All
Director, Clerk of the Board	1	All
Director, Contracts Administration and Materials Management	1	All
Director, Finance, Administration, and Human Resources	1	All
Director, Highway Project Delivery	1	All
Director, Special Projects	1	All
Director, Strategic Planning	1	All
Director, Transit Project Delivery	1	All
Employee Programs Administrator	2	A-1, A-2, C, D and E
Executive Director, Development	1	All
Executive Director, External Affairs	1	All
Executive Director, Finance, Administration and HR	1	All
Executive Director, Internal Audit	1	All
Executive Director, Workforce Development	1	All
Field Administrator	1	All
Field Administrator, Senior	1	All
Financial Analyst, Principal	2	A-1, A-2, C, D and E
Financial Analyst, Senior, Contracts Administration and Materials Management	2	A-1, A-2, C, D and E
Fleet Analyst	2	A-1, A-2, C, D and E
Fleet Analyst, Senior	2	A-1, A-2, C, D and E
General Counsel	1	All
General Manager, Toll Roads	1	All
General Manager, Transit	1	All
Government Relations Representative, Principal	1	All
Grants Funding Manager	2	A-1, A-2, C, D and E
Grants Funding Specialist	2	A-1, A-2, C, D and E
Grants Funding Specialist, Associate	2	A-1, A-2, C, D and E
HR Section Manager, Senior, Compensation and Benefits	2	A-1, A-2, C, D and E
Internal Audit Section Manager, Senior	1	All
Internal Auditor, Associate	1	All
Internal Auditor, Principal	1	All
Internal Auditor, Senior	1	All
Intranet/Multimedia Specialist	2	A-1, A-2, C, D and E
Intranet/Multimedia Specialist, Senior	2	A-1, A-2, C, D and E
Inventory Analyst	2	A-1, A-2, C, D and E
Investment Officer	2	A-1, A-2, C, D and E
Investment Officer, Senior	2	A-1, A-2, C, D and E
IS Business Strategist	1	All
IS Project Manager I	2	A-1, A-2, C, D and E
IS Project Manager II	2	A-1, A-2, C, D and E

Conflict of Interest
2009

Designated Position	Disclosure Category	Schedules Associated
IS Project Manager III	2	A-1, A-2, C, D and E
IS Section Manager, Senior	2	A-1, A-2, C, D and E
IS Security Analyst	2	A-1, A-2, C, D and E
IS Security Analyst, Associate	2	A-1, A-2, C, D and E
IS Security Analyst, Senior	2	A-1, A-2, C, D and E
Lieutenant, Orange County Sheriff's Department	1	All
Local Government Relations Representative, Principal	2	A-1, A-2, C, D and E
Maintenance Analyst, Senior	2	A-1, A-2, C, D and E
Maintenance Field Administrator, Senior	2	A-1, A-2, C, D and E
Maintenance Supervisor	2	A-1, A-2, C, D and E
Manager, Accounting and Financial Reporting	1	All
Manager, Bus Operations	1	All
Manager, Capital and Local Programs	1	All
Manager, Community Transportation Services	1	All
Manager, Contracts and Procurement	1	All
Manager, Employee and Labor Relations	1	All
Manager, Federal Relations	1	All
Manager, Financial Planning and Analysis	1	All
Manager, Human Resources	1	All
Manager, Internal Audit	1	All
Manager, Maintenance	1	All
Manager, Marketing	1	All
Manager, Metrolink Expansion	1	All
Manager, Operations Analysis	1	All
Manager, Planning and Analysis	1	All
Manager, Public Communications	1	All
Manager, Safety, Environmental Compliance	1	All
Manager, Security and Emergency Preparedness		
Manager, Service Planning and Customer Advocacy	1	All
Manager, State Relations	1	All
Manager, Transit Program Management	1	All
Manager, Transportation Analysis/GIS	1	All
Media Relations Officer	1	All
Media Relations Specialist, Senior	1	All
Network Analyst	2	A-1, A-2, C, D and E
Network Analyst, Associate	2	A-1, A-2, C, D and E
Network Analyst, Senior	2	A-1, A-2, C, D and E
Operations Analyst	2	A-1, A-2, C, D and E
Operations Analyst, Associate	2	A-1, A-2, C, D and E
Operations Analyst, Senior	2	A-1, A-2, C, D and E

Conflict of Interest
2009

Designated Position	Disclosure Category	Schedules Associated
Printing and Reprographics Administrator	2	A-1, A-2, C, D and E
Program Manager, Highway Project Delivery	1	All
Program Manager, Local Initiatives	1	All
Program Manager, Regional Initiatives	1	All
Project Controls Analyst	2	A-1, A-2, C, D and E
Project Controls Analyst, Principal	2	A-1, A-2, C, D and E
Project Controls Analyst, Senior	2	A-1, A-2, C, D and E
Project Manager	1	All
Public Information Officer	2	A-1, A-2, C, D and E
Rail Right-of-Way Administrator	1	All
Right-of-Way Administrator	1	All
Right-of-Way Administrator, Principal	1	All
Right-of-Way Administrator, Senior	1	All
Safety, Health and Environmental Specialist	2	A-1, A-2, C, D and E
Safety, Health and Environmental Specialist, Senior	2	A-1, A-2, C, D and E
Schedule Analyst	1	All
Schedule Analyst, Associate	1	All
Schedule Analyst, Senior	1	All
Section Manager, Access Services	1	All
Section Manager, Accounting Operations	2	A-1, A-2, C, D and E
Section Manager, Accounting/Reporting	2	A-1, A-2, C, D and E
Section Manager, Accounts Payable	2	A-1, A-2, C, D and E
Section Manager, Advertising and Promotions	2	A-1, A-2, C, D and E
Section Manager, Budget Development	2	A-1, A-2, C, D and E
Section Manager, Capital and Local Programs	1	All
Section Manager, Comprehensive Business Plan/Grants	2	A-1, A-2, C, D and E
Section Manager, Creative Services	2	A-1, A-2, C, D and E
Section Manager, Employment	2	A-1, A-2, C, D and E
Section Manager, Facilities	2	A-1, A-2, C, D and E
Section Manager, Facilities Maintenance	1	All
Section Manager, General Accounting	2	A-1, A-2, C, D and E
Section Manager, General Services	2	A-1, A-2, C, D and E
Section Manager, Geographic Information Systems	1	All
Section Manager, Inventory Control	1	All
Section Manager, IS Business Support Services	2	A-1, A-2, C, D and E
Section Manager, Long Range Strategies	1	All
Section Manager, Maintenance	2	A-1, A-2, C, D and E
Section Manager, Maintenance Procurement Team	2	A-1, A-2, C, D and E
Section Manager, Maintenance Resource Management	1	All
Section Manager, Maintenance Support Services	2	A-1, A-2, C, D and E

Conflict of Interest
2009

Designated Position	Disclosure Category	Schedules Associated
Section Manager, Marketing Research and Program Development	2	A-1, A-2, C, D and E
Section Manager, Media Relations	1	All
Section Manager, Motorist Services	1	All
Section Manager, Operations Planning and Scheduling	1	All
Section Manager, Operations Support	1	All
Section Manager, Payroll	2	A-1, A-2, C, D and E
Section Manager, Planning and Analysis	1	All
Section Manager, Procurement Team or Capital Projects	1	All
Section Manager, Programming	1	All
Section Manager, Project Controls	2	A-1, A-2, C, D and E
Section Manager, Project Development, Planning and Analysis	1	All
Section Manager, Regional Transportation Modeling	1	All
Section Manager, Right-of-Way	1	All
Section Manager, Scheduling	1	All
Section Manager, Streets and Roads Program Delivery	1	All
Section Manager, Technical Services	2	A-1, A-2, C, D and E
Section Manager, Training and Development	2	A-1, A-2, C, D and E
Section Supervisor, Accounts Payable	2	A-1, A-2, C, D and E
Section Supervisor, Facility Maintenance	2	A-1, A-2, C, D and E
Section Supervisor, Office Services	2	A-1, A-2, C, D and E
Section Supervisor, Records and Asset Management	2	A-1, A-2, C, D and E
Section Supervisor, Revenue	1	All
Section Supervisor, Stores, Contracts Administration and Materials Management	2	A-1, A-2, C, D and E
Service Analyst, Senior	1	All
Stops And Zones Analyst	1	All
Stops and Zones Analyst, Senior	1	All
Stops and Zones Planner, Associate	1	All
Stops and Zones Planner, Senior	1	All
Systems Software Analyst	2	A-1, A-2, C, D and E
Systems Software Analyst, Associate	2	A-1, A-2, C, D and E
Systems Software Analyst, Senior	2	A-1, A-2, C, D and E
Telecommunications Administrator/ Coordinator	2	A-1, A-2, C, D and E
Traffic Engineer	2	A-1, A-2, C, D and E
Traffic Engineer, Associate	2	A-1, A-2, C, D and E
Traffic Engineer, Principal	2	A-1, A-2, C, D and E
Training and Development Administrator	2	A-1, A-2, C, D and E
Training and Development Administrator, Principal	2	A-1, A-2, C, D and E
Training and Development Administrator, Senior	2	A-1, A-2, C, D and E
Transit Project Manager	2	A-1, A-2, C, D and E
Transit Project Manager, Senior	2	A-1, A-2, C, D and E

Conflict of Interest
2009

Designated Position	Disclosure Category	Schedules Associated
Transportation Analyst	1	All
Transportation Analyst, Principal	1	All
Transportation Analyst, Scheduling, Commuter Rail, or Planning	1	All
Transportation Analyst, Senior	1	All
Transportation Analyst, Senior, Community Transportation Services	2	A-1, A-2, C, D and E
Warranty Coordinator	2	A-1, A-2, C, D and E
Warranty Coordinator, Senior	2	A-1, A-2, C, D and E
Web Developer	2	A-1, A-2, C, D and E
Web Developer, Content	2	A-1, A-2, C, D and E
Web Developer, Content, Senior	2	A-1, A-2, C, D and E
Web Developer, Senior	2	A-1, A-2, C, D and E

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Orange County Transportation Authority 2009 State Platform

Legislative and Communications Committee Meeting of November 6, 2008

Present: Directors Bates, Buffa, Cavecche, and Mansoor
Absent: Directors Brown, Glaab, and Rosen

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (reflects a change from staff recommendations)

A. Adopt the Orange County Transportation Authority 2009 State Legislative Platform.

B. Direct staff to distribute the adopted platform to legislators, advisory committees, local governments, affected agencies, the business community, and other interested parties.

C. Direct staff to explore language for staggering public member terms through an omnibus bill and bring potential language back for further discussion prior to any action.

OCTA

November 6, 2008

To:	Legislative and Communications Committee
From:	Arthur T. Leahy, Chief Executive Officer
Subject:	Orange County Transportation Authority 2009 State Legislative Platform

Overview

The draft 2009 State Legislative Platform has been revised based upon input and is submitted for consideration and adoption.

Recommendations

A. Adopt the Orange County Transportation Authority 2009 State Legislative Platform

B. Direct staff to distribute the adopted platform to legislators, advisory committees, local governments, affected agencies, the business community, and other interested parties

Background

The State Legislative Platform is an informational tool the Orange County Transportation Authority (OCTA) Board of Directors (Board), Orange County State Delegation members, and OCTA staff can use as a guide to understand what the important transportation issues facing the state are anticipated to be in the coming year and how OCTA plans to approach those issues.

Within the platform, OCTA's sponsored legislation is always a high priority. The topics in the "key transportation policy issues" section are derived from actions taken by the Governor and Legislature over previous legislative sessions as well as research by State Relations staff, with input from various stakeholders, to determine what the key issues are anticipated to be strongly debated in the coming session. This section also includes the key issues that OCTA will be dedicating a great deal of resources toward for the benefit of Orange County. The sections that follow are used to convey the Board's broad positions on a variety of issues and guide staff to make recommendations on bill positions to the Board as the issues arise.

The legislative platform does not serve as an official document identifying OCTA Board legislative positions. OCTA does not take any positions on legislation unless the Board has taken specific action to do so. Therefore, the listed items in the platform are used as guidelines to direct staff in preparing analyses which provide a well-balanced perspective on specific legislation.

Discussion

The OCTA Draft 2009 State Legislative Platform was reviewed and approved for further circulation by the Legislative and Communications Committee (Committee) on September 18, 2008, and by the Board at its September 22, 2008, meeting. The draft platform was circulated to over 300 groups and individuals to comment on the proposed changes. Additional revisions have been made based upon input received during this process. The resulting document is included as Attachment A. Proposed changes from the 2008 State Legislative Platform are designated by underlined and strikeout text. In addition, for reference, a clean copy of the proposed 2009 State Legislative Platform is included as Attachment B.

2009 State Legislative Platform Modifications and Highlights

The following are modifications which have been made since the document was approved for circulation. The modifications include input from the Board and additional input from OCTA staff.

OCTA Board and Committee Modifications

At the September 18, 2008, Committee meeting, members discussed the proposed deletion of Section (V)(j) (page 5), which reads, "Seek an administrative/legislative remedy that increases utilization of high-occupancy vehicle (HOV) lanes, including unlimited ingress/egress and use by single occupant vehicles during off peak hours." Because of the current regional nature of designating HOV lanes as continuous access, state legislation providing for such designation is no longer necessary. However, many Committee members expressed the sentiment that this item should continue to be expressed as a high priority for OCTA when dealing with state administrative bodies, and in future legislative efforts. The Committee suggested that the provision could be re-worded so that OCTA's continued promotion of continuous access as an effective tool in creating increased efficiency within HOV lanes is clearly expressed.

In order to ensure that OCTA maintains its supportive position of future efforts to allow continuous access on a broader scope, while noting the regional nature of the issue, Section (V)(j) has been amended to read, "Continue to work with Caltrans and regional agencies on expanding utilization of continuous access of high-occupancy vehicle lanes."

A suggestion was also made during the Committee discussion to amend Section II(b) (page 8) so that it would be divided into two sentences, with a period being placed after the first portion of the principle so that it reads: "Oppose any new/and or increase in gasoline sales taxes or user fees." A motion was not made during Committee; however, it was recommended to revise the statement and the issue was forwarded for discussion to the full Board of Directors for consideration.

As recognized during Committee discussion, such a change could be viewed as contradictory to some recent OCTA actions, including the passage of Renewed Measure M, and the use of congestion pricing on the 91 Express Lanes. In addition, by conclusively stating that OCTA is against new taxes or user fees without qualification, this could create inflexibility in pursuing new proposals such as container fees through SB 974 (Lowenthal, D-Long Beach). As the statement reads now, it allows for a maintenance of OCTA's traditional questioning of new taxes or user fees, but provides some flexibility by stating that any proposal should include a direct nexus and local control by the county transportation commission. Because the currently included principle addresses many of the concerns addressed at the Committee meeting, including the need for a direct nexus and local control, the current statement has been maintained within the Platform unless further modified by action of the Board.

Finally, at the request of the Legislative Committee Chair, staff has created a summary highlighting OCTA's highest priority state legislative initiatives for 2009 (Attachment C). This summary will provide Board and staff members with an easy to read document showing OCTA's highest priority needs for the 2009 session when in discussions with legislative offices and stakeholders.

Staff Modifications

Staff has continued to research issues that may require further legislative or regulatory remedy and the following issues are proposed to be added to the 2009 State Legislative Platform.

A major bill proposed to be sponsored has been added to the Sponsor Bills section under key issues (page 7). The proposal is to sponsor legislation that facilitates local flexibility and coordination in the development of the Los Angeles – San Diego Rail Corridor Agency (LOSSAN) corridor.

In 1996, the Legislature passed SB 457 (Chapter 263, Statutes of 1996), which provided a framework for an interagency transfer agreement whereby control over the functions of the LOSSAN corridor would be transferred from the California Department of Transportation to a local joint powers entity, which would include the counties of Orange, Los Angeles, San Diego, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, Imperial, and Ventura. This framework would allow more local control over planning decisions to best meet the local needs of the region.

However, the deadlines established for such transfer have since expired, with only the Capitol Corridor exercising the authority granted under the SB 457 framework. Through the proposed sponsor legislation, a framework will be established to extend the deadlines to allow for the option of an interagency transfer which allows for local control and flexibility. Staff will work with companion transportation agencies within the region to develop a suitable mechanism that will allow for the transfer option.

Staff also added a new subsection (d) under the Key Issues Goods Movement section (page 6), which states, "Work with state and regional partners on the development of a locally controlled container fee that supports goods movement infrastructure and mitigation while maintaining a nexus between the fee and the project being funded."

Although SB 974 was vetoed this year, the importance of mitigating the impacts of goods movement on both the transportation system and air quality continues to be recognized. Various proposals have been raised to pursue a container fee program similar to that which was proposed under SB 974 next session. In keeping with OCTA's position, as adopted in OCTA's Principles for a Container Fee Program, the proposed addition to the platform seeks to ensure that there is a nexus between any fee proposed and project retaining the definition of a fee, rather than a tax. In addition, the principle seeks to ensure that any new proposals will be locally controlled to ensure that those areas immediately impacted by goods movement, which will be best able to decide where funding is most needed, will be those with decision-making authority.

Finally, staff made an additional change to the Platform by deleting Section IX(e) (page 14), which read, "Work closely with the County of Orange on legislation that is introduced that may affect membership in the Orange County Employees Retirement System (OCERS)." This statement was originally included due to a prior proposal by the County of Orange to pull out of OCERS. The County's withdrawal would have created many new responsibilities for OCTA, which would have been the largest entity remaining in OCERS. However, after further investigation, the County decided to remain within OCERS and no longer advocates for such proposed action. Because this no longer remains a current issue, it is recommended that the statement be deleted.

Community/Public Modifications

In preparing the 2009 legislative platform, staff conducted several presentations to the Citizens Advisory Committee, the Technical Steering Committee, and the Technical Advisory Committee. Additionally, over 350 copies were mailed out to stakeholders throughout Orange County.

Although much of the feedback received on the draft platform was either already addressed in the Platform or simply supportive comments about what is included, a request was made to address the recent studies into improving safety within the Metrolink system. As a result, Section VI(e) (page 12) was added, which reads, "Work with Metrolink on any proposed legislation to provide safety improvements on the Metrolink system." Due to the high profile of the investigations resulting from the recent Metrolink accident, many legislative proposals are being discussed for next session. OCTA intends to work with Metrolink on these proposals to ensure that the recommended action is not only reasonable, but necessary and effective.

Summary

The Orange County Transportation Authority 2009 State Legislative Platform is presented for consideration and possible adoption. A clean copy without the underlined and strikeout text, of the draft 2009 State Legislative Platform is included as Attachment B.

Attachments

A. Draft Orange County Transportation Authority 2009 State Legislative Platform (strikeout version)
B. Draft Orange County Transportation Authority 2009 State Legislative Platform
C. OCTA High Priority State Legislative Initiatives for 2009

Prepared by:

Kristin Essner
Government Relations Representative
(714) 560-5754

Approved by:

P. Sue Zuhlke
Chief of Staff
(714) 560-5574

Draft Orange County Transportation Authority 200~~8~~9 State Legislative Platform (strikeout version)

The 2009 State Legislative Platform serves as a framework document to guide the Orange County Transportation Authority's (OCTA) state legislative, regulatory, and administrative activities in the coming year. The Key Transportation Policy Issues section briefly describes the issues that are anticipated to be the major focus of the upcoming legislative session and offers guiding policy direction for those issues. The later sections present guiding policy statements for other major issue areas that may arise during the year.

Although this document generally serves to guide legislative activities and recommendations, positions on individual items will be brought to the Board of Directors for formal action.

Key Transportation Policy Issues in 200~~8~~9

A number of significant transportation issues are expected to be discussed in the 200~~8~~9 legislative session. A few of these key issues are highlighted in this section including: Transportation Funding, Goods Movement, Infrastructure Bonds, and AB 32 Implementation.

In order to better understand how resources are anticipated to be allocated during the 200~~8~~9 legislative session, each issue in the Key Transportation Issues section is designated with a "Lobbying Action Level." The level is derived from the expected impact the issue could have on the ~~Orange County Transportation Authority (~~OCTA~~)~~, the context in which the issue is moving forward, and the amount of resources that are expected to be devoted to the issue in pursuit of the objective.

A "Lobbying Action Level - High" designation means that all resources and actions necessary will be devoted to this particular issue due not only to the direct, significant, or long-term impacts that the outcome poses to OCTA, but also priority items of the OCTA Board of Directors (Board). A strategically targeted, comprehensive array of actions will be taken in addition to those used for other Lobbying Action Levels.

A "Lobbying Action Level - Medium" designation means that a full range of resources will be explored for the particular issue depending on the current status. Such actions could include formal correspondence and personal involvement of staff or Board Members through the legislative process.

A "Lobbying Action Level - Low" designation means that a smaller amount of resources will be devoted to the issue due to the low level of activity anticipated for that particular item. These issues will be monitored for potential amendments which increase the issue's significance and warrant a higher level of activity.

Transportation Funding

California's fiscal year (FY) 200~~7~~8-200~~8~~9 budget diverts an estimated $1.~~3~~7 billion from the Public Transportation Account (PTA) to cover General Fund expenditures. Funds derived from the PTA are used for transit capital improvement projects and public transit operational expenses. The ongoing state budget deficit has led to the Legislature diverting significant sums of transportation dollars to balance the state's fiscal deficiencies. This year's diversion will cause public transit agencies throughout the State to consider making serious cuts to transportation projects and/or reducing services. Two of the most strongly debated funding sources at the state level are "spillover" and Proposition 42.

"Spillover" revenue is generated through a calculation of the difference between a portion of the state sales tax on all goods and the sales tax on gasoline. "Spillover" revenue is required by statute to be deposited into the PTA to cover public transit expenditures, but has historically been largely diverted to non-public transportation purposes. A significant amount of this year's $1.~~3~~7 billion transportation funding diversion came from "spillover." ~~Additionally,~~ ~~t~~The FY 2007-2008 state budget permanently redirected ~~fifty~~ 50 percent of "spillover" revenue annually to cover General Fund expenditures. The remaining "spillover" revenues ~~will~~ were to be distributed in the following manner: two-thirds to be distributed to the State Transit Assistance Fund and one-third to be distributed into the PTA. However, in the signing message for this measure, the Governor indicated that such statutory protection must be evaluated on a year-to-year basis, leaving open the possibility of additional funds being diverted in future years. Fulfilling this forecast, the FY 2008-2009 diverted all $1.427 billion in spillover funding to pay for General Fund expenditures.

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In 200~~8~~9, OCTA will continue to:

a) Oppose efforts to divert transportation revenue sources to be used for General Fund expenditures — *Lobbying Action Level High*

b) Oppose the diversion of various transportation revenue sources to be allocated towards Proposition 42 repayments or future repayment of general fund obligation bonds — *Lobbying Action Level High*

c) Support the expedited repayment of all Proposition 42 loans — *Lobbying Action Level ~~Low~~ Medium*

Infrastructure Bond Implementation

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In 200~~8~~9, OCTA will:

a) Support ~~implementing legislation that increases funding directed towards Southern California and~~ the continued implementation of Proposition 1B programs that benefit Orange County projects — *Lobbying Action Level High*

b) Support ~~implementing~~ legislation that enables faster, more efficient delivery of ~~transportation~~ Proposition 1B projects in Orange County — *Lobbying Action Level High*

AB 32 Implementation

AB 32 - the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006), creates landmark greenhouse gas emission reduction requirements by setting the overall state goal of restoring emissions to 1990 levels by the year 2020. The California Air Resources Board (CARB), as the lead agency in the implementation of ~~the Act~~ AB 32, is to work collaboratively with other agencies and stakeholders to create regulations that are both technologically feasible and cost-effective. CARB has been directed to use a combination of both market-based compliance measures as well as traditional regulatory measures in carrying out this task.

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a)	Support efforts to ensure local flexibility in meeting the goals of AB 32, that maintains local decision making authority	Lobbying Action Level High
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c~~a~~)	Oppose legislation seeking to accelerate the implementation of AB 32 prior to thorough analysis by CARB and an appropriate opportunity for public notice and comment	*Lobbying Action Level High*
d)	Oppose efforts to link or reprioritize local and state transportation funding through AB 32	Lobbying Action Level High
~~b~~e)	Support incentive-based compliance measures rather than punitive policies	*Lobbying Action Level Medium*
~~c~~f)	Support efforts to prevent pre-emptive litigation under ~~the California Environmental Quality Act~~ CEQA before the necessary guidelines are established	*Lobbying Action Level Medium*
g)	Support efforts to provide secure transit funding for capital and operating expenses to assist in meeting AB 32 goals	Lobbying Action Level Medium
h)	Support efforts to ensure the availability of proven technology and adequate funding prior to the implementation of zero emission bus regulations	Lobbying Action Level Medium
i)	Support efforts to allow for third-party independent review of the short- and long-term economic costs associated with the implementation of AB 32	Lobbying Action Level Medium
~~d)~~j)	Oppose efforts to create regulations that are not currently economically practicable or technologically feasible	*Lobbying Action Level Medium*
k)	Oppose efforts to create new oversight provisions under CEQA for entities not previously granted such authority	Lobbying Action Level Medium

~~e~~l) Support efforts at inter-agency collaboration to prevent piecemeal regulation *Lobbying Action Level Low*

~~f~~m) Support the creation of grant programs to assist with compliance of the adopted regulations *Lobbying Action Level Low*

Goods Movement

The movement of goods to and from the ports of Los Angeles and Long Beach (POLA/LB) has been a major contributor to traffic congestion on Orange County highways, streets, and roads. An estimated 43 percent of all United States (U.S.) container traffic and 54 percent of U.S./Asian containerized trade is handled by the port complex of POLA/LB, making them the fifth largest port complex in the world. Most significantly, 50 to 70 percent of the freight coming through POLA/LB is destined for ~~other~~ locations outside of the Southern California region.

This trade volume is expected to dramatically increase in the next 20 years. This industry supports one out of every seven jobs in the state, contributing more than $200 billion per year to the state's economy, including more than $16 billion in tax revenues to state and local government. An estimated 700,000 jobs in the logistics industry (e.g., trucking, railroads, and warehousing) are directly related to freight movement in Southern California, with nearly 107,000 of these jobs being located in Orange County.

Current revenue streams are not sufficient to fund the projects needed to offset the costs of moving these goods. Additionally, existing state and local infrastructure is unable to handle the increasing demands placed on it by the growth in goods moving through Southern California.

The need for significant investment in the goods movement system has prompted the inclusion of $3.1 billion for goods movement and port security infrastructure in Proposition 1B, approved by the voters in 2006.

In March of 2007, the Board adopted a Goods Movement Policy intended to guide OCTA decisions regarding goods movement. Further, in July of 2007, the Board adopted Principles for a Container Fee Program, which are intended to guide negotiations and analysis of either a voluntary or mandatory container fee program. OCTA will use these two policies to evaluate any state legislative proposals regarding goods movement.

In 200~~8~~9, OCTA's advocacy efforts in this regard will emphasize the following:

a) Ensure that public control of goods movement infrastructure projects is retained at the local level *Lobbying Action Level High*

b) Seek mitigation for the impacts of goods movement on local communities *Lobbying Action Level High*

c) Pursue new sources of funding for goods movement infrastructure — *Lobbying Action Level High*

d) Work with state and regional partners on the development of a locally controlled container fee that supports goods movement infrastructure and mitigation while maintaining a nexus between the fee and the project being funded — *Lobbying Action Level High*

~~d~~e) Continue to work with local, regional, state, and federal entities, as well as with the private sector, to develop and implement needed infrastructure projects — *Lobbying Action Level Medium*

Foothill-South Toll Road (State Route 241)~~(SR-241)/Foothill-South~~ Extension

With an estimated 320,000 daily trips, Orange County's toll road system is widely used by Southern California drivers. As the population continues to grow, the number of commuters increase, ~~and~~ drive-times become exacerbated, and the demand for traffic congestion relief becomes greater. The Transportation Corridor Agencies (TCA) plans to extend the State Route 241 (SR-241) toll road through southern Orange County to the Orange/San Diego County line, which would provide substantial relief to the County's freeway system.

In 200~~8~~9 OCTA will:

a) Support the Transportation Corridor Agencies' Foothill-South Toll Road Extension Plan to connect SR-241 to Interstate 5 in South Orange County — *Lobbying Action Level High*

Sponsored Legislation

Each year, OCTA may consider sponsoring legislation to ~~that may~~ clarify or address various transportation policy areas that require additional attention. This year, ~~three~~ the following major initiatives will be emphasized as sponsor bills:

~~a) Sponsor legislation authorizing the use of design-build for the installation of transit safety and security technologies.~~ — ~~*Lobbying Action Level High*~~

~~b) Sponsor legislation that will facilitate expanding the continuous access high occupancy vehicle lane program in Orange County to State Route 55.~~ — ~~*Lobbying Action Level High*~~

~~c) Co-sponsor, with the City of Anaheim, legislation that would extend the initial operating segment of the California High-Speed Rail System from the Los Angeles area to Anaheim.~~ — ~~*Lobbying Action Level High*~~

a) Sponsor legislation that will clarify that a programmatic approach is to be taken when analyzing greenhouse gas emissions for transportation projects under CEQA	Lobbying Action Level High
b) Sponsor legislation that facilitates local flexibility and coordination in the development of the Los Angeles – San Diego Rail Corridor Agency (LOSSAN) corridor	Lobbying Action Level High

I. STATE BUDGET

With continued state budget deficits, OCTA remains concerned about the status of transportation funding in California. Transportation loans, transfers, and suspensions totaling over $6 billion in the last seven years have exacerbated the existing demand for transportation investment in California. In fact, the CTC has identified over $120 billion in unfunded rehabilitation needs alone on California's highways, local streets and roads, and public transit over the next decade.

Consequently, OCTA will be alert to the further erosion of state funding, as well as state attempts to shift their costs to local entities or to secure a larger state share of federal transportation funding.

Key actions by OCTA will include:

a) Oppose further loans from state highway and transit accounts to the state General Fund, deferral of existing loan repayment provisions, taking of "spillover" revenue from the Public Transportation Account, or relaxation of payback with interest provisions

b) Oppose unfunded mandates for transportation agencies and local governments in providing transportation improvements and services

c) Oppose cost shifts or changes in responsibility for projects funded by the state to the local transportation entities

d) Oppose the diversion of OCTA's share of state highway and transit funding for alternative purposes

e) Support legislation to treat the property tax of single-county transit districts the same as multi-county districts and correct other Educational Revenue Augmentation Fund (ERAF) inequities between like agencies

f) Seek additional funding for paratransit operations, including service for persons with disabilities and senior citizens

g) Support the ~~C~~constitutional protection of all transportation funding resources

II. STATE/LOCAL FISCAL REFORMS AND ISSUES

As California's budget challenges continue, uncertainties over potential future structural changes remain. OCTA is concerned that local agencies will be impacted as the Legislature and Administration attempt to erase the budget deficit and repay loans coming due in the next few years.

Therefore, OCTA will:

a) Oppose efforts to reduce local prerogative over regional program funds

b) Oppose levying any new and/or increase in gasoline sales taxes or user fees unless a direct nexus exists between revenues and transportation projects and the additional revenues are controlled by the county transportation commission

c) Oppose efforts to increase the one and one-half percent cap on administrative fees charged by the Board of Equalization on the collection of local sales taxes measures

d) Oppose efforts to redirect Proposition 116 funds outside of the county/region approved by the voters upon passage of the initiative

e) Oppose efforts to transfer traditional federal funding sources from local agencies to the state and support equitable distribution of new federal funding programs in the state implementation legislation for the federal surface transportation act

f) Support legislation protecting or expanding local decision-making in programming expenditures of transportation funds

g) Support efforts to ease or simplify local matching requirements for state and federal grants and programs

h) Support the retention of existing local revenue sources

i) Support legislation to protect the flexibility of federal aid highway funds by requiring state compliance with federal highway safety requirements

j) Support flexibility for obligating regional federal transportation funds through interim exchange instead of loss of the funds by the local agency

k) Support increased flexibility in state guidelines related to the use of state highway funds for soundwalls

III. STATE TRANSPORTATION IMPROVEMENT PROGRAM STREAMLINING

The ~~State Transportation Improvement Program (~~STIP~~)~~, substantially amended by SB 45~~, Kopp~~ (Chapter 622, Statues of 1997), is a programming document that establishes the funding priorities and project commitments for transportation capital improvements in California. The STIP was traditionally funded from the State Highway Account (SHA), but is increasingly only funded by Proposition 42 funds.

SB 45 placed decision-making closest to the problem by providing project selection for 75 percent of the funding in the Regional Transportation Improvement Program (RTIP). This funding is distributed to counties based on an allocation formula. The remaining 25 percent of the funds is programmed by ~~the~~ Caltrans in the Interregional Transportation Improvement Program (ITIP).

Key provisions to be sought by the OCTA include:

a) Support legislation that maintains equitable "return to source" allocations of transportation tax revenues, such as updating north/south formula distribution of county shares and ITIP allocations

b) Support legislation to clarify that programming of county shares has priority over advancement of future county shares

c) Support maintaining the current STIP formula, which provides 75 percent of the STIP funding to the locally nominated RTIP and 25 percent to the ITIP Program

d) Support a formula based guaranteed disbursement of the ITIP

e) Support removing the barriers for funding transportation projects including allowing local agencies to advance projects with local funds when state funds are unavailable due to budgetary reasons, and allowing regions to pool federal, state, and local funds in order to limit lengthy amendment processes and streamline project delivery time

f) Support legislation to involve county transportation commissions in development and prioritization of SHOPP projects

IV. TRANSIT PROGRAMS

In 2005, OCTA was recognized by the American Public Transportation Association as the "Outstanding Public Transportation System of the Year." OCTA's legislative efforts in 200~~8~~9 will focus on allowing the agency to continue to provide the reliable, safe, and efficient bus service ~~that~~ on which riders have come to ~~count~~ rely.

To that end, OCTA will focus on the following:

a) Oppose unfunded transit mandates that may occur as part of California's Olmstead Plan, which encourages independence in the disabled community

b) Support legislation to encourage the interoperability of smart card technology within California

c) Support legislation to limit the liability of transit districts for the location of bus stops (Bonanno v. Central Contra Costa Transit Authority)

d) Support the siting of transit oriented development projects (i.e. authorize extra credit towards housing element requirements for these developments), including incentives for development

e) Support additional funding for paratransit operations, including service for persons with disabilities and senior citizens

f) Support legislation aligning administration rules, farebox recovery requirements, and various exclusions provided for under the State Transit Assistance program with the Transportation Development Act

V. ROADS AND HIGHWAYS

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors as the ownership of the 91 Express Lanes and the use of design-build authority on the Garden Grove Freeway (State Route 22) ~~SR-22~~ project. OCTA will continue to seek new and innovative ways to deliver road and highway projects to the residents of Orange County and to that end, in 200~~8~~9, OCTA will focus on the following:

a) Oppose efforts to create a conservancy that would inhibit the delivery of transportation projects under study or being implemented in the region

b) Support administrative policy changes to lower the oversight fee charged by Caltrans to ensure that project support costs are equivalent whether the project is administered by Caltrans or a local agency

c) Support improvements in major trade gateways in California to facilitate the movement of intrastate, interstate, and international trade beneficial to the state's economy

d) Support streamlining of the Caltrans review process for projects, simplification of processes, and reduction of red tape, without compromising environmental safeguards

e) Support customer privacy rights while maintaining OCTA's ability to effectively communicate with customers and operate the 91 Express Lanes

f) Support the use of new technology to enhance toll agency enforcement efforts

g) Work with Caltrans to ensure design specifications for bridges are free from defect

h) Seek cooperation from the state, the county, cities, and other local jurisdictions to implement street signal coordination, prioritization, preemption, and use of intelligent transportation system measures

i) Work with Caltrans to further improve street signal coordination by permitting the coordination of on and off-ramp signals with local street signal synchronization efforts

j) ~~Seek an administrative/legislative remedy that increases utilization of High Occupancy Vehicle (HOV) lanes, including unlimited ingress/egress and use by single occupant vehicles during off-peak hours~~ Continue to work with Caltrans and regional agencies on expanding utilization of continuous access of High Occupancy Vehicle (HOV) lanes

k) Monitor efforts to increase fines for HOV lane violations, and if implemented, ensure fines are dedicated to enforcement purposes

l) Support studying the policies, funding options, and need for rail/highway grade separations including any impact on existing state highway and transit funding sources

m) Support legislation authorizing the use of design-build for transportation infrastructure without limiting the type of funding that can be used on the projects

n) Support the use of ~~public-private partnerships~~ performance based infrastructure that increases highway capacity without limiting the ability to improve public facilities and that maintains local authority and flexibility in decision making

o) Cooperate with the Riverside County Transportation Commission on the ~~possible~~ extension of the existing 91 Express Lanes into Riverside County

p) Support methods to address toll violations due to the absence of license plates, the use of temporary plates, or protected plates

VI. RAIL PROGRAMS

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. In 200~~7~~8, Metrolink celebrated its 14~~3~~th anniversary of operation in Orange County. Orange County is served by three routes: the Orange County ~~(OC)~~ Line, the Inland Empire-Orange County ~~(IEOC)~~ Line, and the 91 Line ~~(Riverside-Fullerton-Los Angeles)~~.

Currently, OCTA administers 68 miles of track that carry more than 3 million passengers per year. OCTA's Metrolink capital budget is funded through a combination of local, state, and federal funding sources.

In addition to Orange County Metrolink services, two other rail systems could also travel through the county at some point in the future – ~~H~~high-~~S~~speed ~~R~~rail and ~~M~~magnetic-~~L~~levitation (Maglev). While the status and future of these programs is uncertain, OCTA will be watchful to ensure that funding for these rail systems does not impact other transportation funding sources.

Key advocacy efforts will emphasize the following:

a) Support legislation that encourages mixed-use development around rail corridors

b) Support legislation that will aid in the development, approval, and construction of projects to expand goods movement capacity and reduce congestion

c) Support efforts at creating additional efficiency in rail program oversight, including consideration of possible program consolidation

d) Support efforts at creating an equitable distribution of high-speed rail bond funding, if approved by voters

e) Work with Metrolink on any proposed legislation to provide safety improvements on the Metrolink system

VII. ADMINISTRATION/GENERAL

General administrative issues arise every session that could impact OCTA's ability to operate efficiently. Key positions include:

a) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively contract for goods and services, conduct business of the ~~Authority~~ agency, and limit or transfer the risk of liability

b) Support legislation that is aimed at controlling, diminishing, or eliminating unsolicited electronic messages that congest OCTA's computer systems and reduce productivity

c) Support legislation that establishes reasonable liability for non-economic damages in any action for personal injury, property damage, or wrongful death brought against a public entity based on principles of comparative fault

d) Support legislation that would provide for consistency of campaign contribution limits applied to both elected and appointed bodies

e) Monitor legislation affecting drivers' license privileges and standards related to age

f) Monitor the effect of Brown Act legislation on OCTA Board operations as it relates to the use of new technologies for communication with the public

VIII. ENVIRONMENTAL POLICIES

Changes in environmental laws can affect OCTA's ability to plan, develop, and build transit, rail, and highway projects. While OCTA has been a leading advocate for new, cleaner transit technologies and the efficient use of transportation alternatives, it also remains alert to new, conflicting, or excessive environmental statute changes.

Key positions include:

a) Oppose efforts to grant special interest groups or new bureaucracies control or influence over the CEQA process

b) Oppose legislation that restricts road construction by superseding existing broad-based environmental review and mitigation processes

c) Support creative use of paths, roads, and abandoned rail lines using existing established rights-of-way to promote bike trails and pedestrian paths

d) Support incentives for development, testing, and purchase of clean fuel commercial vehicles

~~e) Support an income tax credit to employers for subsidizing employee transit passes~~

~~f~~e) Support efforts to seek funding for retrofitting or re-powering heavy duty trucks and buses for cleaner engines to attain air quality standards

~~g~~f) Support legislation to require the South Coast Air Quality Management District ~~(AQMD)~~ to grant transit demonstration projects a temporary relief from having to initiate or test new services with alternative fuel vehicles

~~h~~g) Support legislation to further integrate state and federal environmental impact studies

IX. EMPLOYMENT ISSUES

As a public agency and one of the largest employers in Orange County, OCTA balances its responsibility to the community and the taxpayers to provide safe, reliable, cost-effective service with its responsibility of being a reasonable, responsive employer.

Key advocacy positions include:

a) Oppose efforts to impose state labor laws on currently exempt public agencies

b) Oppose legislation that circumvents the collective bargaining process

c) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively deal with labor relations, employee rights, benefits, Family Medical Leave Act, and working conditions, including health, safety, and ergonomic standards for the workplace

d) Support legislation that reforms and resolves inconsistencies in the workers' compensation and unemployment insurance systems, and labor law requirements that maintain protection for employees and allow businesses to operate efficiently

~~e) Work closely with the County of Orange on legislation that is introduced that may affect membership in the Orange County Employees Retirement System~~

X. TRANSPORTATION SECURITY

With the recent increase in number and severity of terrorist attacks around the world on transit systems, greater emphasis is being placed on transportation security in the United States. As the County's bus provider and Metrolink partner, OCTA comprehends the importance of securing our transportation network and protecting our customers. Presently, OCTA maintains a partnership with the Orange County Sheriffs Department to provide OCTA Transit Police Services to the bus and train systems in Orange County. OCTA is also currently working with its community partners on an effort to install video surveillance systems at Metrolink stations and on buses to enhance security efforts.

Heightened security awareness, an active public safety campaign, and greater surveillance efforts, all require additional financial resources. Consequently, in 200~~8~~9, OCTA's advocacy position will highlight:

a) Support state homeland security and emergency preparedness funding and grant programs to local transportation agencies to alleviate financial burden placed on local entities

b) Support legislation that would reduce and clarify the time period to retain video surveillance records to reflect current reasonable technological capabilities

Draft Orange County Transportation Authority 2009 State Legislative Platform

The 2009 State Legislative Platform serves as a framework document to guide the Orange County Transportation Authority's (OCTA) state legislative, regulatory, and administrative activities in the coming year. The Key Transportation Policy Issues section briefly describes the issues that are anticipated to be the major focus of the upcoming legislative session and offers guiding policy direction for those issues. The later sections present guiding policy statements for other major issue areas that may arise during the year.

Although this document generally serves to guide legislative activities and recommendations, positions on individual items will be brought to the Board of Directors for formal action.

Key Transportation Policy Issues in 2009

A number of significant transportation issues are expected to be discussed in the 2009 legislative session. A few of these key issues are highlighted in this section including: Transportation Funding, Goods Movement, Infrastructure Bonds, and AB 32 Implementation.

In order to better understand how resources are anticipated to be allocated during the 2009 legislative session, each issue in the Key Transportation Issues section is designated with a "Lobbying Action Level." The level is derived from the expected impact the issue could have on the OCTA, the context in which the issue is moving forward, and the amount of resources that are expected to be devoted to the issue in pursuit of the objective.

A "Lobbying Action Level - High" designation means that all resources and actions necessary will be devoted to this particular issue due not only to the direct, significant, or long-term impacts that the outcome poses to OCTA, but also priority items of the OCTA Board of Directors (Board). A strategically targeted, comprehensive array of actions will be taken in addition to those used for other Lobbying Action Levels.

A "Lobbying Action Level - Medium" designation means that a full range of resources will be explored for the particular issue depending on the current status. Such actions could include formal correspondence and personal involvement of staff or Board Members through the legislative process.

A "Lobbying Action Level - Low" designation means that a smaller amount of resources will be devoted to the issue due to the low level of activity anticipated for that particular item. These issues will be monitored for potential amendments which increase the issue's significance and warrant a higher level of activity.

Transportation Funding

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In 2009, OCTA will continue to:

a) Oppose efforts to divert transportation revenue sources to be used for General Fund expenditures	*Lobbying Action Level High*
b) Oppose the diversion of various transportation revenue sources to be allocated towards Proposition 42 repayments or future repayment of general fund obligation bonds	*Lobbying Action Level High*

c) Support the expedited repayment of all Proposition 42 loans — *Lobbying Action Level* Medium

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In 2009, OCTA will:

a) Support the continued implementation of Proposition 1B programs that benefit Orange County projects — *Lobbying Action Level High*

b) Support legislation that enables faster, more efficient delivery of Proposition 1B projects in Orange County — *Lobbying Action Level High*

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AB 32 - the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006), creates landmark greenhouse gas emission reduction requirements by setting the overall state goal of restoring emissions to 1990 levels by the year 2020. The California Air Resources Board (CARB), as the lead agency in the implementation of AB 32, is to work collaboratively with other agencies and stakeholders to create regulations that are both technologically feasible and cost-effective. CARB has been directed to use a combination of both market-based compliance measures as well as traditional regulatory measures in carrying out this task.

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b)	Support efforts to clarify a programmatic approach should be used to analyze greenhouse gas emissions for transportation projects under the California Environmental Quality Act (CEQA)	*Lobbying Action Level High*
c)	Oppose legislation seeking to accelerate the implementation of AB 32 prior to thorough analysis by CARB and an appropriate opportunity for public notice and comment	*Lobbying Action Level High*
d)	Oppose efforts to link or reprioritize local and state transportation funding through AB 32	*Lobbying Action Level High*
e)	Support incentive-based compliance measures rather than punitive policies	*Lobbying Action Level Medium*
f)	Support efforts to prevent pre-emptive litigation under CEQA before the necessary guidelines are established	*Lobbying Action Level Medium*
g)	Support efforts to provide secure transit funding for capital and operating expenses to assist in meeting AB 32 goals	*Lobbying Action Level Medium*
h)	Support efforts to ensure the availability of proven technology and adequate funding prior to the implementation of zero emission bus regulations	*Lobbying Action Level Medium*
i)	Support efforts to allow for third-party independent review of the short- and long-term economic costs associated with the implementation of AB 32	*Lobbying Action Level Medium*
j)	Oppose efforts to create regulations that are not currently economically practicable or technologically feasible	*Lobbying Action Level Medium*
k)	Oppose efforts to create new oversight provisions under CEQA for entities not previously granted such authority	*Lobbying Action Level Medium*

l) Support efforts at inter-agency collaboration to prevent piecemeal regulation — *Lobbying Action Level Low*

m) Support the creation of grant programs to assist with compliance of the adopted regulations — *Lobbying Action Level Low*

Goods Movement

The movement of goods to and from the ports of Los Angeles and Long Beach (POLA/LB) has been a major contributor to traffic congestion on Orange County highways, streets, and roads. An estimated 43 percent of all United States (U.S.) container traffic and 54 percent of U.S./Asian containerized trade is handled by the port complex of POLA/LB, making them the fifth largest port complex in the world. Most significantly, 50 to 70 percent of the freight coming through POLA/LB is destined for locations outside of the Southern California region.

This trade volume is expected to dramatically increase in the next 20 years. This industry supports one out of every seven jobs in the state, contributing more than $200 billion per year to the state's economy, including more than $16 billion in tax revenues to state and local government. An estimated 700,000 jobs in the logistics industry (e.g., trucking, railroads, and warehousing) are directly related to freight movement in Southern California, with nearly 107,000 of these jobs being located in Orange County.

Current revenue streams are not sufficient to fund the projects needed to offset the costs of moving these goods. Additionally, existing state and local infrastructure is unable to handle the increasing demands placed on it by the growth in goods moving through Southern California.

The need for significant investment in the goods movement system has prompted the inclusion of $3.1 billion for goods movement and port security infrastructure in Proposition 1B, approved by the voters in 2006.

In March of 2007, the Board adopted a Goods Movement Policy intended to guide OCTA decisions regarding goods movement. Further, in July of 2007, the Board adopted Principles for a Container Fee Program, which are intended to guide negotiations and analysis of either a voluntary or mandatory container fee program. OCTA will use these two policies to evaluate any state legislative proposals regarding goods movement.

In 2009, OCTA's advocacy efforts in this regard will emphasize the following:

a) Ensure that public control of goods movement infrastructure projects is retained at the local level — *Lobbying Action Level High*

b) Seek mitigation for the impacts of goods movement on local communities — *Lobbying Action Level High*

c)	Pursue new sources of funding for goods movement infrastructure	*Lobbying Action Level High*
d)	Work with state and regional partners on the development of a locally controlled container fee that supports goods movement infrastructure and mitigation while maintaining a nexus between the fee and the project being funded	*Lobbying Action Level High*
e)	Continue to work with local, regional, state, and federal entities, as well as with the private sector, to develop and implement needed infrastructure projects	*Lobbying Action Level Medium*

Foothill-South Toll Road (State Route 241) Extension

With an estimated 320,000 daily trips, Orange County's toll road system is widely used by Southern California drivers. As the population continues to grow, the number of commuters increase, drive-times become exacerbated, and the demand for traffic congestion relief becomes greater. The Transportation Corridor Agencies (TCA) plans to extend the State Route 241 (SR-241) toll road through southern Orange County to the Orange/San Diego County line, which would provide substantial relief to the County's freeway system.

In 2009 OCTA will:

a)	Support the Transportation Corridor Agencies' Foothill-South Toll Road Extension Plan to connect SR-241 to Interstate 5 in South Orange County	*Lobbying Action Level High*

Sponsored Legislation

Each year, OCTA may consider sponsoring legislation to clarify or address various transportation policy areas that require additional attention. This year, the following major initiatives will be emphasized as sponsor bills:

a)	Sponsor legislation that will clarify that a programmatic approach is to be taken when analyzing greenhouse gas emissions for transportation projects under CEQA	*Lobbying Action Level High*
b)	Sponsor legislation that facilitates local flexibility and coordination in the development of the Los Angeles – San Diego Rail Corridor Agency (LOSSAN) corridor	*Lobbying Action Level High*

I. STATE BUDGET

With continued state budget deficits, OCTA remains concerned about the status of transportation funding in California. Transportation loans, transfers, and suspensions totaling over $6 billion in the last seven years have exacerbated the existing demand for transportation investment in California. In fact, the CTC has identified over $120 billion in unfunded rehabilitation needs alone on California's highways, local streets and roads, and public transit over the next decade.

Consequently, OCTA will be alert to the further erosion of state funding, as well as state attempts to shift their costs to local entities or to secure a larger state share of federal transportation funding.

Key actions by OCTA will include:

a) Oppose further loans from state highway and transit accounts to the state General Fund, deferral of existing loan repayment provisions, taking of "spillover" revenue from the Public Transportation Account, or relaxation of payback with interest provisions

b) Oppose unfunded mandates for transportation agencies and local governments in providing transportation improvements and services

c) Oppose cost shifts or changes in responsibility for projects funded by the state to the local transportation entities

d) Oppose the diversion of OCTA's share of state highway and transit funding for alternative purposes

e) Support legislation to treat the property tax of single-county transit districts the same as multi-county districts and correct other Educational Revenue Augmentation Fund (ERAF) inequities between like agencies

f) Seek additional funding for paratransit operations, including service for persons with disabilities and senior citizens

g) Support the constitutional protection of all transportation funding resources

II. STATE/LOCAL FISCAL REFORMS AND ISSUES

As California's budget challenges continue, uncertainties over potential future structural changes remain. OCTA is concerned that local agencies will be impacted as the Legislature and Administration attempt to erase the budget deficit and repay loans coming due in the next few years.

Therefore, OCTA will:

a) Oppose efforts to reduce local prerogative over regional program funds

b) Oppose levying any new and/or increase in gasoline sales taxes or user fees unless a direct nexus exists between revenues and transportation projects and the additional revenues are controlled by the county transportation commission

c) Oppose efforts to increase the one and one-half percent cap on administrative fees charged by the Board of Equalization on the collection of local sales taxes measures

d) Oppose efforts to redirect Proposition 116 funds outside of the county/region approved by the voters upon passage of the initiative

e) Oppose efforts to transfer traditional federal funding sources from local agencies to the state and support equitable distribution of new federal funding programs in the state implementation legislation for the federal surface transportation act

f) Support legislation protecting or expanding local decision-making in programming expenditures of transportation funds

g) Support efforts to ease or simplify local matching requirements for state and federal grants and programs

h) Support the retention of existing local revenue sources

i) Support legislation to protect the flexibility of federal aid highway funds by requiring state compliance with federal highway safety requirements

j) Support flexibility for obligating regional federal transportation funds through interim exchange instead of loss of the funds by the local agency

k) Support increased flexibility in state guidelines related to the use of state highway funds for soundwalls

III. STATE TRANSPORTATION IMPROVEMENT PROGRAM STREAMLINING

The STIP, substantially amended by SB 45 (Chapter 622, Statues of 1997), is a programming document that establishes the funding priorities and project commitments for transportation capital improvements in California. The STIP was traditionally funded from the State Highway Account (SHA), but is increasingly only funded by Proposition 42 funds.

SB 45 placed decision-making closest to the problem by providing project selection for 75 percent of the funding in the Regional Transportation Improvement Program (RTIP). This funding is distributed to counties based on an allocation formula. The remaining

25 percent of the funds is programmed by Caltrans in the Interregional Transportation Improvement Program (ITIP).

Key provisions to be sought by the OCTA include:

a) Support legislation that maintains equitable "return to source" allocations of transportation tax revenues, such as updating north/south formula distribution of county shares and ITIP allocations

b) Support legislation to clarify that programming of county shares has priority over advancement of future county shares

c) Support maintaining the current STIP formula, which provides 75 percent of the STIP funding to the locally nominated RTIP and 25 percent to the ITIP Program

d) Support a formula based guaranteed disbursement of the ITIP

e) Support removing the barriers for funding transportation projects including allowing local agencies to advance projects with local funds when state funds are unavailable due to budgetary reasons, and allowing regions to pool federal, state, and local funds in order to limit lengthy amendment processes and streamline project delivery time

f) Support legislation to involve county transportation commissions in development and prioritization of SHOPP projects

IV. TRANSIT PROGRAMS

In 2005, OCTA was recognized by the American Public Transportation Association as the "Outstanding Public Transportation System of the Year." OCTA's legislative efforts in 2009 will focus on allowing the agency to continue to provide the reliable, safe, and efficient bus service on which riders have come to rely.

To that end, OCTA will focus on the following:

a) Oppose unfunded transit mandates that may occur as part of California's Olmstead Plan, which encourages independence in the disabled community

b) Support legislation to encourage the interoperability of smart card technology within California

c) Support legislation to limit the liability of transit districts for the location of bus stops (Bonanno v. Central Contra Costa Transit Authority)

d) Support the siting of transit oriented development projects (i.e. authorize extra credit towards housing element requirements for these developments), including incentives for development

e) Support additional funding for paratransit operations, including service for persons with disabilities and senior citizens

f) Support legislation aligning administration rules, farebox recovery requirements, and various exclusions provided for under the State Transit Assistance program with the Transportation Development Act

V. ROADS AND HIGHWAYS

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors as the ownership of the 91 Express Lanes and the use of design-build authority on the Garden Grove Freeway (State Route 22) project. OCTA will continue to seek new and innovative ways to deliver road and highway projects to the residents of Orange County and to that end, in 2009, OCTA will focus on the following:

a) Oppose efforts to create a conservancy that would inhibit the delivery of transportation projects under study or being implemented in the region

b) Support administrative policy changes to lower the oversight fee charged by Caltrans to ensure that project support costs are equivalent whether the project is administered by Caltrans or a local agency

c) Support improvements in major trade gateways in California to facilitate the movement of intrastate, interstate, and international trade beneficial to the state's economy

d) Support streamlining of the Caltrans review process for projects, simplification of processes, and reduction of red tape, without compromising environmental safeguards

e) Support customer privacy rights while maintaining OCTA's ability to effectively communicate with customers and operate the 91 Express Lanes

f) Support the use of new technology to enhance toll agency enforcement efforts

g) Work with Caltrans to ensure design specifications for bridges are free from defect

h) Seek cooperation from the state, the county, cities, and other local jurisdictions to implement street signal coordination, prioritization, preemption, and use of intelligent transportation system measures

i) Work with Caltrans to further improve street signal coordination by permitting the coordination of on and off-ramp signals with local street signal synchronization efforts

j) Continue to work with Caltrans and regional agencies on expanding utilization of continuous access of High Occupancy Vehicle (HOV) lanes

k) Monitor efforts to increase fines for HOV lane violations, and if implemented, ensure fines are dedicated to enforcement purposes

l) Support studying the policies, funding options, and need for rail/highway grade separations including any impact on existing state highway and transit funding sources

m) Support legislation authorizing the use of design-build for transportation infrastructure without limiting the type of funding that can be used on the projects

n) Support the use of performance based infrastructure that increases highway capacity without limiting the ability to improve public facilities and that maintains local authority and flexibility in decision making

o) Cooperate with the Riverside County Transportation Commission on the extension of the existing 91 Express Lanes into Riverside County

p) Support methods to address toll violations due to the absence of license plates, the use of temporary plates, or protected plates

VI. RAIL PROGRAMS

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. In 2008, Metrolink celebrated its 14^{th} anniversary of operation in Orange County. Orange County is served by three routes: the Orange County Line, the Inland Empire-Orange County Line, and the 91 Line.

Currently, OCTA administers 68 miles of track that carry more than 3 million passengers per year. OCTA's Metrolink capital budget is funded through a combination of local, state, and federal funding sources.

In addition to Orange County Metrolink services, two other rail systems could also travel through the county at some point in the future – high-speed rail and magnetic-levitation (Maglev). While the status and future of these programs is uncertain, OCTA will be watchful to ensure that funding for these rail systems does not impact other transportation funding sources.

Key advocacy efforts will emphasize the following:

a) Support legislation that encourages mixed-use development around rail corridors

b) Support legislation that will aid in the development, approval, and construction of projects to expand goods movement capacity and reduce congestion

c) Support efforts at creating additional efficiency in rail program oversight, including consideration of possible program consolidation

d) Support efforts at creating an equitable distribution of high-speed rail bond funding, if approved by voters

e) Work with Metrolink on any proposed legislation to provide safety improvements on the Metrolink system

VII. ADMINISTRATION/GENERAL

General administrative issues arise every session that could impact OCTA's ability to operate efficiently. Key positions include:

a) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively contract for goods and services, conduct business of the agency, and limit or transfer the risk of liability

b) Support legislation that is aimed at controlling, diminishing, or eliminating unsolicited electronic messages that congest OCTA's computer systems and reduce productivity

c) Support legislation that establishes reasonable liability for non-economic damages in any action for personal injury, property damage, or wrongful death brought against a public entity based on principles of comparative fault

d) Support legislation that would provide for consistency of campaign contribution limits applied to both elected and appointed bodies

e) Monitor legislation affecting drivers' license privileges and standards related to age

f) Monitor the effect of Brown Act legislation on OCTA Board operations as it relates to the use of new technologies for communication with the public

VIII. ENVIRONMENTAL POLICIES

Changes in environmental laws can affect OCTA's ability to plan, develop, and build transit, rail, and highway projects. While OCTA has been a leading advocate for new, cleaner transit technologies and the efficient use of transportation alternatives, it also remains alert to new, conflicting, or excessive environmental statute changes.

Key positions include:

a) Oppose efforts to grant special interest groups or new bureaucracies control or influence over the CEQA process

b) Oppose legislation that restricts road construction by superseding existing broad-based environmental review and mitigation processes

c) Support creative use of paths, roads, and abandoned rail lines using existing established rights-of-way to promote bike trails and pedestrian paths

d) Support incentives for development, testing, and purchase of clean fuel commercial vehicles

e) Support efforts to seek funding for retrofitting or re-powering heavy duty trucks and buses for cleaner engines to attain air quality standards

f) Support legislation to require the South Coast Air Quality Management District to grant transit demonstration projects a temporary relief from having to initiate or test new services with alternative fuel vehicles

g) Support legislation to further integrate state and federal environmental impact studies

IX. EMPLOYMENT ISSUES

As a public agency and one of the largest employers in Orange County, OCTA balances its responsibility to the community and the taxpayers to provide safe, reliable, cost-effective service with its responsibility of being a reasonable, responsive employer.

Key advocacy positions include:

a) Oppose efforts to impose state labor laws on currently exempt public agencies

b) Oppose legislation that circumvents the collective bargaining process

c) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively deal with labor relations, employee rights, benefits, Family Medical Leave Act, and working conditions, including health, safety, and ergonomic standards for the workplace

d) Support legislation that reforms and resolves inconsistencies in the workers' compensation and unemployment insurance systems, and labor law requirements that maintain protection for employees and allow businesses to operate efficiently

X. TRANSPORTATION SECURITY

With the recent increase in number and severity of terrorist attacks around the world on transit systems, greater emphasis is being placed on transportation security in the United States. As the County's bus provider and Metrolink partner, OCTA comprehends the importance of securing our transportation network and protecting our customers.

Presently, OCTA maintains a partnership with the Orange County Sheriffs Department to provide OCTA Transit Police Services to the bus and train systems in Orange County. OCTA is also currently working with its community partners on an effort to install video surveillance systems at Metrolink stations and on buses to enhance security efforts.

Heightened security awareness, an active public safety campaign, and greater surveillance efforts, all require additional financial resources. Consequently, in 2009, OCTA's advocacy position will highlight:

a) Support state homeland security and emergency preparedness funding and grant programs to local transportation agencies to alleviate financial burden placed on local entities

b) Support legislation that would reduce the time period to retain video surveillance records to reflect current reasonable technological capabilities

OCTA High Priority State Legislative Initiatives for 2009

Sponsored Legislation

- Sponsor legislation that will clarify that a programmatic approach is to be taken when analyzing greenhouse gas emissions for transportation projects under CEQA
- Sponsor legislation that facilitates local flexibility and coordination in the development of the Los Angeles – San Diego Rail Corridor Agency (LOSSAN) corridor

Transportation Funding

- Oppose efforts to divert transportation revenue sources to be used for General Fund expenditures
- Oppose the diversion of various transportation revenue sources to be allocated towards Proposition 42 repayments or future repayment of general fund obligation bonds

Infrastructure Bond Implementation

- Support the continued implementation of Proposition 1B programs that benefit Orange County projects
- Support legislation that enables faster, more efficient delivery of Proposition 1B projects in Orange County

AB 32 Implementation

- Support efforts to ensure local flexibility in meeting the goals of AB 32, that maintains local decision making authority
- Support efforts to clarify a programmatic approach should be used to analyze greenhouse gas emissions for transportation projects under the California Environmental Quality Act (CEQA)
- Oppose legislation seeking to accelerate the implementation of AB 32 prior to thorough analysis by CARB and an appropriate opportunity for public notice and comment
- Oppose efforts to link or reprioritize local and state transportation funding through AB 32

Goods Movement

- Ensure that public control of goods movement infrastructure projects is retained at the local level
- Seek mitigation for the impacts of goods movement on local communities
- Pursue new sources of funding for goods movement infrastructure
- Work with state and regional partners on the development of a locally controlled container fee that supports goods movement infrastructure and mitigation while maintaining a nexus between the fee and the project being funded

Foothill-South Toll Road (State Route 241) Extension

- Support the Transportation Corridor Agencies' Foothill-South Toll Road Extension Plan to connect State Route 241 (SR-241) to Interstate 5 in South Orange County

OCTA

MEMO

November 19, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.

OCTA

November 20, 2008

To: Legislative and Communications Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: State Legislative Status Report

Overview

An oppose position is recommended for a special session proposal to eliminate the State Transit Assistance program for fiscal year 2008-2009. An overview is provided of measures the California Air Resources Board is proposing to implement to meet the greenhouse gas emission reduction goals set forth under AB 32 – the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006).

Recommendation

Oppose special session efforts to eliminate the State Transit Assistance program for fiscal year 2008-2009 by changing how Proposition 42 is distributed.

Discussion

November Revise

On November 6, Governor Schwarzenegger called the Legislature into a special session to address the state's deepening fiscal crisis and released a plan to resolve the estimated $11.2 billion General Fund shortfall. The Governor's plan calls for approximately $4.7 billion in revenue increases and an estimated $4.5 billion in program cuts/spending reductions. Specifically for public transit, the Governor's proposal calls for an additional reduction in State Transit Assistance (STA) funding of $230 million, reducing STA funding to $76 million for fiscal year (FY) 2008-2009.

While at first glance, it appears that this diversion can only be accomplished through a partial suspension of Proposition 42, the ability to divert Proposition 42 transit funding without suspension requires only statutory

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changes. Proposition 42 requires that funds transferred into the Transportation Investment Fund shall be allocated 40 percent to the State Transportation Improvement Program (STIP), 40 percent to Local Streets and Roads, and 20 percent to public transit and mass transportation. State statute requires that the 20 percent allocated to "mass transportation" be further divided 75 percent for transit operations and 25 percent for transit capital.

The FY 2007-2008 state budget revised statutes related to "spillover" funds (a calculation of the difference between a portion of the state sales tax on all goods and the state sales tax on gasoline) to divert funds from transit operations and capital expenditures and instead use the funds to pay annual debt service payments on transportation bonds, reimburse the General Fund for past debt service payments related to transportation bonds, and fund programs such as regional center transportation and home-to-school transportation.

The California Transit Association filed a lawsuit against the State of California arguing that the $1.2 billion diversion to cover the new expenditures are not considered public transportation or mass transit. On January 31, 2008, the Sacramento Superior Court concluded that regional center, home-to-school, and transportation debt service are considered mass transportation purposes and allowed all but $409 million to be diverted for General Fund purposes. The court concluded that $409 million in reimbursements for past transportation debt service did not serve any transportation planning or mass transportation purpose. The Legislature then transferred the $409 million to cover additional home-to-school transportation expenditures.

On September 23, the Governor signed the FY 2008-2009 state budget which fully funded Proposition 42 at $1.43 billion and ultimately appropriated $306 million in STA funding. The $306 million includes an estimated $215 million in Proposition 42 funds that are transferred into STA only by statute. The Governor's proposal calls for eliminating the remaining STA program for this fiscal year, and as a result reduces the amount of STA funding by $230 million. Since much of that funding is Proposition 42, the Legislature would need to enact a new statute stating that the Proposition 42 funds would be directed to the aforementioned "mass transportation" programs and thus accomplish the redirection while maintaining consistency with the state constitution without a Proposition 42 suspension, which would then require repayment.

Reducing STA funding by $230 million will leave an estimated $76 million for transit operators statewide. At $76 million, the Orange County Transportation Authority (OCTA) would receive approximately $4.18 million for the first quarter of the current fiscal year. This would result in an additional loss of $12.65 million for OCTA. If the proposal is enacted, OCTA would not receive STA funding for the remainder of the fiscal year. With the passage of Proposition 42 in 2002, it was the voters intent to relieve traffic congestion on the state's roads and highways and improve public transit; not have funds continuously suspended and diverted to provide General Fund relief. Over the past two fiscal years, an estimated $3 billion in "spillover" dollars have been transferred to the General Fund. The Governor's latest proposal to divert Proposition 42 dollars further erodes the fiscal framework for transit agencies throughout the state. Staff recommends to the Board of Directors an oppose position on the Governor's special session proposal to eliminate the STA program for the 2008-2009 fiscal year by changing how Proposition 42 is distributed.

The Scoping Plan

Through the passage of AB 32 – the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006), the state greenhouse gas (GHG) reduction goal of achieving 1990 emission levels by 2020 was established. In conjunction with the 2050 goal of reducing emissions 80 percent below 1990 levels set by the Governor's Executive Order S-01-07, authorization was given to the California Air Resources Board (CARB) to begin the implementation of an unprecedented regulatory scheme to reduce GHG. In furtherance of this objective, CARB is authorized to use a combination of both market-based compliance mechanisms as well as traditional regulatory measures. This authority is tempered by the requirement that measures be cost-effective and technologically feasible. AB 32 requires CARB to adopt a Scoping Plan outlining the measures proposed to effectuate the emission reduction goals by January 1, 2009.

In October 2008, CARB released a final draft of the proposed Scoping Plan, which is set to be adopted by CARB in December. Once adopted, the Scoping Plan will serve as a blueprint for how the state will reduce GHG emissions to 1990 levels by 2020. It is estimated that a reduction of about 169 million metric tons of carbon dioxide equivalents (MMTCO2E) of GHG will be needed to achieve this goal. Furthermore, as directed by the Governor's Executive Order S-3-05, CARB will also work to achieve long-term GHG reductions to meet the goal of reducing GHG emissions to 80 percent below 1990 levels by 2050.

According to CARB estimates, the transportation sector comprises 38 percent of the total GHG emissions in the state, the largest single source of GHG emissions. However, the Scoping Plan does not require each sector to achieve the same percentage emission reductions as the sector's estimated contributions. For the transportation sector, the Scoping Plan targets three core measures to produce the necessary reductions for that sector: the development of regional GHG reduction targets pursuant to the model developed under SB 375 (Chapter 728, Statutes of 2008), a low carbon fuel standard (LCFS), and light duty vehicle GHG standards.

For the Scoping Plan, CARB integrated the framework developed under SB 375 to outline the development of regional GHG emission reduction targets and the means of achieving those targets. Under SB 375, CARB is to appoint a Regional Targets Advisory Committee to develop methodologies and proposals for the creation of regional GHG reduction targets for 2020 and 2035 by September 30, 2010 for automobiles and light trucks. Once the regional targets are created, SB 375 requires transportation agencies to integrate a sustainable communities strategy (SCS) within the regional transportation plan to outline the means that these agencies will accomplish the regional GHG targets. For the Southern California Association of Governments (SCAG) region, county transportation commissions, in conjunction with councils of governments are eligible to do a sub-regional SCS to be integrated into the regional SCS developed by SCAG.

The Scoping Plan notes that it will be necessary to integrate the SCS or alternative strategy with local general plans to meet these goals. However, no mechanism is provided whereby general plans will be required to integrate these plans.

CARB also recommends consideration of congestion pricing strategies to raise funds for such things as transit, indirect source rules, and programs to reduce vehicle trips such as employee transit incentives as methods to achieve the regional targets.

While the Scoping Plan acknowledges that the use of transit is key to meeting the regional targets, and that there is a need for a secure source of funding for transit expansion, it only identifies the federal reauthorization process as a potential source of funding. The Scoping Plan neither discusses the current diversions of state transit funding, nor advocates for additional security for existing transit funding.

Overall, the Scoping Plan estimates that five MMTCO2E will be reduced by the regional targets by 2020, about 3 percent of the total emissions needed to meet the AB 32 goal. This target was increased by CARB from its initial proposal of two MMTCO2E as included in the first draft of the Scoping Plan. It is expected that accelerated reductions can be achieved after 2020 to meet the 2050 reduction goal. Furthermore, nothing in the Scoping Plan prevents CARB from implementing further recommendations dealing with land use and transportation at a future date beyond those required under SB 375.

The second measure to reduce transportation-related GHG emissions is through stronger light-duty vehicle GHG standards. An estimated 18-19 percent of the total GHG reductions will be accomplished through the model created under AB 1493 (Chapter 500, Statutes of 2002), otherwise known as the Pavley Rule. The Scoping Plan also envisions the adoption of a second, more stringent phase of the regulations, to be known as Pavley II.

The implementation of these standards is currently the subject of litigation between the State of California and the United States Environmental Protection Agency (EPA), after the EPA denied California's request for a waiver under the federal Clean Air Act. The Scoping Plan assumes this challenge will be successful. However if it is unsuccessful, CARB is directed under AB 32 to adopt substitute regulations to achieve the same emission reductions, such as a feebate program.

The third proposed measure to reduce transportation-related GHG emissions is through the development of a LCFS. Per Executive Order S-1-07, the Governor called for the development of a LCFS to reduce the carbon content of California's fuels by at least 10 percent by 2020. As a discrete early action item, the regulation is set to be considered by CARB in late 2008. It is estimated that this measure will provide 9-10 percent of the total GHG emission reductions needed to achieve the total 2020 emission reduction goal.

The Scoping Plan also specifies methods the state can reduce overall GHG emissions. Among those recommendations, the Scoping Plan proposes the state consider GHG emission reduction goals in its funding decisions and prioritize projects based on meeting the goals of AB 32. This recommendation is also extended to local governments. Furthermore, the Scoping Plan states that any emission reductions achieved from bond funded projects, such as Proposition 1B, should belong with the state rather than the local jurisdiction that implements the project. This would make it more difficult for regions to meet the regional targets, with Proposition 1B currently the primary source of source of transit capital funding.

In addition to the above measures, the Scoping Plan also recommends implementation of the following:

- A recommendation for local governments to reduce GHG emissions 15 percent

- Support of the implementation of a high-speed rail system, with emphasis on Phase 1 from San Francisco to Anaheim.
- Regulations related to heavy- and medium-duty vehicles and engines, including hybridization and retrofits to improve fuel efficiency.
- The investigation of additional opportunities to reduce GHG due to goods movement at the ports and related facilities .
- Analysis of the zero emission vehicle regulation to ensure it is designed to meet GHG emission reductions pursuant to AB 32.
- Implementation of AB 118 (Chapter 750, Statutes of 2007) to advance renewable fuel and advanced vehicle technologies.
- The establishment of a California cap-and-trade program. Possible uses proposed for revenues from the program include such things as refunds to customers, environmental co-benefits, and incentives to local governments.

Staff will submit comments on the proposed Scoping Plan for CARB's consideration. The final Scoping Plan is to be adopted by CARB by January 1, 2009. CARB will then have until January 1, 2011, to implement regulations proposed under the Scoping Plan, with enforceability required by January 1, 2012. In order to fund the costs of implementation, CARB is also proposing the adoption of a fee structure, potentially to be levied on all GHG emissions in California.

Summary

An overview is given for the methods proposed by the California Air Resources Board for achieving greenhouse gas reductions under AB 32 – the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006). An oppose position is recommended for proposals to divert state transit funding.

Attachment

None.

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13.

OCTA

MEMO

November 19, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.

OCTA

November 20, 2008

To: Legislative and Communications Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Performance Evaluation of Sacramento Legislative Advocate, Sloat Higgins Jensen & Associates

Overview

Sloat Higgins Jensen & Associates provide legislative advocacy services in Sacramento. A staff evaluation of the services provided during the past 12 months is presented to the Board of Directors for consideration and further comment.

Recommendation

Receive staff's evaluation as an information item and provide any additional comments.

Background

The Orange County Transportation Authority (OCTA) and a predecessor agency retained the same Sacramento advocate for 20 years. In 2002, the Board of Directors instructed staff to solicit requests for proposals for state legislative advocacy and consulting services.

Upon recommendation by the Legislative and Government Affairs Committee, the Board of Directors on November 15, 2002, awarded an agreement for state legislative advocacy services to Sloat Higgins Jensen & Associates (SHJA). The initial term of the agreement began on December 1, 2002, and extended to November 30, 2004. The agreement included two two-year option terms coinciding with the California Legislature's 2005-2006 and 2007-2008 legislative sessions.

The Board of Directors (Board) took action to exercise the first two-year option term on September 13, 2004, and the second two-year option term was exercised by the Board of Directors on November 27, 2006.

With the contract set to expire on November 30, 2008, the Legislative and Communications Committee recommended to the Board that the contract be amended to provide for a two-year extension of the current contract through November 30, 2010. The amendment also included two additional two-year option terms coinciding with the California Legislature's 2011-2012 and 2013-2014 legislative sessions. The Board took action to approve the amendment on July 14, 2008.

Discussion

Annually, staff evaluates the services provided by the Sacramento legislative advocate with respect to major issues addressed and general services provided. Staff's evaluation of the services provided by SHJA is included in Attachment A. The major issues and general services provided by SHJA have been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Staff has rated SHJA's efforts overall as excellent based on responsiveness, advancing OCTA's positions and policies, and assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions. Staff has rated SHJA's outcomes overall as very good based on the outcomes of the issues discussed.

Priorities for SHJA for next year will include the enactment of sponsor legislation; advancement of OCTA's positions on legislation; monitoring Proposition 1B implementation to ensure proper distribution of transportation bond funds; actively participating in state budget discussions to ensure that transportation funds are not adversely impacted; and participating in the implementation of AB 32 (Chapter 488, Statutes of 2006) regulations as released by the Air Resources Board and further promulgated by the Legislature.

To assist the Board in fully evaluating SHJA, the legislative advocate's current Scope of Work is included as Attachment B. The revised Scope of Work approved with the new contract amendment is provided as Attachment C and will provide the basis for evaluation in 2009.

Summary

An evaluation of the services performed by Sloat Higgins Jensen & Associates is presented to the Board for information and further comment.

Attachments

A. Staff Evaluation of Services Provided by Sloat Higgins Jensen & Associates for 2008
B. Sacramento Legislative Advocacy and Consulting Services, Scope of Work
C. Sacramento Legislative Advocacy and Consulting Services, Scope of Work, dated July 14, 2008

Prepared by:

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ATTACHMENT A

Staff Evaluation of Services Provided by
Sloat Higgins Jensen & Associates for 2008

The following narrative provides specific information with respect to major issues addressed by Sloat Higgins Jensen & Associates (SHJA) in 2008 and general services provided. Each issue has been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Strategic Growth Plan and Infrastructure Bonds
Effort: Excellent; Outcome: Very Good

In November 2006, voters approved the largest bond package in state history, including Proposition 1A which protected existing transportation revenues and Proposition 1B which included $19.9 billion in bonds for transportation infrastructure. Proposition 1B included funding for programs such as the Corridor Mobility Improvement Account (CMIA), the California Ports Infrastructure, Security, and Air Quality Improvement Account that included the Trade Corridor Improvement Fund (TCIF) as well as funds for air quality and port security, the State-Local Partnership Program (SLPP), an augmentation for the State Transportation Improvement Program (STIP), funding for transit in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), additional transit security funding in the Transit System Safety, Security, and Disaster Response Account (TSSSDRA), Local Streets and Roads, and other funding categories.

This year, the TCIF program was developed in consultation with the California Transportation Commission (CTC) and the Legislature. This program resulted in $1.6 billion for 53 Southern California projects, including $218 million for eight Orange County projects. SHJA and Orange County Transportation Authority (OCTA) staff worked with members of the CTC and Orange County delegation, as well as delegation members from Los Angeles, Riverside, San Bernardino, and Ventura counties to secure the allocation for the Ports of Los Angeles and Long Beach trade corridor. This work included securing testimony, letters, coordinating meetings, and advocating for the merits of a strong investment in Southern California. Additionally, SHJA and staff helped secure budget trailer bill language that would keep funds allocated to the Colton Crossing project in Southern California in the event the project is unable to meet required deadlines.

The SLPP program was also finally sorted out in a fiscal year (FY) 2008-2009 budget trailer bill. This program distributed 95 percent of the funds on a formula basis to counties with voter-approved measures, including sales taxes, tolls, and property taxes, dedicated to transportation. The remaining 5 percent is a competitive pot for local agencies with developer fees exclusively dedicated to transportation. SHJA was instrumental in working with Legislative Leadership to ensure that the principles adopted by the OCTA Board of Directors were included in the program and that OCTA would secure a fair allocation. The SLPP will result in approximately $84 million through this program for Orange County projects.

Along with the California Transit Association, SHJA and OCTA staff also worked to secure an appropriation of $350 million out of the total $3.6 billion allocated to transit operators through the bond. OCTA will receive $20.6 million in FY 2008-2009 from this program.

Sponsor Legislation – Eliminating buffer requirement on State Route 55
Effort: Excellent; Outcome: Excellent

OCTA sponsored AB 2906 (Tran, R-Costa Mesa) which repeals Section 21655.3 of the California Vehicle Code (CVC) which required 24-hour high-occupancy vehicle (HOV) lanes authorized within a specific time period to construct a four-foot buffer area between the general purpose lanes and the HOV lane. This requirement only applied to the HOV lane on the Costa Mesa Freeway (State Route 55).

SHJA staff deftly maneuvered the bill through both houses and secured the signature of the Governor on June 6, 2008. By eliminating this section, OCTA was able to enter into an agreement with the California Department of Transportation (Caltrans) to begin to expand the continuous access pilot program to State Route 55 by September 2008.

Sponsor Legislation – Design Build – Safety and Security
Effort: Excellent; Outcome: Excellent

OCTA sponsored AB 387 (Duvall, R-Brea) which provides transit agencies with the authority to utilize design-build for lower cost transit safety and security projects, allowing OCTA to use this authority for the video surveillance system procurement for area Metrolink stations and railroad facilities.

AB 387 was a two-year bill that encountered labor and "merit shop" opposition at the close of the 2007 legislative session. SHJA worked diligently in 2008 to develop compromise language that allowed the bill to move forward through committees in both houses. Last minute opposition by a member of the Senate threatened the bill on the Senate floor. SHJA worked with other members of the Senate to advocate for the bill, speak on the floor, and secure the votes needed to pass the bill. AB 387 was signed by the Governor on July 22, 2008.

Sponsor Legislation – High Speed Rail
Effort: Excellent; Outcome: Excellent

OCTA sponsored AB 1228 (Solorio, D-Santa Ana) which would extend the terminus of the initial operating segment (IOS) of the California High-Speed Rail system from Los Angeles to Anaheim. Although AB 1228 was held in the Assembly Appropriations Committee as committee staff contended that adding an additional segment would impose significant cost pressures to the overall cost of the high-speed rail system, SHJA worked tirelessly to incorporate this provision into AB 3034 (Galgiani, D-Tracy).

The effort to pass AB 3034 was greatly complicated not only by deep divisions in the Legislature over the future of high-speed rail in California, but also by the budget crisis which was then dominating the discussions in both houses. Amendments incorporated into the bill late in the process, as well as ballot deadlines established by the Secretary of State, required that the bill move through concurrence very rapidly and to the Governor's desk. After a difficult but successful fight on the floors of both houses, the Governor announced that he would not sign any more bills until the budget was approved. This threatened the viability of AB 3034 due to the ballot deadlines established for the November 2008 election. SHJA helped to secure the Governor's signature as an exception to this policy on August 26, 2008, thereby allowing the measure to be included in the November ballot.

Major Legislation – 91 Express Lanes Extension
Effort: Excellent; Outcome: Excellent

While SB 1316 (Chapter 714, Statutes of 2008) was not an OCTA sponsor bill, SHJA and OCTA staff advocated strongly for the passage of SB 1316. This bill provides a framework for the extension of the 91 Express Lanes into Riverside County and extends the period OCTA can collect tolls to 2065, thereby matching the anticipated tolling length for the Riverside County portion. The bill also authorizes a broader use of toll revenues by allowing them to be used to provide improvements for the Riverside Freeway (State Route 91) corridor, including transportation alternatives and other improvements.

The level of effort expended on SB 1316 was equivalent to a sponsor bill and included high-level negotiations with the Senate Transportation and Housing Committee, members of the Legislature, and other stakeholders. SHJA and OCTA staff worked to secure the support of labor groups, public safety, local cities, chambers of commerce, and many others. SHJA secured the Governor's signature on September 30, 2008.

Other Significant Legislation
Effort: Excellent; Outcome: Very Good

A number of other key bills of great interest to OCTA were also impacted by SHJA in the 2008 legislative session.

SB 375 (Chapter 728, Statutes of 2008)
This bill requires regional transportation plans to include a sustainable communities strategy (SCS) designed to achieve regional greenhouse gas (GHG) emission reduction targets pursuant to AB 32 – the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006).

This bill was one of the most significant bills to be enacted in 2008. Initially introduced in the 2007 legislative session, this two-year bill was amended multiple times due to the rigorous negotiations that took place between Senator Steinberg's office and stakeholders from throughout the state. In March of this year, OCTA approved a set of guiding principles to be used as tools during the policy dialogues that occurred crafting this bill. SHJA and OCTA staff played an active role in negotiating provisions that would minimize the mandates on transportation agencies such as OCTA resulting in a number of the amendments requested by OCTA being included in the final version of SB 375. Additional clean up work will continue in 2009 on the remaining issues.

AB 660 (Chapter 315, Statutes of 2008)
This bill proposed several modifications to the Section 190 grade separations funding program under the California Public Utilities Commission. Early versions of the bill contained provisions that eliminated the ability of local agencies to advance funding for grade separation projects and remain eligible for funding under Section 190. SHJA worked to remove this provision and also worked diligently with railroad representatives to clarify certain grade separation definitions in the bill.

SB 974 (Lowenthal, D-Long Beach)
This bill would have levied a $30 fee on all loaded twenty-foot equivalent unit (TEU) containers transported through the Ports of Los Angeles, Long Beach, and Oakland for goods movement-related infrastructure projects and air pollution mitigation projects associated with goods movement. SHJA worked diligently to qualify 19 grade separation projects along the Burlington Northern Santa Fe (BNSF) and Los Angeles-San Diego (LOSSAN) corridors and ensure that there was balanced representation on the joint powers authority created to manage the revenues.

SHJA and OCTA staff were successful in putting together a broad coalition in support of the bill including labor groups, environmental advocates, local cities, public safety groups, local chambers, and taxpayer organizations. Unfortunately, the Governor's Office requested untenable amendments extremely late in the process that made it impossible to negotiate an appropriate solution. While the Governor ultimately vetoed the bill, OCTA and other local agencies in the Southern California region will continue to discuss other feasible options to enhance revenue for goods movement infrastructure projects.

AB 996 (Spitzer, R-Orange)
SHJA and OCTA staff worked with Assembly Member Spitzer to address the issue of confidential license plate violations on the 91 Express Lanes. AB 996 would have revised the non-disclosure exemptions to the Confidential Records Program administered by the California Department of Motor Vehicles (DMV) to provide that a governmental agency may obtain a driver's information necessary to process the service and collection of a traffic, parking, or toll road violation. Unfortunately, the Governor vetoed this measure stating that the DMV would experience substantial cost increases upon implementation.

SB 1507 (Oropeza, D-Long Beach)
This bill would have prohibited the construction and expansion of a state highway within one-fourth of a mile of a school boundary except under specific circumstances. SHJA utilized a map developed by OCTA which showed all of the projects that would have been halted by this bill and worked with a broad coalition of transportation agencies to hold the bill in the Assembly Transportation Committee.

SB 1165 (Kuehl, D-Santa Monica)
This bill would have modified the procedures for preparing and commenting on draft environmental impact reports (EIR) or negative declaration by requiring the administrative draft of the EIR or negative declaration to be available for public comment. SHJA worked with a broad coalition of transportation agencies to hold the bill in the Assembly Transportation Committee.

AB 842 (Jones, D-Sacramento)
This bill would have required regional transportation plans to reduce the growth in vehicle miles traveled (VMT) by 10 percent and provided other implementing language for Proposition 1C (2006). OCTA opposed the VMT requirement and SHJA worked with the author to remove that provision from the bill and thus return OCTA to a neutral position. AB 842 was ultimately vetoed by the Governor at the end of session.

State Budget Issues Affecting Transportation
Effort: Very Good; Outcome: Good

The $144.5 billion FY 2008-2009 budget, with $103.4 billion in General Fund expenditures, was adopted with a number of cuts and fund transfers affecting transportation. However, Proposition 42 remained intact and fully funded at $1.43 billion, resulting in $27.9 million for OCTA through the STIP.

The approved budget funded the STA Program at $306.4 million and diverted spillover (a calculation of the difference between a portion of the state sales tax on all goods and the state sales tax on gasoline) to cover general fund expenditures for schools and regional centers, as well as debt service on previous transportation bonds. OCTA will receive $16.8 million for transit operations, a reduction of $5.5 million from the funding levels approved by the Legislature and an amount $9 million less than what OCTA budgeted for FY 2008-2009 from this program.

The budget funded the California High Speed Rail Authority at $13.8 million and assumed the passage of the revised Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Proposition 1A) which would provide $29.1 million in bond funds if approved. In addition, as previously noted, FY 2008-2009 budget provided clarification to TCIF, SLPP and PTMISEA programs from Proposition 1B programs.

SHJA worked diligently to protect transportation funding and advance OCTA's policy position on spillover. Unfortunately, certain transportation funds continue to be at risk due to the looming deficit. Spillover funds will continue to be vulnerable until constitutional protections are put into place similar to those that protect other transportation funds.

General Services
Effort: Very Good; Outcome: Very Good

SHJA has regularly scheduled meetings with legislators, committee consultants, Administration staff, and staff of various state departments, boards, and commission to discuss issues of importance to OCTA. Administration staff has relied on SHJA to discuss and provide recommendations on a number of important transportation issues.

SHJA has been responsive to requests by OCTA staff, provided timely information, advice and reports, and provided testimony in legislative committees that accurately reflect Board positions on legislation and policy issues. They also consistently organize a successful and efficient annual visit for members of the Board of Directors in the early part of the session.

SHJA worked on a number of other issues on behalf of OCTA that were not necessarily contained in legislation. The CTC seat held by Marian Bergeson was available for a new appointment and SHJA worked diligently to ensure that Orange County retained a representative on the CTC, and helped secure the appointment of Lucy Dunn from the Orange County Business Council. Ms. Dunn is now pending confirmation by the Senate. Additionally, the extension of State Route 241 was the subject of much debate by the Legislature in AB 1457 (Huffman, D-San Rafael) and before the Coastal Commission. SHJA advocated for OCTA's support of the extension in several venues. SHJA also worked to communicate the details of the settlement with Granite-Myers-Rados on the Garden Grove Freeway (State Route 22) construction project with members of the Orange County Delegation and members of the Administration. Lastly, SHJA testified on behalf of the 91 Express Lanes before the Assembly Business and Professions Committee when AB 2600 (Niello, R-Fair Oaks) was heard before the Committee.

Overall Rating
Effort: Excellent; Outcome: Very Good

SHJA's efforts overall are rated as excellent based on responsiveness, time dedicated to advocating for and advancing OCTA's positions and policies, timeliness of information, assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions, and availability. SHJA's outcomes overall are rated as very good based on the outcomes of the issues discussed.

Sacramento Legislative Advocacy and Consulting Services
Scope of Work

Reporting Relationship

The Director of Government Relations and/or his/her designee will be the key contact and will direct the work of the CONSULTANT.

Role of the CONSULTANT

Under the direction of the Director of Government Relations and/or his/her designee, the CONSULTANT shall be responsible for implementing the objectives described below.

Objectives

Objective 1: Maintain regular contact with the Governor's office; members of the Legislature and committee staff; and state departments, agencies, boards, commissions, committees, and staff to determine impending changes in laws, regulations, and funding priorities that relate to the OCTA.

- Meet with members of the Governor's office and Legislature to discuss policy issues affecting OCTA.
- Attend meetings of the California Transportation Commission and report issues that could affect programming of OCTA projects.
- Attend meetings of the Board of Equalization and report issues that could affect funding.
- Participate in transportation related meetings with various state departments, including, but not limited to, the Department of Finance; Business, Transportation, and Housing; Department of Transportation; California Highway Patrol; Environmental Protection Agency; and Air Resources Board.

Objective 1 Deliverable:
1. Electronic reports of issues that could affect OCTA projects or funding.

Objective 2: Notify OCTA of anticipated, newly introduced, or amended state legislation and proposed regulations which could impact OCTA.

- Provide bill number and brief summary of introduced or amended state legislation via e-mail.
- Provide hard copies of legislation and committee analyses.
- Provide information relative to legislative hearings.

- Advise OCTA of proposed transportation, environmental, employment, and safety related legislation and regulations which could impact OCTA and provide copies as requested.

Objective 2 Deliverables:
1. Copies of legislation, committee analyses, and proposed regulations.
2. Electronic notification of introduced bills and amendments, with summaries.
3. Notification of legislative hearings.

Objective 3: Advocate OCTA's legislative program and positions on legislation, proposed regulations, and funding and transportation programming priorities as adopted by the Board of Directors.
- Participate in the preparation of OCTA's legislative program by informing staff of upcoming legislative proposals, budget forecasts, and potential policy issues.
- Assist in securing authors and drafting language for sponsor bills.
- Assist in drafting amendments to legislation and regulations.
- Testify on behalf of OCTA on Board adopted positions on legislation at committee and floor hearings, as appropriate.
- Provide copies of all written correspondence, testimony, and position papers given on behalf of OCTA.
- Schedule meetings with legislators, Governor's office, and state departments for OCTA Directors and staff to advocate legislative and funding priorities.
- Participate in transit and transportation lobbying coalitions.
- Analyze and prepare advice on the proposed state budget as it relates to transportation, including, but not limited to, identifying decreases/increases in existing programs, new funding sources, and strategies to enhance transportation funding for OCTA.

Objective 3 Deliverables:
1. Copies of all written correspondence, testimony, and position papers given on behalf of OCTA.
2. Schedule of meetings with legislators, Governor, and administration.
3. Budget analyses.

Objective 4: Provide written and oral reports.
- While the Legislature is in session, prepare monthly written reports highlighting transportation and related developments in Sacramento of importance to OCTA.
- Submit an annual written report of advocacy activities and accomplishments.
- Six times per year, present an oral report to the Board of Directors during a regular meeting.
- Once per month, participate via telephone in the Legislative and Government Affairs Committee meeting or other designated committee of the Board of Directors.

- Maintain close contact with the Manager of Government Relations on issue of importance.
- Provide electronic updates via e-mail to designated recipients on meetings of the Legislature, transportation issues of importance, press releases, and other issues of importance to OCTA.

Objective 4 Deliverables:

1. Monthly written reports highlighting transportation and related developments in Sacramento.
2. Annual written report of advocacy activities and accomplishments.
3. Six oral presentations to the Board of Directors.
4. Monthly conference calls with the Legislative and Government Affairs Committee or other designated committee.
5. Electronic updates on issues of importance.

Objective 5: Maintain Sacramento office.

- Maintain an office in Sacramento, convenient to the State Capitol.
- Provide briefings at office prior to meetings at the Capitol.
- Have available an office for use by Board members and staff while performing OCTA business in Sacramento.

Objective 5 Deliverable:

1. Office in Sacramento.

Objective 6: Provide monthly invoices of services provide.

- Provide a written summary of meetings attended on behalf of OCTA.
- Provide a list of issues advocated during the month and status.
- Indicate number of hours dedicated to OCTA advocacy.

Objective 6 Deliverable:

1. Monthly invoice that includes a written summary of meetings attended on behalf of OCTA, list and status of issues advocated during the month, and number of hours dedicated to OCTA advocacy.

ATTACHMENT C

Sacramento Legislative Advocacy and Consulting Services
Scope of Work, dated July 14, 2008

Reporting Relationship

The Manager of State Relations and/or his/her designee will be the key contact and will coordinate the work of the CONSULTANT. The Orange County Transportation Authority (OCTA), at it's sole discretion, may enter into more than one contract with additional firms with a Reporting Relationship of:

OCTA Board of Directors

OCTA
Legislative and Communications Committee

OCTA
Executive Management and Staff

Principal Sacramento Representative
(Lead Firm)

Specialized Sacramento Representative
(if needed)
Administration, Agencies, Majority or Minority Leadership, California Transportation Commission, Caltrans, Public Utilities Commission, Air Resources Board, Coastal Commission, etc.

Role of the CONSULTANT

Under the coordination of the Manager of State Relations and/or his/her designee, the CONSULTANT shall be responsible for implementing the objectives described below.

Objectives

Objective 1: Maintain regular contact with the Governor's office; members of the Legislature and committee staff; and state departments, agencies, boards, commissions, committees, and staff to determine impending changes in laws, regulations, and funding priorities that relate to the OCTA.

- Meet with members of the Governor's office and Legislature to discuss policy issues affecting OCTA.
- Meet with members and staff of the California Transportation Commission on issues that could affect the programming of OCTA projects.
- Attend meetings of the Board of Equalization and report on issues that could affect funding.
- Participate in transportation related meetings with various state departments, including, but not limited to, the Department of Finance; Business, Transportation, and Housing; Department of Transportation; California Highway Patrol; Environmental Protection Agency; and Air Resources Board.

Objective 1 Deliverable:
- Electronic reports of issues that could affect OCTA projects or funding.

Objective 2: Notify OCTA of anticipated, newly introduced or amended state legislation and proposed regulations, which could impact OCTA.

- Provide bill number and brief summary of introduced or amended state legislation via e-mail.
- Provide information relative to legislative hearings.
- Provide information on bills' sponsors, supporters, and opponents.
- Advise OCTA of proposed transportation, environmental, employment, and safety related legislation and regulations which could impact OCTA and provide copies as requested.

Objective 2 Deliverables:
- Copies of legislation, committee analyses, and proposed regulations as requested.
- Electronic notification of introduced bills and amendments, with summaries.
- Notification of legislative hearings.

Objective 3: Advocate OCTA's legislative program and positions on legislation, proposed regulations, and funding and transportation programming priorities as adopted by the Board of Directors (Board).

- Participate in the preparation of OCTA's legislative program by informing staff of upcoming legislative proposals, budget forecasts, and potential policy issues.
- Assist in securing authors and drafting language for sponsor bills.
- Assist in drafting amendments to legislation and regulations.
- Build coalitions to support OCTA's positions on significant legislation.
- Testify on behalf of OCTA on Board adopted positions on legislation at committee and floor hearings, as appropriate.
- Provide copies of all written correspondence, testimony, and position papers given on behalf of OCTA.
- Schedule meetings with legislators, Governor's office, and state departments for OCTA Directors and staff to advocate legislative and funding priorities.
- Participate in transit and transportation lobbying coalitions.
- Analyze and prepare advice on the proposed state budget as it relates to transportation, including, but not limited to, identifying decreases/increases in existing programs, new funding sources, and strategies to enhance transportation funding for OCTA.

Objective 3 Deliverables:
- Copies of all written correspondence, testimony, and position papers given on behalf of OCTA.
- Schedule of meetings with legislators, Governor, and administration.
- Budget analyses.

Objective 4: Provide written and oral reports.
- While the Legislature is in session, highlight significant transportation and related issues in Sacramento of importance to OCTA as needed.
- Submit an annual written report of advocacy activities and accomplishments.
- As needed, but no more than six times per year, present an in-person report to the Board of Directors or the Legislative and Communications Committee during a regular meeting. At least one in-person meeting should occur to develop annual and/or mid-session legislative strategy.
- Once per month, participate via telephone in the Legislative and Communications Committee meeting or other designated committee of the Board of Directors.
- Maintain close contact with the Manager of State Relations on issue of importance.
- Provide electronic updates via e-mail to designated recipients on meetings of the Legislature, transportation issues of importance, press releases, and other issues of importance to OCTA.

Objective 4 Deliverables:

- Written reports highlighting significant transportation and related developments in Sacramento, as needed.
- Annual written report of advocacy activities and accomplishments.
- As needed, oral presentations to the Board of Directors or Legislative and Communications Committee.
- At least one in-person legislative strategy session with Members of the Board of Directors.
- Monthly conference calls with the Legislative and Communications Committee or other designated committee.
- Electronic updates on issues of importance.

Objective 5: Maintain Sacramento office.

- Maintain an office in Sacramento, convenient to the State Capitol.
- Provide briefings at office prior to meetings at the Capitol.
- Have available an office for use by Board members and staff while performing OCTA business in Sacramento.

Objective 5 Deliverable:

- Office in Sacramento.

Objective 6: Provide monthly invoices of services.

- Provide a written summary of meetings attended on behalf of OCTA.
- Provide a list of issues advocated during the month and status.

Objective 6 Deliverable:

- Monthly invoice that includes a written summary of meetings attended on behalf of OCTA and a list and status of the issues advocated for OCTA during the month.

OCTA

MEMO

November 19, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.

OCTA

November 20, 2008

To: Legislative and Communications Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Federal Legislative Status Report

Overview

This report provides an analysis of the issues surrounding early termination of sale and leaseback transactions for rail rolling stock which have been entered into by transportation entities nationwide, including Metrolink, and seeks support for a federal administrative or legislative solution to eliminate any exposure to these entities and to federally guarantee the leases.

Recommendation

Support requests for administrative action by the United States Treasury and alternatively, for federal legislative action, which would guarantee all such lease transactions nationwide and cure the possibility of technical default and early termination for the Metrolink rolling stock lease transactions.

Background

At the urging of Federal Transportation Administration (FTA) and facing pressure to increase capital spending without increasing passenger fares or state and local subsidies, transit agencies throughout the United States (U.S.). utilized various innovative financing techniques during the 1980s and 1990s up until 2003. One of the most effective and efficient techniques was the "lease-in lease-out" or "sale-in sale-out" transaction (lease transactions). These lease transactions made use of the fact that public entities, who do not pay taxes, purchase long life assets which would give the entities a depreciation tax benefit if the entity were a private entity. Under the lease transactions, this benefit is sold or leased to private investors who in turn provide a portion of the benefit back to the public agency.

A typical transaction involves an investor purchasing assets (rail cars, buses, or facilities) from the transit agency funded by a combination of debt and equity investment. In such transactions the transit agency contracted with entities such as the American International Group (AIG) to act as private guarantors. Public transportation agencies funded future obligations through the purchase of U.S. Treasury obligations which provided investors with unassailable security for the agencies' payment. An additional aspect of the agreements required the private guarantors to maintain minimum credit ratings of their own, notwithstanding the fact that the Treasury securities were unassailable. With the recent turmoil in the financial markets and the downgrading of AIG, many transit agencies are required to replace AIG as the private guarantor for transactions. This has proved practically impossible to accomplish since the private guarantor must typically maintain a AAA rating, and there are virtually no AAA-rated private guarantors available to step in.

Under normal circumstances, investors would be likely to waive replacement of the private guarantor, given that there is a security interest in the underlying treasuries. However, in recent years, the Internal Revenue Service (IRS) has acted against the investors, determining the investors took insufficient risk and that the transactions lacked economic substance. As a result, investors have seen an erosion of investor's benefits from the transactions. The typical lease transaction contained provisions that would require the transit agency to make the investor whole should the transit agency default on its obligations. The private guarantor arrangements were designed to foreclose any practical possibility of payment default, and the Federal Transit Administration reviewed each transaction involving federally-assisted assets to ensure the assets were safe, in that the transit agencies demonstrated "satisfactory continuing control" of the assets.

The erosion of investor benefits alone is not an event of default under the transactions. However, the combination of IRS actions and the disruption of financial markets has now presented investors with an opportunity to recoup the profits they will lose to the IRS actions by declaring transit agencies in technical default, solely because alternative private guarantors are not available to replace AIG, and even though the underlying securities are absolutely sound and all payments are being made.

Discussion

Allowing investors to proceed to default in these transactions would result in extreme financial consequences for state and local public instrumentalities and further possible disruption of their ability to obtain credit. Metrolink entered into three transactions with AIG as guarantor and faces significant exposure should these leases proceed to a technical default. This is so even though Metrolink has not missed any payment under the leases. As a joint-funding entity of

Metrolink, a portion of this loss would be visited on the Orange County Transportation Authority budget.

When this issue surfaced in early October, a number of affected transportation agencies nationwide began working together with the American Public Transportation Association (APTA) to seek regulatory and legislative relief. Since that time, the Washington Metropolitan Transportation Authority, one of over 30 entities affected, has also brought suit in Federal Court against its investors. A request for a preliminary injunction is pending in that suit.

The regulatory relief sought by the group of interested parties is set out in a draft application to the U. S. Treasury which is included as Attachment A. This application seeks invocation of the insurance program for troubled assets authorized by the Emergency Economic Security Act of 2008 (EESA) to ensure the stability for public entities that have suffered increased costs or losses due to the current market turmoil. The application requests that the Treasury Department step into the shoes of AIG or any other downgraded guarantor to guarantee these transactions, thereby preventing technical default.

The legislative relief is contained in proposed draft legislation, set out in Attachment B, which would accomplish the same result legislatively and could be attached to any future economic stimulus legislation.

On October 30, the Chair and Co-Chair of the House Transportation and Infrastructure Committee, and the Chair of the House Subcommittee on Highways and Transit sent a letter to the Secretary of Treasury and Chairman of the Federal Reserve (Attachment C) expressing concern in this matter and urging the U.S. Treasury and the Federal Reserve to use their existing authority under the EESA to address the matter. This letter, which contains an incomplete list of 87 transactions nationwide, clearly highlights the broad scope of affected entities. This letter is also supported by Congressman Gary Miller (R-CA), who is the only Californian Republican on the Transportation and Infrastructure Committee and also serves on the House Finance Committee. A similar letter was sent by the Senate and signed by Senator Boxer (D-CA) (Attachment D).

Summary

Support is sought for administrative action by the United States Treasury and alternatively, for federal legislative action, which would provide a federal guarantee of all transportation sale and leaseback transactions nationwide and cure the possibility of technical default and early termination for Metrolink rolling stock lease transactions.

As part of this status report the monthly reports for October from Smith, Dawson & Andrews (Attachment E) and from Potomac Partners (Attachment F) are also included.

Attachments

A. Letter dated November 10, 2008, to U.S. Department of Treasury Regarding Application for Guarantee under the Insurance Program for Troubled Assets
B. Sec. X. Guarantee of Leases of Qualified Transportation Property
C. Letter dated October 30, 2008, to the Secretary of Treasury and Chairman of the Federal Reserve
D. Letter dated October 24, 2008, by the Senate and signed by Senator Boxer
E. Report to the Orange County Transportation Authority from Potomac Partners October 2008
F. Report to the Orange County Transportation Authority from Smith, Dawson & Andrews October 2008

Prepared by:

Richard J. Bacigalupo
Federal Relations Manager
(714) 560-5901

ATTACHMENT A

DRAFT

November 10, 2008

Honorable Henry M. Paulson, Jr.
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Application for Guarantee under the Insurance Program for Troubled Assets

Dear Mr. Secretary:

On behalf of public transportation agencies in 25 metropolitan areas in 17 states across the nation, we submit this application for a guarantee of certain financial instruments under the insurance program for troubled assets authorized by the Emergency Economic Stabilization Act of 2008 (EESA). On October 28, 2008 the American Public Transportation Association (APTA) submitted a comment letter in response to the Department's Notice and request for comments concerning Development of a Guarantee Program for Troubled Assets (the Program), published October 16, 2008 in the Federal Register at 73 FR 61452. That comment letter is attached and incorporated by reference into this application.

The financial instruments for which this application is made are Lease In/Lease Out and Sale In/Lease Out (LILO/SILO) transactions and similarly structured leveraged lease transactions in which a U.S. transit agency is the lessee. Typical transactions involved an investor purchasing assets (rail cars, buses, or facilities) from the transit agency funded by a combination of debt and equity investment. The vast majority of these transactions were entered into with the express approval of the Federal Transit Administration (FTA). Transactions involving locally-funded assets did not require FTA approval. Between 1996 and 2007 approximately $12 billion of FTA-approved transactions were completed. For these transactions, the FTA required the transit agencies, as lessees, to economically defease their repayment obligations. To do so, the transit agencies purchased "Payment Undertaking Agreements" from private financial entities to provide for their repayment obligations. In many of these transactions, the public transportation agencies secured a significant portion of their repayment obligations through the purchase of U.S. Treasury obligations or Agency securities which provided investors unassailable security for the agencies' payment. In other transactions, the repayment obligations were secured through the payment undertaking agreements with private financial entities, all with AAA credit ratings at the time. Attached please find a list of transactions to which this application relates.

As indicated, certain private financial entities provided an overlay of security for investors by providing letters of credit or acting as a debt payment undertaker, surety, or equity payment undertaker according to the terms of the transactions. Each such financial entity is, in effect, a private guarantor or insurer of the repayment obligations. These private guarantors were required to maintain minimum credit ratings, depending on the investor and the private guarantor's role. With the recent turmoil in the financial markets, the credit ratings for key private guarantors have been downgraded or are in imminent danger of being downgraded. Such downgrades result in technical defaults under the terms of the transactions, even if there has been no default on the repayment obligations and even though the underlying credit risk is very small.

As a result of these technical defaults, transit agencies are required to replace current private guarantors in the transactions. This has proved practically impossible to accomplish in the current market environment. The replacement private guarantor must typically maintain a comparable credit rating, and there are virtually no private guarantors with both the necessary credit ratings and sufficient capacity available to replace the downgraded private guarantors.

If the private guarantees are not replaced in the imminent future, the technical defaults will cause a cascade of significant additional losses and increased costs that will exacerbate, rather than stabilize, the current market turmoil. As the attached chart indicates, more than $12 billion of FTA-approved LILO/SILO transactions, in addition to similarly structured leveraged leases and other transactions that did not require FTA approval, are at risk, which could cost the transit agencies hundreds of millions of dollars. These significant costs can be averted by prompt action by the Treasury Department to step in as a replacement guarantor of the downgraded private guarantors.

We request that the Department issue a guarantee of letters of credit, debt payment undertakings, surety, equity payment undertakings, and related undertakings of the private guarantors on **all** LILO/SILO transactions and similarly structured leveraged leases. Alternatively, the Treasury would issue an "umbrella" guarantee that authorizes insurance coverage of private guarantor obligations in **all** LILO/SILO transactions and similarly structured leveraged leases. In either case, only those transactions in which a technical default of the private guarantor is triggered would actually receive a guarantee. We would envision a fairly straightforward process. When a technical default is triggered, the transit agency would notify the Department and provide the relevant documentation confirming the technical default. The Department would then issue its replacement guarantee applicable to that individual transaction. The transit agency would then work with the investor to document the guarantee in a manner appropriate to the transaction.

We request that the premiums for the guarantee be based on the credit risk associated with LILO/SILO transactions, as provided in Section 102(c)(2) of the EESA. As indicated above and in the attached comment letter, the transit agencies' repayment obligations in many of these transactions are fully funded, and indeed in some cases overfunded, by U.S. Treasury obligations in which the investors maintain a security interest. Consequently, default on the agencies' repayment obligations is highly unlikely, and thus the credit risk associated with these transactions is extremely small. Therefore, it follows that the premiums for the guarantee should be minimal. Because default on the repayment obligations is highly unlikely, there also is an extremely small prospect of anticipated claims or payouts under the guarantee, and so the taxpayers will be fully protected as required by Section 102(c)(3) of the EESA.

In conclusion, we believe that the requested guarantee will allow you to meet the clear requirement in Section 103(f) of the EESA that the statute be implemented taking into consideration the need to ensure stability for public instrumentalities that have suffered significant increased costs and losses in the current market turmoil. A failure to approve this guarantee will only exacerbate further the instability facing public instrumentalities, and thus frustrate the purpose of Section 103(f). Furthermore, where U.S. Treasury obligations secure the agencies' repayment obligations, the cost of issuing the guarantee, if any, to the Treasury or the taxpayer is likely to be small. On the other hand, a failure to issue the guarantee will result in significant additional costs and losses to the transmit agencies, and, ultimately, to the taxpayer.

Thank you for your prompt attention to this request. Given the urgent circumstances surrounding impending technical defaults on these transactions, we respectfully request a meeting with you and/or the appropriate senior decision-making officials to discuss our application at the earliest possible time.

Sincerely,

cc: Honorable Neel Kashkari

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DRAFT

SEC. X. GUARANTEE OF LEASES OF QUALIFIED TRANSPORTATION PROPERTY

(a) GUARANTEE. - Pursuant to section 102 of the Emergency Economic Stabilization Act of 2008 and upon the request of a federally funded public transportation agency, the Secretary of the Treasury shall serve as a guarantor with respect to all obligations of such federally funded public transportation agency under leases of qualified transportation property. Such guarantee shall be on such terms and conditions as are determined by the Secretary of the Treasury.

(b) OPERATIONAL RULES. -

(1) For purposes of this provision, the term "federally funded public transportation agency" shall mean any political subdivision of a State that operates a public transportation system and receives federal funds. **[Can we tie into Title 49?]**

(2) For purposes of this provision, the term "qualified transportation property" means domestic property subject to a lease:

(i) that was approved by the Federal Transit Administration prior to January 1, 2006, or

(ii) of State or locally funded qualified transportation property subject to similar terms as those leases defined in subsection (2)(i).

(3) For purposes of this provision, the term "guarantor" includes, without limitation, guarantor, surety, and payment undertaker.

(4) For purposes of this provision and section 102 of the Emergency Economic Stabilization Act of 2008, leases of qualified transportation property shall qualify as "troubled assets" as defined by section 3(9) of the Emergency Economic Stabilization Act of 2008.

ATTACHMENT C

U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

James L. Oberstar
Chairman

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

John L. Mica
Ranking Republican Member

James W. Coon II, Republican Chief of Staff

October 30, 2008

The Honorable Henry Paulson
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Ben Bernanke
Chairman
The Federal Reserve
20th & Constitution Ave., N.W.
Washington, DC 20551

Dear Mr. Secretary and Mr. Chairman:

We write to express our concern regarding the effect of the current credit crisis on the public transit industry. Transit financing deals entered into between 1988 and 2003 with certain banks have now placed more than 30 of the nation's largest transit agencies at risk of default and financial collapse. Although the U.S. Department of Transportation has limited information, it is our understanding that the public transit sector's total exposure from these deals could be up to $16 billion, and may significantly impact 25 metropolitan areas in 17 States across the nation. According to individual transit agency estimates, approximately $1.5 billion to $4 billion of these deals are immediately at risk. We expect that as you confront this unprecedented situation, you recognize the severity of the financial impact on state and local transit agencies, and the commuting public whom they serve. We urge you to use all of your existing authority, including the Department of Treasury's authority under the Emergency Economic Stabilization Act, to help the transit agencies resolve this issue.

These transit contracts, when in vogue, were touted as an inventive way to allow public transportation agencies to fund their payment obligations for rail and bus equipment purchases. These deals permitted U.S. Treasury obligations to be entrusted to an equity payment undertaker as insurer of the payment obligations, thereby providing up-front resources for transit capital investment in exchange for tax benefits afforded to the involved banks.

The contracts required that the private guarantors maintain minimum credit ratings, and in many transactions, American International Group ("AIG") was the guarantor. When AIG lost its AAA credit rating, the transit agencies found themselves in technical default of the agreement. These defaults – if processed – could cost some of the nation's largest transit agencies hundreds of millions of dollars, and could threaten their very existence and the financial stability of the state and local governments that fund them. This would result in immediate termination of transit services in the nation's largest urban areas, eliminating an important transportation option that saves energy and reduces our nation's dependence on foreign oil.

In 2003, the tax benefits from these transactions were prohibited and the practice ceased. In response to this change in law, the Internal Revenue Service ("IRS") moved to disallow most of the tax advantages anticipated by the investors when they entered into the transactions.

Unfortunately, in the event of a default, the investors have an opportunity to recover a penalty from the transit agency equal to the cash rents plus a cash amount reflective of anticipated tax benefits. The downgrading of the payment caretakers' credit ratings has provided investors, blocked by the IRS from receiving tax benefits, an opportunity to recover anticipated profits at the expense of public transit agencies.

Enclosed is a list of the transit deals that were approved from 1988 to 2003, however, not all of these transactions may be in jeopardy at this time.

We urge you to address this issue, especially in light of the fact that AIG has been the recipient of considerable assistance from the Treasury. We urge you to use all of your existing authority, including the Department of Treasury's authority under the Emergency Economic Stabilization Act, to resolve the critical issue outlined in this letter.

Sincerely,

James L. Oberstar

James L. Oberstar, M.C.
Chairman

John L. Mica, M.C.
Ranking Member

Peter A. DeFazio, M.C.
Chairman
Subcommittee on Highways and Transit

Transit Sales and Lease Transactions from 1988-2003

State	City	Transit Agency	Assets	Asset Value
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	Light Rail Transit	$28,500,000
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	72 Rapid Rail car	$162,800,000
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	Light Rail Transit	$289,000,000
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	67 Light Rail Transit Cars	$259,200,000
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	Light Rail Transit	$259,200,000
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	Patsaoursas Plaza	$125,000,000
CA	Los Angeles	Los Angeles County Metropolitan Transportation Authority	23 Light Rail Vehicles	$99,200,000
CA	Los Angeles	Southern California Rapid Transit District	Methane Buses	$70,000,000
CA	Los Angeles	Southern California Regional Rail Authority, Metrolink	Commuter and Locomotive Cars	$67,800,000
CA	Oakland	Peninsula Corridor Joint Powers Board, Caltrain	Railcars	$107,000,000
CA	Oakland	Peninsula Corridor Joint Powers Board, Caltrain	20 Commuter and 3 Locomotive Cars	$67,700,000
CA	Oakland	Peninsula Corridor Joint Powers Board, Caltrain	39 Commuter and 13 Locomotive Cars	$141,400,000
CA	Oakland	Peninsula Corridor Joint Powers Board, Caltrain	52 Commuter and 13 Locomotive Cars	$174,600,000
CA	Sacramento	Sacramento Regional Transit District	Light Rail Transit	$416,900
CA	San Diego	San Diego Metropolitan Transit Development Board	Light Rail Transit	$53,339,825
CA	San Diego	San Diego Metropolitan Transit Development Board	41 Light Rail Transit Cars	$76,140,000
CA	San Francisco	Alameda-Contra Costa Transit District	Buses	$100,000,000
CA	San Francisco	Bay Area Rapid Transit	Railcars	$180,000,000
CA	San Francisco	Bay Area Rapid Transit	Railcars	$30,000,000
CA	San Francisco	Bay Area Rapid Transit	Qualified Technological Equipment	$212,000,000
CA	San Francisco	San Francisco Municipal Transportation Agency	150 Light Rail Cars	$467,950,000
CA	San Jose	San Jose Regional Transit District	Railcars	$19,685,575
CO	Denver	Denver Regional Transportation District	Buses	$20,000,000
CO	Denver	Denver Regional Transportation District	Railcars and Facilities	$124,750,000
CT	Hartford	Connecticut Department of Transportation	245 Vehicles	$384,000,000
CT	New Haven	Metropolitan Transportation Authority, Connecticut DOT	Railcars	$118,600,000
DC	Washington	Washington Metropolitan Area Transit Authority	214 Rail Cars	$576,820,000
DC	Washington	Washington Metropolitan Area Transit Authority	42 Rapid Rail Cars	$98,700,000
DC	Washington	Washington Metropolitan Area Transit Authority	36 Rapid Rail Cars	$95,000,000
FL	Miami	Miami-Dade Transit Authority	Railcars and Facilities	$142,000,000
GA	Atlanta	Metropolitan Atlanta Regional Transit Authority	Rapid Rail Cars	$558,850,000
GA	Atlanta	Metropolitan Atlanta Regional Transit Authority	94 Rapid Rail Cars	$140,500,000
GA	Atlanta	Metropolitan Atlanta Regional Transit Authority	Avondale Rail Maintenance	$120,500,000
GA	Atlanta	Metropolitan Atlanta Regional Transit Authority	South Rail Line	$700,000,000
GA	Atlanta	Metropolitan Atlanta Regional Transit Authority	East Rail Line	$650,000,000
IL	Chicago	Chicago Transit Authority	Rail Facility	$141,000,000
IL	Chicago	Chicago Transit Authority	Rail Line	$450,000,000
IL	Chicago	Chicago Transit Authority	710 Buses	$241,000,000
IL	Chicago	Chicago Transit Authority	Qualified Technological Equipment	$150,000,000
IL	Chicago	Chicago Transit Authority	Buses	$120,000,000
IL	Chicago	Pace Suburban	Buses	$120,000,000
MA	Boston	Massachusetts Bay Transportation Authority	Railcars	$28,000,000
MA	Boston	Massachusetts Bay Transportation Authority	Railcars	$28,500,000
MA	Boston	Massachusetts Bay Transportation Authority	Railcars	$147,000,000
MA	Boston	Massachusetts Bay Transportation Authority	Railcars	$117,000,000
MA	Boston	Massachusetts Bay Transportation Authority	Engine Terminal	$219,000,000
MD	Baltimore	Maryland Department of Transportation	Light Rail Transit	$45,000,000
MO	St. Louis	Bi-State Development Agency	Maintenance Facilities	$105,200,000
MO	St. Louis	Bi-State Development Agency	Light Rail Cars and Facility	$138,100,000
NJ	Newark	New Jersey Transit	Buses	$72,888,000

Transit Sales and Lease Transactions from 1988-2003

State	City	Transit Agency	Assets	Asset Value
NJ	Newark	New Jersey Transit	Rebuilt Commuter Rail	$90,000,000
NJ	Newark	New Jersey Transit	Rebuilt Commuter Rail	$86,290,000
NJ	Newark	New Jersey Transit	Rebuilt Commuter Rail	$20,000,000
NJ	Newark	New Jersey Transit	Locomotive Cars	$65,692,893
NJ	Newark	New Jersey Transit	Rail Facility	$125,000,000
NJ	Newark	New Jersey Transit	Railcars	$230,000,000
NJ	Newark	New Jersey Transit	4 Garages	$90,000,000
NJ	Newark	New Jersey Transit	Up to 250 Buses	$100,000,000
NJ	Newark	New Jersey Transit	24 Light Rail Transit	$85,000,000
NJ	Newark	New Jersey Transit	Over 215 Coach Cars	$100,000,000
NJ	Newark	New Jersey Transit	1100 Coach Cars	$450,000,000
NJ	Newark	New Jersey Transit	Qualified Technological Equipment for Rail	$150,000,000
NJ	Newark	New Jersey Transit	21 Locomotives	$127,000,000
NJ	Newark	New Jersey Transit	48 Commuter Rail Cars	$64,900,000
NY	New York	Metropolitan Transportation Authority	Light Rail Transit	$216,000,000
NY	New York	Metropolitan Transportation Authority	Maintenance Facilities	$313,000,000
NY	New York	Metropolitan Transportation Authority	205 Heavy Rail Cars	$450,000,000
NY	New York	Metropolitan Transportation Authority	528 Heavy Rail Cars	$1,160,000,000
NY	New York	Metropolitan Transportation Authority	120 Rapid Rail Cars	$250,000,000
OH	Cleveland	Greater Cleveland Regional Transit Authority	108 Commuter Vehicles	$251,078,000
OR	Portland	Tri-County Metropolitan Transportation District of Oregon	Railcars and Facilities	$120,000,000
OR	Portland	Tri-County Metropolitan Transportation District of Oregon	31 Light Rail Transit Cars	$80,000,000
PA	Philadelphia	Southeastern Pennsylvania Transportation Authority	Railcars	$57,200,000
PA	Philadelphia	Southeastern Pennsylvania Transportation Authority		$61,000,000
PA	Philadelphia	Southeastern Pennsylvania Transportation Authority	220 Rapid Rail Cars	$648,460,000
PA	Philadelphia	Southeastern Pennsylvania Transportation Authority	Light Rail Transit and Rapid Rail	$648,500,000
PA	Pittsburgh	Port Authority	Railcars	$100,000,000
PA	Pittsburgh	Port Authority	Facilities and Garages	$63,950,000
TX	Dallas	Dallas Area Rapid Transit	Railcars	$123,000,000
TX	Dallas	Dallas Area Rapid Transit	Facilities	$110,800,000
TX	Dallas	Dallas Area Rapid Transit	53 Light Rail Transit Cars	$172,000,000
TX	Houston	Metropolitan Transit Authority of Harris County	7 Bus Facilities	$225,240,000
TX	Houston	Metropolitan Transit Authority of Harris County	Transit Buses & Coach Cars	$190,700,000
TX	Houston	Metropolitan Transit Authority of Harris County	Qualified Technological Equipment for Buses	$48,000,000
WA	Seattle	Central Puget Sound Regional Transit Authority	58 Commuter and 11 Locomotive Cars	$146,200,000
WA	Seattle	King County Metropolitan Transit	Dual Bus	$1,088,590
WA	Seattle	King County Metropolitan Transit	Buses	$39,400,000
Total Projects:		**87 Projects in 25 Metropolitan Areas**	**Total Value of Assets:**	**$16,102,839,783**

*Information provided by the Federal Transit Administration

ATTACHMENT D

United States Senate

WASHINGTON, DC 20510

October 24, 2008

The Honorable Henry Paulson
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Ben Bernanke
Federal Reserve Chairman
Federal Reserve System
Twentieth and Constitution Avenue, NW
Washington, DC 20551

Dear Secretary Paulson and Chairman Bernanke:

We are seeking your assistance to address a critical issue facing many of the nation's large public transit agencies in the wake of the current financial crisis. As discussed in yesterday's hearing before the Senate Committee on Banking, Housing and Urban Affairs, if the Treasury and Federal Reserve do not act quickly, public transit agencies around the nation could become financially crippled and several banks could enjoy unjustified windfalls.

As you may know, from the late 1980's to 2003 mass transit agencies (and other public agencies) entered into Lease-In/Lease-Out and Sale-in/Lease Out (LILO/SILO) Transactions with several banks. The transactions provided these agencies with much needed resources for capital intensive projects and the banks were able to gain tax benefits. In 2003, the tax benefits from these transactions were prohibited.

AIG was used as a go between in many of these transactions. Now the banks that are parties to these transactions are using AIG's credit downgrading to terminate these transactions in terms favorable to them. As a result, the banks may have the opportunity to gain 100 percent of the tax benefits which have been disallowed, and in turn devastate transit agencies. Any reduction or degradation in transit service could mean that our constituents will struggle getting to work or school, squeezing our state economies and family budgets even further. This is a time when we should encourage mass transit use and a financial blow to our transit agencies such as this one is a major setback to that effort.

We believe such dire consequences can be avoided without significant cost or risk to the bailout program and we urge you to take measures to address this critical issue. In particular, we ask you to immediately delegate a senior Treasury and a senior Federal

Reserve official to work with the Department of Transportation and a small number of the large transit agencies to develop a solution to this pressing problem thus avoiding a financial catastrophe for those least able to pay.

Thank you in advance for your consideration.

Sincerely,

Robert Menendez

ROBERT MENENDEZ
United State Senator

Jim Durbin

RICHARD J. DURBIN
United State Senator

Frank R. Lautenberg

FRANK R. LAUTENBERG
United States Senator

Barbara Boxer

BARBARA BOXER
United States Senator

Report to Orange County Transportation Authority from Potomac Partners DC October 2008

Partners contributing to the work in this report include: Rick Alcalde, Dr. Lesli McCollum Gooch, and Dan Feliz.

Background and Legislative Overview for October

Three focal issues for the Orange County Transportation Authority in Washington, DC for the month of October included: (1) the prospects for a second economic stimulus package that would include additional federal transportation funding, (2) protection for public transportation agencies at risk from the default of the Lease In/ Lease Out and Sale In/Lease Out (LILO/SILO) transactions, and (3) transportation reauthorization legislation for next year.

On October 29th, the House Transportation and Infrastructure Committee held a hearing to highlight the role of infrastructure investment as a critical factor in restoring the nation's economic health by creating jobs. This hearing lasted most of the day and included 19 witnesses representing transportation interests around the country who reiterated the position that any stimulus package must contain transportation funding. Throughout the hearing some members and a witness for the American Public Transportation Association touched on the importance of protecting the transit agencies from the default of LILO/SILO transaction. The hearing participants that spoke directly to problems associated with the LILO/SILO transactions included Chairman Oberstar, Del. Norton (D-DC), Congresswoman Edwards (D-MD) and Dr. Scott from the Metropolitan Atlanta Rapid Transit Authority. Other important questions and comments during the hearing reflected on how the committee hopes to fund future transportation and infrastructure projects in the next Highway Bill and how those projects could help the country through a looming economic recession.

On October 16, the President signed into law the combined rail safety and Amtrak reauthorization bill, H.R. 2095. As mentioned in the last report, this bill contained many important reforms for passenger rail service, and has the potential to establish the first high-speed passenger rail service in the United States. Also included was the language to encourage the development of regional intermodal centers like ARTIC that connect directly to all modes of transportation in Orange County and throughout Southern California. This language gives these projects greater consideration in competing for grants or appropriations as authorized projects.

After the elections in November, the House and the Senate will consider new leadership and committee assignments to reflect the political make up of the next 111th Congress that will take office in January 2009. The leadership of the key transportation committees (T&I and EPW) in the House and Senate will not likely change, however new members (both Republican and Democrat) may be added to those committees. We will keep the OCTA apprised of these developments and help adjust the legislative strategies accordingly.

1. Economic Stimulus and Transportation Funding

During the month of October, we met with members of the Senate Environment and Public Works Committee and House Transportation and Infrastructure Committee and their staff to discuss the legislative outlook for a potential "Economic Stimulus" bill, which provides supplemental transportation funding, that Congress may consider after the elections. Congress is scheduled to return after the election during the week of November 17th.

According to members of the House working on the economic stimulus package, for the legislation to be viable it would have to be brought to the floor at the beginning of the Week of November 17th and will need strong bi-partisan support. Ranking Member Mica is one member whose support would be integral to passing the bill out of the House. Congressman Mica currently supports additional transportation funding for "ready to go projects" and we are told that he would be inclined to support the entire stimulus package if such funding was included. During an October retreat, he shared with Potomac Partners DC that he has personally spoken with the White House on this subject. The Administration was skeptical that another stimulus, which increases the projected spending deficit, would have any effect in the near term. Since then, the recent job loss has softened the Administration's opposition on stimulus items that could create new jobs. The ready-to-go projects that Rep. Mica supports would be paid for through formula funding to states and must be obligated in 120 days with priority on projects that could move in 90 days. Mr. Mica has warned against "air dropping" any "pet projects" into the bill without consideration by the entire committee. Chairman Oberstar has also advocated with the Speaker for transportation funding in the economic stimulus. Congressman George Miller (D-CA) has been asked by Speaker Pelosi to begin the process of assembling the bill and working with the key Chairmen like Mr. Oberstar. The House T&I Committee plans to use as a starting point for the stimulus similar language to Title I "Infrastructure Investment" of H.R. 7110, the Job Creation and Unemployment Relief Act of 2008. H.R. 7110 was passed by the House on September 26, but was not acted upon by the Senate.

We also met with key staff of the Senate Environment and Public Works Committee. We have learned that that Senate is proceeding slower than the House and has not publically announced priorities for the economic stimulus package. Majority Leader Reid is currently managing the development of the bill. Senate Republicans are concerned that Senator Reid may act unilaterally by introducing a bill that his staff has pre-negotiated with both House leadership and Senator Obama. This approach may jeopardize GOP support for the legislation; however, a Republican transportation staffer on the EPW committee told Potomac Partners DC that a pure stimulus approach that foregoes any policy issues that are better suited for the transportation re-authorization would bring some Republican support from the EPW committee. The pressure to combat the growing loss of jobs may also deliver the support of Republicans from states like Florida. We have spoken with Senator Martinez's staff about the importance of transportation funding for a state that has similar economic dynamics and transportation needs as California. It was also shared with us that a final Senate strategy on the economic stimulus will depend on election results and the attitudes of lame duck Senators toward the future administration.

2. Lease In/Lease Out and Sale In/Lease Out (LILO/SILO) Update

We are continuing to communicate to key Congressional leaders the disastrous effects if the banks are allowed to unwind the LILO/SILO transactions that transit agencies have relied upon to provide much needed capital investment.

On the Financial Services Committee, we have communicated with CA members, Waters and Miller, to help them understand the need to keep these deals from "unwinding" and ask for their help in reaching out to Treasury on the issue to pressure the Treasury Department to protect transit agencies and guarantee the LILO/SILO deals. We also spoke with Congresswoman Maloney (D-NY), Chairwoman of the Financial Services Subcommittee for Financial Institutions and Consumer Credit, and have asked for her support should a legislative solution be necessary.

We also briefed T&I Committee Ranking Member Mica's Legislative Director on the issue. Congressman Mica has subsequently signed a bipartisan T&I Committee letter asking the Department of Treasury to guarantee the SILO/LILO transaction under the authority of the Emergency Economic Stabilization Act (EESA). We also briefed key Senate committee staff for transportation on the EPW Committee.

3. Transportation Reauthorization Update

We have spoken with both Rep. Oberstar and Rep. Mica about upcoming the schedule and legislative priorities for the next reauthorization. Rep. Mica plans to hold informal discussions in November with key transportation experts to discuss his national strategic infrastructure and transportation plan that he would like to propose for the legislative basis of the highway re-authorization bill. With this plan, he hopes to address the need for streamlining the review and approval process of transportation projects and enhance the committee's ability to indentify projects of national significance, like high speed rail and direct funding for those projects.

Mr. Oberstar is also concerned with advancing the committee's jurisdiction with a national transportation plan. In addition, Mr. Oberstar is concerned with indentifying early in the process the funding mechanisms for highways and other transportation projects and he plans to visit key areas around the county to discuss the creative ideas for increasing transportation investment. We have spoken with his staff and they plan to include a visit to Orange County, California. We are continuing to work with the staff on a specific date.

Report to the Orange County Transportation Authority From Smith, Dawson & Andrews October 2008

Focus: Stimulus Activity & Lame Duck Session
October 2008

Highlights

With the historic election of Illinois Senator Barack Obama as the 44^{th} President of the United States, the House and Senate will now move forward with a lame duck session during the week of November 17. President-Elect Obama has called for a stimulus as a first order of business before his inauguration, and stated in his first press conference on November 7 that if a stimulus is not passed before January 20, it will be his first order of business after taking the oath of office.

Pre-election Washington activity has been focused on post Congressional session hearings and deliberations around a second stimulus bill in 2008. Both House and Senate leadership and members have been meeting to formulate the contents of what all agree is needed to infuse the American economy with support across a broader spectrum than the financial, insurance and mortgage banking sectors. Several House Committees—Budget, Transportation & Infrastructure and Ways & Means—quickly pulled together hearings to review a variety of stimulus drafts and recommendations with total value ranging from $60 to $300 billion in some cases. The September House-passed stimulus package totaled $60.8 billion. The Bush Administration has said that this previous version was unacceptable and has not agreed with any current approaches put forth by the House or Senate Democratic leadership. Republican leadership has recommended an approach that includes extension of tax breaks.

The House Budget Committee held its hearing on October 20. There, testimony from Federal Board Chairman Ben Bernanke, acknowledged the movement of a second stimulus as "appropriate" action because of the country's economic woes and agreed it should be significant without offering a specific number.

The House Transportation & Infrastructure Committee held its hearing on October 29. The hearing offered representatives of all major transportation and infrastructure groups an opportunity to testify. A variety of proposals from ready-to-go projects funding to investment banks were presented (a more detailed summary is below). Of note to OCTA was the participation of Gary L. Gallegos, Executive Director of the San Diego Association of Governments, representing National Association of Regional Councils as well as William R. Buechner, vice president for economics and research at the American Road and Transportation Builders Association.

In preparation for the October 29 hearings, the U.S. Conference of Mayors requested “ready-to-go” projects be submitted to them for compilation for the hearing’s record. They set the following criteria for these short term transportation projects: (1) the project must be ready-to-go, contractors identified, engineering phase completed, (2) the projects must be funded through the Surface Transportation Program (STP), which includes roads and bridges, (3) the projects must be able to be completed by the end of 2009. USCM will continue to receive project descriptions from cities until November 7.

The House Committee on Ways and Means held its hearing on October 29 as well. New York Governor David Paterson led the panel of witnesses who spoke about several topics that should be considered in the next stimulus package. These included extension and possible expansion of unemployment benefits; funding the state budget gap created by health care needs; infrastructure projects; capital and curriculum based educational enhancements; support for pensions and retirement savings; and child support enforcement assistance.

The Senate and House will continue leadership deliberations during the week of November 17 and may make announcements regarding new Committee assignments at that time. Of note is the changing of the Chairmanship of the Senate Appropriations Committee, as West Virginia Senator Robert Byrd resigned from that duty on November 7. Hawaii Senator Daniel Inouye is expected to be appointed as next in line based on seniority.

In addition, discussions between transit agencies (both singularly and collectively through APTA) continue to seek a Treasury Department resolution to the imminent payment debacle created by the AIG bailout. The lilo/silo financing tools used by many transit agencies across the country became an unintended after effect of the bailout. The issue has remained front and center before Washington lawmakers, as the Washington Metropolitan Area Transit Authority went to delay substantial payment to a Belgium bank, until discussion with the Treasury Department wrestles the transit industry’s sought after guarantees loose.

SDA Outreach

Contact on Capitol Hill on behalf of OCTA

-Garson covered Transportation & Infrastructure Committee hearing on “Infrastructure and Stimulus” on October 29, 2008.

Contact with relevant organizations on behalf of OCTA

-Garson--weekly updates from US Conference of Mayors transportation and environment legislative staff

-SDA group--outreach to Republican and Democratic leadership regarding activities related to earmark preparations and reauthorization discussions

-SDA group--review of important Congressional hearings and press conferences related to OCTA goals

Miscellaneous

Burrell attended APTA Annual Conference in San Diego, October 6 -8: joined OCTA Board Members Art Brown, Gregory Winterbottom and Cathy Green along with CEO Art Leahy at the annual awards breakfast, and attended panel on strategies to cope with rising fuel costs contingency moderated by Art Leahy as well as several other sessions.

Burrell & Newman attended National Journal Group Presidential Candidate forum on transportation policy, October 23, 2008
Garson updates legislative matrix.

Garson notes from: Transportation & Infrastructure Committee Hearing: (10/29/08)—Investing in Infrastructure: The Road to Recovery

The hearing had several witnesses including: Jon Corzine, Governor of New Jersey; Doug Black, CEO, Oldcastle Materials Inc.; William R. Buechner, economist for ARTBA; Brian Burgett, representing the Associated General Contractors of America; William L. Crosbie, COO, AMTRAK; William R. Decota, director of aviation, Port Authority of New York and New Jersey; Mayor Abramson, Louisville, KY, representing US Conference of Mayors (USCM); Terry Dillion, president, National Utility Contractors Association; Peter G. Drakos, president, Coastal Connect LLC; Judith Enck, deputy secretary for the environment, State of New York; John Engler, president and CEO, National Association of Manufacturers; Gary L. Gallegos, representing National Association of Regional Councils; John Irons, research and policy director, Economic Policy Institute; Tom Leyden, representing Solar Energy Industries Association; Terence M. O'Sullivan, general president, Laborers' International Union of North America; John D. Porcari, secretary of transportation, State of MD, representing AASHTO; Beverly A. Scott, general manager, MARTA, representing APTA.

The resounding theme of this hearing was that investment in infrastructure will bring direct economic benefits to Americans in the form of jobs, better services and more money in our economy.

Chairman Oberstar started the hearing with a staggering statistic, which would be restated by many of the witnesses—the unemployment rate for construction workers is at 9.9%, the highest of any industry. The chairman mentioned that infrastructure investment such as purchasing rail cars and other equipment helps all parts of our economy because many of the companies selling this equipment are located in the United States. This investment is also significant because it helps our deteriorating infrastructure. Mr. Oberstar brought up the fact that there are thousands of ready-to-go projects—meaning they can start in 90-120 days and the engineering, planning & design and EIS stages are finished. Ranking Member Mica wants to make sure that ready-to-go projects include only those that have been approved at several levels, local, state and federal. He reiterated the importance of money spent on infrastructure investment by highlighting the statistic that every billion spent on infrastructure results in 35,000 new jobs. However, Mr. Mica wants an energy component to this stimulus bill. He also stated that he wants to provide tax relief to businesses under section 179 equipment exemption. Representative DeFazio was very serious about infrastructure jobs. He wants direct investment in infrastructure and doesn't care if projects take 6-12 years. Representative Cummings stated that he thinks waterborne transportation investment is just as important as land transportation investment.

The first panel of witnesses included Governor Corzine, Mayor Abramson, Mr. Gallegos, Governor Engler, and Mr. Irons.

Governor Corzine made a strong point when he said that projects considered for a second stimulus should not just be made up to create jobs, but should be part of a larger plan, especially because there are so many critical ready-to-go projects out there. Chairman Oberstar praised the state of New Jersey for their mode shift from highway to more transit.

Mayor Abramson of the USCM discussed the Main St. stimulus plan put together by the US Conference of Mayors. The USCM wants a stimulus plan that will immediately create jobs and Abramson thinks there are several projects out there that could qualify. He said that he knows there is an abundance of ready-to-go projects because his city alone has $250 million in ready-to-go projects that could start in 90-120 days and be finished by 2009. The Main St. plan calls for $9 billion in money for transit for rolling stock (buses). The USCM is also in favor of directing stimulus money to the STP account because this account provides flexibility. However, the USCM is worried about local governments not controlling the destination of stimulus money because the money would only be given to state DOTs and not MPOs, which was the case in the House stimulus bill introduced in September. Mr. Gallegos' testimony was supportive of a stimulus as well.

Former Governor Engler emphasized the importance of an efficient transportation system to move manufacturer's goods. He stated that congestion and bottlenecks hurt manufacturing and small businesses are especially hurt by these problems. He then went on to say that short term transportation projects are great for immediate relief, but that we need a 25 year long term strategy to deal with infrastructure investment. A long term strategy will have a lasting economic benefit. He finished by saying if we want our manufacturing to be globally competitive, we will need to use more than 2.4% of our GDP for infrastructure projects.

Mr. Irons began his testimony with the staggering statistic that 760,000 jobs have been lost since January. But, he thinks that a well designed stimulus bill could create up to 1 million jobs and that the economic impact could spill over into many industries, not just construction.

Chairman Oberstar questioned Governor Corzine about how disciplined states would be in distributing the money. Mr. Oberstar brought up the list of ready-to-go projects that AASHTO drafted for the hearing, which represented projects from every state and asked Mr. Corzine if states would adhere to the priorities they placed on their projects. Mr. Corzine responded that this stimulus is not about pork projects, but is about putting money into the areas of greatest needs and that New Jersey would certainly adhere to their listed priorities. Mr. Mica discussed high speed rail and said that he wants the next administration to move on this high speed passenger rail provision that was passed by Congress. Mr. Mica asked the economist, Mr. Irons, whether federal government involvement slows down infrastructure projects, which was the consensus reached by TEALU people. Mr. Irons said that federal involvement can result in a project taking 2-3 times as long to finish. Then, Mr. Mica asked him about direct investment versus tax incentives. Mr. Irons said that with direct expenditures on transportation investment you get a bigger bang for your buck than with tax incentives. With direct investment you know money is out the door in a certain amount of time; whereas, with tax incentives you don't know when the money is coming out. Governor Engler also responded to this question by saying that research & development credits are very helpful, but we need public financing because tax incentives can't do it all on its own. Public financing takes out the delay and can save a significant amount of money. Chairman Oberstar chimed-in and said that in the next transportation bill the Committee is going to include language to create an Office of Permit Expediting in the FHWA, so that delays are mitigated.

Mr. DeFazio said that money will go directly to states because the committee was not able to find enough consistency in metropolitan planning (local planning). Mr. Abramson, of the USCM, was not happy with Mr. DeFazio's comment and said that MPOs can delegate money better than states. Mr. Oberstar said in order to lower delay times we are going to ask for periodic reporting of projects and an explanation if they are delayed.

The next panel of witnesses included, Mr. Porcari, Ms. Scott, Ms. Enck, Mr. Decota, Mr. Crosbie and Mr. Herman.

Mr. Porcari began his testimony by saying the state of Maryland has several projects that could begin in early spring, but that we also need long term projects that are ready to go. He emphasized the importance of passing this stimulus by stating that almost ½ of the states have shelved projects, let go of employees and stop services because of the poor economy.

Ms. Scott of APTA thinks transit investment is key because it moves cars of roadways and clears up congestion and green house gas emissions. She was able to name several ready-to-go projects in the Atlanta metropolitan area such as the purchasing of clean fuel buses and the building of a new park & ride facility. She explained that a huge problem right now is that transit ridership is increasing, but the budgets are decreasing, so services are being cut, which is the opposite of what should be happening. To combat this transit organizations are either raising fares or cutting services. An example of this is that Lane Transit in Eugene, OR has had a 17% increase in ridership this year, but has decreased services by 5%. Additionally, 31 of the largest transit systems are having credit problems because of the credit crisis and the Lease-In/Lease-Out contracts initiated by these transit agencies. These LILO contracts may force the organizations into technical default and so Ms. Scott thinks that the treasury should insure these contracts because if something is not done it may cost transit organizations in the ballpark of $2-4 billion.

Ms. Enck discussed the dire conditions of our water infrastructure. She stated that a big reason why conditions are so bad is because there has been a 70% decline in federal funds over the last 20 years. New York has 400 water infrastructure projects ready-to-go right now.

Mr. Decota testified to the importance of airport infrastructure investment. He stated that airport revenue bonds give airports the most money of any financing mechanism. He said that we need to eliminate the AMT on private bonds, just like the government did for housing bonds. He also thinks that airports should have flexibility when using AIP funds to pay off debt. Next, he discussed that it is critical that we invest in modernizing our air traffic control system and get NextGen going as quickly as possible.

Mr. Crosbie stated that AMTRAK ridership last year was the highest it has ever been and AMTRAK is very thankful for the authorization bill that was recently passed and signed by the President. He said that in the short term AMTRAK needs new locomotives.

Mr. Herman, a senior partner at an engineering firm, laid out recommendations for stimulus infrastructure funding levels. He believes that $6.5 billion should go toward publicly owned water & sewer projects, $7.5 billion should go toward Corps of Engineer projects, $5.4 billion should go toward transit projects and that $3.6 billion should go toward capital construction projects for airports. He went on to say that the United States is in desperate need to repair and modernize our infrastructure.

Mr. Kernan of the National Parks Service stated that there are 18 ready-to-go projects at a cost of $270 million within the Park Service. He said that not only would these projects create 7,000 new jobs, but tourism would also be enhanced. Another positive aspect of these parks projects would that they would have regional significance because many highways and roadways go through National Parks. Mr. Kernan used the staggering figure that 53% of roads in national parks are in bad condition to get his point across that the National Parks need infrastructure investment badly.

Mr. Oberstar asked Mr. Crosbie of AMTRAK what his priorities were for funding. Mr. Crosbie said that the top funding priority was rolling stock, train cars. The second priority was infrastructure needs such as movable bridges, electrical traction system and ADA compliance issues. The third and last priority is to complete positive train control. Also, Mr. Crosbie said that AMTRAK has a detailed 5 year capital program.

Mr. Cummings asked about financing mechanisms. One of the witnesses said that they made tough decisions and ended up getting transportation funding on the state level by using more sales and corporate taxes for transportation needs. But, the witness thinks we need to diversify and use some kind of Vehicle Miles Traveled (VMT) as a future source of revenue.

Ms. Norton is worried about the LI/LO issue for transit agencies. Mr. Boswell asked about airports financial health and Mr. Decota said that the thinks private activity bonds should be reclassified to public activity bonds under the AMT. Then, Mr. Decota was asked what type of airport projects could be considered ready-to-go by Chairman Oberstar. Mr. Decota said that there are several runway rehabilitation projects that are ready-to-go, as well as, safety/security projects that are ready-to-go.

The last witness panel included Mr. O'Sullivan, Mr. Black, Mr. Buechner, Mr. Burgett, Mr. Dillon, Mr. Drakos and Mr. Leyden. Much of this testimony was a rehash of the problems that the current economy has created for infrastructure investment related companies throughout the United States. Many of these witnesses discussed how the tough economy has hurt business and how a stimulus could create jobs and help the economy.

Mr. O'Sullivan talked about the dire conditions for construction workers. He thinks that thousands of good jobs would be available within 90 days if a stimulus bill was passed. Mr. Black testified that the cost of all his products, including asphalt, cement and ready-mix concrete, has skyrocketed while production has decreased. Another paradox in the current climate is that the industry is shrinking while the need for new roads is increasing. He stated that the biggest reason for this stimulus funding is that the economic impact is significant and local. The rest of the witnesses brought up ideas or concepts that had already been touched on during the first two panels.

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<u>Burrell notes from: "The Candidates on the Issues—Transportation," sponsored by the National Journal Group (10/22/2008)</u>

This was the third in a series of different topics where the National Journal Group invited representatives from the two Presidential campaigns to discuss specific topics.

The transportation panel gathered included: Ron Brownstein—National Journal moderator; Mort Downey, chairman of PB Consult, for the Obama campaign; Lisa Caruso, a National Journal reporter; Doug Holtz-Eakin, formerly with OMB, for the McCain campaign. After this panel's initial presentations, they were joined on stage by: former DOT Secretary Jim Burnley, a partner at Venable; Michael Repogle, transportation director for the Environmental Defense Fund; and Janet Kavinoky, director of transportation infrastructure for the US Chamber.

Mort Downey directed participants to the Obama campaign website for a complete transportation policy. The basic tenets of the policy include:

-infrastructure needs more investment
-national issues need to be addressed in this context
-support economic growth including rebuilding infrastructure, modernizing air traffic control system, high speed rail investment and transit
-three vehicles for solutions: short term stimulus; national infrastructure reinvestment bank; and reauthorization vision including decreased earmarks
-noted that recently passed rail law is a start in the right direction for high speed. rail

Doug Holtz-Eakin summarized the McCain platform as based on:
-solving congestion problems,
-FAA reauthorization,
-energy efficiencies and
-refining Congressional process to eliminate earmarks and prioritize to invest more wisely with economic indicators and performance criteria as part of assessment of worthy projects.

The hour-long discussion focused on earmarks and sources of funding primarily. Burnley reminded the audience that safety along with reauthorization and funding is a paramount issue that was not mentioned as part of campaign platforms. Kavinoky asserted that infrastructure for American business is not solely related to only highways and transit and that both campaigns need to view infrastructure more holistically to include freight, water and airports as all contribute to the country's economic engine.

All agreed gas tax increases are not a palatable part of the funding solution equation. They also agreed that the carbon cap and trade potential is not a panacea either, and likely will be considered another tax increase in the long run. In short, there are no easy answers to solving the nation's infrastructure issues in these tight economic times. But moving these important pieces of legislation through the next Congress---surface transportation, aviation, water resources and others---must seek to bring about new ideas and broader support for final enactment to occur in the near term.

15.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Grant Award for Compressed Natural Gas Fueling Station at the Garden Grove Bus Base

Transit Committee meeting of November 13, 2008

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute grant agreements with the Mobile Source Air Pollution Reduction Review Committee to support the construction of the compressed natural gas fueling facility at the Garden Grove Base.

OCTA

November 13, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Grant Award for Compressed Natural Gas Fueling Station at the Garden Grove Base

Overview

The Mobile Source Air Pollution Reduction Review Committee awarded the Orange County Transportation Authority $400,000 in competitive grant funds to support the construction of the compressed natural gas fueling facility at the Garden Grove Base. Authorization is requested to accept the award and execute grant-related agreements.

Recommendation

Authorize the Chief Executive Officer to execute grant agreements with the Mobile Source Air Pollution Reduction Review Committee to support the construction of the compressed natural gas fueling facility at the Garden Grove Base.

Background

In September 1990, AB 2766 (Chapter 1705, Statutes of 1990) was signed into law, which authorized a $4 per-vehicle surcharge on annual motor vehicle registration fees to fund programs that reduce motor vehicle air pollution. AB 2766 mandated that $.30 of every dollar collected be deposited into a discretionary account managed by the South Coast Air Quality Management District (SCAQMD). To determine which projects are funded by discretionary funds, AB 2766 created the Mobile Source Air Pollution Reduction Review Committee (MSRC) to establish criteria, evaluate proposed projects, and make final funding recommendations to the SCAQMD Governing Board.

Periodically, the MSRC makes available grant funds on a competitive basis to promote the use of alternative fuels and supporting infrastructure and to reduce emissions within the SCAQMD.

Discussion

On May 14, 2007, the Board of Directors approved the development of a lease-to-own compressed natural gas (CNG) fueling facility at the Garden Grove Base. On March 26, 2008, staff submitted a proposal to the MSRC Alternative Fuel Infrastructure Program to pursue competitive grant funds to help offset the costs of the project. In August 2008, the MSRC and SCAQMD governing board accepted the proposal and awarded the Orange County Transportation Authority (OCTA) $400,000 in grant funds. The award is intended to defray the capital and installation costs of CNG fueling equipment at the Garden Grove Base. The CNG facility is projected to fuel approximately 65 CNG transit buses by the end of the year and approximately 175 CNG vehicles by 2014.

Over the past four years, more than $1.6 million in grant funds have been awarded by SCAQMD and MSRC specifically to support OCTA's CNG fueling facilities, and over $7.4 million has been awarded to support alternative fuel transit buses. Authorization is requested to accept the award and enter grant funding agreements. The acceptance of this award will help further OCTA's commitment to cleaner burning CNG fuel technology while allowing local funds to be used towards other OCTA projects and programs.

Summary

Grant funds, in the amount of $400,000, have been awarded to OCTA by the MSRC to assist in the capital and installation costs of CNG fueling equipment at the Garden Grove Base. The funds were awarded by the MSRC to help promote cleaner burning fuel technologies and reduce emissions within the South Coast Air Quality Management District. Authorization is requested to accept the award and enter grant funding agreements.

Attachment

None.

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Paul Zuhlke for

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16.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

From: WK Wendy Knowles, Clerk of the Board

Subject: Agreement for On-Call Right-of-Way Services for the Grade Separation Projects

Highways Committee Meeting of November 17, 2008

Present: Directors Amante, Dixon, Green, Mansoor, Norby, Pringle, and Rosen

Absent: Directors Cavecche and Glaab

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute agreements for on-call right-of-way services between the Orange County Transportation Authority and Epic Land Solutions, Inc. (Agreement No. C-8-1292), HDR Engineering, Inc. (Agreement No. C-8-1291), and Overland, Pacific & Cutler, Inc. (Agreement No. C-8-1096), in an aggregate amount not to exceed $997,475.

November 17, 2008

To: Highways Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement for On-Call Right-of-Way Services for the Grade Separation Projects

Overview

Consultant services are required to assist the Orange County Transportation Authority in securing the right-of-way needed to implement five rail-highway grade separation projects in the City of Placentia. Proposals were solicited and received for on-call right-of-way services in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute agreements for on-call right-of-way services between the Orange County Transportation Authority and Epic Land Solutions, Inc. (Agreement No. C-8-1292), HDR Engineering, Inc. (Agreement No. C-8-1291), and Overland, Pacific & Cutler, Inc. (Agreement No. C-8-1096), in an aggregate amount not to exceed $997,475.

Background

In April 2008, the California Transportation Commission (CTC) approved an allocation of funding to Orange County under the Trade Corridors Improvement Fund (TCIF) program for seven grade separation projects. The TCIF applications identified the Orange County Transportation Authority (Authority) as the lead agency for five grade separations in the City of Placentia (Orangethorpe Avenue, Placentia Avenue, Kraemer Boulevard, Tustin Avenue/Rose Drive, and Lakeview Avenue).

The CTC set a goal to have all TCIF projects under construction by December 2013. The Authority has committed to having all under construction by this date. Some initial work on these projects is already in progress. The environmental document for Placentia Avenue has been approved and the final design is partially complete. In addition, some of the property needed for this grade separation has been acquired. An environmental document is currently being prepared for the four other grade separations.

Discussion

Right-of-way (ROW) acquisition must be completed before construction of the projects can begin. Given the size, complexity, and accelerated schedule of these projects, the Authority must initiate ROW work by the end of 2008. The Authority's ROW Department does not have the staff to perform this work in-house; therefore, on-call ROW consultant services are necessary. These services will include, but not be limited to, the following:

- Coordinating the relocation of utility infrastructure in conflict with construction
- Obtaining and reviewing preliminary title reports, appraisal maps, surveys, and legal descriptions
- Performing hazardous waste and environmental inspections and preparing reports
- Preparing rights-of-entry
- Preparing appraisals and appraisal reviews
- Negotiating with property owners
- Assisting with relocating persons, property, and businesses
- Coordinating eminent domain activities if required
- Performing quality assurance and quality control to ensure compliance with applicable federal, state, and local laws, policies, ordinances, rules, and regulations

Use of multiple on-call consultants rather than a single consultant is recommended, owing to the number and diversity of properties and property easements to be acquired, the focus and intensity of effort needed at each site, and the aggressive project schedule.

This procurement was handled in accordance with the Authority's procedures for professional and technical services. In addition to cost, other factors are considered. Award is recommended to the firms whose proposals demonstrate the highest capabilities of performing the required services satisfactorily, considering such factors as technical expertise and prior experience, appropriate staffing, approach to the work requirements, and pricing which is determined to be fair, reasonable, and affordable.

On August 18, 2008, the Authority issued a request for proposals (RFP) or on-call ROW services to be awarded to multiple consultants. The RFP was posted on CAMM NET to approximately 500 firms and advertised in a newspaper of general circulation on August 22 and August 29, 2008. A pre-proposal meeting, held on August 25, 2008, was attended by 14 firms. One addendum was issued to respond to written questions from the firms. On September 26, 2008, five proposals were received. An evaluation committee consisting of Authority staff from the Development Division and Contracts Administration and Materials Management Department, and a member of City of Placentia public works division, evaluated all proposals according to the following criteria:

• Qualifications of the Firm	25 percent
• Staffing and Project Organization	30 percent
• Work Plan	25 percent
• Cost and Price	20 percent

The criterion for staffing and project organization carried a higher weight because the complex nature of the projects required special breadth and depth of relevant skills, knowledge, and experience. Cost and price were weighted lower because technical qualifications are considered preeminent.

On October 13, 2008, the evaluation committee short-listed the top three firms. Interviews with the short-listed firms were held on October 24, 2008. Based on its findings, the evaluation committee recommends the following firms for consideration of award.

<u>Firm and Location</u>

Epic Land Solutions, Inc.
Huntington Beach, California

HDR Engineering, Inc.
Irvine, California

Overland, Pacific & Cutler, Inc.
Irvine, California

The recommended firms have the following attributes with respect to the evaluation criteria:

Qualifications of the Firm

All firms had solid railroad and highway experience, which is critical to successful performance on these grade separation projects, and possessed the personnel resources and proximity to support the work efficiently and effectively.

Staffing and Project Organization

All firms had project managers and other key personnel who, taken together, possessed strong ROW, railroad, and highway experience. Staff of the prime consultants have the skills and knowledge to manage projects requiring multiple capabilities, with a team of subconsultants providing necessary expertise and support in specific areas.

Work Plan

All firms demonstrated knowledge of the project sites and provided thorough discussions of what will be required to perform the project work.

Cost and Price

Pricing rates proposed by the top the three firms are competitive when compared to rates the Authority pays for similar types of services. When multiplied by the expected hours over the contract performance period, these rates resulted in projected costs which were within the project budget and the Authority's independent cost estimate.

The awarded agreements will each have a two-year initial term with two one-year options. Work will be authorized on a contract task order (CTO) basis. Proposals will be solicited competitively from all firms when Authority staff develop specific work packages. For each work package, the firms will submit price proposals and work plans, and a CTO will be issued to the firm with the most highly rated proposal based on delivery schedule, proposed staffing, and cost. Pricing and payment of CTOs will be time and expense with hourly rates established in the base agreements. The aggregate amount of all three contracts will not exceed $997,475, based on an independent cost estimate by staff.

Fiscal Impact

The project is included in the Authority's Fiscal Year 2008-09 Budget, Development Division, Account 0017-7514-SO201-PK4.

Summary

Consultant services are needed to support right-of-way activities for five grade separation projects in the City of Placentia. After evaluation of written proposals and interviews of the short-listed firms, staff has determined Epic Land Solutions, Inc., HDR Engineering, Inc., and Overland, Pacific & Cutler, Inc., to be capable of providing the required services at a reasonable cost. Award of agreements to these firms, in an aggregate amount not to exceed $997,475, is recommended.

Attachments

A. Evaluation Matrix – RFP No. 8-1096, On-Call ROW Services for Railroad Grade Separation Projects
B. Proposal Evaluation Criteria Matrix – RFP No. 8-1096, ROW Services for Grade Separation Projects

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ATTACHMENT A

EVALUATION MATRIX

Request for Proposals (RFP) No. 8-1096, "On-Call ROW Services for Railroad Grade Separation Projects"

Five (5) Proposals Received; Three (3) firms selected

Overall Ranking	Overall Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	AVERAGE HOURLY RATE
1	79	**Epic Land Solutions, Inc.** Huntington Beach, California	**See Attached List**	Very sound experience in ROW field Railroad and highway experience Available and adequate resources to support project Experienced and well-credentialed project manager and capable key personnel Good depth and breadth of understanding of work	**$131.94**
2	77	**HDR Engineering, Inc.** Irvine, California	**See Attached List**	Sound experience in ROW field Adequate railroad and highway experience Sufficient resources to support project Project manager and other staff are well credentialed and have appropriate experience Good depth and breadth of understanding of work	**$129.64**
3	77	**Overland, Pacific & Cutler, Inc.** Irvine, California	**See Attached List**	Highly experienced in ROW field Extensive railroad, highway, and public agency experience Available resources to support project Project manager and other staff are well credentialed and have appropriate experience Good understanding of work requirements	**$125.62**

Evaluation Panel: (5)
Authority:
Contracts Administration and Materials Management (1)
Development (3)
External:
City of Placentia (1)

Proposal Criteria	Weight Factor
Qualifications of Firm	25%
Staffing and Project Organization	30%
Work Plan	25%
Cost and Price	20%

ATTACHMENT B

PROPOSAL EVALUATION
CRITERIA MATRIX

RFP No. 8-1096
ROW Services for Railroad Grade Separation Projects

						Weights	Average Weighted Score
EPIC LAND SOLUTIONS, INC.							
Evaluator Number	1	2	3	4	5		
Qualifications of Offeror Team	4.0	4.0	4.0	4.0	4.0	5	20.0
Qualifications of Proposed Staff	4.0	4.5	4.5	4.0	4.0	6	25.2
Project Organization and Work Plan	4.5	4.0	4.5	3.5	3.5	5	20.0
Cost and Price	3.4	3.4	3.4	3.4	3.4	4	13.6
Overall Score (Max = 100)	80.1	80.6	83.1	75.1	75.1		79.0

HDR ENGINEERING, INC.							
Evaluator Number	1	2	3	4	5		
Qualifications of Offeror Team	3.5	4.0	4.0	4.0	4.0	5	19.5
Qualifications of Proposed Staff	4.0	4.0	4.0	3.5	4.0	6	23.4
Project Organization and Work Plan	3.5	4.5	4.5	4.0	4.0	5	20.5
Cost and Price	3.5	3.5	3.5	3.5	3.5	4	14.0
Overall Score (Max = 100)	73.0	80.5	80.5	75.0	78.0		77.0

OVERLAND, PACIFIC & CUTLER, INC.							
Evaluator Number	1	2	3	4	5		
Qualifications of Offeror Team	4.0	4.0	4.0	4.0	4.0	5	20.0
Qualifications of Proposed Staff	4.0	4.0	4.0	3.0	4.0	6	22.8
Project Organization and Work Plan	4.0	4.0	5.0	3.5	3.5	5	20.0
Cost and Price	3.6	3.6	3.6	3.6	3.6	4	14.4
Overall Score (Max = 100)	78.4	78.4	83.4	69.9	75.9		77.0

Scores of non-interviewed offerors ranged from 59.2 to 62.3

17.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement

Transit Committee meeting of November 13, 2008

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom

Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Authorize the use of Public Transportation Modernization, Improvement, and Service Enhancement Account funds for the track project component of the Metrolink Service Expansion Program.

B. Authorize staff to process all necessary amendments to the Regional Federal Transportation Improvement Program and execute any necessary agreements to facilitate the above actions.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

OCTA

November 13, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account

Overview

Proposition 1B, passed by the voters in November 2006, made available $19.9 billion for investment in transportation throughout the state. Included in Proposition 1B is the Public Transportation Modernization, Improvement, and Service Enhancement Account, which provides $3.6 billion for investment in transit capital to eligible public transportation agencies. Recommendations for the use of fiscal year 2008-09 Proposition 1B transit funds are presented for review and approval.

Recommendations

A. Authorize the use of Public Transportation Modernization, Improvement, and Service Enhancement Account funds for the track project component of the Metrolink Service Expansion Program.

B. Authorize staff to process all necessary amendments to the Regional Federal Transportation Improvement Program and execute any necessary agreements to facilitate the above actions.

Background

In November 2006, voters passed Proposition 1B, a $19.9 billion transportation bond initiative. Proposition 1B established the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). The PTMISEA provides $3.6 billion of the $19.9 billion for investment in transit capital projects by eligible transportation agencies throughout the state. These funds are to be distributed consistent with California Public Utilities Code §99313 and §99314, which provides that eligible project sponsors will receive a proportional share of these funds, the same as the proportional share each receives from the allocation of State Transit Assistance funds. The available allocation for programming in fiscal year (FY) 2008-09 is $18.57 million. Based on the Orange County Transportation Authority's (OCTA) estimate, there will be approximately $32.43 million available in FY 2009-10 through 2011-12. In January of 2008, the Board of Directors (Board) endorsed the use of PTMISEA funds for the bus rapid transit (BRT) project.

The state budget was passed in September of 2008 and included transportation funding diversions to the general fund, which left OCTA with a transit operating shortfall. In response, OCTA has implemented cost reduction measures agencywide. One of those measures includes a review of the schedule for transit/bus capital projects, including the BRT project.

Discussion

The PTMISEA funds are subject to annual appropriations through the state budget. The current state budget includes approximately $338 million for the current fiscal year. OCTA's allocation is approximately $18.57 million for FY 2008-09. Consistent with prior Board endorsement, these funds are directed towards BRT. In order to access these funds, OCTA is required to submit a project application by November 30, 2008, with project implementation commencing by March 30, 2009. The current year capital elements (purchasing and customization of buses) of the BRT project are being funded through State Transportation Improvement Program funds and can move forward in this fiscal year with funds already budgeted.

Future capital components of the BRT project are scheduled to proceed next FY and will not be ready to implement prior to FY 2009-10. The first cycle of PTMISEA funding requires project implementation prior to March 30, 2009. The schedule for the second funding cycle has not been released by the California Department of Transportation (Caltrans).

The Metrolink project will enter into contract at the end of January 2009, which better meets the PTMISEA schedule requirement for the first funding cycle. Staff has reviewed the eligible projects and best uses for these funds consistent with the program guidelines and is recommending that OCTA program these funds to the Metrolink Service Expansion Track Project.

Next Steps

Upon Board direction, staff will submit project nominations to Caltrans and return with future programming recommendations as additional appropriations are made through future state budgets.

Summary

Proposition 1B, which was passed by the voters in November 2006, provided $19.9 billion for investment in transportation infrastructure. Included in Proposition 1B is the PTMISEA, which dedicates $3.6 billion for transit capital. OCTA is anticipated to receive $18.57 million as part of the current year state budget. Staff is requesting Board approval to nominate the Metrolink Service Expansion Track Project to Caltrans for consideration for funding through this program.

Attachment

None.

Prepared by:

Adriann Cardoso
Section Manager II, Capital Programming
(714) 560-5915

Approved by:

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

18.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Metrolink Ridership and On-Time Performance Report

Transit Committee meeting of November 13, 2008

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom

Absent: None

Committee Vote

This item was passed by all Committee Members present.

Director Pulido was not present to vote on this item.

Committee Recommendation

Receive and file as an information item.

OCTA

November 13, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Metrolink Ridership and On-Time Performance Report

Overview

A report on Metrolink ridership and on-time performance for service in Orange County, covering the first quarter of fiscal year 2008-09, is presented.

Recommendation

Receive and file as an information item.

Background

The Southern California Regional Rail Authority (SCRRA), a regional joint powers authority (JPA), operates seven lines throughout Southern California's five-county, 400-mile commuter rail system known as Metrolink. Metrolink's five-agency membership includes the Los Angeles County Metropolitan Transportation Authority, the Orange County Transportation Authority (OCTA), the Riverside County Transportation Commission (RCTC), the San Bernardino Associated Governments (SANBAG), and the Ventura County Transportation Commission. Metrolink operates 145 daily trains, serving 55 stations, and carries over 47,000 riders per day.

The Metrolink Orange County (OC) Line service began in 1994, followed by the Inland Empire – Orange County (IEOC) Line in 1995 and the 91 Line in 2002. Today, the three lines serving Orange County provide a total of 44 daily weekday trains to 11 Orange County stations. The Rail 2 Rail Program, which began in 2003, allows Metrolink monthly pass holders the option of riding Amtrak Pacific Surfliner trains at no additional charge, provided the pass holder travels within the designated stations identified on the pass holder's monthly pass.

The OC and IEOC lines' weekend services are in the third year of operation. The OC Line provides four round trips on Saturday and Sunday year-round and is funded by OCTA. The year-round IEOC Line weekend service operates three

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

round trips on Saturday and two round trips on Sunday. OCTA, RCTC, and SANBAG are partners in funding the IEOC Line weekend service.

Discussion

This report provides the first quarter (July, August, September) fiscal year (FY) 2008-09 update of weekday and weekend ridership and on-time performance results. Detailed information regarding performance statistics is delineated in Attachments A, B, and C.

Ridership

Total Ridership

Total first quarter ridership for all three Metrolink lines serving Orange County, including Rail 2 Rail passengers, has increased by nearly 18 percent compared to the first quarter of FY 2007-08.

Weekday Ridership

Combined daily average ridership on the OC, IEOC, and 91 lines is 17,062, including Rail 2 Rail, or 15.4 percent above the same period last year. The OC Line daily average is up 20.2 percent, the IEOC Line is up 10.3 percent, and the 91 Line is up 15.4 percent compared to last year (Attachment A). The Rail 2 Rail Program has become more successful over the past few years, up 10 percent versus last year. This is mainly due to additional schedule options offered to Metrolink monthly pass holders via Amtrak.

Average weekday ridership peaked in July 2008 and directly correlated with the continued high cost of fuel. In August and September 2008, weekday ridership was impacted likely due to lower gas prices and the weakening economy. While ridership did not fall below last year's levels, growth rates have slightly declined (from 18.4 percent in July 2008 to 13.8 percent in September 2008) over the first quarter of FY 2008-09 and the trend is expected to continue into the second quarter.

Metrolink periodically tracks the available seating capacity of its trains in a monthly report. In September 2008, 11 weekday trains serving Orange County were 90 percent or more full (eight weekday trains were over 100 percent capacity), compared to five weekday trains in the same period last year (two weekday trains were over 100 percent capacity). Beginning in 2009, Metrolink cab and trailer cars will be delivered and put into service to help alleviate the seating capacity issue. Trains experiencing the heaviest loads receive priority for the deployment of additional cars.

The overall increase in ridership continues to have an impact on parking capacity at Orange County stations, which are owned and operated by each city. The stations with known parking capacity issues include Buena Park, Fullerton, and Tustin. As previously reported, consistent with the Metrolink Service Expansion Program, staff is working with these cities to increase parking capacity. The parking shortage at the Laguna Niguel/Mission Viejo Station was somewhat alleviated this quarter likely due to the drop in gas prices and the opening of the Irvine parking structure. The parking structure at the Irvine Station opened on August 27, 2008, providing 1,500 spaces and tripling the number of parking spaces that were available prior to construction. According to parking counts by the City of Irvine, the highest number of vehicles to park in the structure to date is 650.

On Friday afternoon, September 12, 2008, Metrolink train 111 collided with a Union Pacific Railroad freight train just west of the Metrolink station in Chatsworth, suspending service on the Ventura County Line. While ridership on the three lines serving Orange County was not directly effected, systemwide average weekday ridership for the first and second week following the incident dropped slightly below pre-incident levels.

Weekend Ridership

Metrolink weekend service carried a total of 50,070 Orange County riders during the first quarter of FY 2008-09, 51.5 percent above the same period last year. Average daily ridership on the OC Line is up 79.7 percent on Saturday and 104.5 percent on Sunday. Average Saturday ridership on the IEOC Line is up 28 percent over last year, while the IEOC Line Sunday ridership is up 15.6 percent (Attachment B).

Special Events

Metrolink is offering an easy way to travel on Thanksgiving weekend. The IEOC Line will operate a special Thanksgiving Day schedule. Passengers will save 25 percent off regular weekday fares and up to three children, 17 and under, can ride free with any adult ticket. Round trip tickets purchased for Thanksgiving Day are valid for return travel any day through Sunday, November 30, 2008. Tickets are available for advanced purchase starting November 1, 2008, at all ticket vending machines, via the "Future Dated" ticket selection option.

The Metrolink Holiday Toy Express is making stops in Orange County on November 28, December 6, 7, and 20, 2008, this year. The Holiday Toy Express features a colorfully lit train decorated with over 50,000 lights, a live stage show, Santa and Mrs. Claus, and the Spark of Love Toy Drive. Staff will participate in each of the Orange County events.

<u>On-Time Performance</u>

Growth in ridership is an important indicator of the success of commuter rail service, and on-time performance is a central component of providing quality service. A Metrolink train is considered to be on time if it arrives within five minutes of the scheduled arrival.

Weekday On-Time Performance

Overall, 95 percent of all weekday trains serving Orange County have been within five minutes of the scheduled time compared to the systemwide average of 94.7 percent. The OC Line weekday trains averaged 94.7 percent on-time performance during the first quarter of FY 2008-09, while the IEOC Line had 94.4 percent on-time performance and the 91 Line had 95.9 percent on-time performance.

Trains can be delayed for a variety of reasons, including equipment issues, unscheduled delays (or "meets") with other trains, delays from other operators on the tracks, construction or track maintenance, and incidents.

In July 2008, the IEOC Line averaged 92.8 percent on-time performance due to two incidents. On July 18, 2008, a fatality incident involving a trespasser and a Burlington Northern Santa Fe train caused annulments (train cancellations) and delays. On July 29, 2008, an earthquake centered near Chino caused numerous delays ranging from 22 to 89 minutes to nine IEOC Line trains.

Metrolink and OCTA are working to develop and implement internal and external communication changes focused on improving communication to passengers in the event of such major service disruptions, as well as providing bus bridge service as can reasonably be accomodated. While these types of incidents that incur extended service disruptions are rare, they do impact on-time performance and can have lasting effects on ridership.

Weekend On-Time Performance

Weekend trains operated on average 92.2 percent on time during the first quarter of FY 2008-09, compared to 94.6 percent systemwide. Weekend on-time performance is lower than weekday on-time performance mainly because the number of trains operated on weekends is lower than those in service during the week, therefore, a few delays can significantly impact on-time performance percentages, as shown in Attachment C. For example, in July 2008, the IEOC Line weekend service experienced delays due to mechanical problems and an incident in which a train struck a shopping cart. In August 2008, late weekend trains were caused by mechanical problems, Amtrak meets, and Santa Ana street crossing rehabilitation. On September 21, 2008, the OC and IEOC lines' trains were delayed by an incident between an Amtrak train and an automobile. These three incidents caused measurable delays to 11 trains during the first quarter.

Bus Shuttle Service

All 300 parking spaces continue to be occupied since the opening of the Buena Park Station. Bus shuttle service began on May 27, 2008, between the Buena Park Metrolink Station and the Fullerton Park-and-Ride facility and has been operating during weekday peak hours to help alleviate the lack of available parking. Average daily morning shuttle peak bus boardings held steady at 26 passengers. OCTA and the City of Buena Park are working to develop a long-term parking solution for Metrolink passengers.

The *i* shuttle routes A and B, operated by the City of Irvine, began service on June 9, 2008. The service runs between the Tustin Metrolink Station and the Irvine Business Complex area, from 5:30 a.m. to 9:30 a.m. and 3:30 p.m. to 7:30 p.m. on weekdays and from 9:30 a.m. to 3:30 p.m. on weekends. The City of Irvine estimates that 90 percent of the patrons are generated from the Tustin Metrolink Station either commuting to/from Metrolink trains. The *i* shuttle ridership peaked in July, with over 11,000 boardings, and has grown 54.7 percent from June 2008 through September 2008. This quarter, the City of Irvine canceled both weekend routes A and B in response to low ridership. The last day of weekend service was Sunday, September 28, 2008. Weekday service on these routes will remain unchanged.

Summary

This report provides an update on the OCTA commuter rail ridership and on-time performance for the first quarter of FY 2008-09. Daily average weekday and weekend ridership increased by 15.4 percent and 15.6 percent respectively, on all three lines serving Orange County, for a total daily average of 17,062 riders. Average weekday on-time performance was within the systemwide goal of 95 percent, while weekend on-time performance was slightly below the goal.

Attachments

A. Metrolink Ridership
B. Metrolink Weekend Ridership
C. Metrolink On-Time Performance

Prepared by:

Megan Taylor
Transportation Analyst
(714) 560-5601

Approved by:

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

ATTACHMENT A

METROLINK RIDERSHIP

Total Ridership

Fiscal Year (FY)	OC Line	IEOC Line	91 Line	Rail 2 Rail	Total Year to Date (YTD)
2002-03	1,360,631	795,511	391,078	---	2,547,220
2003-04	1,422,770	913,528	428,572	240,272	3,005,142
2004-05	1,485,342	918,057	473,820	324,983	3,202,202
2005-06	1,597,992	1,066,558	531,930	351,217	3,547,697
2006-07	1,677,978	1,218,638	572,756	371,887	3,841,259
2007-08	1,807,103	1,282,610	570,164	414,566	4,074,443
2008-09 YTD (Jul-Sep)	***530,593***	***358,011***	***155,882***	***105,528***	**1,150,014**

Average Weekday Ridership

1st Quarter	OC Line	IEOC Line	91 Line	Rail 2 Rail	Total
FY 2007-08	6,591	4,692	2,110	1,387	14,780
FY 2008-09	7,925	5,176	2,435	1,526	17,062
Change	***20.2%***	***10.3%***	***15.4%***	***10.0%***	***15.4%***

ATTACHMENT B

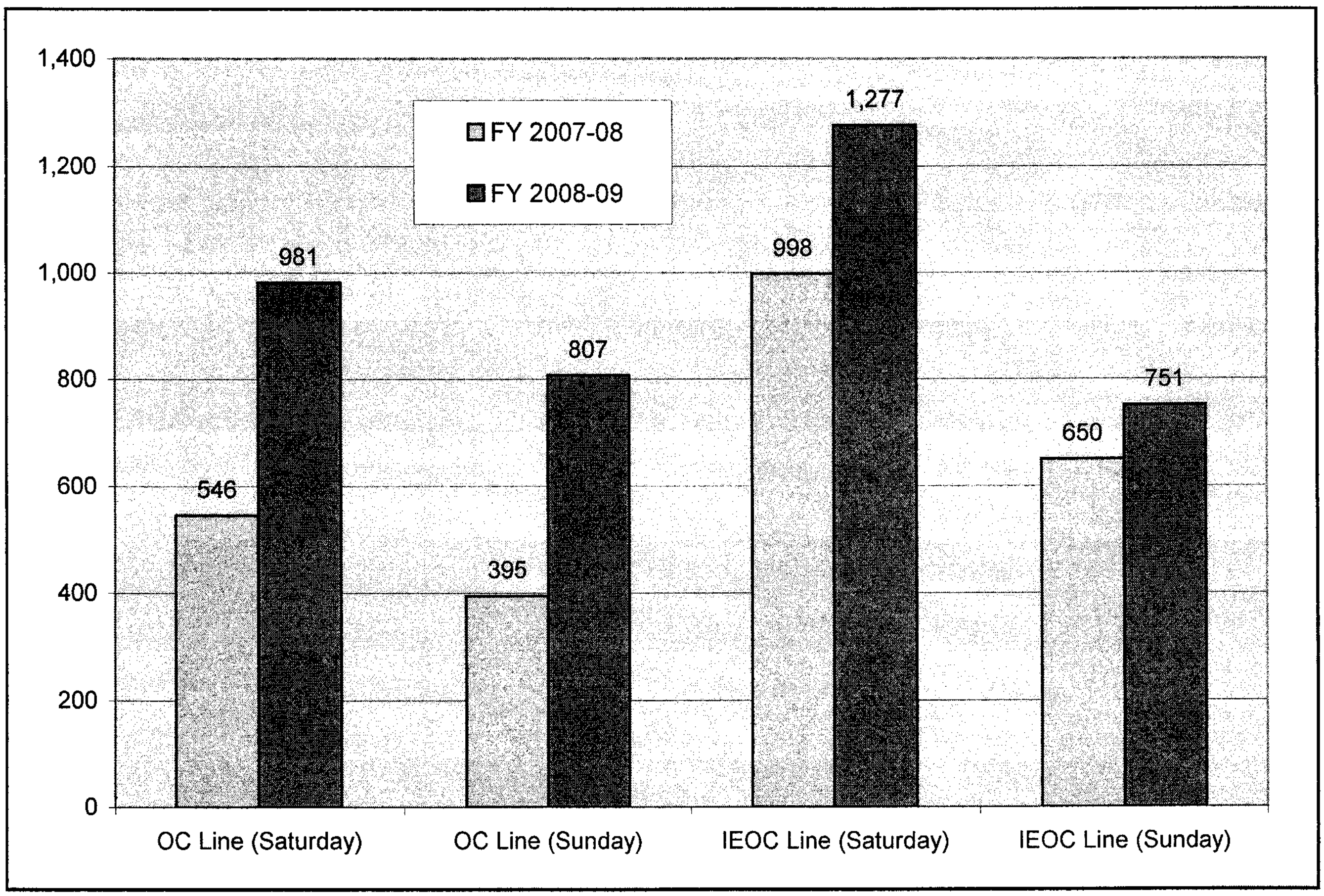
METROLINK WEEKEND RIDERSHIP

Monthly Total Weekend

FY 2008-09	OC Line (Saturday)	OC Line (Sunday)	IEOC Line (Saturday)	IEOC Line (Sunday)	Total Weekend
July	4,587	3,653	6,325	3,584	18,149
August	5,358	3,855	7,686	4,440	21,339
September	2,896	2,942	2,872	1,872	10,582

Daily Average Weekend

1st Quarter	OC Line (Saturday)	OC Line (Sunday)	IEOC Line (Saturday)	IEOC Line (Sunday)
FY 2007-08	546	395	998	650
FY 2008-09	981	807	1,277	751
Change	**79.7%**	**104.5%**	**28.0%**	**15.6%**



METROLINK ON-TIME PERFORMANCE

Total Weekday

Percentage of Weekday Trains Arriving Within Five Minutes of Scheduled Time

Month	OC Line	IEOC Line	91 Line	System Total *
July	94.5%	92.8%	95.5%	94.9%
August	95.2%	95.5%	94.2%	94.6%
September	94.5%	94.9%	97.9%	94.5%
Total Average	**94.7%**	**94.4%**	**95.9%**	**94.7%**

* System total includes the Ventura, Antelope Valley, San Bernardino, Riverside, OC, IEOC, and 91 lines.

Total Weekend

Percentage of Weekend Trains Arriving Within Five Minutes of Scheduled Time

Month	OC Line	IEOC Line	91 Line	System Total **
July	96.9%	90.0%	---	96.5%
August	91.3%	92.0%	---	94.9%
September	90.6%	92.5%	---	92.3%
Total Line Average	**92.9%**	**91.5%**	**N/A**	**94.6%**

** System total includes Antelope Valley, San Bernardino, OC, and IEOC lines.
Summary of Saturday and Sunday service.

POWERPOINT

PRESENTATION

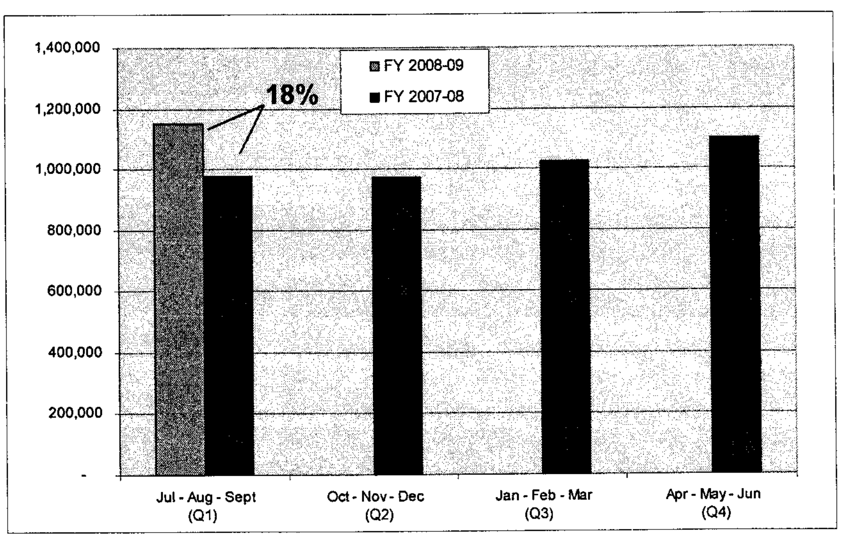
OCTA

Metrolink Ridership and On-Time Performance Report

Transit Committee
November 13, 2008

Total Ridership

OCTA



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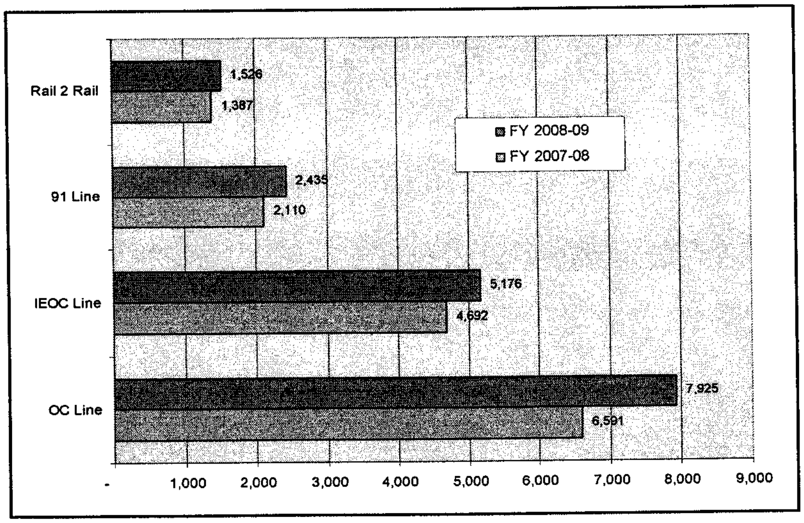
Average Weekday Ridership



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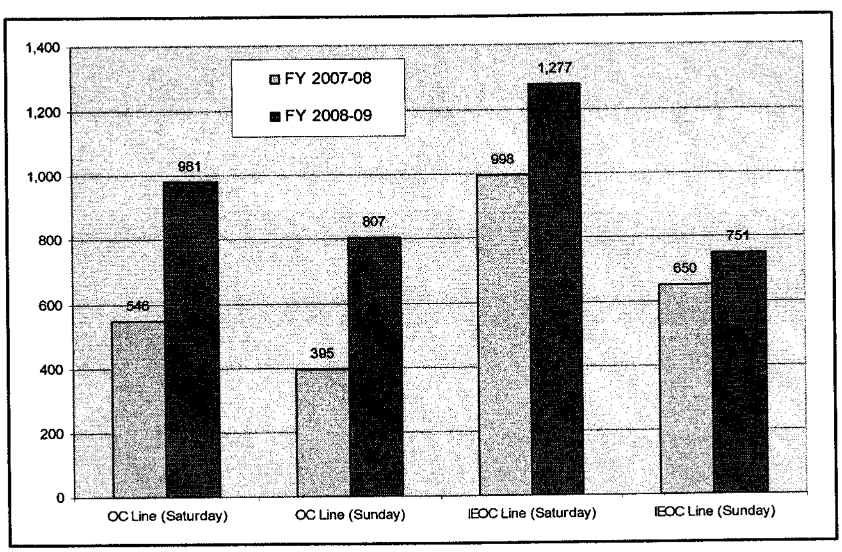
Weekend Ridership



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On-Time Performance

- Weekday
  - OC Line – 94.7%
  - IEOC Line – 94.4%
  - 91 Line – 95.9%
- Weekend
  - OC Line – 92.9%
  - IEOC Line – 91.5%

5

19.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To:	Members of the Board of Directors
From:	Wendy Knowles, Clerk of the Board WK
Subject:	Approval to Release Request for Proposals for Operating Railroad Right-of Way Maintenance

Transit Committee meeting of November 13, 2008

Present:	Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom
Absent:	None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Approve the proposed evaluation criteria and weightings for selection of consultant services for Request for Proposals No. 8-1129.

B. Approve the release of Request for Proposals No. 8-1129 for preventative and corrective maintenance services of the Orange County Transportation Authority's operating railroad right-of-way.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

OCTA

November 13, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Approval to Release Request for Proposals for Operating Railroad Right-of-Way Maintenance

Overview

Orange County Transportation Authority staff has developed a draft request for proposals to initiate a procurement process to retain technical and professional services in order to provide preventative and corrective maintenance of the Orange County Transportation Authority's operating railroad right-of-way.

Recommendations

A. Approve the proposed evaluation criteria and weightings for selection of consultant services for Request for Proposals No. 8-1129.

B. Approve the release of Request for Proposals No. 8-1129 for preventative and corrective maintenance services of the Orange County Transportation Authority's operating railroad right-of-way.

Background

The Orange County Transportation Authority (Authority) owns and maintains the operating railroad right-of-way (ROW) corridors within the County of Orange. These corridors are known as the Orange Subdivision (beginning at Fullerton Junction, extending 42 miles, and ending at the Orange County/ San Diego County line) and the Olive Subdivision (beginning in Atwood, extending 5.5 miles, and ending in the City of Orange). These corridors are operated by the Southern California Regional Rail Authority (SCRRA) for the Metrolink commuter trains, AMTRAK passenger trains, and Burlington Northern Santa Fe Railway freight trains.

To allow for the safe and efficient operation of these commuter, passenger, and freight trains, the operating railroad ROW needs to be maintained in accordance with the requirements of the Federal Railroad Administration, the

Federal Railroad Safety Act, and the California Public Utilities Commission Engineering Standards, General Order 26-0.

Maintenance work will be performed on the Authority's non-leased railroad ROWs and possibly other Authority-owned properties. Authority-owned railroad ROW properties are located in the cities of Anaheim, Dana Point, Fullerton, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Orange, San Clemente, San Juan Capistrano, Santa Ana, and Tustin.

Maintenance of the ROW includes, but is not limited to, weed abatement, brush clearance, herbicide application, rodent control, maintenance of drainage channels and embankments, graffiti abatement, debris removal, fencing installation and repair, grading and/or barrier construction and repair, and signage installation and repair. The average annual cost of these services has been approximately $1.1 million per year for the past five years. Track and signal maintenance, commonly referred to as maintenance-of-way activities, are not a part of this scope of work. These services are performed through SCRRA contractors.

Discussion

The current contract for railroad ROW services is scheduled to expire in April 2009. The agreement was originally awarded by the Board of Directors (Board) on December 8, 2003. The two one-year options included in the agreement have been exercised by the Board; therefore, the railroad ROW services contract needs to be re-procured. Board approval of the scope of work and authorization to release the request for proposals (RFP) is required. Authority staff proposes to enter into a five-year agreement for these services (three-year initial award with two one-year options).

The following criteria will be used to evaluate proposals received in response to the RFP. The proposed evaluation criteria and weights are as follows:

- Qualifications of the Firm — 30 percent
- Staffing and Project Organization — 30 percent
- Work Plan — 10 percent
- Cost — 30 percent

In developing the criteria weights, several factors were considered. Staff proposes giving equal importance to qualifications of the firm, staffing and project organization, and cost. The expertise of the firm and the qualifications of the project manager and other key task leaders are critical to the successful performance of the project. Pricing is equally important because of the routine nature of the work. The work plan is proposed to be given less weight because the work is routine and weekly work schedules are developed with the Authority's project manager.

The RFP will be released upon Board approval of these recommendations.

Fiscal Impact

The cost associated with this RFP is included in the Authority's Fiscal Year 2008-09 Budget, Development Division, Account 0093-7517/D2601-AB9, and is funded by the Commuter and Urban Rail Endowment Fund.

Summary

It is requested that the Board approve the draft RFP and evaluation criteria and weightings to evaluate proposals received in response to the RFP for operating railroad ROW maintenance services for five years.

Attachment

A. Request for Proposals (RFP) 8-1129 – Operating Rail Right-of-Way Maintenance

Prepared by:

for

Dinah Minteer
Manager, Metrolink Expansion Program
(714) 560-5740

Approved by:

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

REQUEST FOR PROPOSALS (RFP) 8-1129

OPERATING RAIL RIGHT-OF-WAY MAINTENANCE

OCTA

ORANGE COUNTY TRANSPORTATION AUTHORITY
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
(714) 560-6282

Key RFP Dates

Issue Date:	November 24, 2008
Pre-Proposal Conference Date:	December 9, 2008
Question Submittal Date:	December 22, 2008
Proposal Submittal Date:	January 12, 2009
Interview Date:	January 28, 2009

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OCTA

November 24, 2008

SUBJECT: NOTICE OF REQUEST FOR PROPOSALS
RFP 8-1129: OPERATING RAIL RIGHT-OF-WAY MAINTENANCE

Gentlemen/Ladies:

The Orange County Transportation Authority invites proposals from qualified consultants to provide rail right of way maintenance.

Proposals must be received in the Orange County Transportation Authority's office at or before 2:00 p.m. on January 12, 2009.

Proposals delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

Orange County Transportation Authority
Contracts Administration and Materials Management
600 South Main Street, 4th Floor
Orange, California 92868
Attention: Sarah L. Strader, Contract Administrator

Or proposals delivered using the U.S. Postal Service shall be addressed as follows:

Orange County Transportation Authority
Contracts Administration and Materials Management
P.O. Box 14184
Orange, California 92863-1584
Attention: Sarah L. Strader, Contract Administrator

Proposals and amendments to proposals received after the date and time specified above will be returned to the Offerors unopened.

Firms interested in obtaining a copy of this Request For Proposals (RFP) 8-1129 may do so by faxing their request to (714) 560-5792, or e-mail your request to *rfp_ifb_Requests@octa.net* or calling (714) 560-5922. Please include the following information:

–Name of Firm
–Address
–Contact Person
–Telephone and Facsimile Number
–Request For Proposal (RFP) 8-1129

All firms interested in doing business with the Authority are required to register their business on-line at CAMMNet, the Authority's interactive website. The website can be found at *www.octa.net*. From the site menu, click on CAMMNet to register.

To receive all further information regarding this RFP 8-1129, firms must be registered on CAMMNet with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

Commodities for this solicitation are:

Category(s):	Commodity(s):
Construction	Fencing Contractor
	Railroad
	Painting Contractor
Professional Services	Rail – Landscaping Services
	Rail – Property Management
	Rail – Right of Way Maintenance

A pre-proposal conference will be held on December 9, 2008, at 1:00 p.m. at the Authority's Administrative Office, 600 South Main Street, Orange, California, in Conference Room 109. All prospective Offerors are encouraged to attend the pre-proposal conference.

The Authority has established January 28, 2009 as the date to conduct interviews. All prospective Offeror's will be asked to keep this date available.

Offerors are encouraged to subcontract with small businesses to the maximum extent possible.

The Offeror will be required to comply with all applicable equal opportunity laws and regulations.

Sincerely,

Sarah L. Strader
Contract Administrator
Contract Administration and Materials Management

SECTION I

INSTRUCTIONS TO OFFERORS

SECTION I. INSTRUCTIONS TO OFFERORS

A. PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held on December 9, 2008, at 1:00 p.m. at the Authority's Administrative Office, 600 South Main Street, Orange, California, in Conference Room 109. All prospective Offerors are encouraged to attend the pre-proposal conference.

B. EXAMINATION OF PROPOSAL DOCUMENTS

By submitting a proposal, Offeror represents that it has thoroughly examined and become familiar with the work required under this RFP and that it is capable of performing quality work to achieve the Authority's objectives.

C. ADDENDA

Any Authority changes to the requirements will be made by written addendum to this RFP. Any written addenda issued pertaining to this RFP shall be incorporated into the terms and conditions of any resulting Agreement. The Authority will not be bound to any modifications to or deviations from the requirements set forth in this RFP as the result of oral instructions. Offerors shall acknowledge receipt of addenda in their proposals.

D. AUTHORITY CONTACT

All questions and/or contacts with Authority staff regarding this RFP are to be directed to the following Contract Administrator:

Contracts Administration and Materials Management Department
Attention: Sarah L. Strader, Contract Administrator
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Phone: 714.560.5633, Fax: 714.560.5792

E. CLARIFICATIONS

1. Examination of Documents

Should an Offeror require clarifications of this RFP, the Offeror shall notify the Authority in writing in accordance with Section E.2. below. Should it be found that the point in question is not clearly and fully set forth, the Authority will issue a written addendum clarifying the matter which will be sent to all firms registered on CAMMNet under the commodity codes specified in this RFP.

2. Submitting Requests

a. All questions, including questions that could not be specifically answered at the pre-proposal conference must be put in writing and must be received by the Authority no later than 2:00 p.m., on December 22, 2008.

b. Requests for clarifications, questions and comments must be clearly labeled, "Written Questions". The Authority is not responsible for failure to respond to a request that has not been labeled as such.

c. Any of the following methods of delivering written questions are acceptable as long as the questions are received no later than the date and time specified above:

(1) U.S. Mail: Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

(2) Personal Courier: Contracts Administration and Materials Management Department, 600 South Main Street, 4th Floor, Orange, California 92868.

(3) Facsimile: The Authority's fax number is (714) 560-5792.

(4) E-Mail: Sarah L. Strader, Contract Administrator e-mail address is *sstrader@octa.net.*

3. Authority Responses

Responses from the Authority will be posted on CAMMNet, the Authority's interactive website, no later than December 23, 2008. Offerors may download responses from CAMMNet at *www.octa.net/cammnet*, or request responses be sent via U.S. Mail by e-mailing or faxing the request to Sarah L. Strader, Contract Administrator.

To receive e-mail notification of Authority responses when they are posted on CAMMNet, firms must be registered on CAMMNet with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

Commodities for this solicitation are:

Category(s):	Commodity(s):
Construction	Fencing Contractor
	Railroad
	Painting Contractor
Professional Services	Rail – Landscaping Services
	Rail – Property Management
	Rail – Right of Way Maintenance

Inquiries received after 2:00 p.m., December 22, 2008, will not be responded to.

F. SUBMISSION OF PROPOSALS

1. Date and Time

Proposals must be received in the Orange County Transportation Authority's office at or before 2:00 p.m. on January 12, 2009.

Proposals received after the above-specified date and time will be returned to Offerors unopened.

2. Address

Proposals delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

Orange County Transportation Authority
Contracts Administration and Materials Management (CAMM)
600 South Main Street, 4th Floor
Orange, California 92868
Attention: Sarah L. Strader, Contract Administrator

Or proposals delivered using the U.S. Postal Services shall be addressed as follows:

Orange County Transportation Authority
Contracts Administration and Materials Management (CAMM)
P.O. Box 14184
Orange, California 92863-1584
Attention: Sarah L. Strader, Contract Administrator

Firms must obtain a visitor badge from the receptionist in the lobby of the 600 Building prior to delivering any information to CAMM.

3. Identification of Proposals

Offeror shall submit an **original and 7 copies** of its proposal in a sealed package, addressed as shown above, bearing the Offeror's name and address and clearly marked as follows:

"RFP 8-1129: OPERATING RAIL RIGHT-OF-WAY MAINTENANCE"

4. Acceptance of Proposals

a. The Authority reserves the right to accept or reject any and all proposals, or any item or part thereof, or to waive any informalities or irregularities in proposals.

b. The Authority reserves the right to withdraw or cancel this RFP at any time without prior notice and the Authority makes no representations that any contract will be awarded to any Offeror responding to this RFP.

c. The Authority reserves the right to postpone proposal openings for its own convenience.

d. Proposals received by Authority are public information and must be made available to any person upon request.

e. Submitted proposals are not to be copyrighted.

G. PRE-CONTRACTUAL EXPENSES

The Authority shall not, in any event, be liable for any pre-contractual expenses incurred by Offeror in the preparation of its proposal. Offeror shall not include any such expenses as part of its proposal.

Pre-contractual expenses are defined as expenses incurred by Offeror in:

1. Preparing its proposal in response to this RFP;
2. Submitting that proposal to the Authority;
3. Negotiating with the Authority any matter related to this proposal; or
4. Any other expenses incurred by Offeror prior to date of award, if any, of the Agreement.

H. JOINT OFFERS

Where two or more firms desire to submit a single proposal in response to this RFP, they should do so on a prime-subcontractor basis rather than as a joint venture. The Authority intends to contract with a single firm and not with multiple firms doing business as a joint venture.

I. TAXES

Offerors' proposals are subject to State and Local sales taxes. However, the Authority is exempt from the payment of Federal Excise and Transportation Taxes.

J. PROTEST PROCEDURES

The Authority has on file a set of written protest procedures applicable to this solicitation that may be obtained by contacting the Contract Administrator responsible for this procurement. Any protests filed by an Offeror in connection with this RFP must be submitted in accordance with the Authority's written procedures.

K. CONTRACT TYPE

It is anticipated that the Agreement resulting from this solicitation, if awarded, will be a time and expense price contract specifying hourly rates for effort specified in the Scope of Work included in this RFP as Exhibit A.

L. PREVAILING WAGES

Certain labor categories under the project are subject to prevailing wages as identified in the State of California Labor Code commencing in Section 1770 et. seq. It is required that all mechanics and laborers employed or working at the site be paid not less than the basic hourly rates of pay and fringe benefits as shown in the current minimum wage schedules. Offerors must use the current wage schedules applicable at the time the work is in progress.

SECTION II

PROPOSAL CONTENT

SECTION II. PROPOSAL CONTENT

A. PROPOSAL FORMAT AND CONTENT

1. Format

Proposals should be typed with a standard 12 point font, double-spaced and submitted on 8 1/2" x 11" size paper, using a single method of fastening. Charts and schedules may be included in 11"x17" format. Offers should not include any unnecessarily elaborate or promotional material. Lengthy narrative is discouraged and presentations should be brief and concise. Proposals should not exceed fifty (50) pages in length, excluding any appendices.

2. Letter of Transmittal

The Letter of Transmittal shall be addressed to Sarah L. Strader, Contract Administrator and must, at a minimum, contain the following:

a. Identification of Offeror that will have contractual responsibility with the Authority. Identification shall include legal name of company, corporate address, telephone and fax number. Include name, title, address, and telephone number of the contract person identified during period of proposal evaluation.

b. Identification of all proposed subcontractors including legal name of company, whether the firm is a Disadvantaged Business Enterprise (DBE), contact persons name and address, phone number and fax number. Relationship between Offeror and subcontractors, if applicable.

c. Acknowledgement of receipt of all RFP addenda, if any.

d. A statement to the effect that the proposal shall remain valid for a period of not less than 120 days from the date of submittal.

e. Signature of a person authorized to bind Offeror to the terms of the proposal.

f. Signed statement attesting that all information submitted with the proposal is true and correct.

3. Technical Proposal

a. Qualifications, Related Experience and References of Offeror

This section of the proposal should establish the ability of Offeror to satisfactorily perform the required work by reasons of: experience in performing work of a similar nature; demonstrated competence in the services to be provided; strength and stability of the firm; staffing capability; work load; record of meeting schedules on similar projects; and supportive client references. Equal weighting will be given to firms for past experience performing work of a similar nature whether performed with the Authority or elsewhere.

Offeror to:

(1) Provide a brief profile of the firm, including the types of services offered; the year founded; form of the organization (corporation, partnership, sole proprietorship); number, size and location of offices; and number of employees.

(2) Provide a general description of the firm's financial condition and identify any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede Offeror's ability to complete the project.

(3) Describe the firm's experience in performing work of a similar nature to that solicited in this RFP, and highlight the participation in such work by the key personnel proposed for assignment to this project. Describe experience in working with the various government agencies identified in this RFP.

(4) Identify subcontractors by company name, address, contact person, telephone number and project function. Describe Offeror's experience working with each subcontractor.

(5) Provide as a minimum three (3) references for the projects cited as related experience, and furnish the name, title, address and telephone number of the person(s) at the client organization who is most knowledgeable about the work performed. Offeror may also supply references from other work not cited in this section as related experience.

b. Proposed Staffing and Project Organization

This section of the proposal should establish the method, which will be used by the Offeror to manage the project as well as identify key personnel assigned.

Offeror to:

(1) Provide education, experience, and applicable professional credentials of project staff.

(2) Furnish brief resumes (not more than two [2] pages each) for the proposed Project Manager and other key personnel.

(3) Indicate adequacy of labor resources utilizing a table projecting the labor-hour allocation to the project by individual task.

(4) Identify key personnel proposed to perform the work in the specified tasks and include major areas of subcontract work. Include the person's name, current location, proposed position for this project, current assignment, level of commitment to that assignment, availability for this assignment and how long each person has been with the firm.

(5) Include a project organization chart, which clearly delineates communication/reporting relationships among the project staff.

(6) Include a statement that key personnel will be available to the extent proposed for the duration of the project acknowledging that no person designated as "key" to the project shall be removed or replaced without the prior written concurrence of the Authority.

(7) Contractor personnel in the category of Foreman, shall meet the requirements of 49 CFR 214, Employee in Charge for Roadway Worker Safety, as well as SCRRA's General Code of Operating Rules for Maintenance of Way. All individuals proposed shall be evaluated and approved for these positions as part of the proposal evaluation.

c. **Work Plan**

Offeror should provide a narrative, which addresses the Scope of Work, and shows Offeror's understanding of Authority's needs and requirements.

Offeror to:

(1) Describe the approach to completing the tasks specified in the Scope of Work.

(2) Outline sequentially the activities that would be undertaken in completing the tasks and specify who would perform them.

(3) Furnish a schedule for completing the tasks in terms of elapsed weeks from the project commencement date.

(4) Identify methods that Offeror will use to ensure quality control as well as budget and schedule control for the project.

(5) Identify methods that Offeror will utilize for the safety of its work force on the project.

(6) Identify any special issues or problems that are likely to be encountered in this project and how the Offeror would propose to address them.

(7) Offeror is encouraged to propose enhancements or procedural or technical innovations to the Scope of Work that do not materially deviate from the objectives or required content of the project.

d. Exceptions/Deviations

State any exceptions to or deviations from the requirements of this RFP, segregating "technical" exceptions from "contractual" exceptions. Where Offeror wishes to propose alternative approaches to meeting the Authority's technical or contractual requirements, these should be thoroughly explained. If no contractual exceptions are noted, Offeror will be deemed to have accepted the contract requirements as set forth in Exhibit C.

4. Cost and Price Proposal

As part of the cost and price proposal, the Offeror shall submit proposed pricing to provide the services for each work task described in Exhibit A, Scope of Work.

5. Appendices

Information considered by Offeror to be pertinent to this project and which has not been specifically solicited in any of the aforementioned sections may be placed in a separate appendix section. Offerors are cautioned, however, that this does not constitute an invitation to submit large amounts of extraneous materials. Appendices should be relevant and brief.

B. FORMS

Party and Participant Disclosure Forms

In conformance with the statutory requirements of the State of California Government Code Section 84308, part of the Political Reform Act and Title 2, California Code of Regulations 18438 through 18438.8, regarding campaign contributions to members of appointed Boards of Directors, Offeror is required to complete and sign the Party and Participant Disclosure Forms provided in Exhibit D of this RFP and submit as part of the proposal. Offeror is required to submit only **one** copy of the completed form(s) as part of its proposal and it should be included in only the **original** proposal. The prime contractor and subcontractors must complete the form entitled "Party Disclosure Form". Lobbyists or agents representing the prime contractor in this procurement must complete the form entitled "Participant Disclosure Form". Reporting of campaign contributions is a requirement from the proposed submittal date up and until the Authority's Board of Directors take action, which is anticipated to be January 26, 2009.

Status of Past and Present Contracts Form

Offeror is required to complete and sign the form entitled "Status of Past and Present Contracts" provided in this RFP and submit as part of the proposal. Offeror shall list the status of past and present contracts where the firm has either provided services as a prime contractor or a subcontractor during the past five (5) years and the contract has ended or will end in a termination, settlement, or litigation. A separate form must be completed for each contract. Offeror shall provide an accurate name and telephone number for each contract and indicate the term of the contract and the original contract value. If the contract was terminated, Offeror must list the reason for termination. Offeror must identify and state the status of any litigation, claims or settlement agreements related to any of the contracts. Each form must be signed by the Offeror confirming the information that the information provided is true and accurate. Offeror is required to submit **one** copy of the completed form(s) as part of its proposals and it should be included in only the **original** proposal.

SECTION III

EVALUATION AND AWARD

SECTION III. EVALUATION AND AWARD

A. EVALUATION CRITERIA

The Authority will evaluate the offers received based on the following criteria:

1. **Qualifications of the Firm** **30%**

   Technical experience in performing work of a closely similar nature; experience working with public agencies as identified in the Scope of Work; strength and stability of the firm; strength, stability, experience and technical competence of subcontractors; assessment by client references.

2. **Staffing and Project Organization** **30%**

   Qualifications of project staff as identified in the Scope of Work, particularly key personnel and especially the Project Manager; key personnel's level of involvement in performing related work cited in "Qualifications of the Firm" section; logic of project organization; adequacy of labor commitment; concurrence in the restrictions on changes in key personnel.

3. **Work Plan** **10%**

   Depth of Offeror's understanding of Authority's requirements and overall quality of work plan; logic, clarity and specificity of work plan; appropriateness of labor distribution among the tasks; ability to meet the project deadline; reasonableness of proposed schedule; utility of suggested technical or procedural innovations; firms Safety Plan.

4. **Cost and Price** **30%**

   Reasonableness of the total price and competitiveness of this amount with other offers received; adequacy of data in support of figures quoted; reasonableness of individual task budgets; basis on which prices are quoted (FFP, CPFF, T & E).

B. EVALUATION PROCEDURE

The committee is comprised of Authority staff and may include outside personnel. The committee members will evaluate the written proposals using criteria identified in Section III A. A list of top ranked proposals, firms within a competitive range, will be developed based upon the totals of each committee members' score for each proposal.

During the evaluation period, the Authority will interview some or all of the proposing firms. The Authority will establish **January 28, 2009**, as the date to conduct interviews. All prospective Offerors will be asked to keep this date available. No other interview dates will be provided, therefore, if an Offeror is unable to attend the interview on this date, its proposal may be eliminated from further discussion. The interview may consist of a short presentation by the Offeror after which the evaluation committee will ask questions related to the firm's proposal and qualifications.

At the conclusion of the proposal evaluations, Offerors remaining within the competitive range may be asked to submit a Best and Final Offer (BAFO). In the BAFO request, the firms may be asked to provide additional information, confirm or clarify issues and submit a final cost/price offer. A deadline for submission will be stipulated.

At the conclusion of the evaluation process, the evaluation committee may recommend to the appropriate Board Committee, an Offeror with the highest final ranking or a short list of top ranked firms within the competitive range whose proposal(s) is most advantageous to the Authority. The Board Committee will review the evaluation committee's recommendation and forward its decision to the full Board of Directors for final action.

C. AWARD

The Authority will evaluate the proposals received and will submit, with approval of the Transit Committee, the proposal considered to be the most competitive to the Authority's Board of Directors, for consideration and selection. The Authority may also negotiate contract terms with the selected Offeror prior to award, and expressly reserves the right to negotiate with several Offerors simultaneously and, thereafter, to award a contract to the Offeror offering the most favorable terms to the Authority.

The Authority reserves the right to award its total requirements to one Offeror or to apportion those requirements among several Offerors as the Authority may deem to be in its best interest. In addition, negotiations may or may not be conducted with Offerors; therefore, the proposal submitted should contain Offeror's most favorable terms and conditions, since the selection and award may be made without discussion with any Offeror.

D. NOTIFICATION OF AWARD AND DEBRIEFING

Offerors who submit a proposal in response to this RFP shall be notified by electronic mail regarding the firm who was awarded the contract. Such notification shall be made within three (3) days of the date the contract is awarded.

Offerors who were not awarded the contract may obtain a prompt explanation concerning the strengths and weaknesses of their proposal. Unsuccessful Offerors, who wish to be debriefed, must request the debriefing in writing or electronic mail and the Authority must receive it within three (3) days of notification of the contract award.

EXHIBIT A

SCOPE OF WORK

SCOPE OF WORK

I. BACKGROUND

The Orange County Transportation Authority (Authority) owns and maintains the operating railroad right-of-way corridors within the County of Orange (please see items 1 and 2 below). These corridors are operated by the Southern California Regional Rail Authority (SCRRA), for the Metrolink commuter trains, the National Railroad Passenger Corporation's (AMTRAK) passenger trains and freight trains by the Burlington Northern Santa Fe Railroad, and the Union Pacific Railroad.

To allow for the safe and efficient operation of these commuter, passenger, and freight trains, the operating railroad right-of-way needs to be maintained in accordance with the requirements of the Federal Railroad Administration, the Federal Railroad Safety Act, and the California Public Utilities Commission Engineering Standards, General Order 26-0. The average width of the railroad right-of-way is 50 feet wide. However, widths of between 12.5 to 300 feet wide will be encountered.

Maintenance work will be performed on Authority's non-leased railroad right-of ways and possibly other Authority owned properties, at prescribed intervals. Contractor is not responsible for maintaining property locations that have been leased or sold. Property leases are subject to change during this contract period. Authority's owned railroad right-of-way properties are located in the cities of Anaheim, Dana Point, Fullerton, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Orange, San Clemente, San Juan Capistrano, Santa Ana, and Tustin.

The sites for the performance of work, identified below, incorporates the following territories:

1. **Orange Sub-Division**, Operating railroad right-of-way beginning at Fullerton Jct. just south (RR east) of the Fullerton Metrolink Station and runs 42 miles south, ending at the Orange/San Diego County line, just north (RR west) of San Onofre. With train speeds up to 90 mph, this active, operating rail line is occupied by Metrolink, Amtrak, Burlington Northern Santa Fe Railroad & Union Pacific Railroad trains.

2. **Olive Sub-Division**, Operating railroad right-of-way beginning at Atwood, City of Placentia, running 5 miles south ending at CP Maple, City of Orange. With train speeds up to 60 mph, this active, operating rail line is occupied by Metrolink commuter trains and Burlington Northern Santa Fe & Union Pacific freight trains.

II. WORK TO BE PERFORMED

All maintenance services to be performed on Authority owned railroad right-of-way by the Contractor included but are not limited to maintaining the appearance of the property, facilities and structures (bridges, retaining walls and signs), maintaining compliance with Federal Railroad Administration (FRA), the Federal Railroad Safety Act, the California Public Utilities Commission – Engineering Standards, General Order 26-D, and Municipal Code requirements of the local agencies within the County of Orange. These services will constist of weed abatement and vegetation control (fire hazard prevention), herbicide and pesticide applications, removal of debris and trash, fencing installation and/or repairs, drainage repairs, graffiti abatement & control, tree trimming and removals, and installation/maintenance/repair of signs.

This work includes maintenance of the contiguous public street right-of-ways as required by local codes (e.g. from edge of owned right of way to the curb line of an adjoining street). track or signal maintenance is not within this scope. The level of effort for this work is controlled by the Authority and is consistent with the approved budget. This work is non-exclusive, both the Authority's, as well as SCRRA's, other maintenance contractors will continue to perform portions of this scope of work consistent with their maintenance operations. Authority reserves the right to allow other contractors to bid on emergency maintenance activities, affecting railroad operations, which may also include hours outside of defined work week.

1. Weed Abatement & Vegetation Control

Weed abatement and vegetation control, shall be performed in accordance with California Health and Safety Codes and Municipal Code requirements of the county of Orange. The purpose of this program is to prevent fire hazards posed by vegetative growth and accumulation of combustible materials. Excepted as noted below, vegetation and weeds should be regulated and cut so as to not exceed 6 inches in height within the right-of-ways, and should be kept at 3 inches when 0 to 100 feet from structures. Weed abatement will be by mowing, weed eater or hand tool removal, to augment its herbicide program. Contractor will dispose of vegetation and/or weeds (including cut brush). Decorative landscaping, erosion control, vegetation, and natural vegetation in rural areas, which is more than 20 ft. from centerline of track will be removed at the direction of the Authority's Project Manager.

2. Herbicide and Pesticide Application

All pest control personnel shall be licensed, by the State of California. Copies of licenses must be submitted with the proposal. Herbicide work will have written Pest Control Recommendations - submitted to the County Agricultural Commissioner in accordance with applicable regulations. Herbicide application will be a pre-emergent application in the fall and spot treatments of contact herbicides on an as necessary basis during the summer and late fall. Herbicide application will be completed by Pest Control Applicator, under the supervision of a Pest Control Advisor. The Authority's Project Manager will confer with the Pest Control Advisor to determine the best chemical and rate of application on an individual parcel basis. This work is supplemental to herbicide control currently performed by SCRRA's Track, Structures and Right-of-Way Maintenance Contractor, under separate contract. The Authority will identify areas that require Herbicide Control.

3. Clean-Up of Debris and Trash (non-hazardous waste)

Contractor will pick-up all debris and trash, on the right-of-ways, and will remove, place and dispose of vegetation and refuse at specified dump sites within Orange County. Materials to be removed may include, but are not limited to, broken concrete, asphalt, construction debris, scrap metal, furniture, appliances, automobile parts, shopping carts, tires, trees, dead vegetation, dead animals, bagged or loose trash. Individual items will be handled manually within Occupational Safety and Health Administration (OSHA) guidelines. Items exceeding these weights, will be handled by cranes or tractors.

4. Fence Installation, Repairs and Minor Upgrades

Work will consist of new fence installation, repair to existing, and incidental upgrades to: welded wire mesh, chain link, post and cable, and any other fencing or barrier repairs as may be required. New fence material shall be "Israeli", welded wire mesh, or an Authority approved equal. The frequency of fence repair is dependent upon vandalism and/or accidents which occur along the right-of-way.

5. Drainage Repairs due to Minor Erosion Damage

Contractor will remove silt, drift, and/or obstructions (trash or brush), from drainage channels, and will restore minor erosion damage, upon direction of the Authority's Project Manager. The removal of vegetation and/or debris will be done in a manner which preserves the functional performance of all drainage facilities and in a manner that does not create depressions in the ground capable of ponding water. Contractor will be required to maintain Authority's railroad right-of-way access roads, removing any obstructions, repairing erosion damage, and ensuring vehicular access.

6. Graffiti Abatement & Control

Contractor will control graffiti through painting or cleaning on structures, walls, fences, signs, bridges and abutments, under the direction of the Authority's Project Manager. Control will be by covering graffiti using spray apparatus, (including extension arms from 10' to 25'), when requested. Contractor shall use water-based paint, except on natural aluminum signal housings and roadway signs, where chemical cleaners will be used. (Contractor will consult with Authority's Project Manager for situations where cleaning is ineffective, and may be directed to utilize other cleaners or to apply aluminum paint.) Application of paint or cleaning of graffiti will be performed so as to preserve railroad operating information on signs, and structures (only as directed) (e.g. crossing identity numbers and telephone numbers at road crossings, speed signs, milepost signs, and roadway signs).

7. Tree Trimming and Removals

Contractor will trim and/or remove trees in order to maintain clear visibility of railroad signals and grade crossings, as well as those on Authority's property causing harm to adjacent property/facilities/etc. Tree trimming will be seasonal, dependent on growth. Contractor will provide labor and equipment necessary to clear areas where required in order to maintain the right-of-ways and signal posts unobstructed. Work will consist of tree trimming and removals, occasional tree replanting, pole line removal and transport and brush removal. Due to the inaccessibility of certain properties, some trees may need to be climbed with the aid of ropes and others bucket trimmed.

8. Installation, Maintenance and Repair of Railroad Property Signs

Install, maintain, and repair of existing railroad property signs (e.g., No Trespassing, No Dumping, Private Property) will consist of correcting bent or broken posts, missing hardware (anti-vandalism type), and graffiti control. The Authority will provide material (posts, signs and hardware) to the Contractor for installation of new signs. Contractor shall provide necessary chemicals for removal of graffiti from signs, as well as other material required to perform this task.

9. Pest/Insect Control

Contractor shall perform, on a case by case basis, reasonable pest/insect control to maintain the railroad right-of-way free of pests/insects.

III. PERSONNEL EXPERIENCE, QUALIFICATIONS AND REQUIREMENTS

In order to meet the Authority's personnel qualification requirements, and those of SCRRA, the Contractor shall provide resumes of proposed qualified staff. Contractor personnel in the category of Foreman, shall meet the requirements of 49 CFR 214, Employee in Charge for Roadway Worker Safety, as well as SCRRA's General Code of Operating Rules for Maintenance of Way, when assigned to supervision on operating right-of-ways. The Contractors Forman is also required to be qualified (under all SCRRA applicable rules and regulations) as a flagman. All individuals proposed shall be evaluated and approved for these positions as part of the proposal evaluation.

1. General

Contractor shall provide the following information: A current resume for all proposed key personnel (i.e., project manager, foreman, equipment operators, supervisors, and flagmen).

A. Qualifications applicable to all positions:

Ability to work out of doors in all weather conditions, to climb irregular embankments and ladders, to lift objects not exceeding OSHA weight regulations, and ability to distinguish colors. Able to communicate in written and verbal English language. Required to pass pre-employment physical examination which includes blood and/or urine testing to comply with aforementioned drug/safety testing program. The Contractor's Safety Policy shall include such a program, in accordance with the Authority's Alcohol and Drug Policy 420.17, available for review at the Authority's office.

B. Individuals proposed by contractor specifically related to the work performed for this solicitation, shall be available for interview by the Authority and SCRRA's representative during the evaluation process if requested.

2. Maintenance Personnel Qualifications

The following qualifications and experience represent the Authority's requirement for maintenance personnel. Contractor is to furnish documentation fully describing the specific qualifications for each person for review and consideration. The Authority may accept substitute qualifications if it is deemed in the Authority's interest.

A. <u>Foreman</u>

1) Previously qualified with a Railroad to obtain track time, working time, and able to qualify under all SCRRA flagman requirements. Unqualified individuals may be rejected. SCRRA approval of individual, may be required.

2) Demonstrate leadership qualities and good communication, including proper record keeping skills.

3) Ability to work safely, while supervising individuals and maintain a safe work environment.

4) Ability to read, write, and speak English language.

5) Foreman is expected to both supervise and assist crew with duties as well as develop a daily and weekly work plan that will keep the crew working efficiently.

Experience

Minimum of five (5) years of railroad track construction and/or maintenance experience, or a combination of supervisory experience in track maintenance and training from a course in track maintenance or from a college level educational program related to track maintenance. The person shall also demonstrate to the Authority that he or she knows and understands the requirements, can detect deviations from those requirements and can prescribe appropriate remedial action to correct or safely compensate for those deviations, and have written authorization from the track owner to prescribe remedial actions to correct or safely compensate for deviations from the requirements. SCRRA approval may be required.

B. Equi pment Operator

Specific Qualifications

Knowledge of operation, and preventative maintenance of small to medium sized tractors.

Experience

Minimum of three years (3) experience operating heavy equipment along an operating railroad, or Authority approved equivalent. SCRRA approval may be required.

IV. SCHEDULE

Normal work week will consist of five eight-hour days, Monday thru Friday, to ensure Metrolink's operational requirements and the requirements of these services.

Maintenance services, under this contract, are to be performed on an "as-requested" basis, at the direction of the Authority's Project Manager. The Authority's Project Manager will outline tasks to be accomplished, including budget information and the schedule expectations for completion. The Contractor will be required to confirm compliance of the schedule and budget, prior to commencing with any work. The Authority, may direct Contractor to proceed with identified tasks without agreement on price or schedule when public safety issues are identified. The Contractor shall proceed with the identified work and notify the Authority within 24 hours of the price and schedule for completion of the work.

Contractor shall prepare and submit a monthly look ahead report identifying areas requiring maintenance services. Report is due by the fifth business day of each month. The Contractor shall submit a weekly schedule each Friday, for anticipated work to be performed the following week. Any deviations must be discussed and approved in writing by Authority's Project Manager.

Contractor shall respond to the Authority's schedule requirements within three (3) working days, except in cases of emergency, where an immediate response may be requested. Four (4) to twenty-four (24) hour response time may be required in cases of emergency and within one (1) hour in cases where train operations are halted. Contractor shall be paid a 4 hour minimum for emergency service. Contractor shall be paid time and a half for hours worked beyond 40 hours per week. Overtime will require prior approval of Authority's Project Manager. Overtime work performed by the Contractor to meet previously approved schedules will not be billable to the Authority.

V. RESPONSIBILITIES

1. Contractor shall maintain right-of-ways in accordance with the requirements of the Federal Railroad Administration, the Federal Railroad Safety Act, and the California Public Utilities Commission Engineering Standards, General Order 26-D, complying with 49 CFR 214, Roadway Worker Protection, as well as SCRRA's General Code of Operating Rules for Maintenance of Way, and SCRRA's Track Maintenance and Engineering Instructions. Copies of these rules are available for review at Authority's administrative offices.

2. When performing work on operating railroad right-of-ways the Contractor will be required to complete railroad safety training, (to be provided by the Authority) wear approved safety equipment, and WILL follow all railroad safety rules. This training will be provided by the Authority, and any employees that fail to meet the standards shall not be approved for work on Authority owned operating right-of-ways, or under this contract.

3. Contractor shall provide labor, material and equipment meeting the standards required to perform the work. Contractor shall provide a work plan which indicates the availability of labor and equipment for each requested location. The Contractor is responsible for determining the correct number of personnel (minimum of 4 plus foreman), labor classifications, and equipment necessary to complete the work. If the work is not performed in accordance with the standards, the Authority will advise the Contractor of the deficiencies and request a corrective action plan.

4. Any concerns expressed by Contractor, adjacent property owners or government officials regarding acceptable conditions or procedures on Authority owned property will be resolved by consultation with the Authority's Project Manager, prior to work starting. Project Manager's judgment will prevail.

5. *All dump* fees associated with these maintenance services on the right-of-ways will be reimbursed at cost.

6. Contractor shall dispose of any items removed from the right-of-way or adjacent properties. These items will be disposed at a legal disposal site. If the Contractor comes across large items that cannot be handled with the normal equipment being used, the Authority should be notified, and costs for removal should be identified for approval.

7. Contractor will be expected to have a 24-hour contact number(s) and an acceptable means of emergency "on-call" communication with the Authority's Project Manager.

8. Contractor is to provide daily work reports, as back-up, with invoices submitted for

payment, for justification of work invoiced. Invoices will not be reviewed or paid unless "back-up" justification is provided.

9. Authority's Project Manager must be notified when Contractor and or its Subcontractor has employees on Authority owned property, at times other than regularly scheduled work times.

10. Contractor is to immediately notify the Authority's Project Manager of any unsafe or questionable condition that exist on the Right-of-Way. Project Manager will then notify the necessary parties.

11. The Contractor shall submit to the Authority, prior to beginning any work under the contract, all Material Safety Data Sheet certifications for all herbicides, pest control, and other chemical materials as deemed appropriate by the Authority.

EXHIBIT B

COST AND PRICE FORMS

PRICE SUMMARY SHEET

REQUEST FOR PROPOSALS (RFP) 8-1129

ALL DIRECT COSTS NOT LISTED ABOVE SHALL BE BILLED AT COST SUBJECT TO AUTHORITY APPROVAL EQUIPMENT AND LABOR DOWNTIME DUE TO MECHANICAL PROBLEMS WILL NOT BE COMPENSATED.

---

1. I acknowledge receipt of RFP 8-1129 and Addenda No.(s) _____

2. This offer shall remain firm for ____________ days from the date of proposal
(Minimum 120)

COMPANY NAME ______________________________

ADDRESS ______________________________

TELEPHONE ______________________________

SIGNATURE OF PERSON AUTHORIZED TO BIND OFFEROR ______________________________

SIGNATURE'S NAME AND TITLE ______________________________

DATE SIGNED ______________________________

PRICE SUMMARY SHEET

The following is a comprehensive list of fully burdened rates for maintenance services. Fully burdened rates include direct costs, indirect costs, profits, overhead costs, general and administrative costs, etc. and remain firm for the term of the Agreement.

Description	***Year 1***	***Year 2***	***Year 3***	***Year 4***	***Year 5***
1. Extraordinary Maintenance: Crew rate including working supervisor, 4 laborers, 6 cu. Yd. dump, transportation, hand tools, weed eaters, chain saws and safety equipment					
2. Additional Laborer					
3. Per load flat rate including dump fees, 6 cu. Yd. w/dump bed: Brush/Trash					
4. Per load flat rate including dump fees, 6 cu. Yd. w/dump bed: Cement					
5. Per load flat rate include dump fees, 25 cu. Yd. (12.5 ton dump) Brush/Trash					
6. Per load flat rate including dump fees, 25 cu. Yd./12.5 ton dump: Cement					
7. Per load flat rate including dump fees, 40 cu. Yd. Roll-off: Brush/Trash					
8. Per load flat rate including dump fees, 40 cu. Yd. Roll-off: Cement					
9. Operated Equipment, no move charges, Case 580, or equal, w/mower and backhoe attachments					
10. Operated Equipment, no move charges, 4 wheel drive Loader, w/4-1 bucket					
11. Operated Equipment, no move charges, Paint Sprayer					
12. Operated Equipment, no move charges, 3" Trash Pump					

FENCING: Welded mesh installation per manufacturers instructions. Posts and bracing material and installation per Standard Specifications for Public Works Construction 206-6:

	Year 1	Year 2	Year 3	Year 4	Year 5
13. 10-ft. Israeli Wire Mesh, Typhoon 450 or equal					
14. Line Posts w/Caps					
15. Terminal Posts w/Caps					
16. Diagonal Braces and Fittings					
17. Israeli 16' Double Swing Gate w/ Hardware, or equal					
18. Israeli 3' Swing Gate w/ Hardware, or equal					
19. Labor only to remove fence (8ft. Chain link)					
20. Labor only to install wire mesh fence w/footings (6ft.)					

Sign Placement & Repair Crew:

21. 3 men, equipment & truck					

Tree Trimming Crew:

22.Crew rate, w/following equipment: Aerial truck, (ht. as needed 45'-52'-75'), chain saws, and climbing gear, dump/chipper truck w/moorbark chipper. Must be equipped w/a stump cutter (Vermeer or equivalent) and 1 ton dump,4X4 truck for stump grinding.					

Herbicide Application:

	Year 1	Year 2	Year 3	Year 4	Year 5
23. Minimum of one 4-wheel drive truck 300 gallon tank, truck mounted. Equipped w/a boom capable of covering a 25 ft. span, two hand nozzles w/200' of hose each.					
24. Labor hr. per supervised applicator, including transportation and all necessary equipment to complete work.					
Prevailing Wage Listing					
25. Group 1 Labor rate hr. per supervised supervised applicator, including transportation and all necessary equipment to complete work. Contractor shall provide a complete wage listing of all labor classification to be assigned to this work					

OTHER DIRECT COSTS - SCHEDULE II

1. Round-Up Pro	*/qt.*	*/qt.*	*/qt.*	*/qt.*	*/qt.*
2. Rodeo	*/qt.*	*/qt.*	*/qt.*	*/qt.*	*/qt.*
3. Reward	*/qt.*	*/qt.*	*/qt.*	*/qt.*	*/qt.*
4. Telar	*/oz.*	*/oz.*	*/oz.*	*/oz.*	*/oz.*
5. Oust	*/oz.*	*/oz.*	*/oz.*	*/oz.*	*/oz.*
6. Pro-Spreader	*/qt.*	*/qt.*	*/qt.*	*/qt.*	*/qt.*
7. Karmex	*/lb.*	*/lb.*	*/lb.*	*/lb.*	*/lb.*
8. Water Base Paint (for graffiti abatement)	*/gal.*	*/gal.*	*/gal.*	*/gal.*	*/gal.*
*9. **NO MARK UP on SUBCONTRACTORS***	*COST*	*COST*	*COST*	*COST*	*COST*

Additional if needed:

10					
11					
12					
13					
14					
15					

EXHIBIT C

PROPOSED AGREEMENT

PROPOSED AGREEMENT NO. C-8-1129

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

____

THIS AGREEMENT is effective this _____ day of ________________________, 2009, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the state of California (hereinafter referred to as "AUTHORITY"), and __________________ , _________ , hereinafter referred to as "CONTRACTOR").

WITNESSETH:

WHEREAS, AUTHORITY requires assistance from CONTRACTOR to provide rail right of way maintenance; and

WHEREAS, said work cannot be performed by the regular employees of AUTHORITY; and

WHEREAS, CONTRACTOR has represented that it has the requisite personnel and experience, and is capable of performing such services; and

WHEREAS, CONTRACTOR wishes to perform these services;

WHEREAS, the AUTHORITY's Board of Directors approved this Agreement on _________;

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and CONTRACTOR as follows:

ARTICLE 1. COMPLETE AGREEMENT

A. This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of this Agreement between AUTHORITY and CONTRACTOR and it supersedes all prior representations, understandings and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other terms or conditions.

/

B. AUTHORITY's failure to insist in any one or more instances upon CONTRACTOR's performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and CONTRACTOR's obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 2. AUTHORITY DESIGNEE

The Chief Executive Officer of AUTHORITY, or designee, shall have the authority to act for and exercise any of the rights of AUTHORITY as set forth in this Agreement.

ARTICLE 3. SCOPE OF WORK

A. CONTRACTOR shall perform the work necessary to complete in a manner satisfactory to AUTHORITY the services set forth in Exhibit A, entitled "Scope of Work," attached to and, by this reference, incorporated in and made a part of this Agreement. All services shall be provided at the times and places designated by AUTHORITY.

B. CONTRACTOR shall provide the personnel listed below to perform the above-specified services, which persons are hereby designated as key personnel under this Agreement.

Names	**Functions**

C. No person named in paragraph B of this Article, or his/her successor approved by AUTHORITY, shall be removed or replaced by CONTRACTOR, nor shall his/her agreed-upon function or level of commitment hereunder be changed, without the prior written consent of AUTHORITY. Should the services of any key person become no longer available to CONTRACTOR, the resume and qualifications of the proposed replacement shall be submitted to AUTHORITY for approval as soon as possible, but in no event later than seven (7) calendar days prior to the departure of the incumbent key person, unless CONTRACTOR is not provided with such notice by the departing employee. AUTHORITY shall respond to CONTRACTOR within seven (7) calendar days following receipt of these qualifications concerning acceptance of the candidate for replacement.

ARTICLE 4. TERM OF AGREEMENT

A. This Agreement shall commence upon written Notice to Proceed, and shall continue in full force and effect through January 31, 2014, ("Initial Term") unless earlier terminated or extended as provided in this Agreement.

B. AUTHORITY's election to extend the Agreement beyond the Initial Term shall not diminish its right to terminate the Agreement for AUTHORITY's convenience or CONTRACTOR's default as provided elsewhere in this Agreement. The "maximum term" of this Agreement shall be the period extending from February 1, 2009, through January 31, 2014, which period encompasses the Initial term and the two Option Terms.

ARTICLE 5. PAYMENT

A. For CONTRACTOR's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provisions set forth in Article 6, AUTHORITY shall pay CONTRACTOR on a time and expense basis in accordance with the following provisions.

B. For each full hour of labor satisfactorily performed by CONTRACTOR's personnel under this Agreement, AUTHORITY shall pay CONTRACTOR at the hourly rates specified in Exhibit B, "Price Summary Sheet" which is attached to, by this referenced incorporated in, and made part of this Agreement and are acknowledged to include CONTRACTOR's direct labor costs, indirect costs, and profit. Furthermore, AUTHORITY shall reimburse CONTRACTOR for the actual costs of the expenses shown in Exhibit B, which are directly incurred by its personnel in the performance of work under this Agreement.

C. CONTRACTOR shall invoice AUTHORITY on a monthly basis for payments corresponding to the work and hours actually completed by CONTRACTOR. Hours completed shall be documented in a monthly progress report prepared by CONTRACTOR, which shall accompany each invoice submitted by CONTRACTOR. CONTRACTOR shall also furnish such other information as may be requested by AUTHORITY to substantiate the validity of an invoice. At its sole discretion, AUTHORITY may decline to make full payment as noted in paragraph B of this Article until such time as CONTRACTOR has documented to AUTHORITY's satisfaction, that CONTRACTOR has fully completed all work required.

D. Invoices shall be submitted by CONTRACTOR on a monthly basis and shall be submitted in duplicate to AUTHORITY's Accounts Payable office. Each invoice shall be accompanied by the monthly progress report specified in paragraph C of this Article. AUTHORITY shall remit payment within thirty (30) calendar days of the receipt and approval of each invoice. Each invoice shall include the following information:

1. Agreement No. C-8-1129;

2. Labor (staff name, actual hours expended, hourly billing rate, current charges and cumulative charges) performed during the billing period;

3. Expenses (actual expenses incurred as well as back-up documentation that supports the expenses) incurred during the billing period;

4. The time period covered by the invoice;

5. Monthly Progress Report;

6. Total monthly invoice (including project-to-date cumulative invoice amount) and retention;

7. Certification signed by the CONTRACTOR or his/her designated alternate that a) The invoice is a true, complete and correct statement of reimbursable costs and progress; b) The invoice is a true, complete and correct statement of reimbursable costs; c) The backup information included with the invoice is true, complete and correct in all material respects; d) All payments due and owing to subcontractors and suppliers have been made; e) Timely payments will be made to

subcontractors and suppliers from the proceeds of the payments covered by the certification and; f) The invoice does not include any amount which CONTRACTOR intends to withhold or retain from a subcontractor or supplier unless so identified on the invoice.

8. Any other information as agreed or requested by AUTHORITY to substantiate the validity of an invoice.

ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CONTRACTOR mutually agree that AUTHORITY's maximum cumulative payment obligation (including obligation for CONTRACTOR's profit) shall be ___________ Dollars ($.00) which shall include all amounts payable to CONTRACTOR for its subcontracts, leases, materials and costs arising from, or due to termination of, this Agreement.

ARTICLE 7. NOTICES

All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered or certified mail, returned receipt requested, postage prepaid and addressed as follows:

To CONTRACTOR:	To AUTHORITY:
	Orange County Transportation Authority
	550 South Main Street
	P.O. Box 14184
	Orange, CA 92863-1584
ATTENTION:	ATTENTION: Sarah L. Strader
	Contract Administrator
	(714) 560 – 5633; e-mail: *sstrader@octa.net*

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ARTICLE 8. INDEPENDENT CONTRACTOR

CONTRACTOR's relationship to AUTHORITY in the performance of this Agreement is that of an independent contractor. CONTRACTOR's personnel performing services under this Agreement shall at all times be under CONTRACTOR's exclusive direction and control and shall be employees of CONTRACTOR and not employees of AUTHORITY. CONTRACTOR shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

ARTICLE 9. INSURANCE

A. CONTRACTOR shall procure and maintain insurance coverage during the entire term of this Agreement. Coverage shall be full coverage and not subject to self-insurance provisions. CONTRACTOR shall provide the following insurance coverage:

1. Commercial General Liability, to include Products/Completed Operations, Independent Contractors', Contractual Liability, and Personal Injury Liability with a minimum limit of $1,000,000.00 per occurrence and $2,000,000.00 general aggregate.

2. Automobile Liability Insurance to include owned, hired and non-owned autos with a combined single limit of $1,000,000.00 each accident;

3. Workers' Compensation with limits as required by the State of California including a waiver of subrogation in favor of AUTHORITY, its officers, directors, employees or agents;

4. Employers' Liability with minimum limits of $1,000,000.00; and

5. Professional Liability with minimum limits of $1,000,000.00 per claim.

6. Pollution Liability with minimum limits of $1,000,000.00 per claim.

7. Railroad Protective Liability with minimum limits of $1,000,000.00 per claim.

B. Proof of such coverage, in the form of an insurance company issued policy endorsement and a broker-issued insurance certificate, must be received by AUTHORITY prior to commencement of any work. Proof of insurance coverage must be received by AUTHORITY within ten (10) calendar days from the effective date of this Agreement with the AUTHORITY, its officers, directors, employees and agents designated as additional insured on the general and automobile liability. Such insurance shall be primary and non-contributive to any insurance or self-insurance maintained by the AUTHORITY.

C. CONTRACTOR shall include on the face of the Certificate of Insurance the Agreement Number C-8-1129; and, Sarah L. Strader, Contract Administrator.

D. CONTRACTOR shall also include in each subcontract the stipulation that subcontractors shall maintain insurance coverage in the amounts required from CONTRACTOR as provided in this Agreement.

ARTICLE 10. ORDER OF PRECEDENCE

Conflicting provisions hereof, if any, shall prevail in the following descending order of precedence: (1) the provisions of this Agreement, including all exhibits; (2) the provisions of RFP 8-1129; (3) CONTRACTOR's proposal dated ___________; (4) all other documents, if any, cited herein or incorporated by reference.

ARTICLE 11. CHANGES

By written notice or order, AUTHORITY may, from time to time, order work suspension and/or make changes in the general scope of this Agreement, including, but not limited to, the services furnished to AUTHORITY by CONTRACTOR as described in the Scope of Work. If any such work suspension or change causes an increase or decrease in the price of this Agreement, or in the time required for its performance, CONTRACTOR shall promptly notify AUTHORITY thereof and assert its claim for adjustment within ten (10) calendar days after the change or work suspension is ordered, and an equitable adjustment shall be negotiated. However, nothing in this clause shall excuse CONTRACTOR from proceeding immediately with the agreement as changed.

ARTICLE 12. DISPUTES

A. Except as otherwise provided in this Agreement, any dispute concerning a question of fact arising under this Agreement which is not disposed of by supplemental agreement shall be decided by AUTHORITY's Director, Contracts Administration and Materials Management (CAMM), who shall reduce the decision to writing and mail or otherwise furnish a copy thereof to CONTRACTOR. The decision of the Director, CAMM, shall be final and conclusive.

B. The provisions of this Article shall not be pleaded in any suit involving a question of fact arising under this Agreement as limiting judicial review of any such decision to cases where fraud by such official or his representative or board is alleged, provided, however, that any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this Article, CONTRACTOR shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

C. Pending final decision of a dispute hereunder, CONTRACTOR shall proceed diligently with the performance of this Agreement and in accordance with the decision of AUTHORITY's Director, CAMM. This Disputes clause does not preclude consideration of questions of law in connection with decisions provided for above. Nothing in this Agreement, however, shall be construed as making final the decision of any AUTHORITY official or representative on a question of law, which questions shall be settled in accordance with the laws of the state of California.

ARTICLE 13. TERMINATION

A. AUTHORITY may terminate this Agreement for its convenience at any time, in whole or part, by giving CONTRACTOR written notice thereof. Upon said notice, AUTHORITY shall pay CONTRACTOR its allowable costs incurred to date of termination and those allowable costs determined by AUTHORITY to be reasonably necessary to effect such termination. Thereafter, CONTRACTOR shall have no further claims against AUTHORITY under this Agreement.

B. AUTHORITY may terminate this Agreement for CONTRACTOR's default if a federal or state proceeding for the relief of debtors is undertaken by or against CONTRACTOR, or if CONTRACTOR makes an assignment for the benefit of creditors, or if CONTRACTOR breaches any term(s) or violates any provision(s) of this Agreement and does not cure such breach or violation within ten (10) calendar days after written notice thereof by AUTHORITY. CONTRACTOR shall be liable for all reasonable costs incurred by AUTHORITY as a result of such default including, but not limited to, reprocurement costs of the same or similar services defaulted by CONTRACTOR under this Agreement.

ARTICLE 14. INDEMNIFICATION

CONTRACTOR shall indemnify, defend and hold harmless AUTHORITY, its officers, directors, employees and agents from and against any and all claims (including attorneys' fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by CONTRACTOR, its officers, directors, employees, agents, subcontractors or suppliers in connection with or arising out of the performance of this Agreement.

ARTICLE 15. ASSIGNMENTS AND SUBCONTRACTS

A. Neither this Agreement nor any interest herein nor claim hereunder may be assigned by CONTRACTOR either voluntarily or by operation of law, nor may all or any part of this Agreement be subcontracted by CONTRACTOR, without the prior written consent of AUTHORITY. Consent by AUTHORITY shall not be deemed to relieve CONTRACTOR of its obligations to comply fully with all terms and conditions of this Agreement.

B. AUTHORITY hereby consents to CONTRACTOR's subcontracting portions of the Scope of Work to the parties identified below for the functions described in CONTRACTOR's proposal. CONTRACTOR shall include in the subcontract agreement the stipulation that CONTRACTOR, not AUTHORITY, is solely responsible for payment to the subcontractor for the amounts owing and that the subcontractor shall have no claim, and shall take no action, against AUTHORITY, its officers, directors, employees or sureties for nonpayment by CONTRACTOR.

Subcontractor Name/Addresses	**Subcontractor Amounts**
	.00
	.00

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ARTICLE 16. AUDIT AND INSPECTION OF RECORDS

CONTRACTOR shall provide AUTHORITY, or other agents of AUTHORITY, such access to CONTRACTOR's accounting books, records, payroll documents and facilities, as AUTHORITY deems necessary. CONTRACTOR shall maintain such books, records, data and documents in accordance with generally accepted accounting principles and shall clearly identify and make such items readily accessible to such parties during CONTRACTOR's performance hereunder and for a period of four (4) years from the date of final payment by AUTHORITY. AUTHORITY's right to audit books and records directly related to this Agreement shall also extend to all first-tier subcontractors identified in Article 15 of this Agreement. CONTRACTOR shall permit any of the foregoing parties to reproduce documents by any means whatsoever or to copy excerpts and transcriptions as reasonably necessary.

ARTICLE 17. FEDERAL, STATE AND LOCAL LAWS

CONTRACTOR warrants that in the performance of this Agreement, it shall comply with all applicable federal, state and local laws, statutes and ordinances and all lawful orders, rules and regulations promulgated thereunder.

ARTICLE 18. NOTICE OF LABOR DISPUTE

Whenever CONTRACTOR has knowledge that any actual or potential labor dispute may delay its performance under this Agreement, CONTRACTOR, shall immediately notify and submit all relevant information to AUTHORITY. CONTRACTOR shall insert the substance of this entire clause in any subcontract hereunder as to which a labor dispute may delay performance under this Agreement. However, any subcontractor need give notice an information only to its next higher-tier subcontractor.

ARTICLE 19. GENERAL WAGE RATES

A. CONTRACTOR warrants that all mechanics, laborers, journeypersons, workperson, craftsperson, or apprentices employed by CONTRACTOR or subcontractor at any tier for any work hereunder, shall be paid unconditionally and not less often than once a week and without any subsequent deduction or rebate on any account (except such payroll deductions as are permitted or required by federal, state, or local low, regulation or ordinance). The full amounts due at the time of payment, computed at a wage rate and per diem rate not less than the aggregate of the highest of the two basic hourly rates and rates of payments, contributions or costs for any fringe benefits contained in the current general prevailing wage rate(s) and per diem rate(s), established by the Director of the Department of Industrial Relations of the state of California, (as set forth in the Labor Code of the state of California, commencing at Section 1770 et. seq), regardless of any contractual relationship which may be alleged to exist between CONTRACTOR or subcontractor and their respective mechanics. Laborers, journeypersons, workpersons, craftspersons, or apprentices. Copies of the current General Prevailing Wage Determinations are on file at AUTHORITY's offices and will be made available to CONTACTOR upon request. CONTRACTOR shall post a copy thereof at each job site at which work hereunder is performed.

B. In addition to the foregoing, CONTARCTOR agrees to comply with all other provisions of the Labor Code of the state of California, which are incorporated herein by reference, pertaining to workers performing work hereunder including, but not limited to, those provisions for work hours, payroll records and apprenticeship employment and regulation program. CONTRACTOR agrees to insert or cause to be inserted the preceding clause in all subcontract which provide for workers to perform work hereunder regardless of the subcontractor tier.

ARTICLE 20. EQUAL EMPLOYMENT OPPORTUNITY

In connection with its performance under this Agreement, CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. CONTRACTOR shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

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ARTICLE 21. PROHIBITED INTERESTS

CONTRACTOR covenants that, for the term of this Agreement, no director, member, officer or employee of AUTHORITY during his/her tenure in office or for one (1) year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE 22. OWNERSHIP OF REPORTS AND DOCUMENTS

A. The originals of all letters, documents, reports and other products and data produced under this Agreement shall be delivered to, and become the property of AUTHORITY. Copies may be made for CONTRACTOR's records but shall not be furnished to others without written authorization from AUTHORITY. Such deliverables shall be deemed works made for hire and all rights in copyright therein shall be retained by AUTHORITY.

B. All ideas, memoranda, specifications, plans, manufacturing, procedures, drawings, descriptions, and all other written information submitted to CONTRACTOR in connection with the performance of this Agreement shall not, without prior written approval of AUTHORITY, be used for any purposes other than the performance under this Agreement, nor be disclosed to an entity not connected with the performance of the project. CONTRACTOR shall comply with AUTHORITY's policies regarding such material. Nothing furnished to CONTRACTOR, which is otherwise known to CONTRACTOR or is or becomes generally known to the related industry shall be deemed confidential. CONTRACTOR shall not use AUTHORITY's name, photographs of the project, or any other publicity pertaining to the project in any professional publication, magazine, trade paper, newspaper, seminar or other medium without the express written consent of AUTHORITY.

C. No copies, sketches, computer graphics or graphs, including graphic artwork, are to be released by CONTRACTOR to any other person or agency except after prior written approval by AUTHORITY, except as necessary for the performance of services under this Agreement. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be handled only by AUTHORITY unless otherwise agreed to by CONTRACTOR and AUTHORITY.

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ARTICLE 23. ALCOHOL AND DRUG POLICY

AUTHORITY and CONTRACTOR shall provide under this Agreement, a safe and healthy work environment free from the influence of alcohol and drugs. Failure to comply with this Article may result in nonpayment or termination of this Agreement.

ARTICLE 24. FORCE MAJEURE

Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

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This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-8-1129 to be executed on the date first above written.

CONTRACTOR

By ______________________________

ORANGE COUNTY TRANSPORTATION AUTHORITY

By ______________________________

Arthur T. Leahy
Chief Executive Officer

APPROVED AS TO FORM:

By ______________________________

Kennard R. Smart, Jr.
General Counsel

APPROVED:

By ______________________________

Kia Mortazavi,
Executive Director, Development

SECTION IV

FORMS

PARTY DISCLOSURE FORM

Information Sheet

ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

The attached Party Disclosure Form must be completed by applicants for, or persons who are the subject of, any proceeding involving a license, permit, or other entitlement for use pending before the Board of Directors of the Orange County Transportation Authority or any of its affiliated agencies. (Please see next page for definitions of these terms.)

IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

A. If you are an applicant for, or the subject of, any proceeding involving a license, permit, or other entitlement for use, you are prohibited from making a campaign contribution of more than $250 to any board member or his or her alternate. This prohibition begins on the date your application is filed or the proceeding is otherwise initiated, and the prohibition ends three months after a final decision is rendered by the Board of Directors. In addition, no board member or alternate may solicit or accept a campaign contribution of more than $250 from you during this period.

B. These prohibitions also apply to your agents, and, if you are a closely held corporation, to your majority shareholder as well. These prohibitions also apply to your subcontractor(s), joint venturer(s), and partner(s) in this proceeding. Also included are parent companies and subsidiary companies directed and controlled by you, and political action committees directed and controlled by you.

C. You must file the attached disclosure form and disclose whether you or your agent(s) have in the aggregate contributed more than $250 to any board member or his or her alternate during the 12-month period preceding the filing of the application or the initiation of the proceeding.

D. If you or your agent have in the aggregate contributed more than $250 to any individual board member or his/or her alternate during the 12 months preceding the decision on the application or proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the board member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a party in the proceeding. The Party Disclosure Form should be completed and filed with your proposal, or with the first written document you file or submit after the proceeding commences.

1. A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor or personal employment contracts), and all franchises.

2. Your "agent" is someone who represents you in connection with a proceeding involving a license, permit or other entitlement for use. If an individual acting as an agent is also acting in his or her capacity as an employee or member of a law, architectural, engineering, consulting firm, or similar business entity, both the business entity and the individual are "agents."

3. To determine whether a campaign contribution of more than $250 has been made by you, campaign contributions made by you within the preceding 12 months must be aggregated with those made by your agent within the preceding 12 months or the period of the agency, whichever is shorter. Contributions made by your majority shareholder (if a closely held corporation), your subcontractor(s), your joint venturer(s), and your partner(s) in this proceeding must also be included as part of the aggregation. Campaign contributions made to different directors or their alternates are not aggregated.

4. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 of the Political Reform Act and 2 Cal. Adm. Code Sections 18438-18438.8.

ORANGE COUNTY TRANSPORTATION AUTHORITY AND ITS AFFILIATED AGENCIES

To be completed only if campaign contributions have been made in the preceding 12 months.

Party's Name: ______________________________

Party's Address: ______________________________
Street

____
City

____
State Zip Phone

Application or Proceeding
Title and Number: ______________________________

Board Member(s) or Alternate(s) to whom you and/or your agent made campaign contributions and dates of contribution(s) in the preceding 12 months:

Name of Member: ______________________________
Name of Contributor (if other than Party): ______________________________
Date(s): ______________________________
Amount(s): ______________________________

Name of Member: ______________________________
Name of Contributor (if other than Party): ______________________________
Date(s): ______________________________
Amount(s): ______________________________

Name of Member: ______________________________
Name of Contributor (if other than Party): ______________________________
Date(s): ______________________________
Amount(s): ______________________________

Date: ____________________ ______________________________
Signature of Party and/or Agent

ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

Board of Directors

PARTICIPANT DISCLOSURE FORM

Information Sheet

ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

The attached Participant Disclosure Form must be completed by participants in a proceeding involving a license, permit, or other entitlement for use. (Please see next page for definitions of these terms.)

IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

A. If you are a participant in a proceeding involving a license, permit, or other entitlement for use, you are prohibited from making a campaign contribution of more than $250 to any board member or his or her alternate. This prohibition begins on the date you begin to actively support or oppose an application for license, permit, or other entitlement for use pending before the Orange County Transportation Authority or any of its affiliated agencies, and continues until three months after a final decision is rendered on the application or proceeding by the Board of Directors.

No board member or alternate may solicit or accept a campaign contribution of more than $250 from you and/or your agency during this period if the board member or alternate knows or has reason to know that you are a participant.

B. The attached disclosure form must be filed if you or your agent have contributed more than $250 to any board member or alternate for the Orange County Transportation Authority or any of its affiliated agencies during the 12-month period preceding the beginning of your active support or opposition. (The disclosure form will assist the board members in complying with the law.)

C. If you or your agent have made a contribution of more than $250 to any board member or alternate during the 12 months preceding the decision in the proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a participant in the proceeding.

The Participant Disclosure Form should be completed and filed with the proposal submitted by a party, or should be completed and filed the first time that you lobby in person, testify in person before, or otherwise directly act to influence the vote of the board members of the Orange County Transportation Authority or any of its affiliated agencies.

1. An individual or entity is a "participant" in a proceeding involving an application for a license, permit or other entitlement for use if:

   a. The individual or entity is not an actual party to the proceeding, but does have a significant financial interest in the Orange County Transportation Authority's or one of its affiliated agencies' decision in the proceeding.

AND

   b. The individual or entity, directly or through an agent, does any of the following:

      (1) Communicates directly, either in person or in writing, with a board member or alternate of the Orange County Transportation Authority or any of its affiliated agencies for the purpose of influencing the member's vote on the proposal;

      (2) Communicates with an employee of the Orange County Transportation Authority or any of its affiliated agencies for the purpose of influencing a member's vote on the proposal; or

      (3) Testifies or makes an oral statement before the Board of Directors of the Orange County Transportation Authority or any of its affiliated agencies.

2. A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements for use, including all entitlements for land use; all contracts (other than competitively bid, labor, or personal employment contracts) and all franchises.

3. Your "agent" is someone who represents you in connection with a proceeding involving a license, permit, or other entitlement for use. If an agent acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar business entity or corporation, both the business entity or corporation and the individual are agents.

4. To determine whether a campaign contribution of more than $250 has been made by a participant or his or her agent, contributions made by the participant within the preceding 12 months shall be aggregated with those made by the agent within the preceding 12 months or the period of the agency, whichever is shorter. Campaign contributions made to different members or alternates are not aggregated.

5. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 and 2 Cal. Adm. Code Sections 18438-18438.8.

ORANGE COUNTY TRANSPORTATION AUTHORITY AND ITS AFFILIATED AGENCIES

To be completed only if campaign contributions have been made in the preceding 12 months.

Party's Name: ______________________________

Party's Address: ______________________________
Street
____
City
____
State Zip Phone

Application or Proceeding
Title and Number: ______________________________

Board Member(s) or Alternate(s) to whom you and/or your agent made campaign contributions and dates of contribution(s) in the preceding 12 months:

Name of Member: ______________________________
Name of Contributor (if other than Party): ______________________________
Date(s): ______________________________
Amount(s): ______________________________

Name of Member: ______________________________
Name of Contributor (if other than Party): ______________________________
Date(s): ______________________________
Amount(s): ______________________________

Name of Member: ______________________________
Name of Contributor (if other than Party): ______________________________
Date(s): ______________________________
Amount(s): ______________________________

Date: ____________________ ______________________________
Signature of Party and/or Agent

ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

Board of Directors

Chris Norby, Chair

Peter Buffa, Vice Chairman

Jerry Amante, Director

Patricia Bates, Director

Art Brown, Director

Bill Campbell, Director

Carolyn V. Cavecche, Director

Richard Dixon, Director

Paul G. Glaab, Director

Cathy Green, Director

Allan Mansoor, Director

John Moorlach, Director

Janet Nguyen, Director

Curt Pringle, Director

Miguel Pulido, Director

Mark Rosen, Director

Gregory T. Winterbottom, Director

Status of Past and Present Contracts Form

On the form provided below, Offeror shall list the status of past and present contracts where the firm has either provided services as a prime contractor or a subcontractor during the past five (5) years in which the contract has ended or will end in a termination, settlement or in legal action. A separate form must be completed for each contract. Offeror shall provide an accurate contact name and telephone number for each contract and indicate the term of the contract and the original contract value.

If the contract was terminated, list the reason for termination. Offeror must also identify and state the status of any litigation, claims or settlement agreements related to any of the identified contracts. Each form must be signed by an officer of the Offeror confirming that the information provided is true and accurate.

Project city/agency/other:	
Contact name:	**Phone:**
Project award date:	**Original Contract Value:**
Term of Contract:	
1) Status of contract:	
2) Identify claims/litigation or settlements associated with the contract:	

By signing this Form entitled "Status of Past and Present Contracts," I am affirming that all of the information provided is true and accurate.

Name ______________________ Date ______________________

Title ______________________

20.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Agreement for Financial Advisory Services

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Authorize the Chief Executive Officer to execute Agreement No. C-8-0883 between the Orange County Transportation Authority and Sperry Capital, Inc., in an amount not to exceed $475,000, for general financial advisory services for a three-year term.

B. Authorize the Chief Executive Officer to execute Agreement No. C-8-1241 between the Orange County Transportation Authority and Public Financial Management, Inc., in an amount not to exceed $50,000, for swap valuation services and other financial advisory services for a three-year term.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement for Financial Advisory Services

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved financial advisory services. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendations

A. Authorize the Chief Executive Officer to execute Agreement No. C-8-0883 between the Orange County Transportation Authority and Sperry Capital, Inc., in an amount not to exceed $475,000, for general financial advisory services for a three-year term.

B. Authorize the Chief Executive Officer to execute Agreement No. C-8-1241 between the Orange County Transportation Authority and Public Financial Management, Inc., in an amount not to exceed $50,000, for swap valuation services and other financial advisory services for a three-year term.

Background

The Orange County Transportation Authority's (Authority) financial advisor is responsible for providing analysis, consultation, and support for financial, investment, and other related matters affecting capital and operating decisions. The Authority currently utilizes Sperry Capital, Inc., for financial advisory services.

The Authority has issued over $1.3 billion in debt and currently has over $450 million outstanding. Over the past decade, the Authority has evolved into a large and sophisticated issuer of municipal debt instruments. As a result, the Authority is one of the highest rated sales tax issuers in California.

Over the next three years, the Authority will need to address the 91 Express Lanes variable rate debt. This includes the outstanding interest rate swap. Currently, the Authority is working with the Orange County Treasurer's office to structure a two-year private placement deal. At the conclusion of this transaction, the Authority will need to evaluate the best financing alternative for the 91 Express Lanes given the recent passage of SB 1316 (Chapter 714, Statutes of 2008), which extends the Authority's Franchise Agreement term to 2065. The Authority's financial advisor will assist with this evaluation and subsequent transaction.

The financial advisor will also be responsible for assisting the Authority with structuring the takeout financing for the Renewed Measure M (M2) Tax-Exempt Commercial Paper (TECP) Program. The program's letter of credit will expire in November 2011. The Authority can either extend the TECP Program or issue long-term debt for the outstanding amounts.

The Authority's financial advisor will assist staff with the investor relations program. The program includes annual visits to New York for meetings with investors, insurers, liquidity providers, and the rating agencies. The Authority provides a comprehensive presentation on the Authority's programs and services during these meetings.

Discussion

This procurement was handled in accordance with the Authority's procedures for professional and technical services. On July 31, 2008, request for proposals (RFP) No. 8-0883 was issued to provide financial advisory services on a time and expense contract. An electronic notice was sent to 379 firms registered on CAMM NET. In addition, notice of the RFP was advertised in a newspaper of general circulation on July 31 and August 5, 2008. A pre-proposal conference was held on August 12, 2008, and was attended by four firms. One addendum was issued to address questions that were submitted.

An evaluation committee composed of representatives from Contracts Administration and Materials Management, Treasury/Public Finance, Financial Planning and Analysis, Transit Project Delivery, and an outside evaluator from the Children and Families Commission of Orange County was established to review all offers submitted. The proposals were evaluated on the following criteria:

• Qualifications of the Firm	30 percent
• Staffing and Project Organization	25 percent
• Work Plan	25 percent
• Cost and Price	20 percent

The qualifications of the firm received the highest weighting based upon the importance of previous experience with debt issuances, investment programs, and congestion management pricing. Staffing and work plan were equally weighted to reflect importance of staff qualifications and answers to specific questions, which were included as part of the work plan. Award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the requirement, and technical expertise in the field.

On August 26, 2008, proposals were received from two firms: Sperry Capital, Inc. (Sperry), and Public Financial Management (PFM) Group. PFM Group is comprised of the Public Financial Management, Inc., and the Public Financial Management Asset Management, LLC. The evaluation committee rated the two proposals. Both firms were interviewed. Each firm presented an overview of the firm and its relevant experience followed by questions from the committee.

Qualifications of Firm – 30 percent

Sperry has extensive experience with municipal agencies and a good understanding of Authority programs. PFM Group has excellent experience with all types of municipal debt as well as broad experience with transportation agencies. PFM Group scored slightly higher in this category.

Staffing and Project Organization – 25 percent

Both firms have excellent staff experience and broad depth of experience with transportation agencies. Sperry's project manager and other key staff have up to 30 years experience with state and local transportation agencies in the areas of municipal debt issuances, congestion management pricing, and toll road management. PFM Group's project manager and other key staff have up to 20 years experience with state and local transportation agencies in the areas of toll roads and various debt instruments. Sperry scored slightly higher in this category.

Work Plan – 25 percent

Both firms scored the same in this category. Sperry provided excellent recommendations on various issues particularly in the areas of toll road bonds, M2 TECP, and investor relations. The firm demonstrated a good understanding of the project requirements with a customized approach. PFM Group provided a good team-based approach with a detailed work plan, including swaps and a risk management model.

Cost and Price – 20 percent

Sperry scored higher in this category. The firm's hourly rates are 19 percent lower than PFM Group. PFM Group charges $10,000 per annum for swap valuation and reporting. Overall the rates of both firms are considered to be reasonable based on the number of years and broad depth of staff experience.

Based on the criteria identified in the request for proposals, the evaluation committee recommends both firms to the Members of the Board of Directors for consideration of award:

<u>Firm and Location</u>

PFM Group
San Francisco, California

Sperry Capital, Inc.
Sausalito, California

Sperry is being recommended by the evaluation committee to provide general financial advisory services. Sperry demonstrated a thorough understanding of the Authority's debt and investment programs. Sperry has worked on the Authority's sales tax revenue transactions, the 91 Express Lanes bonds, and the most recent M2 TECP Program. Sperry has done an excellent job in providing a customized approach to meeting the Authority's project requirements. Sperry's lead professional also has 30 years of experience in public finance.

Although the evaluation committee members ranked Sperry's proposal higher, PFM Group's proposal did show strength in its discussions on swaps and derivative products that could be valuable to the Authority. Therefore, the evaluation committee saw advantages in having PFM Group as a secondary financial advisor for swap valuations and potentially other special projects.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2008-09 Budget and will be funded via the Local Transportation Authority - Measure M1 Fund (0010-M0001-7519-GRV), the Local Transportation Authority - Measure M2 Fund (0017-M0001-7519-GRV), the 91 Express Lanes Fund (0036-B0001-7519-AHA), and the General Fund (1230-7519-A5400-E4E). Although a total of $525,000 is the not to exceed amount for both contracts for these services, the financial advisory firms will only be used on an as-needed basis.

Summary

Based on the information provided, staff recommends award of Agreement No. C-8-0883 to Sperry Capital, Inc., in an amount not to exceed $475,000, and Agreement No. C-8-1241 to Public Financial Management, Inc., in an amount not to exceed $50,000, for financial advisory services.

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Attachments

A. Request for Proposals 8-0883 Financial Advisory Services Review of Proposals
B. Proposal Evaluation Summary Matrix Short-List Request for Proposals 8-0883 – Financial Advisory Services

Prepared by:

Kirk Avila

Kirk Avila
Treasurer/General Manager
Treasury/Public Finance
(714) 560-5674

Approved by:

James S. Kenan

James S. Kenan
Executive Director, Finance,
Administration and Human Resources
(714) 560-5678

ATTACHMENT A

REQUEST FOR PROPOSALS 8-0883 FINANCIAL ADVISORY SERVICES

Review of Proposals

PRESENTED TO THE FINANCE AND ADMINISTRATION COMMITTEE MEETING November 12, 2008

2 proposals were received, 2 firms were interviewed

Overall Ranking	Overall Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Hourly Rates
1	89	**Sperry Capital, Inc.** Sausalito, CA	None	Extensive experience with municipal debt, investment programs, and investor relations. Customized approach to meeting Orange County Transportation Authority's project requirements. Excellent staff experience. Good discussion of changing environment and Early Action Plan. Good understanding of OCTA programs. Excellent understanding of congestion management pricing. Lowest rates.	$150-$260
2	85	**PFM Group** San Francisco, CA	None	Excellent experience with all types of municipal debt. Broad depth of experience with transportation agencies. Good team-based approach to detailed work plan. Good risk management model. Extensive technical resouces in the areas of swaps. Higher rates.	$200-$300

Evaluation Panel

-

Orange County Transportation Authority
- Treasury/Public Finance
- Transit Project Delivery
- Financial Planning and Analysis
- CAMM

Children & Families Commission of Orange County

Proposal Criterial	Weight Factor
Qualifications of the Firm	30%
Staffing/Project Organization	25%
Work Plan	25%
Cost and Price	20%

ATTACHMENT B

PROPOSAL EVALUATION SUMMARY MATRIX SHORT-LIST									
REQUEST FOR PROPOSALS 8-0883 FINANCIAL ADVISORY SERVICES									
Sperry Capital, Inc.								**Weights**	**Overall Score**
Evaluation Number	**1**	**2**	**3**	**4**	**5**				
Qualifications of Firm	**4.00**	**4.50**	**4.50**	**4.50**	**4.00**			**6**	**25.80**
Staffing/Project Organization	**4.50**	**4.50**	**4.00**	**4.50**	**4.00**			**5**	**21.50**
Work Plan	**4.50**	**4.00**	**4.50**	**4.50**	**4.00**			**5**	**21.50**
Cost and Price	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**			**4**	**20.00**
	89.00	**89.50**	**89.50**	**92.00**	**84.00**				**89**
PFM Group								**Weights**	**Overall Score**
Evaluation Number	**1**	**2**	**3**	**4**	**5**				
Qualifications of Firm	**4.50**	**4.50**	**4.50**	**4.50**	**4.50**			**6**	**27.00**
Staffing/Project Organization	**4.00**	**4.00**	**4.00**	**4.50**	**4.00**			**5**	**20.50**
Work Plan	**4.50**	**4.50**	**4.00**	**4.50**	**4.00**			**5**	**21.50**
Cost and Price	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**			**4**	**16.00**
	85.50	**85.50**	**83.00**	**88.00**	**83.00**				**85**
There are no non-shortlisted firms.									

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Fiscal Year 2007-08 Comprehensive Annual Financial Report, 91 Express Lanes Fund Financial Statements, and 91 Express Lanes Fund Franchise Agreement Report

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the fiscal year 2007-08 Comprehensive Annual Financial Report, 91 Express Lanes Fund financial statements, and 91 Express Lanes Fund Franchise Agreement Report.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Fiscal Year 2007-08 Comprehensive Annual Financial Report, 91 Express Lanes Fund Financial Statements, and 91 Express Lanes Fund Franchise Agreement Report

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Mayer Hoffman McCann P.C., an independent accounting firm, has completed its annual audit of the Orange County Transportation Authority's Comprehensive Annual Financial Report, 91 Express Lanes Fund financial statements, and the special-purpose 91 Express Lanes Fund Franchise Agreement schedules for the fiscal year 2007-08.

Recommendation

Receive and file the fiscal year 2007-08 Comprehensive Annual Financial Report, 91 Express Lanes Fund financial statements, and 91 Express Lanes Fund Franchise Agreement Report.

Background

Pursuant to Section 40078 of the Public Utilities Code, the Orange County Transportation Authority (OCTA) prepares an annual set of financial statements presenting results of operations during the preceding fiscal year (FY) and OCTA's financial position at year-end. These financial statements are included in OCTA's Comprehensive Annual Financial Report (CAFR.)

OCTA staff also prepares financial statements for the 91 Express Lanes Fund and special-purpose Franchise Agreement schedules of the 91 Express Lanes Fund.

Discussion

Mayer Hoffman McCann P.C., an independent accounting firm, has completed its annual audit of OCTA's financial records and systems and has issued its opinion on OCTA's financial statements for the fiscal year ended June 30, 2008. The auditors have issued an unqualified opinion on the financial statements, indicating that the statements present fairly, in all material respects, the financial position of OCTA at June 30, 2008, and the results of its operations and cash flows of the proprietary funds for the fiscal year then ended (Attachment A).

Fund financial statements for the 91 Express Lanes were also prepared and an unqualified opinion was issued (Attachment B.) The Franchise Agreement schedules of OCTA's 91 Express Lanes Fund were prepared as required to comply with Section 3.6(b) of the Amended and Restated Development Franchise Agreement for State Route 91 Median Improvements dated June 30, 1993, and amended December 20, 2002, between OCTA and the State of California Department of Transportation. An unqualified opinion was issued on the schedules (Attachment C.)

The CAFR will be submitted to the Government Finance Officers Association (GFOA) for consideration to be awarded a Certificate for Excellence in Financial Reporting for FY 2007-08. The GFOA awards certificates only to those governments whose annual financial reports are deemed in conformance with the highest standards of public financial reporting. OCTA has been awarded the GFOA certificate for each year of its existence, commencing with the fiscal year ended June 30, 1992. Such recognition has a favorable effect in the financial markets and has assisted OCTA in borrowing at favorable interest rates. The CAFR will continue to be a useful tool in business dealings with outside organizations during the coming year.

The 91 Express Lanes Fund financial statements will be forwarded to rating agencies, investors, and insurance companies. The Franchise Agreement schedules will be forwarded to the California Department of Transportation as required.

Summary

Staff has prepared the Orange County Transportation Authority's Comprehensive Annual Financial Report, 91 Express Lanes Fund financial statements, and 91 Express Lanes Fund Franchise Agreement Report for the fiscal year ended June 30, 2008. Mayer Hoffman McCann P.C., an independent accounting firm, has audited these financial statements and schedules and has issued unqualified opinions as to the fairness of the financial statement and schedule presentations.

Attachments

A. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008
B. 91 Express Lanes Fund Financial Statements Year Ended June 30, 2008
C. 91 Express Lanes Fund Franchise Agreement Report Year Ended June 30, 2008

Prepared by:

for

Tom Wulf
Manager, Accounting and Financial Reporting
(714) 560-5659

Approved by:

James S. Kenan
Executive Director, Finance, Administration and Human Resources
(714) 560-5678

THE FOLLOWING BOUND REPORTS ARE AVAILABLE

ON THE OCTA WEBSITE (www.octa.net)

AND UPON REQUEST FROM THE CLERK OF THE BOARD'S OFFICE

ATTACHMENTS

A. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

B. 91 Express Lanes Fund Financial Statements Year Ended June 30, 2008

C. 91 Express Lanes Fund Franchise Agreement Report Year Ended June 30, 2008

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: State Transit Assistance Fund Claims for Fiscal Year 2008-09

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Adopt Resolution No. 2008-065 to authorize the filing of State Transit Assistance Fund claims, in the amount of $16,810,337, to support public transportation.

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: State Transit Assistance Fund Claims for Fiscal Year 2008-09

Overview

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. In order to receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

Recommendation

Adopt Resolution No. 2008-065 to authorize the filing of State Transit Assistance Fund claims, in the amount of $16,810,337, to support public transportation.

Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to transit and transit-related projects. The funding source consists of two parts: the Local Transportation Fund (LTF), which is derived from 1/4 cent of the current retail sales tax, and the State Transit Assistance Fund (STAF), which consists of sales taxes on gasoline and diesel fuel appropriated by the State Legislature from the Public Transportation Account (PTA).

The STAF revenues are distributed by the State Controller and returned quarterly to each regional entity based on the amount of the appropriation approved in the state budget. In Orange County, the STAF receipts are deposited in the Orange County STAF Account (Fund 185) in the Orange County Treasury and administered by the Orange County Auditor-Controller. STAF receipts are distributed by the Auditor-Controller to the Orange County

Transit District (OCTD) based on claims against the STAF as specified in the TDA.

Discussion

Section 6732 of Title 21 of the California Code of Regulations requires OCTD to file a claim with Orange County Transportation Authority (OCTA) in order to receive an allocation from the STAF for providing public transportation services. STAF revenues are used to offset operating expenses of OCTD.

The State Controller is required by Public Utilities Code Section 99312.7 to notify each transportation planning agency by January 31 of each year of an estimate of funds to be allocated during the next fiscal year. The State Controller notified each transportation planning agency of the actual amount appropriated for the STAF program after the fiscal year (FY) 2008-09 budget was approved by the Legislature. The State Controller's revised allocation estimate for FY 2008-09 equals $16,810,337. The State Controller based this estimate on OCTA receiving 5.49 percent of an expected statewide STAF program of $306,285,734.

Summary

The State Transit Assistance Fund provides funding to the Orange County Transit District for public transit services. In order to receive these funds, Orange County Transit District must file the appropriate State Transit Assistance Fund claims with Orange County Transportation Authority. Staff recommends the Orange County Transportation Authority Board of Directors adopt Resolution No. 2008-065 to file these claims.

Attachment

A. Resolution of the Orange County Transportation Authority, Authorizing the Filing of State Transit Assistance Fund Claims, OCTA Resolution No. 2008-065

Prepared by:

Hoftil for

William Dineen, Jr.
Section Manager,
Financial Planning and Analysis
(714) 560-5917

Approved by:

Jam S Kenan

James S. Kenan
Executive Director, Finance
Administration and Human Resources
(714) 560-5678

<u>**ATTACHMENT A**</u>

RESOLUTION OF THE
ORANGE COUNTY TRANSPORTATION AUTHORITY

AUTHORIZING THE FILING OF
STATE TRANSIT ASSISTANCE FUND CLAIMS

WHEREAS, the Orange County Transportation Fund was created by the Transportation Development Act (SB 325:1971) to aid in meeting the public transportation and community transit needs that exist in Orange County; and

WHEREAS, the Orange County Transit District is submitting transportation claims for funds from the Orange County Transportation Fund; and

WHEREAS, the Orange County Transportation Authority has the authority to review claims and allocate such funds in accordance with the California Code of Regulations and the California Transportation Development Act.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Orange County Transit District hereby requests the Orange County Transportation Authority to allocate funds to the Orange County Transit District for the purpose of providing the support of a public transportation system as described under Article 6.5 of the California Transportation Development Act.

BE IT FURTHER RESOLVED that the Orange County Transit District agrees to provide the Orange County Transportation Authority with such information as may be necessary to support these transportation claims.

ADOPTED, SIGNED AND APPROVED this 24th day of November, 2008.

AYES:

NOES:

ABSENT:

ATTEST:

Wendy Knowles Clerk of the Board	Chris Norby, Chairman Orange County Transit District

OCTA Resolution No. 2008-65

OCTA

MEMO

November 19, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.

OCTA

November 20 , 2008

To: Legislative and Communications Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement for Grade Crossing Construction Outreach and Communications Program

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved $70 million to implement rail safety enhancements at 52 grade crossings. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional services to develop and implement a comprehensive construction outreach program that will increase community involvement and public awareness during construction of the rail-safety features.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-1250 between the Orange County Transportation Authority and Katz & Associates in an amount not to exceed $200,000, for a term of two years, for grade crossing construction outreach and communications.

Background

In 2005, the Orange County Transportation Authority's (OCTA) Board of Directors approved a $70-million program to increase rail safety throughout the county. The grade crossing construction outreach program is necessary to help Orange County meet the Federal Railroad Administration's standards to reduce locomotive horn noise to qualify for designation as quiet zones. Public outreach is important to proactively address construction activities for grade crossings, and provide public information to residences, businesses, commuters and visitors about noise and dust impacts, communicate road closures and detours, and address the community's issues and concerns.

As part of the rail service expansion, OCTA's grade crossing enhancement program will benefit hundreds of thousands of community members living near the 52 grade crossings in Orange County. Countywide improvements will enhance safety and perhaps lead to reduced horn noise. These enhancements include upgraded warning devices such as flashers and bells, additional gate arms, extended raised medians, improved signage, and coordinated local traffic signals.

Construction activities for the grade crossing enhancements are estimated to last two years and will adversely impact the local community. However, the long-term benefits are valuable and will enhance the quality of life for residents. OCTA also is seeking a consultant to assist in the development and implementation of a countywide construction outreach program to inform the public about construction impacts, provide public notices, help address construction impacts, and increase awareness of the possibility of reduced horn noise. The grade crossing enhancement program impacts more than three million residents in Orange County. The outreach program will include proactive communications with city officials, residences, and businesses within the program area and will inform targeted audiences of construction alerts, road closures, alternative transportation routes and the ultimate benefits to the community. An integral part of the program also will include an information program to help local cities inform their community members to prepare for possible quiet zones.

OCTA is dedicated to enhancing the quality of life for community members in Orange County and providing a safer environment on and around the train tracks. The grade crossing enhancement awareness program is vital for the public. For these reasons, OCTA is seeking public outreach support to assist staff in the development and implementation of a strategic communications program to help OCTA deliver a highly effective program for Orange County.

Discussion

This procurement was handled in accordance with the Orange County Transportation Authority's procedures for professional services. In addition to cost, many other factors are considered in an award for professional and technical services. Therefore, the requirement was handled as a competitive negotiated procurement. Award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the requirement, and expertise in the field.

The project was advertised on October 13 and October 17, 2008, in a newspaper of general circulation. An electronic notice was sent to 1,983 firms registered on CAMM NET. A pre-proposal meeting was held on

October 14, 2008, and was attended by 13 consultants. One addendum was issued to address 17 written questions received on October 15, 2008.

On October 24, 2008, seven offers were received. An evaluation committee composed of staff from the Public Communications, Contracts Administration and Materials Management departments and Development Division reviewed the proposals submitted. The proposals were evaluated based on the following criteria:

- Qualifications of the Firm 25 percent
- Staffing and Project Organization 25 percent
- Work Plan 25 percent
- Cost and Price 25 percent

The qualifications of the firm and the work plan were evaluated to reflect OCTA's need for a firm with extensive experience in rail public awareness program development and implementation.

After evaluating all proposals, the evaluation committee short-listed the three highest ranked firms, Caltrop, Katz & Associates, and Waters & Company. The remaining four firms did not qualify for interviews due to less competitive proposals and resulting lower scores. The evaluation committee conducted interviews on November 6, 2008.

Based on its evaluation of the proposals and interviews, the evaluation committee unanimously recommends the selection of the following firm:

<u>Firm and Location</u>

Katz & Associates
Laguna Niguel and San Diego, California

The following is a discussion of the four evaluation criteria categories:

Qualifications of Firm

Katz & Associates' experience with rail construction outreach work was superior. The firm's qualification with rail transit exceeded the other consultant firms' experience. Katz & Associates proposed a team of 40 communication professionals with expertise in public information, community relations, and consensus building.

Staffing and Project Organization

Katz & Associates proposed staffing and a project organization that was compelling and technically qualified to meet the requirements noted in the request for proposals (RFP). The proposed project team (principal in charge, project manager, community relations lead, and the project support) all have the experience with rail public outreach programs. In addition, the proposed project team will be dedicated to the full term of the agreement.

Work Plan

Katz & Associates presented a strong work plan. Katz & Associates' plan focused on delivering cost-effective results by implementing a construction relations outreach program with measurable objectives. It also allowed for the greatest level of flexibility in a dynamic construction environment with sensitive community issues.

Cost and Price

All short-listed firms' proposals fell within the budget for this procurement. Of the three short-listed firms, Katz & Associates proposed the highest average labor rates of $126.67. Waters & Company proposed $118.33 and Caltrop an average $91.57. While Katz & Associates proposed the highest labor rates, the overall proposal was superior to the other firms whose overall scores were about 18 percent lower. The firm's expertise was reaffirmed during the interview.

Fiscal Impact

Resources for the grade crossing construction outreach and communications program were approved in the OCTA's Fiscal Year 2008-09 Budget, External Affairs, Account 0017-7519-TR201-PQ7, and is funded through Renewed Measure M.

Summary

Based on the information provided, staff recommends award of Agreement No. C-8-1250 with Katz & Associates, in an amount not to exceed $200,000, over a two-year term to provide development and implementation of construction outreach and public awareness of grade crossing enhancements and quiet zones.

Attachments

A. Review of Proposals
B. Proposal Evaluation Criteria Matrix

Prepared by:

Ted Nguyen

Ted Nguyen
Manager, Public Communications
(714) 560-5834

Approved by:

Ellen S. Burton

Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923

ATTACHMENT A

Review of Proposals

Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Proposal Amount
1	85.63	Katz & Associates Laguna Niguel & San Diego, CA	Sarah Catz Arellano Associates Ideaworks Advertising	Excellent proposal Excellent work plan with an approach to public outreach programs Strong project team Good understanding of rail grade crossing and quiet zones outreach programs	Project Manager $145 Senior Consultant $150 Administrative support $85
2	70.63	Waters & Company, Inc. Laguna Hills, CA	Sweeny Consulting Pacific Strategies Kennedy Communications Bryant Communications	Good proposal Experience working with outreach projects Good transportation experience Work plan acknowledged project challenges	Project Manager $140 Senior Consultant $140 Administrative Support $75
3	70	Caltrop Santa Ana, CA	None	Good proposal Strong transportation management firm Good work plan Project team lacked experience	Project Manger $122.23 Senior Consultant $88.34 Administrative Support $64.06

Evaluation Panel	**Proposal Criteria**	**Weight Factor**
Development	Qualifications of Firm	25%
Public Communications	Staffing/Project Organization	25%
CAMM	Work Plan	25%
	Cost and Price	25%

ATTACHMENT B

PROPOSAL EVALUATION CRITERIA MATRIX

FIRM: Katz & Associates					Weights	Score
Evaluator Number	1	2	3	4		
Qualification of Firm	4.50	4.00	5.00	4.00	5	21.88
Staffing/Project Organization	4.50	4.00	4.50	4.00	5	21.25
Work Plan	5.00	4.50	4.50	4.00	5	22.50
Cost and Price	4.00	4.00	4.00	4.00	5	20.00
Overall Score	90.00	82.50	90.00	80.00		85.63

FIRM: Waters Company					Weights	Score
Evaluator Number	1	2	3	4		
Qualifications of Firm	3.50	3.00	3.00	3.50	5	16.25
Staffing/Project Organization	3.00	3.00	4.00	4.00	5	17.50
Work Plan	3.50	3.50	3.50	3.00	5	16.88
Cost and Price	4.00	4.00	4.00	4.00	5	20.00
Overall Score	70.00	67.50	72.50	72.50		70.63

FIRM: Caltrop					Weights	Score
Evaluator Number	1	2	3	4		
Qualifications of Firm	3.00	3.00	2.00	4.00	5	15.00
Staffing/Project Organization	3.00	3.00	2.00	3.00	5	13.75
Work Plan	3.00	3.00	3.00	4.00	5	16.25
Cost and Price	5.00	5.00	5.00	5.00	5	25.00
Overall Score	70.00	70.00	60.00	80.00		70.00

Scores for non-listed firms ranged from 46.88 to 55.63

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Consultant Selection for the Regional Capacity Needs Assessment

Highways Committee Meeting of November 17, 2008

Present: Directors Amante, Dixon, Green, Mansoor, Norby, Pringle, and Rosen
Absent: Directors Cavecche and Glaab

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-0611 between the Orange County Transportation Authority and the top-ranked firm, Kimley-Horn and Associates, in an amount not to exceed $550,000, for consultant services to develop the Regional Capacity Needs Assessment.

November 17, 2008

To: Highways Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Consultant Selection for the Regional Capacity Needs Assessment

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved funding for consultant services to develop an assessment of current and future Orange County arterial street demand and capacity. Proposals for the services were received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-0611 between the Orange County Transportation Authority and the top-ranked firm, Kimley-Horn and Associates, in an amount not to exceed $550,000, for consultant services to develop the Regional Capacity Needs Assessment.

Background

The Orange County Master Plan of Arterial Highways (MPAH) serves as a long-range blueprint to ensure consistent standards and coordinated planning for over 1,400 miles of arterial streets in Orange County. The MPAH was initially established in 1956 and is continuously updated to reflect changing development and traffic patterns. It is the only roadway plan of its type in Southern California and provides a planning tool in the form of a unified master plan crossing all jurisdictional boundaries. Since 1990, consistency of circulation elements with the MPAH has been required for the receipt of Measure M funding by the cities and the County of Orange.

The Regional Capacity Needs Assessment (Assessment) will provide a comprehensive, systemwide analysis of the MPAH. Recent and upcoming changes to the MPAH will be identified and updated. The Assessment will consider development patterns and travel behavior in the adequacy of the MPAH. Additional measures to enhance the completion of the MPAH critical to solving future congestion will be identified. This Assessment will provide a strategic plan that will define the long-term elements to the completion of the MPAH.

Discussion

This procurement was handled in accordance with the Orange County Transportation Authority's (OCTA) procedures for professional and technical services and was competitively bid. The award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the requirements, technical expertise in the field, and cost.

On August 28, 2008, a request for proposals (RFP) for the procurement of consultant services to develop the Assessment was issued. It was issued and sent electronically to 1090 firms registered on CAMM NET. The project was advertised in the Orange County Register on September 4 and September 8, 2008. A pre-proposal conference was held on September 9, 2008. Addendum No. 1 was issued on September 16, 2008, for a pre-proposal sign-in sheet. Addendum No. 2 was issued on September 17, 2008, to respond to questions.

On October 15, 2008, OCTA received six proposals. An evaluation committee comprised of staff representing the Development Division, Contracts Administration and Materials Management Department, and one representative each from the cities of Costa Mesa and Westminster was established to review all offers submitted. The proposals were evaluated on the basis of the following criteria:

- Qualifications of the Firm — 25 percent
- Staffing and Project Organization — 30 percent
- Work Plan — 30 percent
- Cost and Price — 15 percent

The criteria was modified from the standard equal-weighted measures to better reflect the need for a well thought out work plan and the staff resources required to create the plan in a short, one-year time frame.

Based on its findings, the evaluation committee found two of the firms qualified for the work. On October 16, 2008, the committee interviewed the two firms listed below in alphabetical order. The following is the ranking of the firms as determined by the combined scores of the proposal evaluation and interviews:

<u>Firm and Location</u>

Kimley-Horn and Associates
Orange, California

Parsons Brinckerhoff
Orange, California

Based upon the interviews, combined with proposal evaluations, the committee recommends Kimley-Horn and Associates for consideration of an award.

Qualifications of the Firm

Both firms have experience in MPAH, outreach, and coordination with cities. Kimley-Horn and Associates demonstrated a more comprehensive understanding of the scope of the project and the required deliverables. Kimley-Horn and Associates showed an excellent understanding of the issues related to developing the Assessment and demonstrated excellence with similar projects.

Staffing and Project Organization

The proposed staff for both firms have skilled key staff. Kimley-Horn and Associates has key staff with relevant experience to the tasks. Kimley-Horn and Associates encompasses a good understanding of the project with experienced key personnel. The project will especially benefit from the firm's experienced project manager and strong supporting team. Kimley-Horn and Associates has a high probability of completing the project successfully as determined by the evaluation committee.

Work Plan

The work plans of both firms were detailed and responded to the requirements of the scope. The proposal by Kimley-Horn and Associates outlined a well balanced approach to defining the technical and outreach elements that will make up the Assessment. Kimley-Horn and Associates showed it had committed the resources of an outstanding project team with the ability to deliver the services on time and within budget, and a work plan was submitted that effectively responded to the RFP.

Cost and Price

Cost was one factor in this procurement and Kimley-Horn and Associates had the second lowest total cost among the qualified firms. Overall, Kimley-Horn and Associates was the best value based on solid and extensive experience in MPAH projects, outreach, and wide-ranging technical skills.

Fiscal Impact

The funding for consultant services to develop the Assessment was approved in OCTA's Fiscal Year 2008-09 Budget, Development Division, Account 0010-7519-R5001-P34.

Next Steps

Work on the Assessment will begin in winter 2008. It is anticipated that the project will be completed in one year.

Summary

Based on the information provided, staff recommends award of Agreement No. C-8-0611 to Kimley-Horn and Associates, in an amount not to exceed $550,000, to perform the consultant work to develop the Regional Capacity Needs Assessment.

Attachments

A. Proposal Evaluation Summary Matrix (Short List) - Professional Services – RFP 8-0611 "Regional Capacity Needs Assessment" – Presented to Highways Committee on November 17, 2008

B. Review of Proposals RFP 8-0611 – "Regional Capacity Needs Assessment" – Presented to Highways Committee on November 17, 2008

Prepared by:

Anup Kulkarni
Section Manager II, Regional Modeling
(714) 560-5867

Approved by:

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

Proposal Evaluation Criteria Matrix (Short List) - Professional Services
RFP 8-0611 "Regional Capacity Needs Assessment"

Presented to Highways Committee on November 17, 2008

Firm: Kimley-Horn and Associates						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualifications of Firm	5.0	4.5	4.5	4.5	5.0	5	24
Staffing/Project Organization	5.0	5.0	4.5	4.0	4.5	6	28
Work Plan	4.5	4.5	4.5	4.5	4.5	6	27
Cost and Price	3.2	3.2	3.2	3.2	3.2	3	10
Overall Score	92	89	86	83	89		88

Firm: Parsons Brinckerhoff						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualifications of Firm	4.0	4.0	4.0	4.0	4.0	5	20
Staffing/Project Organization	4.5	4.0	4.0	4.0	4.0	6	25
Work Plan	4.0	4.0	4.0	4.0	4.0	6	24
Cost and Price	4.4	4.4	4.4	4.4	4.4	3	13
Overall Score	84	81	81	81	81		82

NOTE: The score of the non-short listed firms range from 59 to 66.

Evaluation Panel: (5)
OCTA
- **CAMM (1)**
- **Regional Modeling and Traffic Operations (2)**
- **City of Westminster (1)**
- **City of Costa Mesa (1)**

ATTACHMENT B

Review of Proposals RFP 8-0611
"Regional Capacity Needs Assessment"
Presented to Highways Committee on November 17, 2008

6 proposals were received, 2 firms were short listed

Overall Ranking	Proposal Score	Firm and Location	Sub-Contractors	Evaluation Committee Comments	Time and Expense	Price	
1	88	**Kimley-Horn and Associates** Orange, CA	KOA Corporation Orange, CA Johnson & Vercliff, LLC Seal Beach, CA	Highest ranked overall firm . Excellent presentation and communication during the interview, encompassing good project understanding of work plan, as well as good articulation of specific roles. Key staff has solid and relevant experience of Master Plan of Arterial Highways (MPAH). Strong understanding of scope of work and policy issues relating to the project. Staff has prior and significant outreach experience. Team has experience and coordination with local cities and understands the challenges and expectations. Key staff has excellent focus on consensus building, as well as technical aspects of project. Excellent work plan approach in interview. Identified key issues in interview.	Blended hourly rate	$150.10	per hour
2	82	**Parsons Brinckeroff** Orange, CA	None	Good professional firm with extensive knowledge and experience MPAH process. Firm has good outreach plan in relation to scope of work. Good technical skills and balanced work plan. Balanced understanding of technical and community issues, as well as local presence. Good understanding of connection between the Regional Capacity Needs Assessment and other concurrent projects.	Blended hourly rate	$123.20	per hour

Evaluation Panel: (5)
- **CAMM (1)**
- **Reg. Modeling and Traffic Operations (2)**
- **City of Westminster (1)**
- **City of Costa Mesa (1)**

Evaluation Criteria	Weight Factors
Qualifications of Firm	25%
Staffing and Project Organization	30%
Work Plan	30%
Cost and Price	15%

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board WK

Subject: Cooperative Agreement with the Garden Grove Unified School District for Noise Abatement at Sunnyside and Mitchell Elementary Schools and Jordan Intermediate School

Highways Committee Meeting of November 17, 2008

Present: Directors Amante, Dixon, Green, Mansoor, Norby, Pringle, and Rosen

Absent: Directors Cavecche and Glaab

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-8-0702 between the Orange County Transportation Authority and the Garden Grove Unified School District, in an estimated amount of $700,000, for the design, construction, and construction administration required for the installation of air conditioning units and supporting electrical infrastructure at Sunnyside and Mitchell elementary schools and Jordan Intermediate School.

OCTA

November 17, 2008

To: Highways Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Cooperative Agreement with the Garden Grove Unified School District for Noise Abatement at Sunnyside and Mitchell Elementary Schools and Jordan Intermediate School

Overview

The Orange County Transportation Authority proposes to enter into a cooperative agreement with the Garden Grove Unified School District to define the specific terms, conditions, and funding responsibilities for installation of air conditioning units at Sunnyside and Mitchell elementary schools and Jordan Intermediate School as required by the Garden Grove Freeway (State Route 22) improvement project's environmental document.

Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-8-0702 between the Orange County Transportation Authority and the Garden Grove Unified School District, in an estimated amount of $700,000, for the design, construction, and construction administration required for the installation of air conditioning units and supporting electrical infrastructure at Sunnyside and Mitchell elementary schools and Jordan Intermediate School.

Background

As part of the environmental analysis for the Garden Grove Freeway (State Route 22) Design-Build Project, noise impact reports were prepared to determine if the predicted noise levels would result in increased traffic noise impacts. The noise studies provided detailed analysis for the impacted areas including schools. Results of the noise study indicated that a number of classrooms at schools adjacent to the freeway would exceed the California Department of Transportation's noise abatement criteria when classroom windows are open. As recommended in the environmental document, air conditioning units may be provided for these classrooms to allow the schools to keep the windows closed during hot weather.

On January 9, 2006, the Board of Directors (Board) approved the installation of air conditioning units to allow for the closing of classroom windows during school hours to mitigate freeway noise at both Sunnyside and Mitchell elementary schools. In March 2008, the Orange County Transportation Authority (Authority) completed a post construction noise study and found that additional noise abatement is also warranted at Jordan Intermediate School.

Discussion

The Authority and the Garden Grove Unified School District (District) have conceptually agreed to the terms, conditions, and funding responsibilities for implementing noise abatement measures for classrooms as a result of the construction of State Route 22. The Authority will reimburse the District for the design, construction, and construction administration required for the installation of air conditioning units and supporting electrical infrastructure for the impacted classrooms at Sunnyside and Mitchell elementary schools and Jordan Intermediate School for an estimated amount of $700,000. The Authority also agrees that, based upon the construction bid of the lowest responsible bidder, the amount of the reimbursement will be adjusted either up or down by a written amendment to the cooperative agreement with the District.

The District agrees to act as the lead agency for the design, construction, and construction administration required for the installation of air conditioning units and supporting electrical infrastructure at Sunnyside and Mitchell elementary schools and Jordan Intermediate School, with construction to be completed no later than December 31, 2009.

This conceptual agreement addresses all school noise mitigation requirements related to the State Route 22 design-build contract. Upon completion of the installation of the air conditioning units, the District will waive all rights for any further noise abatement related to the State Route 22 Design-Build Project.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2008-09 Budget, Development Division, Account 0010-7831-F7100-P11, and is funded through Local Transportation Authority funds.

Summary

Staff recommends the Board's approval for the Chief Executive Officer to execute a cooperative agreement between the Authority and the District, for an estimated amount of $700,000, for the design, construction, and construction administration required for the installation of air conditioning units and supporting electrical infrastructure at Sunnyside and Mitchell elementary schools and Jordan Intermediate School.

Attachment

A. Cooperative Agreement No. C-8-0702 Between Orange County Transportation Authority and Garden Grove Unified School District for Noise Abatement

Prepared by:

M. Joseph Toolson
Program Manager
(714) 560-5406

Approved by:

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

ATTACHMENT A

COOPERATIVE AGREEMENT NO. C-8-0702

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

GARDEN GROVE UNIFIED SCHOOL DISTRICT

FOR

NOISE ABATEMENT

THIS AGREEMENT, is effective as of this _____day of ___________, 2008, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), and the Garden Grove Unified School District, 10331 Stanford Avenue, Garden Grove, California 92840 (hereinafter referred to as "DISTRICT").

RECITALS:

WHEREAS, AUTHORITY has constructed the State Route 22 Improvement Project between I-405 and SR-55; and

WHEREAS, the SR-22 improvements are partially located in the City of Garden Grove and some of the improvements are situated in close proximity to DISTRICT's Sunnyside and Elementary Schools, and Jordan Intermediate School; and

WHEREAS, the SR-22 Improvement Project's environmental document requires noise abatement (hereinafter referred to as "ABATEMENT") in the form of air conditioning for classrooms at Sunnyside Elementary School as shown in Attachment A, Mitchell Elementary School as shown in Attachment B, and Jordan Intermediate School as shown in Attachment C.

WHEREAS, DISTRICT agrees to act as lead agency in the design, construction and construction administration of said ABATEMENT at Sunnyside and Mitchell Elementary Schools and Jordan Intermediate School; and

WHEREAS, AUTHORITY and DISTRICT developed independent cost estimates for the ABATEMENT and agreed that a fair and reasonable amount of funding for AUTHORITY to provide DISTRICT for the installation of the air conditioning at the three schools and the required supporting electrical infrastructure for the ABATEMENT, in the estimated amount to be Seven Hundred Thousand Dollars ($700,000) (hereinafter referred to as FUNDING AMOUNT) for the ABATEMENT; and

WHEREAS, AUTHORITY and DISTRICT agree that upon payment to the DISTRICT by the AUTHORITY of the FUNDING AMOUNT, the AUTHORITY's duties and obligations for noise abatement under the SR-22 Improvement Project's environmental document are discharged by the DISTRICT and the DISTRICT agreed to waive all rights, without exception or reservation of any kind whatsoever, to file any further claim or request for noise abatement related to the SR-22 improvements.

WHEREAS, this Cooperative Agreement defines the specific terms, conditions and funding responsibilities between the AUTHORITY and DISTRICT for completion of the ABATEMENT; and

WHEREAS, the AUTHORITY's Board of Directors approved this Cooperative Agreement on November 27, 2008.

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and DISTRICT as follows:

ARTICLE 1. COMPLETE AGREEMENT

This Agreement, including any exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of the Agreement between AUTHORITY and DISTRICT concerning the ABATEMENT and supersedes all prior representations, understandings and communications between the parties. The above-referenced Recitals are true and correct and are incorporated by reference herein.

ARTICLE 2. RESPONSIBILITES OF AUTHORITY

AUTHORITY agrees to the following responsibilities for ABATEMENT:

A. To reimburse DISTRICT for actual costs and an additional 10 percent for project management fees, within 30 calendar days of receipt of invoices acceptable to AUTHORITY, for the design, construction and construction management required for the installation of the air conditioning units and supporting electrical infrastructure, in a total estimated to be Seven Hundred Thousand Dollars ($700,000.00). AUTHORITY agrees that, based upon the construction bid of the lowest responsible bidder, the amount of reimbursement shall be adjusted either up or down by written amendment to this Agreement.

B. AUTHORITY shall indemnify, defend and hold harmless DISTRICT, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by AUTHORITY, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

ARTICLE 3. RESPONSIBILITIES OF DISTRICT

DISTRICT agrees to the following responsibilities for the ABATEMENT:

A. To act as the lead agency for ABATEMENT and to ensure compliance with all terms of this agreement

B. DISTRICT shall perform all work necessary to complete the ABATEMENT.

C. To be responsible for the review and oversight of all third party design and construction documents related to the ABATEMENT.

D. DISTRICT shall obtain all required reviews, clearances, permits, licenses and approvals from all applicable agencies. Costs for obtaining all required reviews, clearances, permits, licenses and approvals shall be included in FUNDING AMOUNT.

E. DISTRICT shall conduct its construction activities in a good and competent manner and in compliance with all applicable federal, state and local rules and regulations.

F. DISTRICT shall provide to the AUTHORITY a quarterly progress report following commencement of design.

G. DISTRICT shall indemnify, defend and hold harmless AUTHORITY, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by DISTRICT, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

ARTICLE 4. IT IS MUTUALLY UNDERSTOOD AND AGREED:

All parties agree to the following mutual responsibilities regarding ABATEMENT:

A. This Agreement shall continue in full force and effect through installation and acceptance of ABATEMENT by DISTRICT or December 31, 2009, whichever is later. This Agreement may only be extended upon mutual agreement by both parties.

B. The cost estimate for the ABATEMENT as provided in Attachment D, represents the estimated total costs by both parties. DISTRICT and AUTHORITY agree that, based on the construction bid of the lowest responsible bidder, the FUNDING AMOUNT shall be adjusted either up or down by a written amendment to this Agreement.

C. This Agreement may be terminated by either party after giving 30 days written notice. This Agreement shall not be terminated without mutual agreement of both parties.

D. This Agreement may be amended in writing at any time by the mutual consent of both parties. No amendment shall have any force or effect unless executed in writing by both parties.

E. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that, by so executing this Agreement, the parties hereto are formally bound to the provisions of this Agreement.

F. All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered, or certified mail and addressed as follows:

To DISTRICT:	To AUTHORITY:
Garden Grove Unified School District	Orange County Transportation Authority
10331 Stanford Avenue Garden Grove, CA 92840	550 South Main Street P. O. Box 14184 Orange, CA 92863-1584
Attention: Casey Pijl	Attention: Kathleen Perez
Director of Maintenance, Operations & Transportation	Manager, Contracts and Procurement
(714) 663-6185	(714) 560-5743

G. The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not part of and not intended to govern, limit or aid in the construction or interpretation of any terms or provision thereof.

H. The provision of this Agreement shall bind and inure to the benefit of each of the parties hereto and all successors or assigns of the parties hereto.

I. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

J. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will not be permitted.

K. Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

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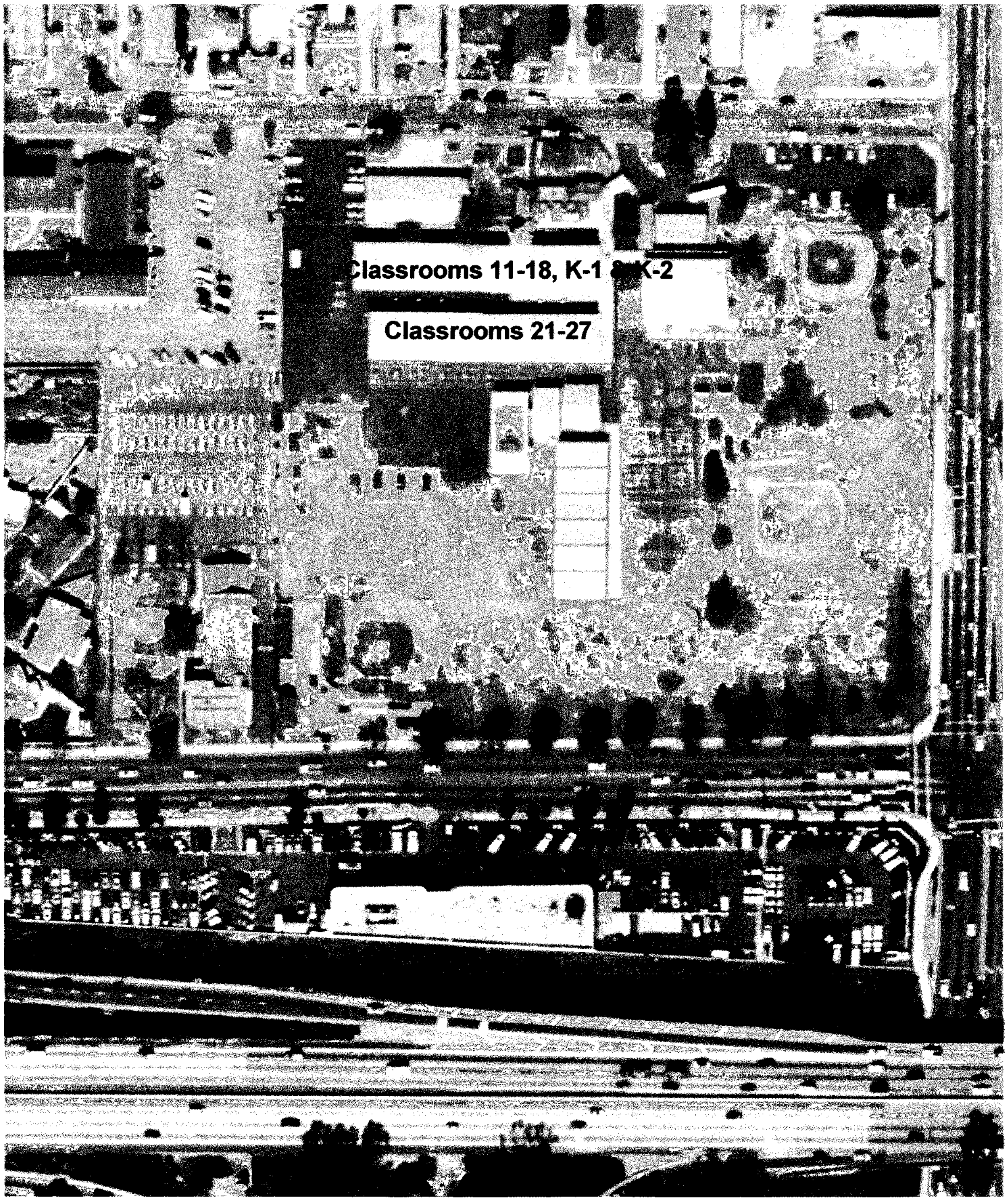
This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-8-0702 to be executed on the date first above written.

GARDEN GROVE UNIFIED SCHOOL DISTRICT	**ORANGE COUNTY TRANSPORTATION AUTHORITY**
By: ______________________	By: ______________________
Laura Schwalm, Ph.D. Superintendent	Arthur T. Leahy Chief Executive Officer
ATTEST:	**APPROVED AS TO FORM**
By: ______________________	By: ______________________
	Kennard R. Smart, Jr. General Counsel
APPROVED AS TO FORM:	**APPROVAL RECOMMENDED:**
By: ______________________	By:______________________
	Kia Mortazavi Executive Director, Development
Dated:______________________	Dated:______________________

ATTACHMENT A

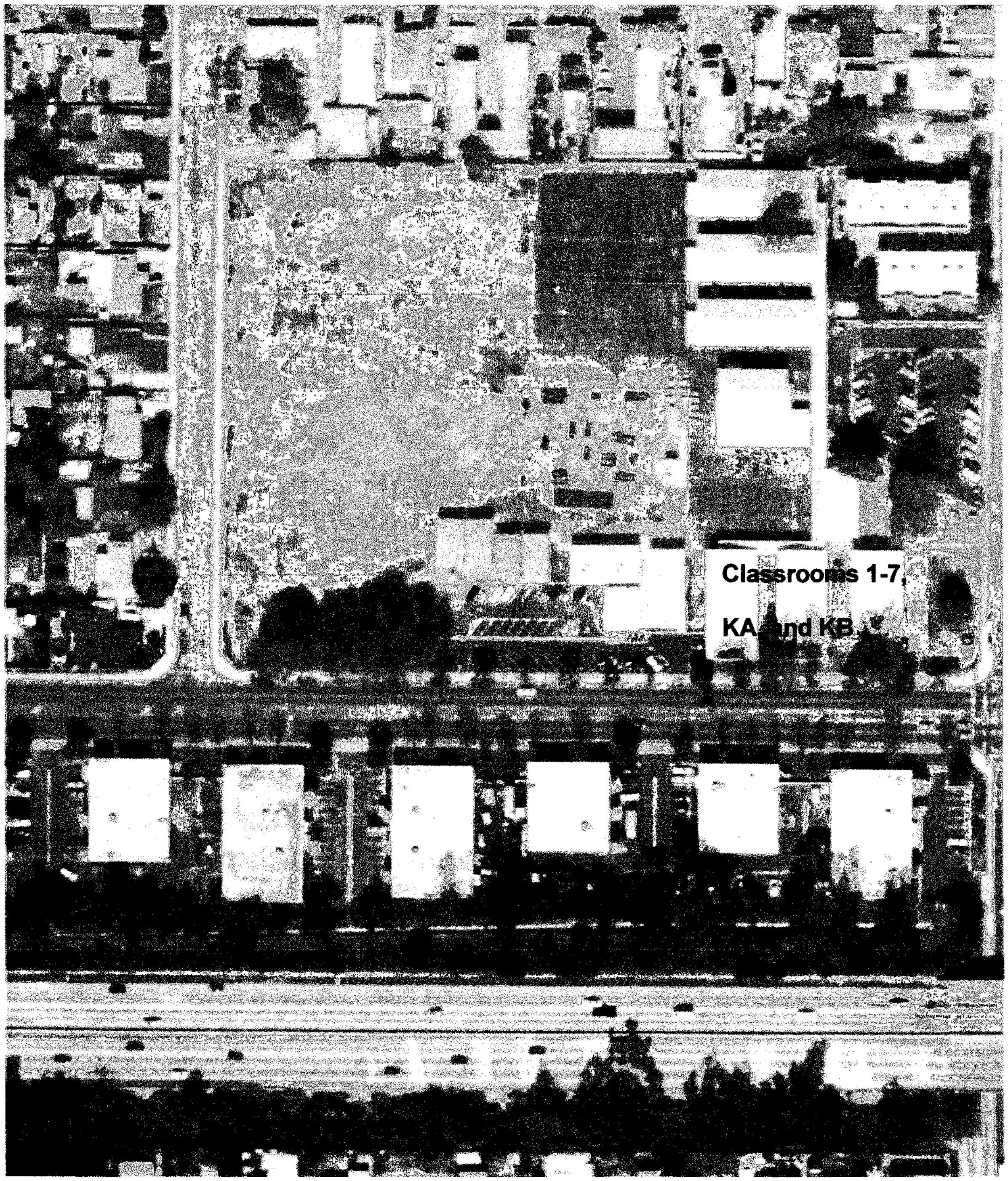
Sunnyside Elementary School



Classrooms Need AC: 11,12, 13, 14, 15, 16, 17, 18, K-1, K-2, 21, 22, 23, 24, 25, 26, and 27

ATTACHMENT B

Mitchell Elementary School



Classrooms Need AC: 1, 2, 3, 4, 5, 6, 7, KA, and KB

ATTACHMENT C

Jordan Intermediate School

Classrooms Need AC: 10A, 10B, 11, 12, Library, 14, 15, 16, 17, and 23A/B

ATTACHMENT D

COST ESTIMATE

Noise Abatement at Sunnyside, Mitchell, and Jordan Schools

Name	Number of Classroom	Cost Per Classroom	Total Cost
Sunnyside Elementary School	17	$19,500	$330,000
Mitchell Elementary School	9	$19,500	$175,000
Jordan Intermediate School	10	$19,500	$195,000

TOTAL: **$700,000**

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Agreement for the Bus Stop Maintenance Program

Transit Committee meeting of November 13, 2008

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation (reflects change from staff recommendation)

Select Option 3, authorizing the Chief Executive Officer to extend current Agreement No. C-3-0810 between the Orange County Transportation Authority and Shelter CLEAN, Inc., for a period of 12 months through November 30, 2009, at an increase of $850,000 to provide continuous and ongoing maintenance at each of the existing 6,575 bus stops located within the Orange County Transportation Authority's service area. Scope of work shall remain the same.

Note

Committee Members requested staff to extend the existing contract for one year in order to evaluate the current bus stop maintenance program and return to the Board with more information as requested.

Transmittal Attachment A was provided at the Board meeting of October 27, 2008.

Transmittal Attachment B was provided at the Transit Committee of October 23, 2008.

Orange County Transportation Authority
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Transmittal
Attachment A

OCTA

BOARD COMMITTEE TRANSMITTAL

October 27, 2008

To:	Members of the Board of Directors
From:	Wendy Knowles, Clerk of the Board
Subject:	Agreement for the Bus Stop Maintenance Program

Transit Committee meeting of October 23, 2008

Present:	Directors Brown, Buffa, Green, Nguyen, Pulido, and Winterbottom
Absent:	Director Dixon

Committee Vote

This item was passed by all Committee Members present.

Directors Green and Pulido were not present to vote on this item.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-0728 between the Orange County Transportation Authority and ShelterCLEAN, Inc., for a maximum obligation of $3,566,532, to provide continuous and ongoing maintenance at each of the existing 6,575 bus stops located within the Orange County Transportation Authority's service area for a three-year term, with two one-year options.

**Transmittal
Attachment B**

OCTA

October 23, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement for the Bus Stop Maintenance Program

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2008-09 Budget, the Board of Directors approved the continuation of the Bus Stop Maintenance Program. This program involves servicing each bus stop location on a pre-determined schedule along assigned routes. Bus stop maintenance is performed as needed ensuring that each stop location is safe, clean, and in good condition for passenger use. The bus stop maintenance contract proposals were solicited and received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-8-0728 between the Orange County Transportation Authority and ShelterCLEAN, Inc., for a maximum obligation of $3,566,532, to provide continuous and ongoing maintenance at each of the existing 6,575 bus stops located within the Orange County Transportation Authority's service area for a three-year term, with two one-year options.

Background

The Orange County Transportation Authority (Authority) operates 80 individual bus routes providing service to all of Orange County, as well as several cities in neighboring counties. These bus routes currently service 6,575 bus stops, with some of the smaller commuter routes servicing as few as 10 bus stops and the more established fixed routes servicing as many as 150 bus stop locations.

In July 1994, the Authority began outsourcing bus stop maintenance to the private sector. Since then, a contractor has been responsible for performing preventive routine maintenance at each bus stop location on a pre-determined schedule or cycle, as well as performing other maintenance related tasks.

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The contractor is also required to maintain the Authority's "trash hot spot" locations, which include some of the most active or heavily-used bus stops within the Authority's service area. The 2,500 hot spot locations are serviced a minimum of once per week and in some cases twice a week.

In addition to the contractor performing preventive maintenance and servicing the trash hot spots, the contractor also receives miscellaneous maintenance or emergency work orders as-needed. On average, the Authority issues approximately 1,100 emergency work orders each year. The emergency work orders cover a wide array of issues such as removing graffiti, replacing trash receptacles, replacing damaged signs and/or posts, replacing solar lights, trimming trees, painting red curbs, and moving benches.

Finally, work orders are issued quarterly to support each of the Authority's service changes. These work orders vary in scope and could include installing or removing bus stop signs, posts, mounting hardware, informational materials, or route schedules. Depending on the size of the quarterly service change, there could be 3,000 to 4,000 work orders issued for completion in a relatively short period of time.

Discussion

On June 9, 2008, the Board of Directors (Board) approved the release of the Request for Proposal (RFP) 8-0728 for continual bus stop maintenance at each of the 6,575 locations including the evaluation criteria listed below.

This procurement for the maintenance of bus stops was handled in accordance with the Authority's procurement procedures for professional and technical services. The project was advertised to 172 consultants on CAMM NET on June 10, 2008. A pre-proposal meeting was held on June 19, 2008, and was attended by five firms. Three proposals were received on July 7, 2008.

An evaluation committee composed of staff from Transit, Central Communications, Facilities Maintenance, Stops and Zones, and Contracts Administration and Materials Management, was established and met on August 12, 2008, to evaluate the three proposals. The third firm did not provide adequate information about its work plan or staffing and project organization. Therefore the firm did not make the competitive range. The top two firms were selected and interviewed on August 21, 2008. During the interviews, each firm was given an opportunity to make a short presentation, introduce the firm's project team members, and present a detailed explanation of its approach and methodology to meet the requirements outlined in the RFP.

During the evaluation process, each offer was evaluated based on the following criteria:

• Qualifications of the Firm	20 percent
• Staffing and Project Organization	15 percent
• Work Plan	35 percent
• Cost and Price	30 percent

The customary scoring factor for each criterion is generally 25 percent. Staff believed that technical, planning, and logistic requirements associated with the work plan criteria justified an increase to 35 percent. This would reflect the complex nature, organization, coordination, ongoing management, and supervision of the field technicians and service workers required to ensure that each of the Authority's 6,575 bus stop locations are maintained on a regular and continuous basis. The criteria for the cost was also increased to 30 percent to reflect the importance of holding cost under control. Other critical factors considered vital for the success of the Bus Stop Maintenance Program were the proficiency and the qualifications of the firm. Firms meeting the strict qualification guidelines were eligible for up to 20 percent of the overall scoring.

The short-listed firms are listed below.

<u>Firm and Location</u>

ShelterCLEAN, Inc.
Sun Valley, California

Sureteck Industrial & Commercial Services, Inc.
Ontario, California

The evaluation committee recommends that ShelterCLEAN, Inc. (SCI) be awarded the contract.

The following is a discussion of the four evaluation criteria categories.

Qualifications of the Firm

SCI has provided both bus stop and shelter maintenance for over 20 years within the Southern California area. In addition to providing outstanding service for the Authority over the past 13 years (except for eight months during 2003), SCI has maintained bus stops, shelters, transit centers, and Metrolink stations throughout Orange and Los Angeles counties.

SCI staff is organized, dedicated, highly trained, and produces an outstanding product for each of its clients. The firm is proactive and has demonstrated it will do whatever it takes to get the job completed. Over the years, the firm has received numerous compliments from local agencies, coach operators, and the public for dedication and thoroughness when servicing bus stops or shelters within Orange County.

Sureteck Industrial & Commercial Services, Inc. (Sureteck), did not have all the required licenses to perform the services necessary for this contract. Additionally, Sureteck was not able to provide sufficient evidence of bus stop sign maintenance and installation experience. Sureteck's experience was limited to bus stop zone cleanliness.

Staffing and Project Organization

The proposal and evaluation interview indicated that SCI has assembled a highly-qualified project team with previous experience on similar projects with key personnel averaging over 19 years of service with this firm. On the other side of the operation, the average length of employment for each field technician and service worker averages around five years of continuous service. SCI has maintained a high rate of retention with its employees. SCI belongs to the Department of Motor Vehicles (DMV) Pull Notice Program and continuously checks employee DMV records for violations or accidents.

In the event the workload reaches a point where the existing employees are unable to complete the assigned work in the allotted time, SCI has over 70 additional service workers qualified to provide assistance to ensure the work is completed on time and to the Authority's standards.

Sureteck's plan included 30 percent fewer staff performing the service on the street than SCI proposed and currently provides. The evaluation committee determined this indicated a lack of understanding of the Authority's high standards.

Work Plan

SCI's work plan demonstrates a strategic and systematic approach to maintaining each of the existing 6,575 bus stop locations on a continuous and ongoing basis. The comprehensive work plan provides a specific and detailed solution for handling the required maintenance tasks listed in the RFP.

Each of the proposed tasks is clearly outlined in SCI's proposal demonstrating a thorough understanding of the complete project. The approach to the three maintenance tasks is clearly outlined and details the number of employees to be used, the type of service vehicles to be deployed, work methodology, proposed work schedule(s), materials, supplies, and tools that will be required for all tasks.

SCI states that it will continuously maintain quality control ensuring bus stop maintenance is performed to Authority standards. SCI will devote one field supervisor for the sole purpose of inspecting and evaluating field technician performance and will document work not meeting the designated standards. Work not conforming to the Authority's requirements will be re-done.

Sureteck's work plan was vague and lacked detail of how the firm would accomplish all that was required. Sureteck's focus is strictly on trash removal and basic cleaning. Maintenance and preventive safety measures were not addressed sufficiently.

Cost and Price

SCI provided a competitive, fully-burdened rate for all key personnel, though the firm had the highest overall per task cost of the three proposals. An analysis was performed on SCI's cost and price proposal for the new performance period and it was determined to be reasonable.

Sureteck's cost and price proposal was 16 percent lower than SCI's earning Sureteck a score of five out of five. The cost and price criterion was 30 percent of the total score used when considering the best overall proposal for the Authority.

Medical Insurance

In November 2006, the Board directed staff to strongly encourage all contractors doing business with the Authority to offer affordable medical insurance to full-time employees. As an incentive for contractors to provide affordable medical insurance, contractors may earn 10 extra points under the cost and price criterion as identified in Section III of the RFP, if the contractor provides or agrees to provide medical insurance.

SCI provides medical benefits for each of its employees; however, the insurance does not meet the requirements of the RFP. Sureteck provided documentation that it will provide medical insurance meeting the RFP requirements. Sureteck was awarded the 10 incentive points.

Conclusion

The Authority has a very high standard for bus stop cleanliness and maintenance. The evaluation committee members felt strongly that Sureteck did not fully comprehend the entire job required by the Authority or appreciate the Authority's high standards for success. In 2003, the Authority had experience with selection of a lower-bid vendor proposing a smaller workforce. The successful proposer received the contract and then backed out of the contract within the first year, realizing it could not make money and meet the Authority's standards for cleanliness and response. The evaluation committee determined that with the selection of SCI, even though more expensive, the Authority's high standards would be met and maintained, resulting in a successful bus stop maintenance program.

SCI has demonstrated the firm has a thorough understanding of the project and the number of employees needed to complete all tasks as noted in the RFP. Therefore, staff is recommending award to SCI.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2008-09 Budget, Transit, Maintenance Department, Facilities, Account 2166-7612-D3107-2WM, and is funded through the Local Transportation Fund.

Summary

Based on the evaluation of proposals, interviews conducted, verification of financial status, references, and background checks, staff recommends award of Agreement No. C-8-0728 to ShelterCLEAN, Inc., for a maximum obligation of $3,566,532, for a three-year period, with two one-year options, to provide continuous and ongoing maintenance at each of the existing 6,575 bus stop locations within the Authority's service area.

Attachments

A. Proposal Evaluation Criteria Matrix RFP 8-0728 Bus Stop Maintenance Program
B. Bus Stop Maintenance Program Review of Proposals – RFP 8-0728

Prepared by:	**Approved by:**
Ryan Erickson	Beth McCormick
Section Manager, Facilities Maintenance	General Manager, Transit
(714) 560-5897	(714) 560-5964

ATTACHMENT A

PROPOSAL EVALUATION CRITERIA MATRIX
RFP 8-0728 BUS STOP MAINTENANCE PROGRAM

SHELTER CLEAN , Inc.						Wts.	Overall Score
Evaluation Number	1	2	3	4	5		
Qualifications of Firm	4.00	5.00	5.00	5.00	5.00	4	19
Staffing & Project Organization	4.00	4.00	5.00	5.00	5.00	3	14
Work Plan	5.00	4.00	5.00	5.00	5.00	7	34
Cost & Price	3.00	3.00	3.00	3.00	3.00	6	18
Overall Score	81.00	78.00	88.00	88.00	88.00		85
SURETECK INDUSTRIAL & COMMERCIAL SERVICES, Inc.						Wts.	Overall Score
Evalutation Number	1	2	3	4	5		
Qualifications of Firm	3.00	3.00	3.00	2.00	2.00	4	10
Staffing & Project Organization	3.00	2.00	3.00	2.00	2.00	3	7
Work Plan	3.00	2.00	3.00	2.00	2.00	7	17
Cost & Price	5.00	5.00	5.00	5.00	5.00	6	30
Overall Subtotal Score	72.00	62.00	72.00	58.00	58.00		64
Medical Insurance (10 points)							10
Total including Insurance Points							74

ATTACHMENT B

Bus Stop Maintenance Program
Review of Proposals - RFP 8-0728

3 proposals were received, 2 firms were short listed. One firm being recommended for award

Overall Ranking	Overall Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Proposed	Price
1	85	**ShelterCLEAN, Inc.** Sun Valley, California	Viking Crane Service	Highest ranked overall proposal. Firm has strong relevant bus stop maintenance experience. Firm has strong experience with public agencies, including Los Angeles County Department of Public Works, Los Angeles Department of Transportation, Metrolink, Irwindale, Lake Forest, and Lancaster. Project manager has strong experience on similar projects. The company has very strong understanding of the scope of work and project issues.	1st Year 2nd year 3rd Year	$1,145,400 $1,196,400 $1,224,732
2	74	**Sureteck Industrial & Commerical Services, Inc.** Ontario, California	Right On Electric	Second highest ranked proposal. Firm has good relevant experience. Firm has good experience and contracts with Clear Channel Communications, Los Angeles County Department of Public Works, City of Santa Clarita Environmental & Transit Department and City of Azusa. Project manager is knowledgeable of the project and issues. Project plan lacked the project detail demonstrating how the required tasks could be completed. Firm provides employee medical insurance	1st Year 2nd year 3rd Year	$973,332 $996,540 $1,020,300

Evaluation Panel: (5)
Orange County Transportation Authority:
CAMM (1)
Transit (4)

Evaluation Criteria	Weight Factor
Qualifications of Firm	20%
Staffing & Project Organization	15%
Work Plan	35%
Cost & Price	30%

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board WK

Subject: Amendment to Agreement for Bus System Schedule Checking

<u>Transit Committee meeting of November 13, 2008</u>

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement No. C-7-1115 between the Orange County Transportation Authority and Southland Car Counters, Inc., to exercise the first option year, in an amount not to exceed $256,800, for schedule checking services.

OCTA

November 13, 2008

To: Transit Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Amendment to Agreement for Bus System Schedule Checking

Overview

On December 10, 2007, the Board of Directors approved an agreement with Southland Car Counters, Inc., in the amount of $247,200, to provide bus system schedule checking services for a one-year period with two one-year options. Southland Car Counters, Inc., was retained in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement No. C-7-1115 between the Orange County Transportation Authority and Southland Car Counters, Inc., to exercise the first option year, in an amount not to exceed $256,800, for schedule checking services.

Background

The Orange County Transportation Authority (Authority) has a one-year contract with Southland Car Counters, Inc., (Southland) to provide consultant services for the bus system schedule checking program. The contract includes two one-year options.

Under the terms of the agreement, the contractor observes and documents bus passenger boardings, on-time performance, and collects other information used to improve bus operations, scheduling, and service planning. Checking tasks include on-board bus schedule checks, street corner checks, and National Transit Database (NTD) passenger checks required by the Federal Transit Administration (FTA).

Discussion

This procurement was originally handled in accordance with the Authority's procedures for professional and technical services. The original agreement was awarded on a competitive basis. It has become necessary to amend the agreement to exercise the first option term.

The original agreement awarded on December 10, 2007, was in the amount of $247,200. Southland has been performing this work for the Authority for seven consecutive years and has always done an outstanding job. At this time, staff recommends Amendment No. 1 to Agreement No. C-7-1115, to exercise the first option year, in the amount of $256,800, for a new maximum obligation of $504,000 (Attachment A).

Fiscal Impact

The proposed Amendment No. 1 to Agreement No. C-7-1115 was approved in the Authority's Fiscal Year 2008-09 Budget, Transit, Operations Planning and Scheduling Department, Account 2128-7519-D4106-97S.

Summary

Staff recommends approval of Amendment No. 1 to Agreement No. C-7-1115, in the amount of $256,800, with Southland Car Counters, Inc., for a total maximum obligation of $504,000, to provide consultant services for bus system schedule checking during the first option term.

Attachment

A. Southland Car Counters, Inc. Agreement No. C-7-1115 Fact Sheet

Prepared by:	**Approved by:**
Audrey Saller	Beth McCormick
Audrey Saller	Beth McCormick
Section Manager, Schedules	General Manager, Transit
714-560-5864	714-560-5964

ATTACHMENT A

Southland Car Counters, Inc.
Agreement No. C-7-1115 Fact Sheet

1. December 10, 2007, Agreement No. C-7-1115, $247,200, approved by the Board of Directors.

   - To provide consultant services to perform bus system schedule checking

2. November 24, 2008, Amendment No. 1 to Agreement No. C-7-1115, $256,800, pending approval by Board of Directors.

   - To exercise first option term

Total committed to Southland Car Counters, Inc., Agreement No. C-7-1115: $504,000.

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: 91 Express Lanes Financing Documents

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Approve a private placement transaction with the Orange County Investment Pool for the $100 million in 91 Express Lanes variable rate demand bonds and authorize the Chairman, Vice-Chairman, Chief Executive Officer, Executive Director of Finance and Administration, and other appropriate officers of the Orange County Transportation Authority to sign all documents on behalf of the 91 Express Lanes.

B. Adopt Resolution No. 2008-74 and approve the form of the required financing documents necessary for the Orange County Transportation Authority to proceed with the private placement with the Orange County Investment Pool and confirm approval of prior actions in connection therewith and with the acquisition of the 91 Express Lanes Series 2003-B Bonds by the Orange County Transportation Authority.

C. Amend the Orange County Transportation Authority's Fiscal Year 2009 Budget by $510,000, to cover additional cost of issuance expenses related to the 91 Express Lanes debt restructure. These expenses are to be fully funded through the 91 Express Lanes Fund.

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: 91 Express Lanes Financing Documents

Overview

On October 10, 2008, the Orange County Transportation Authority Board of Directors authorized staff to negotiate final terms with the Orange County Treasurer on a private placement for the $100 million in 91 Express Lanes variable rate demand bonds. The financing documents for the transaction are presented for review and approval.

Recommendations

A. Approve a private placement transaction with the Orange County Investment Pool for the $100 million in 91 Express Lanes variable rate demand bonds and authorize the Chairman, Vice-Chairman, Chief Executive Officer, Executive Director of Finance and Administration, and other appropriate officers of the Orange County Transportation Authority to sign all documents on behalf of the 91 Express Lanes.

B. Adopt Resolution No. 2008-74 and approve the form of the required financing documents necessary for the Orange County Transportation Authority to proceed with the private placement with the Orange County Investment Pool and confirm approval of prior actions in connection therewith and with the acquisition of the 91 Express Lanes Series 2003-B Bonds by the Orange County Transportation Authority.

C. Amend the Orange County Transportation Authority's Fiscal Year 2009 Budget by $510,000, to cover additional cost of issuance expenses related to the 91 Express Lanes debt restructure. These expenses are to be fully funded through the 91 Express Lanes Fund.

Background

Over the past several months, the Orange County Transportation Authority (Authority) has evaluated various alternatives related to the restructuring of the 91 Express Lanes debt. The $100 million in 91 Express Lanes variable rate demand bonds (VRDBs) experienced higher interest rate costs as a result of the downgrading of Ambac Assurance Corporation in 2008. Ambac Assurance Corporation insures the 91 Express Lanes debt. The Standby Purchase Agreement that provides liquidity for the VRDBs expires on November 12, 2008.

The Authority has been working with the Orange County Treasurer's office to negotiate a private placement transaction for a two-year period for the VRDBs in the Orange County Investment Pool (OCIP). On October 10, 2008, the Board of Directors authorized staff to negotiate final terms for a transaction. The transaction will have a fixed interest rate of 3.85 percent for two years with an unconditional put in 12 months. The unconditional put will allow the Orange County Treasurer to invest in the 91 Express Lanes VRDBs within the guidelines of the Orange County Treasurer's Investment Policy Statement. It is anticipated the transaction will close on December 10, 2008.

With the Standby Purchase Agreement expiring on November 12, 2008, the Authority will be making a direct investment in the 91 Express Lanes bonds for a temporary period until the transaction with the Orange County Treasurer can be completed on December 10, 2008. The Authority's investment portfolio will be invested in the 91 Express Lanes debt at an interest rate that will be established on the first business day of each month. The rate will be calculated at the greater of the total return of the Merrill Lynch Treasury 1 to 3 year index, the most recently published Securities Industry Financial Markets Association index, or 67 percent of one month London Interbank Offered Rate. These three indices were selected because they are widely reported industry benchmarks that provide a representation of the returns on the Authority's investment portfolio.

Discussion

In order to implement the private placement transaction, the Authority is required to execute several financing documents with related parties. Following is a list of the items for approval with an accompanying description:

Resolution: The resolution (Attachment A) authorizes the remarketing of the $100 million in 91 Express Lanes bonds to the Orange County Treasurer. The resolution states the statutory existence of the Authority, provides background on the 2003 variable rate debt issuance, and summarizes the required financing documents for the private placement. The resolution also notes that in order to complete the transaction, the Authority has to execute a Third Supplemental Indenture, Remarketing Circular, and a Purchase Contract.

Third Supplemental Indenture: A contract between the Authority and the trustee, for the benefit of the bondholder. The trustee administers the funds specified in the indenture in a fiduciary capacity on behalf of the bondholder. The trust indenture establishes the rights, duties, responsibilities, and remedies of the Authority and the trustee and determines the exact nature of the security for the bonds. This document is included as Attachments B.

Remarketing Circular: Generally discloses material information on the bond issue, including the purpose of the bond issue, how the bonds will be repaid and the financial, economic, and demographic characteristics of the toll road and Orange County. Financial statements and a traffic and revenue study are also included in the appendix of this document. This document is included as Attachment C.

Purchase Contract: Agreement between the Authority and the Orange County Treasurer, which outlines the final terms, conditions and price for the sale of the $100 million in toll road revenue bonds. This document is included as Attachment D.

Next Steps

The financing documents for the private placement transaction have been completed. These documents were submitted to the rating agencies for their review and ratings. It is anticipated that the ratings will be released by the end of November 2008.

If the Finance and Administration Committee and the Board of Directors approve the recommended actions, the transaction with the OCIP will close on December 10, 2008.

Fiscal Impacts

The Authority will incur approximately $510,000, in cost of issuance expenses for the private placement transaction. This includes fees for ratings, bond counsel, financial advisor, and other miscellaneous expenses. Since it was not anticipated that these events would transpire when the fiscal year (FY) 2009 budget was developed, these funds were not budgeted for this transaction. Therefore, it is requested that the FY 2009 budget be amended to reflect these additional costs. These expenses will be fully funded through the 91 Express Lanes Fund.

Summary

The financing documents for the fixed-rate private placement with the Orange County Investment Pool are presented for approval to the Finance and Administration Committee and the Board of Directors.

Attachments

A. Orange County Transportation Authority Resolution No. 2008-74
B. Third Supplemental Indenture by and between the Orange County Transportation Authority and U.S. Bank National Association, as Successor Trustee
C. Remarketing Circular
D. Purchase Contract

Prepared by:

Kirk Avila
Treasurer
Treasury/Public Finance
(714) 560-5674

Approved by:

James S. Kenan
Executive Director,
Finance and Administration
(714) 560-5678

ATTACHMENT A

ORANGE COUNTY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2008-74

AUTHORIZING THE MANDATORY TENDER AND REMARKETING OF $100,000,000 AGGREGATE PRINCIPAL AMOUNT OF ORANGE COUNTY TRANSPORTATION AUTHORITY TOLL ROAD REVENUE REFUNDING BONDS (91 EXPRESS LANES) SERIES 2003 B, RATIFYING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT PROVIDING FOR THE REMARKETING OF THE BONDS TO THE ORANGE COUNTY TREASURER, AUTHORIZING DELIVERY OF OTHER DOCUMENTS NECESSARY IN CONNECTION THEREWITH, INCLUDING A REMARKETING CIRCULAR, AND DELEGATING TO THE CHAIRMAN, VICE CHAIRMAN, EXECUTIVE DIRECTOR OF FINANCE AND ADMINISTRATION AND HUMAN RESOURCES, THE TREASURER AND GENERAL MANAGER, TOLLROADS AND CHIEF EXECUTIVE OFFICER OF THE AUTHORITY POWER TO COMPLETE SAID DOCUMENTS, AUTHORIZING DISTRIBUTION OF SAID DOCUMENTS AND AUTHORIZING TAKING OF ALL NECESSARY ACTIONS.

WHEREAS, the Orange County Transportation Authority (the "Authority"), pursuant to Section 130240 of the Public Utilities Code of the State of California (the "Act"), is authorized to issue bonds payable solely from the revenues received by the Authority from the ownership and operation of the 91 Express Lanes toll road project ("91 Express Lanes");

WHEREAS, in November, 2003, the Authority issued $100,000,000 aggregate principal amount of its Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003 B (referred to herein as "2003 Series-B Bonds");

WHEREAS, the 2003 Series-B Bonds were issued pursuant to a master indenture of trust, dated as of November 1, 2003 (the "Indenture"), between the Authority and Wachovia Bank, National Association, as prior trustee (the "Prior Trustee"), and a Second Supplemental Indenture dated as of November 1, 2003, between the Authority and the Prior Trustee (the "Second Supplemental Indenture");

WHEREAS, on November 12, 2008, the Authority acquired the Series 2003-B Bonds following a mandatory tender of the Series 2003-B Bonds as authorized under and pursuant to a Third Supplemental Indenture, dated as of October 1, 2008 (the "Third Supplemental Indenture") by and between the Authority and U.S. Bank National Association, as successor trustee (the "Successor Trustee");

WHEREAS, the Orange County Treasurer (the "Purchaser") and the Authority desire to enter into a proposed form of purchase contract relating to the purchase of the 2003 Series-B Bonds upon the mandatory tender of the Series 2003-B Bonds on December 10, 2008, as provided in the Third Supplemental Indenture (such purchase contract being referred to herein as the "Purchase Contract");

WHEREAS, the Purchaser has requested that the Authority prepare a remarketing circular describing the terms and provisions of the 2003 Series-B Bonds, the 91 Express Lanes and the revenues derived therefrom by the Authority, the Authority and its transportation programs and certain financial and demographic information (such remarketing circular being referred to herein at times as the "Remarketing Circular");

WHEREAS, it is now necessary for the Authority to approve the execution of the forms of the Third Supplemental Indenture, the Purchase Contract, and to authorize the preparation, distribution and execution of the Remarketing Circular, and to authorize the mandatory tender and remarketing of the 2003 Series-B Bonds to the Purchaser pursuant thereto, and to authorize the taking of various actions in connection therewith;

WHEREAS, the Authority has been presented with the form of each document referred to above relating to such financing which is to be approved pursuant to this Resolution, and the Authority has examined and approved each document and desires to authorize and direct the execution and delivery of such documents, the preparation and distribution of the Remarketing Circular, and the consummation of such financing; and

WHEREAS, all acts, conditions and things required by the Act and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such financing and to authorize the execution and delivery of the Purchase Contract, the Third Supplemental Indenture, and preparation, execution and distribution of the Remarketing Circular for the purposes, in the manner and upon the terms provided;

NOW, THEREFORE, BE IT RESOLVED by the ORANGE COUNTY TRANSPORTATION AUTHORITY as follows:

Section 1. The remarketing by the Authority of the 2003 Series-B Bonds to the Purchaser pursuant to the Purchase Contract and as described in the Remarketing Circular is hereby authorized and approved.

Section 2. The execution and delivery of the Third Supplemental Indenture in the form submitted to the Authority and attached to the November 12, 2008 Finance and Administration Committee staff report as Attachment B, and the terms and conditions of the Third Supplemental Indenture, which are hereby incorporated by reference, are hereby ratified and approved. The Chief Executive Officer of the Authority is directed to file a copy of said forms of the Indenture and the Supplemental Indentures with the minutes of this meeting, and the Chief Executive Officer of the Authority is authorized and directed to execute and deliver the Third Supplemental Indenture, with such additions thereto or changes therein which they may deem necessary or desirable and as counsel to the Authority or Bond Counsel may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Third Supplemental Indenture.

Section 3. The Authority hereby authorizes and approves the preparation and delivery to the Purchaser of the Remarketing Circular, a draft of which is attached to the November 12, 2008 Finance and Administration Committee staff report as Attachment C. The Remarketing Circular shall be in such form as is approved, by the Chairman, Vice Chairman or the Chief Executive Officer, with such approval to constitute conclusive evidence of the Authority's approval of the Remarketing Circular. The Chairman, Vice Chairman or the Chief Executive Officer of the Authority is hereby authorized and directed to execute and deliver the Remarketing Circular in its final form with such changes from the draft Remarketing Circular as they or any of them may approve, such approval to be conclusively evidenced by the execution and delivery of the Remarketing Circular.

Section 4. The proposed form of Purchase Contract, to be dated the date of its execution, and entitled "Purchase Contract," providing for the remarketing and sale of the 2003 Series-B Bonds by the Authority to the Purchaser, submitted to the Authority and attached to the November 12, 2008 Finance and Administration Committee staff report as Attachment D, and the terms and conditions of the Purchase Contract, which are hereby incorporated by reference, are hereby approved. The Chief Executive Officer of the Authority is directed to file a copy of said form of Purchase Contract with the minutes of this meeting. The remarketing and sale of the 2003 Bonds to the Purchaser at the principal amount thereof with an annual interest rate of 3.85% in accordance with said form of Purchase Contract, be and is hereby authorized and approved, and the Chairman, Vice Chairman, the Chief Executive Officer, the Executive Director of Finance and Administration and Human Resources or the Treasurer and General Manager, Tollroads, of the Authority is authorized and directed to complete, execute and deliver the Purchase Contract in substantially said form, containing such additions thereto or changes therein as the Chairman, Vice Chairman, the Chief Executive Officer, the Director of Finance and Administration and Human Resources and Treasurer and General Manager, Tollroads, of the Authority may deem necessary or desirable and as counsel to the Authority or Bond Counsel may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 5. The Chairman, Vice Chairman, Chief Executive Officer and Director of Finance and Administration Human Resources and Treasurer and General Manager, Tollroads, of the Authority, and other appropriate officers of the Authority, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, agreements, certificates and representations, including, without limitation, signature certificates, no-litigation certificates, tax certificates, all documents, certificates and instructions in connection with the mandatory tender and remarketing of the 2003 Series-B Bonds, and certificates concerning the contents of the Remarketing Circular and the representations and warranties in the Purchase Contract, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution.

Section 6. All actions heretofore taken by the officers and agents of the Authority with respect to the issuance, purchase, execution and delivery of the 2003 Bonds and the mandatory tender and remarketing of the 2003 Series-B Bonds, including the purchase of the Series 2003-B Bonds by OCTA, are hereby ratified, confirmed and approved.

Section 7. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on November 24, 2008, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____

Chairman of the Orange County
Transportation Authority

This RESOLUTION was entered into
at a meeting of the Orange County
Transportation Authority held
November 24, 2008, in Orange, California.

Attest:

____

Clerk of the Board

Approved as to Form

By: ____________________________________

Kennard R. Smart, Jr., Esq.
General Counsel to Authority

THIRD SUPPLEMENTAL INDENTURE

by and between the

ORANGE COUNTY TRANSPORTATION AUTHORITY
and

U.S. BANK NATIONAL ASSOCIATION,
as Successor Trustee

relating to

$75,000,000
Orange County Transportation Authority
Toll Road Revenue Refunding Bonds
(91 Express Lanes)
Series 2003-B-1

and

$25,000,000
Orange County Transportation Authority
Toll Road Revenue Refunding Bonds
(91 Express Lanes)
Series 2003-B-2

(Supplemental to the Master Indenture of Trust dated as of November 1, 2003 and the Second Supplemental Indenture dated as of November 1, 2003)

Dated as of October 1, 2008

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THIRD SUPPLEMENTAL INDENTURE

This THIRD SUPPLEMENTAL INDENTURE OF TRUST, dated as of October 1, 2008 (this "Third Supplemental Indenture"), is between the Orange County Transportation Authority ("OCTA"), a public agency duly formed and existing under and pursuant to the laws of the State of California, and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States, as successor trustee (the "Trustee") and supplements that certain Master Indenture of Trust, dated as of November 1, 2003 (the "Master Indenture"), and that certain Second Supplemental Indenture, dated as of November 1, 2003 (the "Second Supplemental Indenture") each by and between OCTA and the Wachovia Bank, National Association.

RECITALS

WHEREAS, Section 10.2(c) of the Master Indenture provides for the execution and delivery of Supplemental Indentures to add to the covenants and agreement of OCTA in the Master Indenture or any Supplemental Indenture other covenants and agreements which shall not materially adversely affect the interests of the Bond Owners; and

WHEREAS, OCTA executed and delivered the Second Supplemental Indenture relating to the issuance of its $75,000,000 Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B-1 and $25,000,000 Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B-2 (collectively, the "Series 2003-B Bonds"), and make other provisions pertaining thereto;

WHEREAS, OCTA deems it necessary and appropriate to execute and deliver this Third Supplemental Indenture to add certain covenants and make certain revisions to the Second Supplemental Indenture and the Master Indenture;

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions.

The terms defined in this Article I shall, for all purposes of this Third Supplemental Indenture, have the respective meanings specified herein unless the context clearly requires otherwise. Capitalized terms which are used but not otherwise defined herein shall have the respective meanings ascribed to them in the Master Indenture or the Second Supplemental Indenture as amended hereby.

The definition of "Authorized Denominations" in the Second Supplemental Indenture shall be amended to add the following:

"(d) with respect to Series 2003-B Bonds which are subject to an OCIP Rate Period, [$25,000] or any integral amount in excess thereof."

The definition of "Interest Accrual Date" in the Second Supplemental Indenture shall be amended to add the following:

"(f) for each OCLTA Rate Period, the first day thereof and, thereafter, the first Business Day of each calendar month during the OCLTA Rate Period."

The definition of "Interest Payment Date" in the Second Supplemental Indenture shall be amended to add the following:

"(f) for each OCLTA Rate Period, the second Business Day of each calendar month."

The definition of "Interest Rate Period" in the Second Supplemental Indenture shall be amended to add the OCLTA Rate Period and the OCIP Rate Period.

"OCIP Rate" means the rate of 3.85% per annum.

"OCIP Rate Period" means the period during which the Series 2003-B Bonds bear interest at the OCIP Rate.

"OCLTA Rate" means the rate determined by OCTA as described in Section 3.02(a)(v) hereof.

"OCLTA Rate Period" means the period during which the Series 2003-B Bonds bear interest at the OCLTA Rate.

The definition of "Record Date" in the Second Supplemental Indenture shall be amended to add "OCLTA Rate Period" to subsection (a) thereof.

ARTICLE II

AMENDMENT TO ARTICLE II OF THE SECOND SUPPLEMENTAL INDENTURE

Section 2.01. Amendment to Section 2.03(b). Form of Series 2003-B Bonds.

Section 2.03(b) of the Second Supplemental Indenture is hereby amended to add Exhibit A-4 in the form attached hereto which shall be the form of Series 2003-B Bonds during the period the Series 2003-B Bonds bear interest at the OCLTA Rate or the OCIP Rate.

ARTICLE III

AMENDMENTS TO ARTICLE III OF THE SECOND SUPPLEMENTAL INDENTURE

Section 3.01. Amendments to Section 3.02. Terms of the Series 2003-B Bonds to provide for the OCIP Rate and add the OCLTA Rate.

The first sentence of Section 3.02 of the Second Supplemental Indenture is hereby amended to add "OCLTA Rate" after "Weekly Interest Rate".

Section 3.02(a)(iii) is hereby amended to add a subsection (D) as follows:

"(D) Conversion to OCIP Rate.

(1) Subject to Sections 3.04 and 3.05 hereof, OCTA may, from time to time, by the written direction to the other Notice Parties, elect that the Series 2003-B Bonds shall bear interest at a Long-Term Interest Rate equal to the OCIP Rate. The direction of OCTA required by the first sentence of this paragraph (1): (a) shall specify the effective date of the OCIP Rate Period, which date shall be in each case, a Business Day not earlier than the fifth day following the second Business Day after receipt by the Trustee of such direction; (b) shall specify the last day of the OCIP Rate Period; and (c) shall specify a date on or prior to which Bond Owners of such Series 2003-B Bonds are required to deliver such Series 2003-B Bonds to be purchased (if other than the effective date of such Conversion).

(2) The direction of OCTA described in Section 3.02(a)(iii)(D)(1) shall be accompanied by a form of the notice to be mailed by the Trustee to the Bond Owners of the Series 2003-B Bonds as provided in Section 3.02(a)(iii)(D)(1).

(3) If, by the second Business Day next preceding the twenty-ninth day prior to the last day of any Long-Term Interest Rate Period with respect to the Series 2003-B Bonds bearing interest at a Long-Term Interest Rate, the Trustee has not received notice of OCTA's election that, during the next succeeding Interest Rate Period, the Series 2003-B Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, Flexible Interest Term Rates, a Fixed Interest Rate, an OCLTA Rate or another Long-Term Interest Rate, then the next succeeding Interest Rate Period with respect to the Series 2003-B Bonds shall be the OCLTA Rate provided OCTA shall have received a Favorable Opinion of Bond Counsel and, until such time as OCTA elects a new Interest Rate Period, as provided in this Section 3.02 or in Exhibit B, the Series 2003-B Bonds shall be subject to mandatory purchase by OCTA as provided in Section 4.02(c)(i) on the first day of such OCLTA Rate Period.

(4) Notwithstanding Section 3.02(a)(iii)(C), the Trustee shall give notice, together with the notice required by Section 4.02(e), by Mail of a Conversion to the OCIP Rate Period to the other Notice Parties, the Bond Owners of the Series 2003-B Bonds and, if a book-entry system is in effect, then to the Securities Depository, not less than 5 days prior to the effective date of such OCIP Rate Period. Such notice shall state: (1) that the interest rate on the Series 2003-B Bonds, will be converted to, the OCIP Rate; (2) the effective date and the last day of such OCIP Rate Period; and (3) that such Series 2003-B Bonds are subject to mandatory tender for purchase on such effective date. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series 2003-B Bonds shall not be purchased or deemed purchased.

Section 3.02(a) is hereby amended to add a subsection (v) as follows:

"(v) *OCLTA Rate*

(B) **Determination of OCLTA Rate**. During each OCLTA Rate Period, the Series 2003-B Bonds shall bear interest at an OCLTA Rate, which shall be determined by OCTA for the Series 2003-B Bonds bearing interest at the OCLTA Rate on the first Business Day or each month which shall be effective on the next Business Day of each month. The OCLTA Rate for any day for the Series 2003-B Bonds bearing interest at a OCLTA Rate which is not a Business Day shall be the same as the OCLTA Rate for the immediately preceding Business Day.

The OCLTA Rate with respect to the Series 2003-B Bonds subject to a OCLTA Rate Period shall be the rate of interest per annum equal to the greater of (1) the rolling 12-month total return of the Merrill Lynch1-3 Year U.S. Treasury Index based on the last day of the prior month, (2) the most recently published SIFMA Index Rate, or (3) 67% of the one month LIBOR rate on the last day of the prior month.

In the event that OCTA fails to establish an OCLTA Rate, then (1) the OCLTA Rate for such day shall be the same as the OCLTA Rate for the immediately preceding OCLTA Rate Period if the OCLTA Rate for such preceding OCLTA Rate Period was determined by OCTA or (2) if no OCLTA Rate for the immediately preceding OCLTA Rate Period was determined by OCTA or in the event that the OCLTA Rate determined by OCTA shall be held to be invalid or unenforceable by a court of law, then the interest rate for such day shall be equal to 100% of The SIFMA Swap Index of Municipal Market Data, made available for such day, or if such index is no longer available, or no such index was so made available for such day, 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* or *The Bond Buyer* on the day the OCLTA Rate would otherwise be determined as provided herein for such OCLTA Rate Period as specified by OCTA to the Trustee.

(C) **Conversion to OCLTA Rate**. Subject to Sections 3.04 and 3.05 hereof, OCTA may, from time to time, by the written direction to the other Notice Parties, elect that the Series 2003-B Bonds shall bear interest at an OCLTA Rate. The direction of OCTA shall specify (1) the effective date of such Conversion to an OCLTA Rate, which shall be (a) November 12, 2008, or in every other case a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction; (b) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which such Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to Section 4.01 if such Conversion did not occur; provided that, if prior to OCTA making such election any such Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such OCLTA Rate Period shall not precede such redemption date; (c) in the case of a Conversion from a Weekly Interest Rate Period or a Flexible Interest Rate Period, the day immediately following the last day of the Interest Rate Period with respect to such Series 2003-B Bonds; and (d) in the case of a Conversion from an Auction Rate Period, an Auction Rate Interest Payment Date; and (2) the date of delivery of such Series 2003-B Bonds to be purchased (if other than the effective date) of such Conversion. In addition, the direction of OCTA shall be accompanied by a form of notice to be mailed to the Bond Owners of such Series 2003-B Bonds by the Trustee as provided in Section 3.02(a)(v)(D). During each OCLTA Rate Period for the Series 2003-B Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by such Series 2003-B Bonds shall be a OCLTA Rate.

(D) **Notice of Conversion to OCLTA Rate**. The Trustee shall give notice, together with the notice required by Section 4.02(e), by Mail of a Conversion to a OCLTA Rate Period to the other Notice Parties, the Bond Owners of the Series 2003-B Bonds and, if a book-entry system is in effect, then to the Securities Depository, not less than 15 days prior to the effective date of such OCLTA Rate Period. Such notice shall state: (1) that the interest rate on the Series 2003-B Bonds, will be converted to an OCLTA Rate; (2) the effective date of such OCLTA Rate Period; and (3) that such Series 2003-B Bonds are subject to mandatory tender for purchase on such effective date. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series 2003-B Bonds shall not be purchased or deemed purchased.

Section 3.02. Amendment to Section 3.03. Determination of Interest Rates.

Section 3.03 of the Second Supplemental Indenture shall be amended in its entirety as follows:

"Section 3.03 Determination of Interest Rates Binding.

The determination of any Adjustable Interest Rate and/or Fixed Interest Rate by the applicable Remarketing Agent, OCTA or the Auction Agent shall be conclusive and binding upon the Notice Parties and the Bond Owners."

Section 3.03. Amendment to Section 3.07. Amendments of the Letter of Credit, Reimbursement Agreement or Liquidity Facility Upon Conversion.

Section 3.07 of the Second Supplemental Indenture shall be amended to add the following sentence at the end thereof:

"No Letter of Credit or Liquidity Facility shall be required for the Series 2003-B Bonds bearing interest at the OCIP Rate or the OCLTA Rate."

Section 3.04. Amendment to Section 3.08. Certain Additional Conditions.

Section 3.08 of the Second Supplemental Indenture shall be amended to add the following subsection:

"(f) Notwithstanding anything herein to the contrary, no Letter of Credit or Liquidity Facility shall be required for the Series 2003-B Bonds bearing interest at the OCIP Rate or the OCLTA Rate."

Section 3.05. Amendment to Section 3.10. Replacement Bonds.

Section 3.10 of the Second Supplemental Indenture shall be amended to add a reference to "Exhibit A-4" in the third line thereof.

ARTICLE IV

REDEMPTION AND PURCHASE OF SERIES 2003-B BONDS

Section 4.01. Section 4.01(a) Optional Redemption of Series 2003-B Bonds

Section 4.01(a) of the Second Supplemental Indenture shall be amended to add a subsection (vi) as follows:

"(vi) OCLTA Rate Period. The Series 2003-B Bonds bearing interest at the OCLTA Rate are subject to optional redemption by OCTA, in whole or in part, in Authorized Denominations, on any date during the OCLTA Rate Period at a Redemption Price equal to 100% of the principal being redeemed plus accrued interest, if any, to such Redemption Date, without premium."

Section 4.01(a) of the Second Supplemental shall be amended to add a subsection (vii) as follows:

"(vii) OCIP Rate Period. The Series 2003-B Bonds bearing interest at the OCIP Rate are subject to optional redemption by OCTA, in whole or in part, in Authorized Denominations, an any date during the OCIP Rate Period at the following Redemption Prices based on the principal being redeemed, plus accrued interest, if any, to such Redemption Date:

Redemption Period	Redemption Price
December 10, 2008 to and including December 9, 2009	101%
December 10, 2009 to and including June 9, 2010	100.5%
June 10, 2010 to and including December 9, 2010	100.25%

Section 4.02. Section 4.02(b) Optional Tender During OCIP Rate Period.

Section 4.02(b) of the Second Supplemental Indenture shall be amended to add the following paragraph at the end thereof:

"While a Series 2003-B Bond bears interest at the OCIP Rate, such Series 2003-B Bond, shall be purchased (in whole) from its Bond Owner at the option of the Bond Owner on December 10, 2009, at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, upon delivery to the Trustee at its Principal Office of an irrevocable written notice at least 90 days prior to such purchase date which states the principal amount of such Series 2003-B Bond to be purchased. The Trustee shall promptly send a copy of any notice delivered to it pursuant to this paragraph by facsimile to OCTA."

Section 4.02(g) of the Second Supplemental Indenture shall be amended to add the following sentence at the end thereof:

"Notwithstanding anything herein to the contrary, OCTA covenants and agrees to purchase any and all Series 2003-B Bonds from any legally available source of funds if a Series 2003-B Bond Owner who holds such bonds during the OCIP Rate Period exercises its option to tender the Series 2003-B Bonds as described in Section 4.02(b) hereof to the extent that there are insufficient funds in the Series 2003-B Bonds Remarketing Reimbursement Fund as of 11:00 am Pacific Time on the date of purchase to provide for the purchase of all such bonds from the sources described above. The Trustee shall give notice to OCTA of the amount of such insufficiency at 11:00 am Pacific Time, and OCTA shall no later than 11:30 am Pacific Time pay such amount to the Trustee who will transfer such amount to the Remarketing Reimbursement Funds and disburse said amount only to the tendering Owners of the Series 2003-B Bonds being purchased."

ARTICLE V

AMENDMENTS TO ARTICLE VI (REMARKETING AGENTS AND REMARKETING OF SERIES 2003-B BONDS) AND ARTICLE VII (LETTER OF CREDIT; LIQUIDITY FACILITY) OF THE SECOND SUPPLEMENTAL INDENTURE

Section 5.01. Section 6.01. Remarketing Agents for Series 2003-B Bonds

Section 6.01 of the Second Supplemental Indenture shall be amended to add the following sentence at the end thereof:

"Notwithstanding anything herein to the contrary, no Remarketing Agent shall be required in connection with the conversion of the interest rate on the Series 2003-B Bonds to the OCLTA Rate or the OCIP Rate."

Section 5.02. Section 6.02. Remarketing of Series 2003-B Bonds

Section 6.02 of the Second Supplemental Indenture shall be amended to add the following sentence at the end thereof:

"Notwithstanding anything herein to the contrary, (a) upon conversion of the interest rate on the Series 2003-B Bonds to the OCLTA Rate, the Series 2003-B Bonds shall be remarketed only to the Orange County Local Transportation Authority, and (b) upon conversion of the interest rate on the Series 2003-B Bonds to the OCIP Rate, the Series 2003-B Bonds shall be remarketed initially only to Chriss W. Street, Orange County Treasurer-Tax Collector, Orange County Treasury."

Section 5.03. Section 7.01. General

Section 7.01 of the Second Supplemental Indenture shall be amended to add the following sentence at the end thereof:

"Notwithstanding anything herein to the contrary, (a) upon conversion of the interest rate on the Series 2003-B Bonds to the OCLTA Rate or the OCIP Rate, no Letter of Credit or Liquidity Facility shall be required or in effect prior to the conversion of the interest rate on the Series 2003-B Bonds to the OCLTA Rate or the OCIP Rate."

ARTICLE VI

AMENDMENT TO SECTION 2.6 OF THE MASTER INDENTURE

Section 6.01. Section 2.6. Registration and Transfer and Exchange of Bonds; Persons Treated as Owners

Section 2.6 of the Master Indenture shall be amended to add the following sentence at the end thereof:

"Notwithstanding anything herein to the contrary, during the period the Series 2003-B Bonds bear interest at the OCLTA Rate they shall not be subject to transfer and during the period the Series 2003-B Bonds bear interest at the OCIP Rate, transfer of the Series 2003-B Bonds shall be restricted to purchasers who shall have executed and delivered to the Trustee an investor's letter in the form set forth in Exhibit A-4 of the Second Supplemental Indenture".

ARTICLE VII
MISCELLANEOUS

Except as expressly provided in this Third Supplemental Indenture to the contrary, the Trustee shall be subject to all of the duties, rights and obligations set forth in Article IX of the Master Indenture.

Section 7.01. Severability.

In case any one or more of the provisions of this Third Supplemental Indenture shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Third Supplemental Indenture or of any of the Series 2003-B Bonds, and this Third Supplemental Indenture and the Series 2003-B Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 7.02. Governing Law.

This Third Supplemental Indenture shall be governed by and construed in accordance with the laws of the State.

Section 7.03. Captions.

The captions in this Third Supplemental Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Third Supplemental Indenture.

Section 7.04. Counterparts.

This Third Supplemental Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 7.05. Incorporation by Reference of Master Indenture and Second Supplemental Indenture.

Except as in this Third Supplemental Indenture expressly provided, every term and condition contained in the Master Indenture and the Second Supplemental Indenture shall apply to this Third Supplemental Indenture and to the Series 2003-B Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Third Supplemental Indenture.

This Third Supplemental Indenture and all the terms and provisions herein contained shall form part of the Master Indenture and the Second Supplemental Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Master Indenture and the Second Supplemental Indenture. The Master Indenture and the Second Supplemental Indenture are hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

[End of Third Supplemental Indenture]

IN WITNESS WHEREOF, the parties hereto have executed this Third Supplemental Indenture by their officers thereunto duly authorized as of the date first written above.

ORANGE COUNTY TRANSPORTATION AUTHORITY

By ______________________________
Chief Executive Officer

Approved as to form:

____
Kennard R. Smart, Esq.
General Counsel to OCTA

U.S. BANK NATIONAL ASSOCIATION, as Successor Trustee

By ______________________________
Name ____________________________
Title _____________________________

EXHIBIT A-4

FORM OF SERIES 2003-B BOND
(ADJUSTABLE INTEREST RATE)
(OCLTA Rate and OCIP Rate)

ORANGE COUNTY TRANSPORTATION AUTHORITY
TOLL ROAD REVENUE REFUNDING BONDS (91 EXPRESS LANES)
SERIES 2003-B

No. R-___ $____________

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE SECOND SUPPLEMENTAL INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SERIES 2003-B BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

This Bond does not constitute a debt or liability of the State of California or any political subdivision thereof, other than the Orange County Transportation Authority or a pledge of the faith and the credit of the State of California or any political subdivision thereof, but shall be payable solely from the Pledged Funds.

Interest Rate	**Maturity Date**	**Original Issue Date**	**CUSIP**
As described herein.	December 15, 20[__]	November 12, 2003	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The ORANGE COUNTY TRANSPORTATION AUTHORITY, a public agency duly organized and existing under and pursuant to the laws of the State of California (the "Authority" or "Issuer"), for value received, hereby promises to pay (but only out of Pledged Funds) to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from the Original Issue Date until the principal hereof shall have been paid, at the interest rate per annum as provided in this Bond and the hereinafter defined Second Supplemental Indenture and Third Supplemental Indenture.

This Bond is one of a duly authorized issue of Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B (the "Bonds") of the designation indicated on the face hereof. Said authorized issue of Bonds is limited in aggregate principal amount as provided in said Second Supplemental Indenture, and consists or may consist of one or more series/Series of varying denominations, dates, maturities, interest rates and other provisions, as in said Master Indenture of Trust provided, all issued and to be issued pursuant to the provisions of Section 130240 of the California Public Utilities Code (the "Act"). This Bond is issued pursuant to a Master Indenture of Trust dated as of November 1, 2003, by and between the Authority and Wachovia Bank, National Association, as trustee (the "Predecessor Trustee"), as amended and supplemented, providing for the issuance of the Bonds, and a Second Supplemental Indenture, dated as of November 1, 2003, by and between the Authority and the Predecessor Trustee and a Third Supplemental Indenture, dated as of October 1, 2008, by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), setting forth the terms and authorizing the issuance of the Bonds (said Master Indenture of Trust as amended and supplemented, including as supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture, being the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture. Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Pledged Funds (as that term is defined in the Indenture), and the rights of the registered owners of the Bonds, and all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional bonds may be issued, and obligations may be incurred, on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Indenture.

The Bonds and the interest thereon (to the extent set forth in the Indenture), together with any obligations of the Authority payable from Pledged Funds on a parity basis with the Bonds (the "Parity Debt") outstanding and hereafter issued by the Authority, and the interest thereon, and any premium due upon the redemption thereof, are limited obligations payable from, and are secured by a charge and lien on, Pledged Funds, and certain funds held by the Trustee under the Indenture, in the lien priority specified therein. All of the Bonds and Parity Debt are equally secured by a pledge of, and charge and lien upon, all Pledged Funds, and the Pledged Funds constitute a trust fund for the security and payment of the interest on and principal of the Bonds, but nevertheless out of Pledged Funds certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds are limited obligations of the Authority and are payable, both as to principal and interest and as to any premium upon redemption thereof, out of the Pledged Funds and certain funds held by the Trustee under the Indenture.

The general fund of the Authority is not liable, and the credit or taxing power of the Authority is not pledged (other than as described above), for the payment of principal, premium, if any, or interest with respect to the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except Pledged Funds and certain funds held under the Indenture, in the lien priority specified therein.

Interest Rate. Interest on this Bond may accrue at a Daily Interest Rate, Weekly Interest Rate, Flexible Interest Term Rate, OCLTA Rate or Long-Term Interest Rate (including the OCIP Rate), all as provided in the Second Supplemental Indenture and the Third Supplemental Indenture.

Interest Payment and Record Dates. Interest hereon will be due and payable from the Interest Payment Date (as defined in the Second Supplemental Indenture and the Third Supplemental Indenture, as hereinafter provided) before the date of authentication hereof (unless this Bond is authenticated during the period after a Record Date (as defined in the Second Supplemental Indenture and the Third Supplemental Indenture) but on or before the next Interest Payment Date, in which event this Bond shall bear interest from that Interest Payment Date, or unless this Bond is authenticated prior to the first Record Date, in which event this Bond shall bear interest from the Original Issue Date (as set forth above), or unless at the time of authentication interest is in default, in which event it shall bear interest from the Interest Payment Date to which interest has been paid or provided for), until the principal amount hereof is paid or made available for payment. Prior to the Fixed Interest Rate Date (as defined in the Second Supplemental Indenture), interest with respect to this Bond shall be payable at an Adjustable Interest Rate (as defined in the Second Supplemental Indenture and the Third Supplemental Indenture) (except an Auction Rate (as defined in the Second Supplemental Indenture)) in effect from time to time. While this Bond bears interest at the Daily Interest Rate, Weekly Interest Rate, OCLTA Rate, OCIP Rate or Flexible Interest Term Rate (all as defined in the Second Supplemental Indenture and the Third Supplemental Indenture), interest shall be computed on the basis of actual days elapsed during the Interest Rate Period (as defined in the Second Supplemental Indenture and the Third Supplemental Indenture) and of a year consisting of 365 days (366 days in a leap year). During a Long-Term Interest Rate Period (as defined in the Second Supplemental Indenture) interest shall be computed on the basis of a year consisting of 360 days, consisting of 12 months of 30 days each.

Payment of Principal. Payment of principal on this Bond will be paid at the Maturity Date (as provided for above) upon surrender of such Bond to the Trustee or its agent except that if this Bond is a Book-Entry Bond, the Trustee may make other agreements for payment of principal. Principal and interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or drafts payable in such money. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

Redemption and Purchase. This Bond is subject to optional redemption and mandatory sinking fund redemption as more specifically provided in the Second Supplemental Indenture. During a Daily Interest Rate Period and a Weekly Interest Rate Period and upon delivery of a written notice by the Owner as provided in the Second Supplemental Indenture, this Bond shall be purchased (in whole) from its holder at the option of the holder on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the day immediately preceding the date of purchase, all as provided in the Second Supplemental Indenture. During the OCIP Rate Period and upon delivery of a written notice by the Owner as provided in the Third Supplemental Indenture, this Bond shall be purchased (in whole) from its holder at the option of the holder on December __, 2009, at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the day immediately preceding the date of purchase, all as provide din the Third Supplemental Indenture. This Bond is also subject to mandatory purchase under certain circumstances as provided in the Second Supplemental Indenture and the Third Supplemental Indenture.

Persons Deemed Owners. The Authority, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority, the Trustee and any paying agent shall not be affected by any notice to the contrary.

Amendment, Supplement, Waiver. The rights and obligations of the Authority and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds; provided, however, no amendment shall modify the rights or obligations of the Trustee without its prior written consent.

Conditions to Issuance. It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Authority pertaining to Pledged Funds, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or the Act.

Authentication. This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

Transferability. During the OCIP Rate Period, this Bond may only be transferred in Authorized Denominations (as defined in the Second Supplemental Indenture and the

Third Supplemental Indenture) to a transferred who executes and delivers to the Trustee an Investor Letter in the form attached hereto.

IN WITNESS WHEREOF, THE ORANGE COUNTY TRANSPORTATION AUTHORITY has caused this Bond to be executed in its name and on its behalf by its Chairman and countersigned by its Director of Finance and Administration and Treasurer, all as of the __ day of _________, 200_.

[SEAL]

ORANGE COUNTY TRANSPORTATION AUTHORITY

By ________________________________
Chairman

By ________________________________
Director of Finance and Administration and Treasurer

Approved as to form:

By: ____________________________
Kennard R. Smart, Esq.
General Counsel to OCTA

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. 21747BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and authenticated on the date set forth below.

Dated: _________, 200_

U.S. BANK NATIONAL ASSOCIATION, as Successor Trustee

By ________________________________
Authorized Signatory

ASSIGNMENT

For value received ____________________ hereby sell, assign and transfer unto ____________________________ (Tax I.D. Number: ________________________________) the within Bond and hereby irrevocably constitute and appoint ______________________________ attorney, to transfer the same on the books of the Authority at the office of the Trustee, with full power of substitution in the premises.

____

NOTE: The signature to this Assignment must correspond with the name on the face of within Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: ________________________________

Signature Guaranteed by:

____

NOTE: Signature must be guaranteed by an Eligible Guarantor Institution.

FORM OF INVESTOR LETTER

ATTACHMENT C

REMARKETING CIRCULAR

REMARKETING – NOT A NEW ISSUE—FULL BOOK-ENTRY **Ratings: See "RATINGS"**

$100,000,000
Orange County Transportation Authority
(Orange County, California)
Toll Road Revenue Refunding Bonds (91 Express Lanes),
$75,000,000 Series 2003-B-1
$25,000,000 Series 2003-B-2

Dated: Date of Delivery Due: As shown on inside cover page

This is a remarketing of the Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B-1 and Series 2003-B-2 (collectively, the "Series 2003-B Bonds") that were issued on November 12, 2003 by the Orange County Transportation Authority ("OCTA") pursuant to a Master Indenture of Trust, dated as of November 1, 2003 (as supplemented and amended from time to time pursuant to its terms, the "Indenture"), between OCTA and U.S. Bank National Association, a national banking association, as successor trustee (the "Trustee").

The Series 2003-B Bonds were originally issued to refinance certain then existing taxable indebtedness incurred in connection with the design, construction and installation of a ten mile toll road (the "Toll Road"), located in the median strip of the Riverside Freeway/California State Route 91, assumed by OCTA on January 3, 2003, and to reimburse OCTA for a portion of its prior payment of the costs of acquiring the Toll Road and certain other property and interests associated with the Toll Road.

The Series 2003-B Bonds are being remarketed in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Series 2003-B Bonds will not receive instruments representing their interests in the Series 2003-B Bonds purchased.

The Series 2003-B Bonds were originally issued as adjustable rate bonds. In connection with the mandatory tender of the Series 2003-B Bonds required by the Indenture and their remarketing pursuant hereto, the interest rate will be converted to a Long Term Interest Rate equal to the OCIP Rate, determined as provided in the Indenture. Individual purchases of the Series 2003-B Bonds being remarketed will be made in principal amounts of $25,000 and in any integral amount in excess of $25,000. While the Series 2003-B Bonds bear interest at the OCIP Rate, interest with respect to the Series 2003-B Bonds will be computed on the basis of a 365/366 day year for actual days elapsed and will be payable commencing on February 15, 2009 and each August 15 and February 15 thereafter, or if any August 15 or February 15 is not a Business Day, the next succeeding Business Day. The Series 2003-B Bonds will be subject to optional and mandatory tender for purchase at a purchase price equal to the principal thereof plus accrued interest thereon to the date of purchase, as provided in the Indenture. See "Description of the Series 2003-B Bonds."

This Remarketing Circular describes the provisions of Series 2003-B Bonds while in the OCIP Rate Period only.

The principal of, purchase price, premium, if any, and interest due with respect to the Series 2003-B Bonds will be paid by the Trustee to DTC. DTC will then remit such payments to the DTC Participants, which will in turn remit such payments to the beneficial owners of such Series 2003-B Bonds. See Appendix E - "Book-Entry Only System."

The Series 2003-B Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

The Series 2003-B Bonds are limited obligations of OCTA payable solely from, and secured solely by, the Pledged Funds (as defined in the Indenture), which consist primarily of toll revenues generated by the Toll Road and amounts held on deposit in certain funds and accounts held by the Trustee under the Indenture, all as more fully described herein under the caption "Security and Source of Payment for the Bonds." Pursuant to the Indenture, OCTA may issue additional bonds to refund the Series 2003-B Bonds and may secure certain other obligations secured on a parity basis with the Series 2003-B Bonds. See "Security and Source of Payment for the Bonds - Refunding Bonds, Parity Obligations, Subordinate Obligations."

The Series 2003-B Bonds are not secured by a legal or equitable pledge of, or a charge or lien upon, any property of OCTA or any income or revenues received by OCTA except the Pledged Funds. Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than OCTA, to the extent of the pledge of the Pledged Funds described herein, is pledged to the payment of the Series 2003-B Bonds.

Payment of the principal of and interest on the Series 2003-B Bonds when due is insured by a financial guaranty insurance policy that was issued by Ambac Assurance Corporation simultaneously with the original delivery of the Series 2003-B Bonds.

This cover page contains certain information for quick reference only. It is not a summary of this remarketing. Investors must read the entire Remarketing Circular to obtain information essential to the making of an informed investment decision.

In the opinion of Nossaman LLP, Los Angeles, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Series 2003-B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Series 2003-B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2003-B Bonds. See "Tax Exemption" herein.

The Series 2003-B Bonds are remarketed when, as and if remarketed and received by the Orange County Treasurer-Tax Collector, Orange County Treasury (the "Purchaser"), subject to the approval of validity by Bond Counsel and certain other conditions. Certain legal matters will be passed upon for OCTA by Bond Counsel and by Woodruff, Spradlin & Smart, Orange, California, general counsel to OCTA and for the Purchaser by County Counsel. It is anticipated that the Series 2003-B Bonds will be remarketed to the Purchaser on or about December ___, 2008.

The date of this Remarketing Circular is November 24, 2008.

MATURITY SCHEDULE

Orange County Transportation Authority
(Orange County, California)
Toll Road Revenue Refunding Bonds (91 Express Lanes)

$75,000,000 Series 2003-B-1 Bonds

Due December 15, 2030

Price: 100%

CUSIP: 68441MAA3

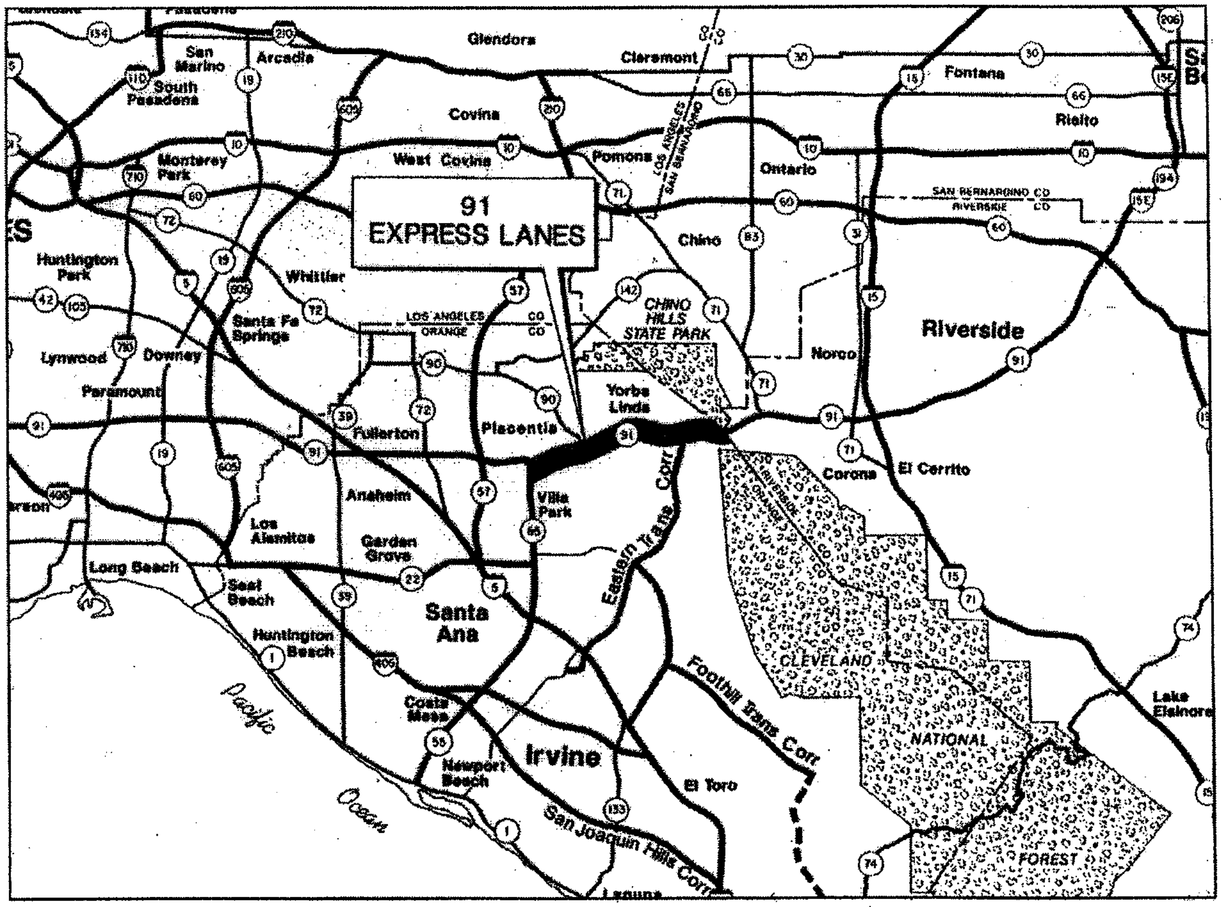
$25,000,000 Series 2003-B-2 Bonds

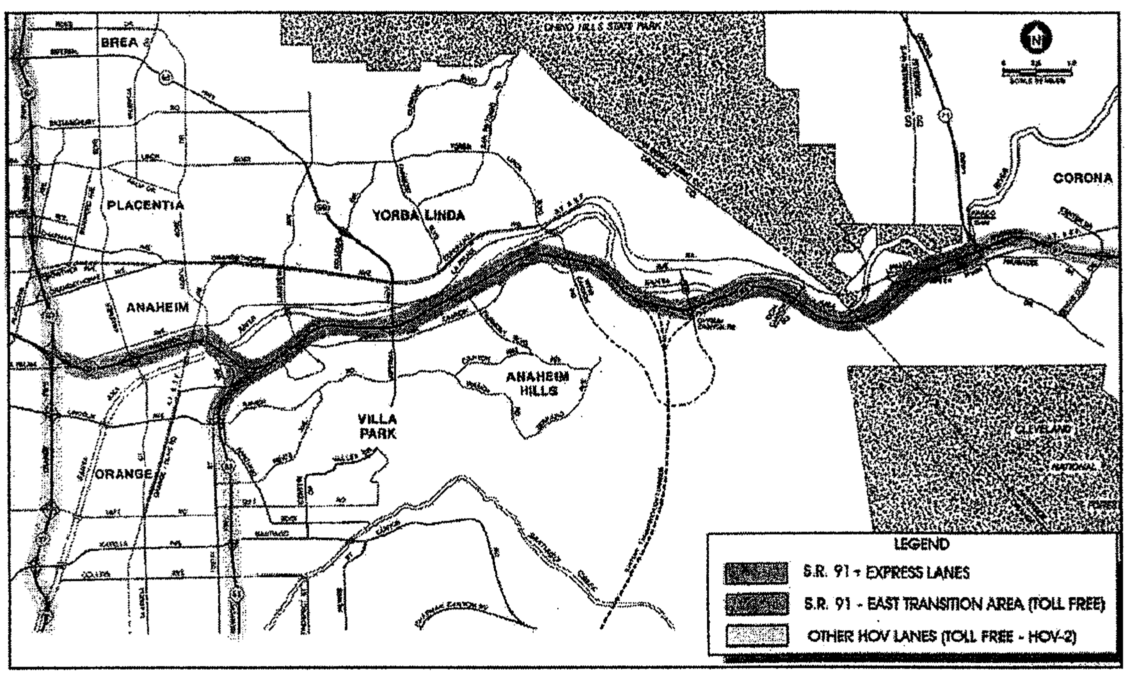
Due December 15, 2030

Price: 100%

CUSIP: 68441MAB1

91 EXPRESS LANES





ORANGE COUNTY TRANSPORTATION AUTHORITY

BOARD OF DIRECTORS

Chris Norby, Chairman (Board of Supervisors, Orange County)
Peter Buffa, Vice Chairman (Public Member)

Jerry Amante (Mayor, City of Tustin)
Patricia Bates (Board of Supervisors, Orange County)
Arthur C. Brown (City Council, City of Buena Park)
Bill Campbell (Board of Supervisors, Orange County)
Carolyn Cavecche, (Mayor, City of Orange)
Richard Dixon (City Council, City of Lake Forest)
Paul Glaab (Mayor, City of Laguna Niguel)
Cathy Green (City Council, City of Huntington Beach)
Allan Mansoor (Mayor Pro Tem, City of Costa Mesa)
John Moorlach (Board of Supervisors, Orange County)
Janet Nguyen (Board of Supervisors, Orange County)
Curt Pringle (Mayor, City of Anaheim)
Miguel A. Pulido (Mayor, City of Santa Ana)
Mark Rosen (Mayor Pro Tem, City of Garden Grove)
Gregory T. Winterbottom (Public Member)
Cindy Quon (Governor's Ex-Officio Member)

STAFF

Chief Executive Officer
Arthur T. Leahy

Deputy Chief Executive Officer
Paul C. Taylor

General Manager, Transit

Beth McCormick

Executive Director of Finance, Administration and Human Resources
James S. Kenan

Treasurer and General Manager, Tollroads
Kirk Avila

SPECIAL SERVICES

Financial Advisor
Sperry Capital Inc.
Sausalito, California

General Counsel
Woodruff, Spradlin & Smart, a professional corporation
Costa Mesa, California

Traffic and Revenue Consultant
Stantec
New York, New York

Trustee
U.S. Bank National Association
Los Angeles, California

Bond and Disclosure Counsel
Nossaman LLP
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by OCTA to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2003-B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Remarketing Circular is not to be construed as a contract with the Purchaser of the Series 2003-B Bonds. Statements contained in this Remarketing Circular which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

Certain statements in this Remarketing Circular, including, without limitation, statements set forth in the 91 Express Lanes Traffic and Revenue Study Update attached hereto as Appendix A, which may be identified by the use of such terms as plan, project, expect, estimate, budget or other similar words, constitute forward-looking statements. Such forward-looking statements refer to the achievement of certain results or other expectations or performance which involve known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward-looking statements. OCTA does not plan to issue updates or revisions to such forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.

The information set forth herein has been obtained from OCTA and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change since the date hereof in the affairs of OCTA or in any other matters which are material to the full and punctual payment of the Series 2003-B Bonds. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

This Remarketing Circular is submitted in connection with the sale of the Series 2003-B Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Remarketing Circular, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

The Series 2003-B Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

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REMARKETING CIRCULAR

$100,000,000
Orange County Transportation Authority
(Orange County, California)
Toll Road Revenue Refunding Bonds (91 Express Lanes),

$75,000,000 Series 2003-B-1

$25,000,000 Series 2003-B-2

INTRODUCTION

General

This Remarketing Circular sets forth certain information in connection with the remarketing of Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B-1 (the "Series 2003-B-1 Bonds") and Series 2003-B-2 (the "Series 2003-B-2 Bonds," and, together with the Series 2003-B-1 Bonds, hereinafter collectively referred to as the "Series 2003-B Bonds") that were originally issued on November 12, 2003 by the Orange County Transportation Authority ("OCTA"), a public agency created in 1991 to serve as an umbrella agency responsible for transportation matters within the County of Orange, California (the "County" or "Orange County"). See "The Orange County Transportation Authority" herein. The Series 2003-B Bonds were originally issued as adjustable rate bonds. In connection with the mandatory tender of the Series 2003-B Bonds and the remarketing contemplated hereby, the interest rate will be converted to a long term rate equal to the OCIP Rate.

This introduction is not a summary of the Remarketing Circular. It is only a brief description of and guide to, and is qualified by, the more complete and detailed information contained in the entire Remarketing Circular and the documents summarized or described herein. The remarketing of the Series 2003-B Bonds to potential investors is made only by means of the entire Remarketing Circular and, therefore, potential investors should carefully review the entire Remarketing Circular. All capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in Appendix C - "Summary of Certain Provisions of the Master Indenture of Trust - Definitions; Interpretations" or in the Master Indenture of Trust, dated as of November 1, 2003 (the "Master Indenture"), as supplemented and amended from time to time pursuant to its terms, including as supplemented and amended by a First Supplemental Indenture, dated as of November 1, 2003 (the "First Supplemental Indenture"), a Second Supplemental Indenture, dated as of November 1, 2003 (the "Second Supplemental Indenture"), and a Third Supplemental Indenture, dated as of November 1, 2008 (the "Third Supplemental Indenture, and, together with the Master Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, hereinafter collectively referred to as the "Indenture"), between OCTA and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States, as successor trustee (the "Trustee").

Authorization for Issuance and Remarketing of the Series 2003-B Bonds

The Series 2003-B Bonds were originally issued pursuant to authority granted under Section 130240 of the Public Utilities Code of the State of California (as more fully defined in the Indenture, "Act"), a resolution adopted by the Board of Directors of OCTA on October 27, 2003 (the "Resolution"), and the Indenture. The Series 2003-B Bonds are being remarketed pursuant to authority granted under the Indenture and a resolution adopted by the Board of Directors of OCTA on November 24, 2008 (the "Remarketing Resolution").

Plan of Conversion

The Bond Owners will be given notice of the date that the Series 2003-B Bonds outstanding will become subject to mandatory tender under the Indenture. Pursuant to the Third Supplemental Indenture, the interest rate will be converted to the OCIP Rate and the Series 2003-B Bonds will be remarketed pursuant to this Remarketing Circular and sold to Chris W. Street, Orange County Treasurer-Tax Collector, Orange County Treasury (the "Purchaser"). The proceeds from the remarketing of the Series 2003-B Bonds will be used to pay the purchase price of the Series 2003-B Bonds that are tendered for purchase on the purchase date.

Purpose and Application of Proceeds from Original Issue

On January 3, 2003, OCTA acquired a ten mile toll road (the "Toll Road"), located in the median strip of the Riverside Freeway/California State Route 91 ("SR 91"), and certain other property and interests associated therewith, pursuant to an Asset Purchase Agreement, dated as of November 25, 2002 (the "Asset Purchase Agreement"), by and between OCTA, California Private Transportation Company, L. P. ("CPTC") and CPTC, LLC ("CPTC, LLC"). Pursuant to the Asset Purchase Agreement, as consideration for the Toll Road and the related property and interests acquired, OCTA assumed $135,000,000 aggregate principal amount of existing taxable indebtedness issued by CPTC, LLC in connection with the design, construction and installation of the Toll Road and paid a cash purchase price of $72,500,000 (the "Toll Road Purchase Price"). The Series 2003 Bonds were originally issued to refinance such then existing taxable indebtedness and to reimburse OCTA for a portion of its prior payment of the Toll Road Purchase Price, all of which was paid from existing OCTA reserves. Proceeds of the Series 2003 Bonds were applied to refinance the then existing taxable indebtedness, to reimburse OCTA for a portion of its prior payment of the Toll Road Purchase Price, to fund a Reserve Fund established under the Indenture and to pay costs of issuance of the Series 2003 Bonds.

The Toll Road

The Toll Road is a four lane, ten mile toll road located in the median strip of SR 91 between the boundary line separating Orange County and Riverside County on the east and the interchange of SR 91 and California State Route 55 on the west. The Toll Road, which opened to traffic on December 27, 1995, was the first fully automated toll road in the world and the first toll road in the United States to employ variable pricing. See "The Toll Road."

Security and Source of Payment

The Series 2003-B Bonds are limited obligations of OCTA payable solely from, and secured solely by, the Pledged Funds, consisting of primarily of income derived by OCTA from vehicular usage of the Toll Road (as more fully defined in the Indenture, the "Tolls"), and moneys held on deposit in certain funds and accounts established under the Indenture. The Series 2003-B Bonds are further secured by a Reserve Fund and by a Supplemental Reserve Fund, each of which have been established with the Trustee. See "Security and Source of Payment for the Bonds."

Series 2003-B Bond Insurance

Payment of principal and interest with respect to the Series 2003-B Bonds as the same shall become due and payable are secured by a financial guaranty insurance policy (the "Series 2003-B Bond Insurance") issued by Ambac Assurance Corporation (the "Series 2003-B Bond Insurer" or "Ambac Assurance"). See "Series 2003-B Bond Insurance" and Appendix G - "Specimen Financial Guaranty Insurance Policy" herein.

No Liquidity Facility for the Series 2003-B Bonds

Pursuant to the Third Supplemental Indenture, while the Series 2003-B Bonds bear interest at the OCIP Rate, no Letter of Credit or Liquidity Facility shall be required or in effect to pay the purchase price of any Series 2003-B Bonds subject to optional and mandatory tender for purchase. In the event a Series 2003-B Bond Owner who holds such bonds during the OCIP Rate Period exercises its option to tender the Series 2003-B Bonds as set forth in the Third Supplemental Indenture, OCTA has covenanted to purchase any and all Series 2003-B Bonds from any legally available source of funds, to the extent that there are insufficient funds in the Series 2003-B Bonds Remarketing Reimbursement Fund for the Trustee to accomplish such purchase. See "Description of the Series 2003-B Bonds – Tender Provisions – Optional Tender Provisions."

No Remarketing Agent

Pursuant to the Third Supplemental Indenture, upon conversion of the interest rate on the Series 2003-B Bonds to the OCIP Rate, the Series 2003-B Bonds shall be initially remarketed only to the Purchaser. In the event the Purchaser exercises its right to cause an optional purchase of the Series 2003-B Bonds and prior to the mandatory tender of the Series 2003-B Bonds at the expiration of the OCIP Rate Period as described herein, OCTA shall appoint a firm to act as remarketing agent that shall satisfy the requirement of the Indenture, unless the Series 2003-B Bonds are to be converted to a Fixed Interest Rate or the OCLTA Rate.

Refunding Bonds Only; Parity Obligations; Subordinate Obligations

Pursuant to the Indenture, OCTA may issue additional bonds secured by a pledge and lien on the Pledged Funds on a parity basis with the Series 2003-B Bonds solely for refunding purposes. On November 12, 2003, concurrently with the issuance of the Series 2003-B Bonds, OCTA issued $95,265,000 principal amount of Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-A, $74,940,000 of which is still outstanding (the "Series 2003-A Bonds" and collectively with the Series 2003-B Bonds, the "Series 2003 Bonds"). The Series 2003 Bonds and any additional bonds issued for refunding purposes are hereinafter collectively referred to as the "Bonds." Pursuant to the Indenture, OCTA may secure amounts payable with respect to certain contracts and swaps (each, a "Parity Swap Agreement") entered into in connection with a Series of Bonds on a parity basis with the Bonds, including the Series 2003-B Bonds. OCTA entered into certain Parity Swap Agreements in connection with the original issuance of the Series 2003-B Bonds. See "Partiy Swap Agreements Related to Series 2003-B Bonds" below. Pursuant to the Indenture, OCTA may also issue obligations secured by a pledge and lien on the Pledged Funds subordinate to the pledge and lien securing the Bonds. See "Security and Source of Payment for the Bonds - Refunding Bonds, Parity Obligations, Subordinate Obligations."

Parity Swap Agreements Related to Series 2003-B Bonds

To achieve greater debt service savings than would otherwise be available under current market conditions in connection with the initial issuance of the Series 2003-B Bonds, OCTA entered into an interest rate swap agreement, dated November 12, 2003, with Lehman Brothers Special Financing Inc. in a notional amount equal to the principal amount of the 2003 Series B-1 Bonds and an interest rate swap agreement, dated November 12, 2003, with Bear Stearns Capital Markets Inc. in a notional amount equal to the principal amount of the Series 2003 B-2 Bonds. Each interest rate swap agreement (each a "Series 2003-B Parity Swap Agreement," and hereinafter collectively referred to as the "Series 2003-B Parity Swap Agreements") was expected to remain in effect for the term of the Series of Series 2003-B Bonds to which such Series 2003-B Parity Swap Agreement relates and provided that, subject to its terms and conditions, on a same day net payment basis determined by reference to its notional amount, OCTA would pay a fixed rate of 4.06227% to Lehman Brothers Special Financing Inc. and Bear Stearns Capital Markets Inc. (each a "Series 2003-B Swap Provider") and each Series 2003-B Swap Provider would pay a floating rate to OCTA, such floating rate for each Calculation Period to be equal to (i) 67% of LIBOR if the LIBOR Reference Rate determined on the Floating Rate Payer Payment Date of such Calculation Period (as such terms are defined in each Series 2003-B Parity Swap Agreement) is equal to or greater than 4.0% and (ii) the BMA Municipal Swap Index™ if the LIBOR Reference Rate, determined on the Floating Rate Determination Date (as such term is defined in each Series 2003-B Parity Swap Agreement) is less than 4.0%.

Payments under each Series 2003-B Parity Swap Agreement are payable solely from Pledged Funds. Regularly scheduled payments under each Series 2003-B Parity Swap Agreement are secured by a lien on the Pledged Funds on a parity with the lien which secures the Bonds, including the Series 2003-B Bonds, and payment of any termination payment due by OCTA in connection with each Series 2003-B Parity Swap Agreement is secured by a lien on the Pledged Funds which is subordinate to the lien which secures the Bonds, including the Series 2003-B Bonds. Payments due by OCTA in connection with each Series 2003-B Parity Swap Agreement, including termination payments, are insured by a surety bond that was issued by the Series 2003-B Bond Insurer on the effective date of the Series 2003-B Parity Swap Agreements.

In October, 2008, the obligations of Bear Stearns Capital Markets Inc. under the Series 2003-B Parity Swap Agreement with OCTA were assumed by JP Morgan.

In November, 2004, the Series 2003-B Parity Swap Agreement with Lehman Brothers Special Financing Inc. was assigned to Lehman Brothers Commercial Bank. In September, 2008, Lehman Brothers Holdings Inc. filed for protection under the federal bankruptcy laws; in October, 2008, Lehman Brothers Commercial Bank failed to make the payment due as required by the Series 2003-B Parity Swap Agreement with OCTA. Both such events constituted events of default under said Series 2003-B Parity Swap Agreement giving OCTA the option of terminating said Series 2003-B Parity Swap Agreement upon 20 days' notice.

The Series 2003-B Parity Swap Agreements do not affect the obligation of OCTA under the Indenture to pay principal of, premium, if any, and interest on the Series 2003-B Bonds from Pledged Funds.

In the event of an early termination of a Series 2003-B Parity Swap Agreement, a termination payment will be payable by either OCTA or the applicable Series 2003-B Swap Provider depending on the then current market value of the Series 2003-B Parity Swap Agreement. Any such termination payment payable by OCTA could be substantial. As of

November 3, 2008, the value of the termination payments, if each Series 2003-B Parity Swap Agreement was terminated based on the mid market swap curve, assuming functioning markets, and assuming that no party was in default under such Series 2003-B Parity Swap Agreement, was estimated by OCTA's financial advisor to be approximately $____ and $_____, respectively, payable by OCTA. Any early termination payments by OCTA are payable on a basis subordinate to the Series 2003-B Bonds.

Limited Obligations

The Bonds are not secured by a legal or equitable pledge of, or a charge or lien upon, any property of OCTA or any income or revenues received by OCTA except the Pledged Funds. Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than OCTA, to the extent of the pledge of the Pledged Funds described herein, is pledged to secure the Bonds.

Other

Brief descriptions of the Series 2003-B Bonds, the security and source of payment for the Bonds, including the Series 2003-B Bonds, the Indenture, the Series 2003-B Bond Insurance and certain other agreements entered into or assumed by OCTA in connection with the acquisition and operation of the Toll Road, and OCTA are presented herein. Such references and descriptions do not purport to be comprehensive or definitive. All references herein to various documents are qualified in their entirety by reference to the forms thereof, all of which are available at the offices of OCTA.

DESCRIPTION OF THE SERIES 2003-B BONDS

General Terms

The Series 2003-B Bonds will be remarketed only as fully registered bonds, without coupons. Each Series of Series 2003-B Bonds is registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2003-B Bonds. Individual purchases will be made in book-entry only form. Purchasers will not receive a certificate representing their beneficial ownership interest in the Series 2003-B Bonds. So long as Cede & Co. is the registered owner of the Series 2003-B Bonds, as nominee of DTC, references herein to Bondholders, Bond Owners, holders, Owners, Registered Owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Series 2003-B Bonds. So long as Cede & Co. is the registered owner of Series 2003-B Bonds, all payments due with respect to the Series 2003-B Bonds, including principal, purchase price, redemption premium, if any, and interest, will be made to Cede & Co., as nominee of DTC. See Appendix E - "Book - Entry Only System."

General Provisions Relating to Redemptions

Selection of Series 2003-B Bonds for Redemption. While the Series 2003-B Bonds are in book-entry only form and so long as DTC acts as securities depository for the Series 2003-B Bonds, whenever provision is made for the redemption of less than all of a Series of Series 2003-B Bonds, including less than all of the Series 2003-B Bonds of any maturity, the applicable provisions of the DTC book-entry only system shall apply. See Appendix E - "Book-Entry Only System." In the event use of the DTC book-entry only system is discontinued, whenever provision is made for the redemption of less than all of a Series of Series 2003-B Bonds, including the redemption of less than all of the Series 2003-B Bonds of any maturity, the Trustee shall redeem Series 2003-B Bonds in the order specified by OCTA in a written instrument received by the Trustee not less than forty-five (45) days prior to the date fixed for redemption. Pursuant to the Indenture, all redemptions shall be in a principal amount equal to an Authorized Denomination.

Notice of Redemption. In the event any Series 2003-B Bonds are called for redemption, the Trustee shall give notice of the redemption of such Series 2003-B Bonds by first-class mail at least thirty (30) days but not more than sixty (60) days, prior to the date of redemption, such notice to be given in the name of OCTA to the registered owners of the Series 2003-B Bonds to be redeemed, which notice shall (i) specify the Series 2003-B Bonds to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2003-B Bonds are to be redeemed, the CUSIP numbers of the Series 2003-B Bonds to be redeemed, (ii) state any condition to such redemption, (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Series 2003-B Bonds or portions thereof to be redeemed shall cease to bear interest, and (iv) state that a new Series 2003-B Bond of the same Series, maturing on the same date and bearing interest at the same rate and in the same principal amount as the unredeemed portion of any Series 2003-B Bond redeemed only in part will be registered in the name of and returned to the registered owner of any such Bond in exchange therefor. Such notice may set forth any additional information relating to such redemption. Neither the failure of any registered owner to receive any such notice nor any defect in any notice so given shall affect the sufficiency of the proceedings for the redemption of Series 2003-B Bonds. The Trustee shall also deliver a copy of each notice of redemption to the Registered Securities Depositories and the National Information Services.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Indenture relating to such Series 2003-B Bonds as are to be redeemed, and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2003-B Bonds or portions thereof so called for redemption shall become and be due and payable on the redemption date, interest thereon shall cease to accrue, such Series 2003-B Bonds or portions thereof shall cease to be entitled to any lien, benefit or security under the Indenture and the registered owners of such Series 2003-B Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2003-B Bonds

Terms of Series 2003-B Bonds. Each Series of Series 2003-B Bonds were originally issued as adjustable rate bonds. Once converted to the OCIP Rate, the Series 2003-B Bonds will be sold in the denomination of $[25,000] and in any integral amount in excess of $[25,000] (each, an "Authorized Denomination" with respect to the Series 2003-B Bonds while in an OCIP Rate Period), will be dated their date of delivery and will bear interest from such date. While the Series 2003-B Bonds bear interest at the OCIP Rate, interest with respect to the Series 2003-B Bonds will be computed on the basis of a 365/366 day year for actual days elapsed and will be payable commencing on February 15, 2009 and each August 15 and February 15 thereafter, or if any August 15 or February 15 is not a Business Day, the next succeeding Business Day. Except as otherwise described herein, the OCIP Rate is The Series 2003-B-1 Bonds will mature on December 15, 2030. The Series 2003-B-2 Bonds will mature on December 15, 2030.

The OCIP Rate for each Series of Series 2003-B Bonds shall be 3.85%, and shall apply to the period commencing on December 10, 2008 and ending on and including December 9, 2010.

Subsequent to December 9, 2010, the Interest Rate Period for each Series of Series 2003-B Bonds may be adjusted to an Auction Rate Period, a Daily Interest Rate Period, a Weekly Interest Rate Period, an OCLTA Rate Period, a Flexible Interest Rate Period, another Long-Term Interest Rate Period or a Fixed Interest Rate Period. Pursuant to the provisions of the Indenture, each Series of Series 2003-B Bonds will be subject to mandatory tender for purchase on the first day of each new Interest Rate Period for such Series of Series 2003-B Bonds.

This Remarketing Circular describes the provisions of Series 2003-B Bonds while in the OCIP Rate Period only.

Redemption Provisions.

Optional Redemption. While bearing interest at the OCIP Rate, each Series of Series 2003-B Bonds shall be subject to optional redemption by OCTA, in whole or in part, in Authorized Denominations, on an any date during the OCIP Rate Period at the following Redemption Prices based on the principal being redeemed, plus accrued interest, if any, to such Redemption Date:

Redemption Period	Redemption Price
December 10, 2008 to and including December 9, 2009	101%
December 10, 2009 to and including June 9, 2010	100.5%
June 10, 2010 to and including December 9, 2010	100.25%

Mandatory Redemption. The Series 2003-B-1 Bonds shall be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Payment Date (August 15)	Sinking Account Payment Amount
2021	$4,595,000
2022	6,505,000
2023	6,800,000
2024	7,105,000
2025	7,435,000
2026	7,770,000
2027	8,130,000
2028	8,495,000
2029	8,885,000
2030	8,530,000

Sinking Account Payment Date (December 15)	Sinking Account Payment Amount
2030*	$750,000

* Final Maturity

The Series 2003-B-2 Bonds shall be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Payment Date (August 15)	Sinking Account Payment Amount
2021	$1,530,000
2022	2,165,000
2023	2,265,000
2024	2,375,000
2025	2,480,000
2026	2,595,000
2027	2,705,000
2028	2,835,000
2029	2,960,000
2030	2,840,000

Sinking Account Payment Date (December 15)	Sinking Account Payment Amount
2030*	$250,000

* Final Maturity

Mandatory Tender for Repurchase. Each Series of Series 2003-B Bonds shall be subject to mandatory tender for repurchase by or for the benefit of OCTA on the same dates, in the same amounts, at the same prices, upon the same notification, and subject in all respects to the same provisions as are applicable to the calling of such Series of Series 2003-B Bonds for redemption, provided that no Series 2003-B Bond repurchased by or on behalf of OCTA shall be remarketed after a period of thirty (30) days unless OCTA delivers to the Trustee an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on Bonds issued on a tax-exempt basis.

Optional Tender Provisions. While a Series 2003-B Bond bears interest at the OCIP Rate, such Series 2003-B Bond shall be purchased (in whole) from its Bond Owner at the option of the Bond Owner on December 10, 2009, at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, upon delivery to the Trustee at its Principal Office of an irrevocable written notice at least 90 days prior to such purchase date which states the principal amount of such Series 2003-B Bond to be purchased. The Trustee shall promptly send a copy of any notice delivered to it pursuant to this paragraph by facsimile to OCTA

Mandatory Tender for Purchase on First Day of New Interest Rate Period. Each Series of Series 2003-B Bonds shall be subject to mandatory tender for purchase on the first day of a new Interest Rate Period for such Series of Series 2003-B Bonds at a purchase price, payable from Available Moneys, equal to the principal amount of and accrued interest on such Series of Series 2003-B Bonds, to, but not including, the date of purchase.

Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of Series 2003-B Bonds in accordance with the provisions of the Indenture described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," the Trustee shall give written notice of a mandatory tender for purchase as a part of the notice given in connection with adjustment of the Interest Rate Period. Such notice shall: (i) in the case of a mandatory tender for purchase given in connection with adjustment of the Interest Rate Period, state the type of Interest Rate Period to commence on such Mandatory Purchase Date; (ii) state that the purchase price of any Series 2003-B Bond so subject to mandatory purchase shall be payable only upon surrender of such Series 2003-B Bond to the Trustee at its Principal Office for delivery of Series 2003-B Bonds accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the holder thereof or his duly authorized agent or attorney in fact, with such signature guaranteed by an eligible guarantor institution; (iii) state that, provided that moneys sufficient to effect such purchase have been provided through the remarketing of such Series 2003-B Bonds, all Series 2003-B Bonds so subject to mandatory tender for purchase shall be purchased on the Mandatory Purchase Date, and that if any Owner of the Series 2003-B Bond subject to mandatory tender for purchase shall not surrender such Series 2003-B Bond to the Trustee for purchase on such Mandatory Purchase Date, and moneys sufficient to pay the purchase price thereof are on deposit with the Trustee, then such Series 2003-B Bond shall be deemed to be an "Undelivered Bond," and that no interest shall accrue thereon on and after such Mandatory Purchase Date to the former holder thereof and that such former holder shall have no rights under the Indenture, other than to receive payment of the purchase price thereof; and (iv) in the event that moneys sufficient to pay the purchase price of such Series 2003-B Bonds have not been provided to the Trustee through the remarketing of such Series 2003-B Bonds, state that such Series 2003-B Bonds shall not be purchased or deemed purchased and shall continue to bear interest as if such failed purchase shall not have occurred.

Notice of Election to Tender Series 2003-B Bonds Deemed Irrevocable; Undelivered Series 2003-B Bonds. The giving of notice by an Owner of the Series 2003-B Bond as provided in the Indenture shall constitute the irrevocable tender for purchase of each such Series 2003-B Bond with respect to which such notice shall have been given, regardless of whether such Series 2003-B Bond is delivered to the Trustee for purchase on the relevant purchase date as provided in the Indenture; provided that moneys sufficient to pay the purchase price of such Series 2003-B Bond are on deposit with the Trustee for such purpose. If funds in the amount of the purchase price of the Series 2003-B Bonds are available for payment to the holder thereof on the date and at the time specified, from and after the date and time of such required delivery: (A) each Series 2003-B Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding;

(B) interest shall no longer accrue thereon; and (C) funds in the amount of the purchase price of each such Series 2003-B Bond shall be held by the Trustee for the benefit of the former holder thereof (provided that such holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Series 2003-B to the Trustee at its Principal Office for delivery of Series 2003-B Bonds.

Limitations on Remarketing. No Remarketing Agent shall be required in connection with the conversion of the interest rate on the Series 2003-B Bonds to the OCLTA Rate or the OCIP Rate.

Sources of Funds for Purchase of Series 2003-B Bonds. Series 2003-B Bonds required to be purchased pursuant to the provisions of the Indenture described above under the caption "Optional Tender Provisions" and under the caption "Mandatory Tender Provisions" shall be purchased from the Owners thereof, on the date and at the purchase price at which such applicable Series 2003-B Bonds are required to be purchased. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(i) proceeds of the sale of such Series 2003-B Bonds remarketed to any Person (other than OCTA) pursuant to the provisions of the Indenture and furnished to the Trustee for deposit into the applicable Remarketing Proceeds Subaccount of the Series 2003-B Remarketing Reimbursement Fund, such proceeds to be furnished to the Trustee for deposit into the applicable Remarketing Proceeds Subaccount by the time specified in the Indenture; and

(ii) Available Moneys (other than those provided in (i) above) furnished to the Trustee and deposited into the Available Moneys Subaccount of the Series 2003-B Remarketing Reimbursement Fund.

Notwithstanding anything herein to the contrary, OCTA covenants and agrees to purchase any and all Series 2003-B Bonds from any legally available source of funds if a Series 2003-B Bond Owner who holds such bonds during the OCIP Rate Period exercises its option to tender the Series 2003-B Bonds as described above under the caption "Optional Tender Provisions" to the extent that there are insufficient funds in the Series 2003-B Bonds Remarketing Reimbursement Fund as of 11:00 am Pacific Time on the date of purchase to provide for the purchase of all such bonds from the sources described above. The Trustee shall give notice to OCTA of the amount of such insufficiency at 11:00 am Pacific Time, and OCTA shall no later than 11:30 am Pacific Time pay such amount to the Trustee who will transfer such amount to the Remarketing Reimbursement Funds and disburse said amount only to the tendering Owners of the Series 2003-B Bonds being purchased.

In the event moneys on deposit with the Trustee are insufficient to pay the purchase price of the applicable Series 2003-B Bonds to be purchased pursuant to mandatory tender, the Trustee shall determine the Series 2003-B Bonds tendered for purchase with respect to which such insufficiency exists by lot from those Series 2003-B Bonds tendered for purchase and shall return such appropriate Series 2003-B Bonds to the Owners thereof together with notice of such insufficiency and the Owners thereof shall thereafter have the right to again tender such Series 2003-B Bonds for purchase to the extent provided by the Indenture, and no such insufficiency shall constitute an Event of Default under the Indenture.

Payment of Purchase Price. For payment of the purchase price of any Series 2003-B Bond required to be purchased pursuant to the provisions of the Indenture on the date specified, such Series 2003-B Bond must be delivered, at or prior to 12:00 noon, New York City time, on the purchase date, to the Trustee at its Principal Office for delivery of Series 2003-B Bonds accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the holder thereof or his duly authorized agent or attorney in fact, with such signature guaranteed by an eligible guarantor institution. In the event any such Series 2003-B Bond is delivered after 12:00 noon, New York City time, on the purchase date, payment of the purchase price of such Series 2003-B Bond need not be made until the Business Day next following the date of delivery of such Series 2003-B Bond, as the case may be, but such Series 2003-B Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon from and after such date. Notwithstanding the foregoing, as long as any Series 2003-B Bond required to be purchased is a Book Entry Bond, no physical delivery of such Series 2003-B Bond will be required and the transfer provisions of the Securities Depository shall be applicable.

Interest Rate Periods. Pursuant to the provisions of the Indenture, each Series of Series 2003-B Bonds may bear interest at a Weekly Interest Rate, an OCLTA Rate, an Auction Rate, a Daily Interest Rate, Flexible Interest Term Rates, a Long-Term Interest Rate (including the OCIP Rate) or a Fixed Interest Rate.

If, by the second Business Day next preceding the twenty ninth day prior to the last day of the OCIP Rate Period with respect to the Series 2003-B Bonds, the Trustee has not received notice of OCTA's election that, during the next succeeding Interest Rate Period, the Series 2003-B Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, Flexible Interest Term Rates, a Fixed Interest Rate, an OCLTA Rate or another Long Term Interest Rate, then the next succeeding Interest Rate Period with respect to the Series 2003-B Bonds shall be the OCLTA Rate provided OCTA shall have received a Favorable Opinion of Bond Counsel and, until such time as OCTA elects a new Interest Rate Period, as provided in the Indenture, the Series 2003-B Bonds shall be subject to mandatory purchase by OCTA as provided in the Indenture on the first day of such OCLTA Rate Period.

This Remarketing Circular describes the provisions of the Series 2003-B Bonds while in the OCIP Rate Period only.

Conversion to Auction Rate Period

OCTA Direction. OCTA may, from time to time, by written direction to the Trustee, the applicable Remarketing Agent, the Liquidity Facility Providers and the Series 2003-B Bond Insurer (hereinafter referred to as the "Notice Parties"), elect that a Series of Series 2003-B Bonds shall bear interest at an Auction Rate. Such direction of OCTA shall specify: (1) the proposed effective date of the Conversion to an Auction Rate, which shall be (a) a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction and (b) the day immediately following the last day of the OCIP Rate Period or a day on which the Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to the Indenture if such Conversion did not occur; provided that, if prior to OCTA making such election any Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Auction Rate Period shall not precede such redemption date; and (2) the initial Auction Rate Period for such Series of Series 2003-B Bonds.

Notice of Conversion to Auction Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to an Auction Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than thirty (30) days prior to the effective date of such Auction Rate Period. Such notice shall be given by Mail and shall state: (1) that the interest rate on the Series 2003-B Bonds shall be converted to an Auction Rate; (2) the effective date of such Auction Rate Period; and (3) that the Series 2003-B Bonds are subject to mandatory tender for purchase on such effective date of such Auction Rate Period. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series of Series 2003-B Bonds shall not be purchased or deemed purchased.

Conversion to Weekly Interest Rate Period

OCTA Direction. OCTA may, from time to time, by written direction to the Notice Parties, elect that a Series of Series 2003-B Bonds shall bear interest at a Weekly Interest Rate. The direction of OCTA shall specify: (1) the effective date of such Conversion to a Weekly Interest Rate, which shall be (a) a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction and (b) the day immediately following the last day of such OCIP Rate Period with respect to such Series of Series 2003-B Bonds or a day on which the Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to the Indenture if such Conversion did not occur; provided that, if prior to OCTA making such election any such Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Weekly Interest Rate Period shall not precede such redemption date; and (2) the date of delivery of such Series of Series 2003-B Bonds to be purchased (if other than the effective date of such Conversion).

Notice of Conversion to Weekly Interest Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to a Weekly Interest Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than thirty (30) days prior to the effective date of such Weekly Interest Rate Period. Such notice shall be given by Mail and shall state: (1) that the interest rate on the Series 2003-B Bonds will be converted to a Weekly Interest Rate; (2) the effective date of such Weekly Interest Rate Period; and (3) that such Series 2003-B Bonds are subject to mandatory tender for purchase on such effective date. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series of Series 2003-B Bonds shall not be purchased or deemed purchased.

Conversion to Daily Interest Rate Period

OCTA Direction. OCTA may, from time to time, by written direction to the Notice Parties, elect that a Series of Series 2003-B Bonds shall bear interest at a Daily Interest Rate. The direction of OCTA shall specify: (1) the effective date of such Conversion to a Daily Interest Rate, which shall be (a) a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction and (b) the day immediately following the last day of such OCIP Rate Period with respect to such Series of Series 2003-B Bonds or a day on which such Series of Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to the Indenture if such Conversion did not occur; provided that, if prior to OCTA making such election any such Series of Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Daily Interest Rate Period shall not precede such redemption date; and (2) the date of delivery of such Series of Series 2003-B Bonds to be purchased (if other than the effective date of such Conversion).

Notice of Conversion to Daily Interest Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to a Daily Interest Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than thirty (30) days prior to the effective date of such Daily Interest Rate Period. Such notice shall be given by Mail and shall state: (1) that the interest rate on the Series 2003-B Bonds will be converted to a Daily Interest Rate; (2) the effective date of such Daily Interest Rate Period; and (3) that such Series 2003-B Bonds are subject to mandatory tender for purchase on such effective date. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series of Series 2003-B Bonds shall not be purchased or deemed purchased.

Conversion to Flexible Interest Rate Period

OCTA Direction. OCTA may, from time to time, by written direction to the Notice Parties, elect that a Series of Series 2003-B Bonds shall bear interest at Flexible Interest Term Rates, provided that the Liquidity Facility then in effect or to be in effect on the Conversion Date has an interest component of at least 270 days of interest coverage and OCTA has received a Rating Confirmation. Such direction of OCTA shall specify: (1) the effective date of the Flexible Interest Rate Period (during which such Series of Series 2003-B Bonds shall bear interest at Flexible Interest Term Rates), which shall be (a) a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction and (b) the day immediately following the last day of such OCIP Rate Period with respect to such Series of Series 2003-B Bonds or a day on which the Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to the Indenture if such Conversion did not occur; provided that, if prior to OCTA making such election any Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Flexible Interest Rate Period shall not precede such redemption date; and (2) the date of delivery of such Series of Series 2003-B Bonds to be purchased (if other than such effective date of such Conversion).

Notice of Conversion to Flexible Interest Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to a Flexible Interest Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than thirty (30) days prior to the effective date of such Flexible Interest Rate Period. Such notice shall be given by Mail and shall state: (1) that the interest rate on the Series 2003-B Bonds will be converted to Flexible Interest Term Rates; (2) that during such Flexible Interest Rate Period, each Series 2003-B Bond of the affected Series will have one or more consecutive Flexible Interest Terms during each of which such affected Series 2003-B Bond will bear a Flexible Interest Term Rate; (3) the effective date of such Flexible Interest Rate Period; and (4) that such Series 2003-B Bonds are subject to mandatory tender for purchase on the effective date of such Flexible Interest Rate Period. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series of Series 2003-B Bonds shall not be purchased or deemed purchased.

Conversion to Long Term Interest Rate Period

OCTA Direction. OCTA may, from time to time, by written direction to the Notice Parties, elect that a Series of Series 2003-B Bonds shall bear interest at a Long Term Interest Rate, provided that, in the event the duration of the

Long-Term Interest Rate Period is less than two (2) years or the Long-Term Interest Rate Period is not effective to the maturity date of such Series of Series 2003-B Bonds, a Liquidity Facility then in effect provides sufficient interest coverage. The direction of OCTA: (a) shall specify the duration of the Long Term Interest Rate Period (which shall be 271 days or longer) during which such Series of Series 2003-B Bonds shall bear interest at a Long-Term Interest Rate; (b) shall specify the effective date of the Long Term Interest Rate Period, which date shall be (i) a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction, and (ii) the day immediately following the last day of the OCIP Rate Period with respect to such Series of Series 2003-B Bonds or a day on which the Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to the Indenture if such Conversion did not occur; provided that, if prior to OCTA making such election any such Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Long-Term Interest Rate Period shall not precede such redemption date; (c) shall specify the last day of the Long Term Interest Rate Period (which last day shall be either the maturity date of such Series of Series 2003-B Bonds, or a day which both immediately precedes a Business Day and is at least 271 days after the effective date thereof); and (d) shall specify a date on or prior to which Bond Owners of such Series of Series 2003-B Bonds are required to deliver such Series 2003-B Bonds to be purchased (if other than the effective date of such Conversion).

Notice of Conversion to Long-Term Interest Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to a Long-Term Interest Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than thirty (30) days prior to the effective date of such Long-Term Interest Rate Period. Such notice shall be given by Mail and shall state: (1) that the interest rate on such Series of Series 2003-B Bonds will be converted to a Long-Term Interest Rate; (2) the effective date and the last day of such Long-Term Interest Rate Period; and (3) that such Series of Series 2003-B Bonds are subject to mandatory tender for purchase on such effective date. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series of Series 2003-B Bonds shall not be purchased or deemed purchased.

Conversion to OCLTA Rate Period

OCTA Direction. OCTA may, at its option, elect that a Series of Series 2003-B Bonds shall bear interest at an OCLTA Rate. OCTA shall exercise such option by giving notice to the Notice Parties of its election to convert the interest payable with respect to such Series of Series 2003-B Bonds to an OCLTA Rate. The direction of OCTA shall specify (1) the effective date of such Conversion to an OCLTA Rate, which shall be (a) a Business Day not earlier than the thirtieth day following the second Business Day after receipt by the Trustee of such direction; (b) the day immediately following the last day of the OCIP Rate Period with respect to such Series of Series 2003-B Bonds or a day on which such Series 2003-B Bonds would otherwise be subject to optional redemption pursuant to the Indenture if such Conversion did not occur; provided that, if prior to OCTA making such election any such Series 2003-B Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such OCLTA Rate Period shall not precede such redemption date; and (2) the date of delivery of such Series 2003-B Bonds to be purchased (if other than the effective date) of such Conversion.

Notice of Conversion to OCLTA Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to an OCLTA Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than fifteen (15) days prior to the effective date of the OCLTA Rate Period. Such notice shall be given by Mail and shall state: (A) that the interest rate with respect to such Series of Series 2003-B Bonds will be converted to and OCLTA Rate; (B) the effective date of such OCLTA Rate Period; (C) that all Outstanding Series 2003-B Bonds of such Series are subject to mandatory tender for purchase on such effective date. Such notice shall also set forth the applicable purchase price and shall state that in the event that any condition to the proposed Conversion shall not be satisfied, then the Interest Rate Period shall not be converted and such Series 2003-B Bonds shall not be purchased or deemed purchased.

Conversion to Fixed Interest Rate Period

OCTA Direction. OCTA may, at its option, elect that a Series of Series 2003-B Bonds shall bear interest at a Fixed Interest Rate. OCTA shall exercise such option by giving, not less than thirty (30) days prior to the Fixed Interest Rate Date, notice to the Notice Parties of its election to convert the interest payable with respect to such Series of Series

2003-B Bonds to a Fixed Interest Rate. Such notice shall specify the Fixed Interest Rate Date, which may be any Business Day.

Notice of Conversion to Fixed Interest Rate Period. The Trustee shall give notice, together with the notice described above under the caption "Mandatory Tender for Purchase on First Day of New Interest Rate Period," of a Conversion to the Fixed Interest Rate Period to the Notice Parties, the Bond Owners of the Series of Series 2003-B Bonds being converted and, if a book-entry system is then in effect, to the Securities Depository, not less than thirty (30) days prior to the effective date of the Fixed Interest Rate Period. Such notice shall be given by Mail and shall state: (A) that the interest rate with respect to such Series of Series 2003-B Bonds will be converted to a Fixed Interest Rate; (B) the Fixed Interest Rate Date; (C) that all Outstanding Series 2003-B Bonds of such Series will be purchased on the Fixed Interest Rate Date; and (D) that on and after said Conversion Date, the Bond Owners shall be deemed to have tendered their Series 2003-B Bonds as of the Fixed Interest Rate Date to the Trustee.

Conditions to Conversion. Pursuant to the provisions of the Indenture, in order to convert a Series of Series 2003-B Bonds from the OCIP Rate Period to a Long-Term Interest Rate Period or the Fixed Interest Rate Period, OCTA shall cause to be provided to the Notice Parties a Favorable Opinion of Bond Counsel on the effective date of such Conversion.

In addition to the delivery of a Favorable Opinion of Bond Counsel in connection with conversion from the OCIP Rate Period to a Long-Term Interest Rate Period or a Fixed Interest Rate Period, no Conversion from the OCIP Rate Period to another Interest Rate Period shall take effect unless each of the following conditions shall have been satisfied:

(1) With respect to the new Interest Rate Period (except for a Fixed Interest Period, a Long-Term Interest Rate Period effective to the maturity date of the Series 2003-B Bonds, a Long-Term Interest Rate Period with a duration of two (2) years or longer or an Auction Rate Period), there shall be in effect a Liquidity Facility providing sufficient funds thereunder to satisfy the requirements of the Rating Agencies for the new Interest Rate Period;

(2) In the case of any Conversion with respect to which there shall be no Liquidity Facility in effect to provide funds for the purchase of such Series 2003-B Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date shall not be less than the amount required to purchase all of the Series 2003-B Bonds being converted at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case, at a purchase price equal to the principal amount thereof; and

(3) In the case of any Conversion of a Series of Series 2003-B Bonds to an Auction Rate Period prior to the Conversion Date, OCTA shall have appointed an Auction Agent and a Broker Dealer with respect to such Series of Series 2003-B Bonds, and there shall have been executed and delivered with respect to such Series of Series 2003-B Bonds an Auction Agreement and a Broker-Dealer Agreement.

Failure to Meet Conditions. In the event that any condition to the Conversion of a Series of Series 2003-B Bonds (including the delivery of a Favorable Opinion of Bond Counsel if required) shall not have been satisfied, then the Interest Rate Period with respect to such Series of Series 2003-B Bonds shall not be converted, such Series of Series 2003-B Bonds shall not be purchased or deemed purchased on the proposed Conversion Date, and such Series 2003-B Bonds shall continue to bear interest at such OCIP Rate until such Series of Series 2003-B Bonds are converted to a different Interest Rate Period in accordance with the provisions of the Indenture.

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DEBT SERVICE

The table below sets forth principal and interest payments for the Series 2003 Bonds.

Fiscal Year Ending June 30	Series 2003-A Bonds Principal	Series 2003-A Bonds Interest	Series 2003-B-1 Bonds (1) Principal	Series 2003-B-1 Bonds (1) Interest	Series 2003-B-2 Bonds (2) Principal	Series 2003-B-2 Bonds (2) Interest	Total Debt Service
2009	$4,345,000.00	$3,847,606.25		$5,319,702.50		$1,487,691.50	$15,000,000.00
2010	4,515,000.00	3,680,631.25		3,887,500.00		962,500.00	13,087,681.25
2011	4,740,000.00	3,454,900.00		4,216,250.00		1,238,750.00	13,692,316.00
2012	4,980,000.00	3,211,900.00		4,545,000.00		1,015,567.50	13,795,249.50
2013	5,245,000.00	2,946,440.63		4,545,000.00		1,015,567.50	13,795,157.13
2014	5,525,000.00	2,667,356.25		4,545,000.00		1,015,567.50	13,796,438.75
2015	5,815,000.00	2,376,587.50		4,545,000.00		1,015,567.50	13,796,036.00
2016	6,130,000.00	2,063,031.25		4,545,000.00		1,015,567.50	13,797,845.75
2017	6,460,000.00	1,732,543.75		4,545,000.00		1,015,567.50	13,797,725.25
2018	6,800,000.00	1,392,968.75		4,545,000.00		1,015,567.50	13,798,516.25
2019	7,150,000.00	1,044,218.75		4,545,000.00		1,015,567.50	13,800,132.25
2020	7,515,000.00	677,593.75		4,545,000.00		1,015,567.50	13,798,873.25
2021	7,900,000.00	292,218.75		4,545,000.00		1,015,567.50	13,798,865.25
2022	2,165,000.00	47,359.38	$4,595,000.00	4,405,771.50	$1,530,000.00	984,491.13	13,774,067.01
2023			6,505,000.00	4,069,441.50	2,165,000.00	909,440.69	13,695,693.19
2024			6,800,000.00	3,666,300.00	2,265,000.00	819,461.41	13,597,938.41
2025			7,105,000.00	3,244,978.50	2,375,000.00	725,216.75	13,497,739.25
2026			7,435,000.00	2,804,416.50	2,480,000.00	626,605.15	13,393,931.65
2027			7,770,000.00	2,343,705.00	2,595,000.00	523,525.05	13,280,506.05
2028			8,130,000.00	1,861,935.00	2,705,000.00	415,874,89	12,745,577.00
2029			8,495,000.00	1,358,197.50	2,835,000.00	303,350,01	12,737,206.50
2030			8,885,000.00	831,583.50	2,960,000.00	185,645.74	12,911,604.24
2031			9,280,000.00	296,334.00	3,090,000.00	66,147.30	12,782,222.30
Total	$79,285,000.00	$29,435,356.25	$75,000,000.00	$83,756,115.50	$25,000,000.00	$18,685,149.72	$312,171,322.22

(1) The Series-B-1 Bonds debt service assumes the debt service on the weekly VRDBs, the private placement and certain costs associated with the Lehman Brothers swap in FY 2009; assumes the private placement and certain costs associated with the Lehman Brothers swap in FY 2010 and FY 2011; and after the maturity of the two year private placement assumes a 6.06 % interest rate based on the Bond Buyer 25 Year Revenue Bond Index

(2) The Series-B-2 Bonds debt service assumes the debt service on the weekly VRDBs and the private placement in FY 2009; assumes the private placement rate in FY 2010; and assumes assumes the private placement rate until maturity in FY 2011 and assumes a 4.06277% interest rate pursuant to the JP Morgan swap thereafter.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The Bonds, including the Series 2003-B Bonds, are limited obligations of OCTA, payable solely from, and secured solely by, the Pledged Funds, consisting primarily of Tolls, and moneys held on deposit in certain funds and accounts established under the Indenture.

Pledged Funds; Revenues; Tolls

Pledged Funds include: (i) Revenues and (ii) all amounts on deposit in any fund or account held by or for the benefit of the Trustee under the Indenture excluding amounts on deposit in the Rebate Fund, the Major Maintenance Reserve Fund, the Operating Reserve Fund, any Series Credit Facility Fund, the Series 2003-B Remarketing Reimbursement Fund and amounts on deposit in such other funds or accounts as may be established pursuant to a Supplemental Indenture which provides that amounts on deposit in such funds and accounts shall not constitute Pledged Funds. As defined in the Indenture, Revenues do not include rebates of premiums received by OCTA or by the Trustee in connection with insurance policies maintained by or for either of them or, except as specifically provided by the Indenture, the proceeds of any Bonds or indebtedness issued or incurred by OCTA.

Revenues are comprised of (a) the Tolls, (b) earnings derived from the investment of moneys in the funds and accounts established under the Indenture (whether held by the Trustee or by OCTA) excluding the Rebate Fund, the Major Maintenance Reserve Fund, the Operating Reserve Fund, any Series Credit Facility Fund and the Series 2003-B Remarketing Reimbursement Fund, (c) liquidated damages or similar payments (net of offsets required or permitted by the applicable agreement) payable under any toll collection or revenue management contract or any operating or maintenance contract relating to the Pledged Facilities, (d) proceeds of revenue interruption insurance maintained by or for the benefit of OCTA with respect to a Pledged Facility, (e) net proceeds of eminent domain proceedings and casualty insurance maintained by or for the benefit of OCTA to the extent such proceeds relate to damage, destruction or condemnation of a Pledged Facility and are not promptly applied by OCTA either to the replacement or restoration of the Pledged Facility taken or damaged or to the redemption of Bonds, and (f) such other sources of funds as may be identified as Revenues in a Supplemental Indenture.

Tolls are comprised of all rates, rents, fees, charges, fines, or other income derived by OCTA, directly or indirectly, from or related to vehicular usage of the Toll Road, including, but not limited to, fees paid for the vehicular usage of the facilities, fines and penalties collected by OCTA, and fees for the use of transponders or other devices for the electronic payment of tolls, but excluding any portion of Tolls derived from the vehicular usage of a Special Project which is required to be paid to a contractor pursuant to a contract for the acquisition or construction of such Special Project as a result of the early completion of such Special Project or any segment of such Special Project.

Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than OCTA, to the extent of the pledge described herein, is pledged to the payment of principal of, premium, if any, or interest on the Bonds.

Funds and Accounts Established Pursuant to the Indenture; Investment of Funds and Accounts

Revenue Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Revenue Fund" (the "Revenue Fund") was created pursuant to the Indenture and shall continue to be held by OCTA. Pursuant to the provisions of the Indenture, OCTA will covenant to deposit all Revenues when and as received by OCTA into the Revenue Fund. All moneys in the Revenue Fund are held by OCTA in trust for the benefit of the Bonds, Parity Swap Agreements and reimbursement obligations secured on a parity basis with the Bonds (hereinafter referred to as the "Reimbursement Obligations") and are applied as provided in the Indenture and, pending such application, are subject to a lien and charge in favor of the registered owners of the Bonds, each provider of credit for a Series of Bonds, each provider of liquidity for a Series of Bonds and each counterparty providing a Parity Swap Agreement (each, a "Secured Owner," and, hereinafter collectively referred to as the "Secured Owners") until paid out or transferred as hereinafter provided.

Debt Service Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Debt Service Fund" (the "Debt Service Fund") was created pursuant to the Indenture and shall continue to be held by the Trustee. Pursuant to the provisions of the Indenture, three separate accounts were created within the Debt Service Fund, such accounts having been designated as the "Interest Account," the "Principal Account" and the "Prepayment Account." The moneys in each of such accounts are held by the Trustee in trust for the benefit of the Bonds and the Parity Swap Agreements and the Reimbursement Obligations applicable to the Bonds to the extent the foregoing are payable from such accounts, are applied as provided in the Indenture with regard to each such account and, to said extent and pending such application, are subject to a lien and charge in favor of the Secured Owners until paid out or transferred as provided in the Indenture. There is withdrawn from the Interest Account and the Principal Account from time to time and set aside or deposited with the Trustee sufficient money for paying the interest on and the principal of and premium, if any, on the Bonds and the amounts, if any, owed to each such Parity Swap Agreement Counterparty or in respect of such Reimbursement Obligations as the same shall fall due, except to the extent such interest, principal or other amounts are payable from a fund or account other than the Debt Service Fund as provided in any Supplemental Indenture. Moneys in the Prepayment Account shall be withdrawn therefrom and applied to the redemption of Bonds, or the purchase thereof in lieu of redemption, from time to time as specified in a certificate of an Authorized OCTA Representative. Earnings on amounts on deposit in the Debt Service Fund shall be retained therein.

Reserve Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Reserve Fund" (the "Reserve Fund") was created pursuant to the Indenture and shall continue to be held by the Trustee. Pursuant to the provisions of the Indenture, the balance in the Reserve Fund is required to be maintained in an amount at least equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined in the Indenture to mean an amount equal to the lesser of: (i) 10% of the principal amount of any Series of Bonds determined as of the date of initial issuance of such Series of Bonds; (ii) 125% of average Annual Debt Service; or (iii) Maximum Annual Debt Service. Upon payment of the mandatory sinking account payment due August 15, 2030, the Reserve Fund Requirement shall be reduced to an amount equal to the principal amount of the mandatory sinking account payment due on December 15, 2030, plus accrued interest thereon to December 15, 2030, and all funds in excess of such amount then on deposit in the Reserve Fund shall be released to OCTA. Upon release from the Reserve Fund, such funds shall cease to be Pledged Funds and shall no longer be subject to the lien and pledge of the Indenture in favor the Secured Owners. See Appendix C - "Summary of Certain Provisions of the Master Indenture of Trust - Definitions; Interpretations" and "Revenues and Funds - Reserve Fund." As of the date of remarketing of the Series 2003-B Bonds, the Reserve Fund Requirement for the Series 2003-B Bonds shall equal $________. The current balance on deposit in the Reserve Fund is $________.

In the event that the moneys on deposit in any account in the Debt Service Fund and in the Supplemental Reserve Fund are insufficient to pay the interest or principal coming due on the Bonds on any Interest Payment Date or the moneys on deposit in the applicable Series Credit Facility Fund are insufficient to pay, as it becomes due, any Reimbursement Obligation resulting from a draw on a Credit Facility to pay principal of or interest on Bonds and any obligation under a Parity Swap Agreement relating thereto, in each such case to the extent such interest or principal is payable from such account or such Reimbursement Obligation is payable from a Series Credit Facility Fund on parity therewith, the Trustee shall withdraw from the Reserve Fund and shall deposit to the credit of such account and/or each such Series Credit Facility Fund, as the case may be, an amount sufficient to remedy said deficiency (and if the amount available is insufficient for such purposes, to the credit of each such account or fund in proportion to the respective amount of its deficiency). In the event that the Trustee withdraws funds from the Reserve Fund pursuant to the provisions of the Indenture described above, upon notification of such withdrawal, OCTA shall as promptly as possible transfer to the Trustee such amount as is necessary to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement.

In lieu of funding the Reserve Fund in cash, or in replacement of moneys then on deposit in the Reserve Fund, OCTA may deliver to the Trustee an insurance policy, a surety bond or an irrevocable letter of credit in an amount or securing an amount, which, together with other amounts on deposit with the Trustee, will be equal to the Reserve Fund Requirement. An insurance policy or surety bond may be used to satisfy the Reserve Fund Requirement if such insurance policy or surety bond is issued to the Trustee, as trustee for the Secured Owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on municipal bonds, the claims paying ability of which company shall be rated in the highest Rating Category assigned by each Rating Agency which has assigned a rating to any Series of Bonds Outstanding (at the request of OCTA) and to such claims paying ability. A letter of credit may be used to satisfy the Reserve Fund Requirement if such letter of credit shall be an unconditional irrevocable letter of credit issued to the Trustee, as trustee for the Secured Owners, by a bank which has unsecured, uninsured and unguaranteed long term obligations rated in one of the three highest Rating Categories (but not less than the highest Rating Category to which any Series of Bonds Outstanding are then assigned) by each Rating Agency which has assigned a rating both to any Outstanding Bond (at the request of OCTA) and to such obligation. See Appendix C - "Summary of Certain Provisions of the Master Indenture of Trust - Revenues and Funds - Reserve Fund."

The Indenture requires that all Investment Securities on deposit in the Reserve Fund be valued annually as of August 15 of each year (or the next succeeding Business Day if such day is not a Business Day). See Appendix C - "Summary of Certain Provisions of the Master Indenture of Trust - Revenues and Funds - Reserve Fund." Amounts on deposit in the Reserve Fund in excess of the Reserve Fund Requirement on any date of valuation shall be deemed to have been transferred to OCTA for deposit in the Revenue Fund and shall be deemed to have been further transferred by OCTA to the Trustee for deposit in the Debt Service Fund. In the event that on any date of valuation, the amount on deposit in the Reserve Fund is less than the Reserve Fund Requirement, the Trustee shall notify OCTA and upon receipt of such notification, OCTA shall as promptly as possible transfer to the Trustee such amount as is necessary to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Supplemental Reserve Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Supplemental Reserve Fund" (the "Supplemental Reserve Fund") was created pursuant to the Indenture and shall continue to be held by the Trustee. Commencing January 1, 2006 to and including January 1, 2012 (or such earlier date as the balance in the Supplemental Reserve Fund shall equal the Supplemental Reserve Fund Requirement of $12,634,792.30, OCTA has been and shall continue to deposit $100,000 per month into the Supplemental Reserve Fund. As of September 30, 2008, the balance on deposit in the Supplemental Reserve Fund was $10,384,076. Earnings on amounts on deposit in the Supplemental Reserve Fund shall be retained therein until such time as the amount on deposit in the Supplemental Reserve Fund shall equal the Supplemental Reserve Fund Requirement and thereafter shall be transferred to the Revenue Fund. The Indenture requires that all Investment Securities on deposit in the Supplemental Reserve Fund be valued annually as of August 15 of each year (or the next succeeding Business Day if such day is not a Business Day).

In the event that the moneys on deposit in any account in the Debt Service Fund are insufficient to pay the interest or principal coming due on the Bonds on any Interest Payment Date or the moneys on deposit in the applicable Series Credit Facility Fund are insufficient to pay, as it becomes due, any Reimbursement Obligation resulting from a draw on a Credit Facility to pay principal of or interest on Bonds and any obligation under a Parity Swap Agreement relating thereto, in each such case to the extent such interest or principal is payable from such account or such Reimbursement Obligation is payable from a Series Credit Facility Fund on parity therewith, the Trustee shall withdraw from the Supplemental Reserve Fund and shall deposit to the credit of such account and/or each such Series Credit Facility Fund, as the case may be, an amount sufficient to remedy said deficiency (and if the amount available is insufficient for such purposes, to the credit of each such account or fund in proportion to the respective amount of its deficiency). In the event that the Trustee withdraws funds from the Supplemental Reserve Fund pursuant to the provisions of the Indenture described above, OCTA shall resume making monthly transfers to the Supplemental Reserve Fund, each such transfer to be in the amount of $100,000 until such time as the amount on deposit in the Supplemental Reserve Fund is equal to the Supplemental Reserve Fund Requirement.

The moneys on deposit in the Supplemental Reserve Fund shall be released to OCTA and shall no longer be subject to the lien of the Indenture if one of the following conditions are met: (i) for the two consecutive 12 month periods following the completion of the General Purpose Lanes Capacity Project, the aggregate amount of the Adjusted Net Toll Revenues is not less than 1.75 times Annual Debt Service; or (ii) as of July 1, 2017, the aggregate amount of the Adjusted Net Toll Revenues is not less than 2.5 times Annual Debt Service for the prior two (2) Fiscal Years and the aggregate amount of the projected Adjusted Net Toll Revenues is not less than 2.0 times Annual Debt Service for the next two (2) Fiscal Years based upon an opinion from a Traffic Consultant.

Major Maintenance Reserve Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Major Maintenance Reserve Fund" (the "Major Maintenance Reserve Fund") was created pursuant to the Indenture and shall continue to be held by OCTA. Commencing January 1, 2007 to and including December 1, 2009 (or such earlier date as the balance in the Major Maintenance Reserve Fund shall equal the Major Maintenance Reserve Requirement of $10,000,000), OCTA has been and shall continue to deposit $200,000 per month into the Major Maintenance Reserve Fund. As of September 30, 2008, the balance on deposit in the Major Maintenance Fund was $7,786,666. Amounts on deposit in the Major Maintenance Reserve Fund shall be applied to the payment of Capital Expenditures. In the event that OCTA withdraws funds from the Major Maintenance Reserve Fund to pay Capital Expenditures, OCTA shall resume making monthly transfers to the Major Maintenance Reserve Fund, each such transfer to be in the amount of $200,000, until such time as the amount on deposit in the Major Maintenance Reserve Fund is equal to the Major Maintenance Reserve Fund Requirement. Earnings on amounts on deposit in the Major Maintenance Reserve Fund shall be retained therein until such time as the amount on deposit in the Major Maintenance Reserve Fund shall equal the Major Maintenance Reserve Requirement and thereafter shall be transferred to the Revenue Fund. The Indenture requires that all Investment Securities on deposit in the Major Maintenance Reserve Fund be valued annually as of August 15 of each year (or the next succeeding Business Day if such day is not a Business Day). If on any date of valuation, the amount on deposit in the Major Maintenance Reserve Fund exceeds the amount of the Major Maintenance Reserve Requirement, OCTA shall transfer such amounts in excess of the Major Maintenance Reserve Requirement to the Revenue Fund. Amounts held on deposit in the Major Maintenance Reserve Fund are not subject to the lien and pledge of the Indenture in favor the Secured Owners.

Operating Reserve Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Operating Reserve Fund" (the "Operating Reserve Fund") was created pursuant to the Indenture and shall continue to be held by OCTA. Amounts on deposit in the Operating Reserve Fund shall be applied to the payment of Current Expenses. As of September 30, 2008, the balance on deposit in the Operating Reserve Fund was $3,176,127. In the event that OCTA withdraws funds from the Operating Reserve Fund to pay Current Expenses, OCTA shall resume making monthly transfers to the Operating Reserve Fund, each such transfer to be in the amount of $115,000 until such time as the amount on deposit in the Operating Reserve Fund is equal to the Operating Reserve Requirement of $2,750,000. Earnings on amounts on deposit in the Operating Reserve Fund shall be retained therein until such time as the amount on deposit in the Operating Reserve Fund shall equal the Operating Reserve Requirement and thereafter shall be transferred to the Revenue Fund. The Indenture requires that all Investment Securities on deposit in the Operating Reserve Fund be valued annually as of August 15 of each year (or the next succeeding Business Day if such day is not a Business Day). If on any date of valuation, the amount on deposit in the Operating Reserve Fund exceeds the amount of the Operating Reserve Requirement, OCTA shall transfer such amounts in excess of the Operating Reserve Requirement to the Revenue Fund. Amounts held on deposit in the Operating Reserve Fund are not subject to the lien and pledge of the Indenture in favor the Secured Owners.

Construction Fund. A special fund designated the "Orange County Transportation Authority Toll Road Revenue Bonds Construction Fund" (the "Construction Fund") was created pursuant to the Indenture and shall continue to be held by OCTA. The proceeds of physical loss insurance or condemnation awards or such other amounts as may be received by OCTA from time to time with respect to damage, destruction or condemnation of the Pledged Facilities shall be deposited in the Construction Fund to the extent such amounts are determined by OCTA to be appropriate for deposit into the Construction Fund.

Series 2003-B Remarketing Reimbursement Fund. A special fund designated as the "Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-B Remarketing Reimbursement Fund" (the "Series 2003-B Remarketing Reimbursement Fund") was created pursuant to the Indenture. Amounts on deposit in the Series 2003-B Remarketing Reimbursement Fund, including the subaccounts established therein, shall be used solely in connection with the remarketing of Series 2003-B Bonds, and shall be held without investment or commingling thereof. Amounts held on deposit in the Series 2003-B Remarketing Reimbursement Fund are not subject to the lien and pledge of the Indenture in favor the Secured Owners.

Rebate Fund. A special fund designated as the "Orange County Transportation Authority Toll Road Revenue Bonds Rebate Fund" (the "Rebate Fund") was created pursuant to the Indenture and shall continue to be held by the Trustee. All money at any time deposited in the Rebate Fund or at the direction of OCTA shall be held by the Trustee in trust, for payment to the United States Treasury. Amounts held on deposit in the Rebate Fund are not subject to the lien and pledge of the Indenture in favor the Secured Owners.

Internal Capital Expenditure Reserve Fund. Recognizing the potential for unforeseen occurrences, OCTA established a 91 Express Lanes "Internal Capital Expenditure Reserve Fund." The Internal Capital Expenditure Reserve Fund not is required under the Indenture and is not pledged to the Bondholders; the Internal Capital Reserve Fund is available to cover both anticipated and unanticipated capital expenses for the 91 Express Lanes. As of September 30, 2008, the balance in the Internal Capital Expenditure Reserve Fund was $8,072,112.

Investment of Funds and Accounts. Moneys held on deposit in the funds and accounts established under the Indenture have been and will continue to be invested in Permitted Investments. See Appendix C - "Summary of Certain Provisions of the Master Indenture of Trust - Definitions; Interpretations" and "Summary of Certain Provisions of the Master Indenture of Trust - Investments." OCTA has invested amounts on deposit in the Reserve Fund in a collateralized investment agreement with MBIA, Inc. [OCTA intends to re-invest amounts on deposit in the Supplemental Reserve Fund in United States Treasuries or State of California or Local Agency Obligations.]

Application of Revenues

Prior to any other transfer from the Revenue Fund, OCTA shall withdraw from the Revenue Fund such amounts as it shall from time to time determine necessary (i) to pay the current expenses of the Pledged Facilities (the "Current Expenses") that are then due and payable and (ii) to pay the Current Expenses that OCTA expects to become due and payable in the next succeeding calendar month. Amounts so withdrawn from the Revenue Fund shall be applied to the payment of Current Expenses. Amounts withdrawn from the Revenue Fund to pay Current Expenses are not subject to the lien and pledge of the Indenture in favor the Secured Owners.

After making the withdrawals to pay Current Expenses as described in the preceding paragraph, OCTA shall make the following transfers and/or withdrawals from the Revenue Fund, such transfers and/or withdrawals to be made, as applicable, to the Trustee for application by the Trustee as described below, or to funds or accounts held by OCTA, for application by OCTA as described below:

(a) on or before the fifth Business Day preceding the date when payment of principal of and/or interest on the Bonds is due, as the case may be, OCTA shall withdraw from the Revenue Fund and transfer to the Trustee for deposit to the credit of the Interest Account established within the Debt Service Fund and the Principal Account established within the Debt Service Fund (or to a Series Credit Facility Fund in lieu of either of the foregoing, to the extent set forth below):

> 1. to the credit of the Interest Account, an amount equal to (a) the unpaid Aggregate Accrued Interest due on the Bonds on the next succeeding Interest Payment Date; provided that any amount remaining in the Interest Account following the payment of interest on the Bonds on each Interest Payment Date that is in excess of the interest, if any, then accrued on the Bonds shall be withdrawn therefrom and applied in the manner set forth below; and provided further that if, pursuant to the provisions of any Supplemental Indenture, money has been deposited to the credit of the Interest Account to pay such Aggregate Accrued Interest from drawings pursuant to one or more Credit Facilities, then if and to the extent required pursuant to the Supplemental Indenture applicable to such Series of Bonds, Revenues shall be deposited to the applicable Series Credit Facility Fund in an amount sufficient to reimburse the applicable Bank for such drawing and (but without duplication) to pay any applicable Bank Fees then payable to such Bank; and provided further that if the Revenues transferred to the Trustee as provided for hereinabove are at any time insufficient to make the deposits required to be made pursuant to the provisions of this subparagraph, upon receipt of the written instruction of an Authorized OCTA Representative to do so, the Trustee shall withdraw from the Principal Account and credit to the Interest Account the amount of such insufficiency; and
>
> 2. to the credit of the Principal Account, the Aggregate Accrued Principal of the Bonds which will be due and payable on the next succeeding August 15, provided that if, pursuant to the provisions of any Supplemental Indenture, money has been deposited to the credit of the Principal Account to pay such Aggregate Accrued Principal or Accrued Premium from drawings pursuant to one or more Credit Facilities, then if and to the extent required pursuant to the Supplemental Indenture applicable to such Series of Bonds, Revenues shall be deposited to the applicable Series Credit Facility Fund in an amount sufficient to reimburse the applicable Bank for such drawing.

(b) if the balance in the Reserve Fund is less than the Reserve Fund Requirement, as soon as practicable upon receipt of notification from the Trustee of such deficiency, OCTA shall withdraw from the Revenue Fund and transfer to the Trustee for deposit in the Reserve Fund, the amount necessary to cause the balance on deposit therein to equal the Reserve Fund Requirement;

(c) OCTA shall withdraw from the Revenue Fund such amounts as are necessary to make such transfers, deposits and payments as may be required in connection with obligations issued or incurred by OCTA to reimburse a Bond Insurer in accordance with a Supplemental Indenture for amounts paid by such Bond Insurer under a Bond Insurance Policy (to the extent such amounts have not been paid to such Bond Insurer on account of its subrogation rights), such transfers, deposits and payments to be made by OCTA on the date required pursuant to the applicable Bond Insurance Policy;

(d) OCTA shall withdraw from the Revenue Fund such amounts as are necessary to make such other transfers, deposits and payments as may be required in connection with subordinated obligations issued or incurred by OCTA and in connection with a Parity Swap Agreement, amounts due and payable upon the termination of a Parity Swap

Agreement, such transfers, deposits and payments to be made by OCTA on the date required pursuant to such subordinated obligations or Parity Swap Agreement;

(e) OCTA shall withdraw from the Revenue Fund and transfer to the credit of the Supplemental Reserve Fund, on the first day of each month, the sum of $100,000, if and to the extent the balance on deposit therein is less than $12,635,792.30, which is the Supplemental Reserve Fund Requirement specified in the Indenture;

(f) OCTA shall withdraw from the Revenue Fund and transfer to the credit of the Major Maintenance Reserve Fund, on the first day of each month, the sum of $200,000, if and to the extent the balance on deposit therein is less than $10,000,000, which is the Major Maintenance Reserve Requirement specified in the Indenture; and

(g) OCTA shall withdraw from the Revenue Fund and transfer to the credit of the Operating Reserve Fund, on the first day of each month, the sum of $115,000, if and to the extent the balance on deposit therein is less than $2,750,000, which is the Operating Reserve Requirement specified in the Indenture.

On each August 16 and February 16, provided that the deposits described in clauses (a) through (g) above, inclusive, have been made, OCTA may withdraw all Revenues from the Revenue Fund and may apply such Revenues to reimburse OCTA for its prior payment of the costs of acquiring the Toll Road or for any other purpose authorized under the Act. Upon withdrawal from the Revenue Fund, such funds shall have ceased to be Pledged Funds and shall no longer be subject to the lien and pledge of the Indenture in favor the Secured Owners.

If the Revenues transferred to the Trustee pursuant to the provisions of the Indenture described above are at any time insufficient to make the deposits required, OCTA may, at its election, deposit with the Trustee funds from any available sources with the direction that such funds be deposited into the funds and accounts or specified funds and accounts held by the Trustee.

Rate Covenant

Pursuant to the Indenture, OCTA has covenanted to fix and prescribe toll rates for each type of vehicle and each time of day sufficient to produce Adjusted Net Toll Revenues for each Fiscal Year at least equal to 1.3 times Annual Debt Service. Adjusted Net Toll Revenues means for any period, the remainder of (i) the Tolls for such period and the earnings derived in such period from the investment of moneys on deposit in the Debt Service Fund, the Supplemental Reserve Fund, the Reserve Fund and any other fund or account established in a Supplemental Indenture, excluding the earnings on such other funds and accounts established pursuant to a Supplemental Indenture which do not constitute Pledged Funds, minus (ii) the Current Expenses for such period paid from Revenues for such period. However, the failure of toll rates to yield the amount described in this paragraph shall not be deemed to constitute an Event of Default under the Indenture so long as OCTA complies with the requirements of the Indenture described below and is not otherwise in default under the Indenture.

Within 60 days after the end of each Fiscal Year, OCTA files with the Trustee a report setting forth the Adjusted Net Toll Revenues for such Fiscal Year. If any such report indicates that the Adjusted Net Toll Revenues for such Fiscal Year were less than 1.3 times Maximum Annual Debt Service, then as soon as practicable after delivering such report to the Trustee, management of OCTA (i) shall notify each Bond Insurer and each Rating Agency which has assigned a rating to the Bonds at the request of OCTA of that fact and (ii) shall employ a Traffic Consultant to review and analyze the operations of the Pledged Facilities and (iii) shall submit to the governing body of OCTA (the "Board"), as soon as practicable (but not later than such date as will enable the Board to act upon it within one hundred eighty (180) days after the end of the Fiscal Year in question), a written report which shall include the actions that the Traffic Consultant recommends should be taken by OCTA with respect to revising the toll rates, altering its methods of operation or taking other action projected to produce the amount so required in the following twelve month period (or, if less, the maximum amount deemed feasible by the Traffic Consultant) and that the Traffic Consultant estimates will not adversely affect the amount of Adjusted Net Toll Revenues. Promptly upon its receipt of such written report (and, in any case, within one hundred eighty (180) days after the end of the Fiscal Year in question), after giving due consideration thereto, OCTA will revise the toll rates, as permitted by law, alter its methods of operation or take such other action as it deems appropriate. Such revisions, alterations or actions need not comply with the recommendations of the Traffic Consultant so long as Adjusted Net Toll Revenues projected by the Traffic Consultant to be produced by the revisions, alterations or actions then taken by OCTA are at least equal to 1.3 times Maximum Annual Debt Service.

Pursuant to the provisions of the Indenture, OCTA has further covenanted to establish and maintain toll rates for traffic using the Pledged Facilities in a reasonable way to cover all traffic (other than vehicles used for maintaining the Pledged Facilities; police, fire, and other public emergency vehicles; buses owned and operated by OCTA; vehicles with three or more passengers; vehicles which are otherwise exempt from payment of Tolls under California State law; and vehicles in a public emergency declared by OCTA's Chief Executive Officer) consistent with the requirements of the Indenture, but with such classifications as OCTA may deem appropriate; provided that nothing in the Indenture shall be deemed to require OCTA to collect Tolls during a period of less than eight consecutive hours in any twenty-four hour period with respect to which the Board has determined, based upon a report from a Traffic Consultant, the costs of such collection would exceed the amount of Tolls expected to be collected; and provided further that nothing contained in the Indenture shall prevent OCTA from temporarily reducing or eliminating Tolls in connection with programs which it intends to use to increase Adjusted Net Toll Revenues.

Certain Other Covenants of OCTA

Pursuant to the Indenture, OCTA has also covenanted that: (i) it will punctually pay or cause to be paid from Pledged Funds the principal of, premium, if any, and interest on all Bonds, including the Series 2003-B Bonds; (ii) to the maximum extent permitted by law to do so, it will establish and enforce reasonable rules and regulations governing the use of the Pledged Facilities and the operation thereof, will operate the Pledged Facilities in an efficient and economical manner, will promptly notify CalTrans of any damage to or destruction of any of the Pledged Facilities of which the governing body of OCTA has actual knowledge, will observe and perform all of the terms of the Facility Agreements required to be performed by OCTA and will enforce each of the Facility Agreements, will take no action with respect to any of the Pledged Facilities that would materially impair its ability to meet the requirements of the rate covenant described above under the caption "Rate Covenant," will observe and perform all of the terms and conditions contained in the Act, will maintain, preserve and operate in conformity with all Facility Agreements, prudent industry standards and all governmental approvals, all material elements of the Toll Road that are used or necessary in the conduct of its business with respect to the Pledged Facilities in good working order and condition, ordinary wear and tear excepted, and will not fail to take any action required under the Facility Agreements or the Control Agreement that will adversely affect the security for the Bonds, including the Series 2003-B Bonds, or the rights of the Secured Owners and that it will not consent to any amendments of any of the Facility Agreements or the Control Agreement which would adversely affect the security for the Bonds, including the Series 2003-B Bonds, or the rights of the Secured Owners; (iii) in the event of damage to or destruction of all or any part of any Pledged Facilities, it will use its best efforts to cause the Pledged Facilities or such part thereof to be repaired, restored or replaced so that the efficiency and value of the Pledged Facilities as a revenue producing toll road will not be materially impaired or in the alternative it will redeem all or a portion of the Bonds then Outstanding if the failure to repair, restore or replace the Pledged Facilities would adversely affect its ability to meet the requirements of the rate covenant described under the caption "Rate Covenant;" and (iv) it will maintain or cause to be maintained a practical insurance program, with such reasonable terms, conditions, provisions and costs, as in its sole discretion it determines will afford adequate insurance protection, such program to include insurance against loss caused by damage to or destruction of all or any part of any of the Pledged Facilities owned by it, comprehensive public liability insurance for bodily injury and property damage relating to any part of the Pledged Facilities owned by it and such other insurance as it in its sole discretion may determine. Also see Appendix C - "Summary of Certain Provisions of the Master Indenture of Trust - Covenants of OCTA."

Refunding Bonds, Parity Obligations, Subordinate Obligations

Additional Bonds may be issued on a parity with the Series 2003-B Bonds solely for refunding purposes.

Refunding Bonds. OCTA may by Supplemental Indenture issue one or more Series of additional Bonds payable from and secured by the Pledged Funds on a parity with the Series 2003-B Bonds for the purposes of refunding any Bond issued under the Indenture. Proceeds of such additional Bonds (hereinafter referred to as "Refunding Bonds") may also be applied to increase the amount on deposit in the Reserve Fund to the extent required and to pay costs of issuance related to the issuance of such additional Bonds.

In order to issue a Series of Refunding Bonds, OCTA shall cause to be filed with the Trustee:

(a) an original executed counterpart or a copy of the Indenture, together with all prior Supplemental Indentures;

(b) an original executed counterpart or a copy, certified by an Authorized OCTA Representative, of the Supplemental Indenture providing for the issuance of such Series of Refunding Bonds and setting forth the terms of such Series of Refunding Bonds;

(c) if credit enhancement or liquidity support is to be provided at the time of issuance of such Series of Refunding Bonds, the executed Bond Insurance Policy or Credit Facility, as applicable, relating to such Series of Refunding Bonds;

(d) in the event one or more Credit Facilities or Bond Insurance Policies are then in effect in connection with any Outstanding Series of Bonds, a certificate of OCTA executed by an Authorized OCTA Representative to the effect that all conditions precedent to the issuance of the proposed Series of Bonds established by each of the applicable Reimbursement Agreements and other similar agreements have been fulfilled;

(e) a certificate of OCTA, executed by an Authorized OCTA Representative, to the effect that (a) Annual Debt Service on all Bonds Outstanding after the issuance of the Refunding Bonds will not exceed Annual Debt Service on all Outstanding Bonds prior to the issuance of such Refunding Bonds in each Fiscal Year; or (b) the aggregate amount of the Adjusted Net Toll Revenues (determined based upon the Tolls estimated by a Traffic Consultant) to be received in the then current Fiscal Year and in each Fiscal Year thereafter is not less than 1.5 times Annual Debt Service, taking into account the Bonds proposed to be issued, for each such Fiscal Year;

(f) written instructions from OCTA, executed by an Authorized OCTA Representative, to the Trustee setting forth the respective portions of the proceeds from the sale of such Series of Bonds to be deposited in the various funds and accounts established under the Indenture which are held by the Trustee; and

(g) written instructions from OCTA, executed by an Authorized OCTA Representative, to authenticate such Series of Bonds and, upon receipt of the purchase price, to deliver such Series of Bonds to or upon the order of the purchasers named in such instructions.

As a condition to the issuance of any additional Series of Bonds, there shall also be delivered to the Trustee a certificate of OCTA, executed by an Authorized OCTA Representative, to the effect that (i) concurrently with the issuance of such additional Bonds, the amount on deposit in the Reserve Fund will be an amount not less than the Reserve Fund Requirement and (ii) OCTA shall have made all monthly deposits to the Major Maintenance Reserve Fund and the Operating Reserve Fund required to be made as of the date of issuance of such additional Bonds, in each case taking into account the Bonds proposed to be issued and the application of the proceeds to be derived from the sale thereof.

Parity Obligations. Amounts payable with respect to the Series 2003-A Bonds and any Parity Swap Agreements are secured on a parity basis with the Bonds to the extent provided in the Indenture. Amounts payable with respect Reimbursement Obligations may also be secured on a parity basis with the Bonds.

Subordinate Obligations. OCTA may also issue obligations payable from Pledged Funds, the payment of which is junior and subordinate to the prior payment of all amounts then required to be paid with respect to the Bonds, Parity Swap Agreements and Reimbursement Obligations.

PROJECTED DEBT SERVICE COVERAGE

The table set forth in Appendix D presents information concerning projected debt service coverage based on projected gross potential revenues, adjusted as described in the table, set forth in the 91 Express Lanes Traffic and Revenue Study Update (the "Traffic and Revenue Study Update") prepared by Vollmer Associates LLP, George Hoyt & Associates and PB Consult Inc., and as recently updated by Stantec, which is attached hereto as Appendix A.

SERIES 2003-B BOND INSURANCE

The following information concerning the Series 2003-B Bond Insurer and the Series 2003-B Bond Insurance has been provided by representatives of the Series 2003-B Bond Insurer and has not been independently certified or verified by OCTA. No representation is made by OCTA as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Series 2003-B Bond Insurer subsequent to the date of this Remarketing Circular. Reference is made to Appendix G for a specimen of the financial guaranty insurance policy.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has issued a financial guaranty insurance policy herein referred to as the Series 2003-B Bond Insurance relating to the Series 2003-B Bonds effective as of the date of issuance of the Series 2003-B Bonds. Under the terms of the Series 2003-B Bond Insurance, Ambac Assurance will pay to The Bank of New York Mellon, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2003-B Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Series 2003-B Bond Insurance). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2003-B Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Series 2003-B Bond Insurance will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2003-B Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2003-B Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2003-B Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2003-B Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Series 2003-B Bond Insurance shall be fully discharged.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2003-B Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Series 2003-B Bond Insurance does not insure any risk other than Nonpayment (as set forth in the Series 2003-B Bond Insurance). Specifically, the Series 2003-B Bond Insurance does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;

2. payment of any redemption, prepayment or acceleration premium; and

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Registrar, if any.

If it becomes necessary to call upon the Series 2003-B Bond Insurance, payment of principal requires surrender of the Series 2003-B Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2003-B Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Series 2003-B Bond Insurance. Payment of interest pursuant to the Series 2003-B Bond Insurance requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2003-B Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2003-B Bond and will be fully subrogated to the surrendering holder's rights to payment.

The Series 2003-B Bond Insurance does not insure against loss relating to payments made in connection with the sale of the Series 2003-B Bonds at auctions or losses suffered as a result of a holder's inability to sell the Series 2003-B Bonds.

The Series 2003-B Bond Insurance does not insure against loss relating to payments of the purchase price of Series 2003-B Bonds upon tender by a registered owner thereof or any preferential transfer relating to payments of the purchase price of Series 2003-B Bonds upon tender by a registered owner thereof.

In the event that Ambac Assurance were to become insolvent, any claims arising under the Series 2003-B Bond Insurance would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $12,438,000,000 (unaudited) and statutory capital of approximately $6,700,000,000 (unaudited) as of June 30, 2008. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Ambac Assurance has been assigned the following financial strength ratings by the following rating agencies: Aa3, on review for possible downgrade, by Moody's Investors Service, Inc., and AA, with negative outlook, by Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Series 2003-B Bond Insurance shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Series 2003-B Bonds.

Ambac Assurance makes no representation regarding the Series 2003-B Bonds or the advisability of investing in the Series 2003-B Bonds and makes no representation regarding, nor has it participated in the preparation of, this Remarketing Circular other than the information supplied by Ambac Assurance and presented under the heading "Series 2003-B Bond Insurance."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at Ambac Assurance's internet website at www.ambac.com and at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance are available without charge from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Remarketing Circular:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and filed on February 29, 2008;

2. The Company's Current Report on Form 8-K dated and filed on March 7, 2008;

3. The Company's Current Reports on Form 8-K dated and filed on March 12, 2008;

4. The Company's Current Report on Form 8-K dated and filed on April 23, 2008;

5. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2008 and filed on May 12, 2008;

6. The Company's Current Report on Form 8-K dated and filed on May 9, 2008;

7. The Company's Current Report on Form 8-K dated and filed on May 28, 2008;

8. The Company's Current Report on Form 8-K dated and filed on June 4, 2008;

9. The Company's Current Report on Form 8-K dated and filed on June 5, 2008;

10. The Company's Current Report on Form 8-K dated and filed on June 19, 2008;

11. The Company's Current Report on Form 8-K dated and filed on June 20, 2008;

12. The Company's Current Report on Form 8-K dated June 26, 2008 and filed on June 27, 2008;

13. The Company's Current Report on Form 8-K dated July 7, 2008 and filed on July 8, 2008;

14. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2008, dated and filed on August 11, 2008;

15. The Company's Current Report on Form 8-K dated and filed on September 19, 2008;

16. The Company's Current Report on Form 8-K dated and filed on October 9, 2008; and

17. the Company's Current Report on Form 8-K dated October 21, 2008 and filed on October 22, 2008.

Ambac Assurance's consolidated financial statements and all other information relating to Ambac Assurance and subsidiaries included in the Company's periodic reports filed with the SEC subsequent to the date of this Remarketing Circular and prior to the date of closing of the Series 2003-B Bonds shall, to the extent filed (rather than furnished pursuant to Item 9 of Form 8-K), be deemed to be incorporated by reference into this Remarketing Circular and to be a part hereof from the respective dates of filing of such reports.

Any statement contained in a document incorporated in this Remarketing Circular by reference shall be modified or superseded for the purposes of this Remarketing Circular to the extent that a statement contained in a subsequently filed document incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Remarketing Circular.

Copies of all information regarding Ambac Assurance that is incorporated by reference in this Remarketing Circular are available for inspection in the same manner as described above in "Available Information."

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Remarketing Circular will be available for inspection in the same manner as described above in "Available Information."

THE TOLL ROAD

General Description

SR 91 is a major east-west highway extending from Interstate 405 in southern Los Angeles through northern Orange County and into Riverside County. The Toll Road, constituting median improvements, is located along an approximate ten mile stretch of SR 91 from the Riverside/Orange County Line westward to the California State Route 55 ("SR 55") interchange. The Toll Road consists of two lanes in each direction and ancillary facilities, including an electronic toll collection system. Toll prices vary from hour to hour and day to day based on a predetermined toll schedule. All vehicles traveling on the Toll Road must possess an automatic vehicle identification transponder, which identifies the vehicle and enables the electronic toll collection system to debit a prepaid account.

Different transponder account options have been established to encourage frequent users and to recover costs associated with infrequent users. Transponder account options include the 91 Express Lanes Club, the Standard Plan and the Convenience Plan. Customers selecting the 91 Express Lanes Club option pay a $20.00 per transponder charge per month and receive a $1.00 discount for each trip on the Toll Road. Customers selecting the Standard Plan pay a minimum of $7.00 in tolls per transponder per month. Customers selecting the Convenience Plan pay a one-time fee of $75.00 per transponder, with no minimum monthly charge requirement.

All vehicles with a valid account and displaying a transponder have the opportunity to enter the Toll Road in extended transition zones located at the eastern and western termini of the Toll Road. There is no intermediate ingress or egress between the Toll Road and any other roadway. The lanes of the Toll Road are separated from the existing mixed flow non-tolled lanes by a series of channelizers. The eastbound and westbound lanes of the Toll Road are separated by concrete "New Jersey" barriers. Heavy commercial vehicles (over 10,000 pounds, gross vehicle weight) are prohibited from using the Toll Road.

There are no traditional toll plazas on the Toll Road. There is a "toll zone" located near the center of the project that is used to validate the eligibility of vehicles seeking a free or discounted toll, as applicable, including high-occupancy vehicles, zero-emission vehicles, vehicles bearing a disabled veteran or disabled person license plate issued by the California Department of Motor Vehicles and motorcycles. In this toll zone, the number of lanes increase from two to three, and vehicles eligible for a free or discounted toll, as applicable, are instructed by signage to use the leftmost lane. Such vehicles are monitored visually from an observation facility next to the toll lanes and enforcement is through periodic on-site coverage by California Highway Patrol vehicles. Vehicles are not actually required to stop or slow down through the toll zone.

History of the Toll Road

In 1989, the California State Legislature enacted State Assembly Bill No. 680 ("AB 680"), which was signed into law on July 10, 1989. AB 680 authorized the State of California Department of Transportation ("CalTrans") to enter into franchise agreements with private companies to develop and operate four privately financed demonstration transportation projects. On December 31, 1990, CalTrans entered into a Development Franchise Agreement (the "Original Franchise Agreement") with the California Private Transportation Corporation, to provide for the development, construction, lease and operation of the Toll Road. Subsequently, the Original Franchise Agreement was amended and restated pursuant to that certain Amended and Restated Franchise Agreement, entered into and effective as of June 30, 1993, as amended and supplemented from time to time, including as amended and supplemented by Amendment 1, effective as of July 16, 1993, and Amendment No. 2, effective as of January 3, 2003 (hereinafter collectively referred to as the "Franchise Agreement"), between CalTrans and OCTA, as assignee of the California Private Transportation Corporation. The Toll Road, which opened to traffic December 27, 1995, was the first demonstration project completed pursuant to AB 680, the first fully automated toll road in the world, and the first toll road in the United States to employ variable pricing.

The Toll Road was constructed by CPTC pursuant to the Franchise Agreement, and a Lease Agreement, entered into as of June 30, 1993 (as amended and supplemented, the "Lease"), by and between CPTC and CalTrans, which gave CPTC an exclusive franchise to design, develop, acquire, construct and operate the Toll Road for a period of thirty-five years from the date the Toll Road was placed in service (such period being hereinafter referred to as the "Franchise Period"). Senate Bill 1316 effective January 1, 2009 will extend the Franchise Period until December 31, 2065.

Upon expiration of the term of the Franchise Agreement and the Lease, the Toll Road reverts to the State of California (the "State"). See "Facility Agreements."

In order to provide for maintenance services for the Toll Road, CPTC entered into a Maintenance Services Agreement, dated as June 30, 1993 (the "Maintenance Services Agreement"), with CalTrans pursuant to which CalTrans agreed to provide maintenance in accordance with its published maintenance standards. See "The Maintenance Services Agreement." In order to provide for traffic enforcement and other police services for the Toll Road, CPTC entered into a Police Services Agreement, dated as of June 30, 1993 (the "Police Services Agreement"), with the California Highway Patrol. See "The Police Services Agreement."

OCTA Acquisition of the Toll Road

State Assembly Bill No. 1010 as amended by State Assembly Bill No. 1316. In 2002, in order to relieve traffic congestion and improve the commute on SR 91 and the Toll Road, the California State Legislature enacted California State Assembly Bill No. 1010 ("AB 1010"), which was signed by the Governor of the State of California on September 18, 2002. AB 1010 authorized OCTA to acquire the Toll Road in order to eliminate the Noncompete Provisions set forth in the Franchise Agreement and authorized CalTrans to approve the assignment of the Franchise Agreement to OCTA provided that the Noncompete Provisions set forth in the Franchise Agreement were eliminated.

AB 1010 further authorized OCTA (i) to impose tolls for the use of the Toll Road as authorized by the Franchise Agreement and specified that the revenues from such tolls shall only be used by OCTA for capital and operating expenses, including the payment of purchase costs, debt service, satisfaction of other covenants and obligations relating to indebtedness and for transportation related to SR 91 between Interstate Highway Route 15 and SR 55, excluding other toll roads, and (ii) to incur indebtedness, issue bonds, refund bonds, and assume existing bonds for the purposes authorized by AB 1010. Pursuant to AB 1010, OCTA may impose tolls through the earlier of December 31, 2030 or the date all bonds issued by OCTA pursuant to AB 1010 are paid in their entirety.

On September 30, 2008, the Governor of the State of California signed into law California State Assembly Bill No. 1316 ("AB 1316"). AB 1316 authorizes OCTA to eliminate its rights, interests, and obligations relative to the 91 Express Lanes in Riverside County, either by partial assignment to the Riverside County Transportation Commission, or by amendment to the Franchise Agreement in which event the Riverside County Transportation Commission would assume responsibility for the design, development, construction, operation and collection of tolls from the portion of the project located in Riverside County. In the event of such a partial assignment or amendment, AB 1316 directs CalTrans to give its consent to such a partial assignment or amendment and the term of the Franchise Agreement would be extended to a date determined by OCTA, which date shall be no later than December 31, 2065. Furthermore, following such an assignment or amendment, OCTA and the Riverside County Transportation Commission would need to enter into an agreement providing for the coordination of the operation of the respective portions of the project.

AB 1010 also required that OCTA, in consultation with CalTrans and the Riverside County Transportation Commission, develop and issue a plan and a proposed completion schedule for improvements on SR 91 between Interstate Highway Route 15 and SR 55, such plan and schedule to be issued prior to July 1, 2003 and to be updated thereafter on an annual basis until completion of all improvements described in the plan. As required, OCTA developed the plan and schedule entitled the "2003 State Route 91 Implementation Plan" (the "SR 91 Implementation Plan") and issued the SR 91 Implementation Plan in June 2003.

AB 1010 further required that OCTA establish an advisory committee (the "SR 91 Advisory Committee") to review issues and make recommendations to OCTA regarding the Toll Road, including the tolls imposed, operations, maintenance, and use of toll revenues, and improvements in the area of SR 91 between Interstate Highway Route 15 and SR 55, including the identification and siting of alternative highways. Pursuant to AB 1010, the SR 91 Advisory Committee shall consist of ten voting members, comprised of five members of the Board of Directors of OCTA appointed by the Board of Directors of OCTA, five members of the governing body of the Riverside County Transportation Commission appointed by the governing body of the Riverside County Transportation Commission, and three nonvoting members, comprised of one member of the San Bernardino Associated Governments appointed by the governing body of the San Bernardino Associated Governments and the District Director of CalTrans District 8 and the District Director of CalTrans District 12. As required, OCTA has established the SR 91 Advisory Committee. AB 1316 made certain changes to the duties of the SR 91 Advisory Committee to reflect the possible construction and operation of the portion of the project to be built in Riverside County by the Riverside County Transportation Commission.

Asset Purchase Agreement. Effective January 3, 2003, as authorized by AB 1010 and pursuant to the Asset Purchase Agreement, OCTA acquired the Toll Road and other assets held by CPTC and CPTC, LLC and used in connection with the operation of the Toll Road (hereinafter collectively referred to as the "Acquired Assets") and assumed certain obligations and liabilities of CPTC and CPTC, LLC related to the Toll Road (hereinafter collectively referred to as the "Assumed Liabilities"), including the Prior Bonds. In addition to the Toll Road, Acquired Assets included the Franchise Agreement, the Lease, the Maintenance Services Agreement and the Police Services Agreement (hereinafter collectively referred to as the "Facility Agreements"). In addition to the Prior Bonds, Assumed Liabilities include, among other liabilities, all liabilities relating to the Toll Road and the other Acquired Assets, liabilities and obligations under the Facility Agreements, liabilities under environmental laws related to the Toll Road and the other Acquired Assets and liabilities under any employee benefit plan related to the Toll Road and the other Acquired Assets.

A complete copy of the Asset Purchase Agreement is available at the offices of OCTA.

FACILITY AGREEMENTS

The Franchise Agreement

Under the Franchise Agreement, CPTC was responsible for designing and constructing the Toll Road in accordance with CalTrans' design and construction standards. CalTrans approved the design of the Toll Road, provided certain oversight services during the construction of the Toll Road in order to assure compliance with its design and construction standards and is required to review and approve any material changes, alterations, modifications or improvements to the Toll Road. In addition, CalTrans is entitled to direct modifications to the Toll Road in order to meet certain safety standards.

During the construction period for the Toll Road, CPTC leased the right-of-way from CalTrans, but retained title to the improvements constructed on the right-of-way. CalTrans issued a notice of acceptance for the Toll Road on December 27, 1995 and CPTC transferred title to the improvements to CalTrans. As assignee of CPTC, OCTA leases the right-of-way and improvements from CalTrans during the remainder of the operating term of the Franchise Agreement and the Lease which expires December 27, 2030. Upon expiration of the term of the Franchise Agreement and the Lease, the Toll Road reverts to the State.

The Franchise Agreement provides that OCTA, as assignee of CPTC, will have exclusive control of the Toll Road and will be responsible for operating, maintaining, policing, administering and collecting tolls on the Toll Road. The Franchise Agreement entitles OCTA, as assignee of CPTC, to retain as a reasonable return on investment (the "Reasonable Return on Investment") all available cash flow (as described below, the "ACF" or "Available Cash Flow") for any lawfully permitted purpose, until such time as the sum of the present value of ACF realized after December 27, 1995, discounted at the Reasonable Return back to December 27, 1995, equals the Capital Costs at Completion (as such term is defined in the Franchise Agreement) (currently calculated as $205,263,668 million based on the capital costs incurred by OCTA in connection with the acquisition of the Toll Road). ACF is discounted for this purpose at 17% per annum (subject to increases to compensate OCTA for improved operations of the Toll Road that achieve higher peak hour vehicle occupancy rates for the Toll Road corridor). Once the sum of the values of ACF so discounted equals the Capital Costs at Completion (as such term is defined in the Franchise Agreement), all remaining ACF for any Fiscal Year shall be considered "excess toll revenues" which are required to be paid to the State for deposit in the California State Highway Account (the "State Highway Account').

Pursuant to the Franchise Agreement, Available Cash Flow for a period is defined as Total Revenues actually collected for such period, minus Operating Costs and Capital Costs (as such terms are defined in the Franchise Agreement) actually paid in that period. Operating Costs do not include payments of principal or interest due in connection with the financing of Capital Costs. Therefore, Tolls pledged under the Indenture and available to pay debt service on the Series 2003 Bonds will be payable only to the extent of Available Cash Flow under the Franchise Agreement, subject to the Reasonable Return on Investment limitation. The Franchise Agreement requires certain annual calculations of Reasonable Return on Investment. As indicated in the preceding paragraph, once the sum of the values of ACF so discounted equals $205,263,668, all remaining ACF for any Fiscal Year shall be considered excess toll revenues which are required to be paid to the State for deposit in the State Highway Account. Based on the current forecast of traffic and revenue projections prepared by the Traffic and Revenue Consultant and the projection of Operating Costs and Capital Costs, it is not likely that OCTA will achieve the maximum permitted return on investment during the remaining term of the Franchise Agreement. No assurance can be given, however, that the maximum permitted return on investment will not be achieved during the term of the Franchise Agreement, resulting in excess toll revenues being paid to the State Highway Account. See "Investment Considerations - Available Cash Flow Limitations Under the Franchise Agreement."

Under the Franchise Agreement, OCTA bears all risk of injury, loss or damage to the Toll Road and agrees to rebuild or repair the Toll Road as a result of any such damage, injury or loss. CalTrans agrees, however, to indemnify OCTA for losses arising from third party claims to the extent that such losses are the fault of CalTrans, errors or defects in design which fail to conform to CalTrans' standards or of which CalTrans was aware, or acts or omissions of CalTrans in connection with traffic management or maintenance activities performed by CalTrans. OCTA agrees to indemnify CalTrans from third party claims arising out of any other matters.

CalTrans may terminate the Franchise Agreement upon a default by OCTA which is not cured within certain cure periods set forth in the Franchise Agreement. Events of default under the Franchise Agreement with respect to OCTA include a failure by OCTA to perform any material covenant, agreement or obligation set forth in the Franchise Agreement and certain bankruptcy events of OCTA. Upon any default by CalTrans under the Franchise Agreement, OCTA may pursue any and all remedies available to it at law or in equity. Events of default under the Franchise Agreement with respect to CalTrans include termination of the Franchise Agreement in the absence of a default by OCTA and a failure by CalTrans to perform any material covenant, agreement or obligation set forth in the Franchise Agreement.

As provided in AB 1316, OCTA may assign its rights under the Franchise Agreement with respect to an extension of the Toll Road into Riverside County to the Riverside County Transportation Commission in which case OCTA's rights to construct, operate and collect tolls from such an extension would terminate.

A complete copy of the Franchise Agreement is available at the offices of OCTA.

The Lease

OCTA, as assignee of CPTC, and CalTrans are parties to the Lease pursuant to which CalTrans leases to OCTA the right of way upon which the Toll Road is located during the entire Franchise Period. The Lease provides for a nominal annual rent payment. Under the Lease, OCTA is responsible for the maintenance of, and for all costs associated with, the Toll Road and the right-of-way, including utility costs and real property taxes. The Lease provides that CalTrans is responsible for hazardous materials present on the right-of-way prior to the effective date of the Lease, hazardous materials that migrate into the right-of-way during the Lease term, and hazardous materials that are dumped or discharged into the right-of-way by CalTrans or by persons other than CPTC, OCTA or their contractors. OCTA retains responsibility for hazardous materials dumped or discharged into the right-of-way by CPTC, OCTA or their contractors (subject to the indemnity and other provisions of the Asset Purchase Agreement). OCTA has not obtained a title insurance policy with respect to the right-of-way. However, under the Lease and related agreements, including a Letter in Lieu of Title Insurance delivered by CalTrans on June 30, 1993, CalTrans has represented and warranted that it has title to the right-of-way sufficient to permit construction and operation of the Toll Road in accordance with the Lease and the Franchise Agreement. The Lease may generally be terminated by OCTA or CalTrans under the same circumstances as those under which OCTA or CalTrans may terminate the Franchise Agreement.

A complete copy of the Lease is available at the offices of OCTA.

The Maintenance Services Agreement

OCTA, as assignee of CPTC, is party to the Maintenance Services Agreement with CalTrans pursuant to which CalTrans has agreed to provide specified maintenance services to the Toll Road during the entire Franchise Period. These services will include all maintenance services required to maintain the Toll Road in accordance with CalTrans' then published maintenance standards for comparable State highways.

The types of maintenance services provided by CalTrans include the following: (1) maintenance and repair of pavement surface, base and paved shoulder, including repair of potholes; (2) maintenance, repair and/or replacement of all types of fences; (3) elimination of obstructions from ditches, curbs and drains; (4) sweeping and litter removal; (5) removal of graffiti; (6) maintenance and repair of bridge structures; (7) maintenance, troubleshooting and repair of highway lighting, ramp metering controllers, traffic counters/speed monitors; (8) maintenance, cleaning and repair of painted or plastic lane lines and/or edge lines; and (9) repair and/or replacement of signs, guardrails and median barriers.

The Maintenance Services Agreement provides that CalTrans and OCTA will mutually establish an annual work plan for maintenance services and a budget for those-services. The budget, however, does not set or limit amounts paid for maintenance services; rather, the maintenance services agreement requires OCTA to reimburse CalTrans for the cost to

CalTrans of the actual services provided to OCTA, except that CalTrans' charges for those services may not exceed the charges levied by CalTrans for similar services provided to third parties.

A complete copy of the Maintenance Services Agreement is available at the offices of OCTA.

The Police Services Agreement

Under the Franchise Agreement, OCTA is required to retain the California Highway Patrol ("CHP") to provide police services for the Toll Road. OCTA, as assignee of CPTC, and CHP have entered into a Police Services Agreement pursuant to which CHP has agreed to provide police services with respect to the Toll Road, during the Franchise Period. Those services include both "routine services," which are those services provided by CHP on comparable State highways, such as traffic law enforcement, incident response, accident investigation and motorist assistance services, and "supplemental services," which are primarily toll enforcement activities. The Police Services Agreement provides that CHP has both overall and day-to-day direction, supervision and control of officers providing routine and supplemental services, subject to certain limited obligations to coordinate police service activity with OCTA. The Police Services Agreement provides that CHP and OCTA will mutually establish an annual scope of work under the agreement and budget for those police services. The budget, however, does not set or limit amounts paid for police services; rather, the Police Services Agreement requires OCTA to reimburse CHP for the cost to CHP of the police services actually provided to OCTA.

The Police Services Agreement provides that OCTA may make temporary arrangements for alternative traffic law enforcement services with any law enforcement agent with the legal power to provide such services if CHP fails to provide at least 50% of the police services required under the Police Services Agreement for a continuous period of 24 hours or more.

A complete copy of the Police Services Agreement is available at the offices of OCTA.

OPERATING AGREEMENT AND SERVICES AGREEMENT

Effective January 3, 2003, OCTA entered into the SR 91 Express Lanes Operating Agreement (the "2003 Operating Agreement") with Cofiroute Global Mobility, LLC (the "Operator"). Pursuant to the 2003 Operating Agreement, the Operator was responsible for providing the following services with respect to the operation of the Toll Road: general administration; financial management; capital fixed assets and capital improvements; revenue collection, traffic analysis and management; policies and procedures administration; systems management; traffic and roadway operations; roadway maintenance and inspection; customer service and account management; violation processing; public relations and customer communications.

As consideration for its performance of the Services under the 2003 Operating Agreement, the Operator received an annual fee (the "Fee") for each twelve month period during the term of the contract (each, a "Contract Year"). The Fee for the first Contract Year, ending December 31, 2003 was $4,994,000.00. The Fee for each Contract Year following the first Contract Year was the sum of : (1) 0.75 times the product of (A) the Fee for the immediately preceding Contract Year (the "Prior Contract Year"), times (B) a fraction, the numerator of which shall be the Labor Index Adjuster for June of the Prior Contract Year and the denominator of which shall be the Labor Index Adjuster for June of the year immediately preceding such Prior Contract Year, plus (2) 0.25 times the product of (A) the Fee for the Prior Contract Year, times (B) a fraction, the numerator of which shall be the CPI Index Adjuster for June of the year immediately preceding such Prior Contract Year. As used in the 2003 Operating Agreement, "Labor Index Adjuster" means the Employment Cost Index for Total Compensation, Western Region, as published from time to time by the Bureau of Labor Statistics of the Department of Labor; and "CPI Index Adjuster' means the Los Angeles-Riverside-Orange County region.

The 2003 Operating Agreement remained in effect for a period of three (3) years from its effective date and terminated on January 2, 2006.

Effective January 3, 2006, OCTA entered into a subsequent SR 91 Express Lanes Operating Agreement (the "2006 Operating Agreement") with Cofiroute USA, LLC (formerly Cofiroute Global Mobility, LLC). The 2006 Operating Agreement shall remain in effect for a period of five (5) years from its effective date unless sooner terminated by OCTA pursuant to the terms of the 2006 Operating Agreement. The term of the 2006 Operating Agreement, at OCTA's sole discretion, can be extended for two additional two-year terms. Pursuant to the 2006 Operating Agreement, the Operator provided a letter of credit ("Security Instrument") in the amount of $5,000,000.00 as security for the performance of its obligations under the 2006 Operating Agreement. The Operator shall maintain the Security Instrument throughout the term of the 2006 Operating Agreement.

As consideration for its performance of the Services under the 2006 Operating Agreement, the Operator will receive a Fee for each Contract year, subject to the same inflation adjustments as the 2003 Operating Agreement. The base Fee for the Contract Year ending December 31, 2008 is $5,813,797.

Upon the occurrence and continuance beyond any applicable cure period of any Operator default, OCTA may terminate the 2006 Operating Agreement if any of the following event of default occurs: (i) Operator and/or any of its members, directors, or managing officers is convicted of any felony (ii) any fraud or willful misconduct by Operator and/or any of its members, directors, officers, managers, employees, subcontractors, agents and/or representatives in connection with the operation of the 2006 Operating Agreement, provided, that if the act or emissions constituting such fraud or willful misconduct were committed by any employee(s) (other than management) or subcontractor(s), and within fifteen (15) business days after receiving notice of such acts or omissions Operator removes the employee(s) and/or subcontractor(s) in question and pays in full restitution to OCTA, then such action shall not be deemed an Operator event of default; (iii) any material impairment of toll operations with respect to the 2006 Operating Agreement for twenty (20) consecutive days due to the act or omission of Operator and/or any of its members, directors, officers, employees, agents and/or subcontractors, unless the impairment shall have been expressly authorized or directed by OCTA in writing; (iv) if Operator breaches any term(s) or violates any provision(s) of the 2006 Operating Agreement and does not cure such breach or violation within thirty (30) calendar days after receipt of written notice thereof by OCTA specifying in reasonable detail such failure. If the default is not, in the exercise of reasonable diligence, curable within the said thirty (30) day period, then Operator shall promptly commence such cure and diligently pursue to it to completion, provided that such cure is completed in all events within ninety (90) days from the date of written notice. Operator shall be liable for all reasonable costs incurred by OCTA as a result of such default including, but not limited to, re-procurement costs of the same or similar services defaulted by Operator under the 2006 Operating Agreement.A complete copy of the Operating Agreement and the Services Agreement are available at the offices of OCTA.

HISTORICAL OPERATING EXPERIENCE

The Toll Road became operational on December 27, 1995. The tables set forth below show total vehicle trips, total transponders, and operating experience for the five fiscal years ended June 30, 2008*:

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Total Trips	11,213,741	12,741,319	14,182,916	14,639,848	13,477,488
Total Transponders	157,635	172,220	171,589	176,818	176,149
Gross Potential Toll Revenues (1)	$26,971,777	$32,518,490	$37,510,375	$40,574,194	$39,636,132
Tolls (2)	$24,610,057	$30,411,879	$35,002,588	$38,352,897	$37,452,652
Non-Tolls Revenues (3)	$8,472,608	$10,726,815	$11,161,318	$15,032,234	$13,586,598
Revenues	$33,082,665	$41,138,694	$46,163,906	$53,385,131	$51,039,250
Less: Current Expenses	($12,702,688)	($14,505,407)	($14,505,464)	($14,481,941)	($14,063,952)
Net Revenue for Debt Service	$20,379,977	$26,633,287	$31,658,442	$38,903,190	$36,975,298
Series 2003 Series Debt Service	$2,186,282 (4)	$11,970,445	$12,254,033	$12,257,389	$12,252,714
2003 Bonds Debt Service Coverage	9.32	2.22	2.58	3.17	2.92

(1) Gross Potential Toll Revenues defined as total trips times published tolls.

(2) Actual Tolls are less than Gross Potential Toll Revenues due to toll evasion, promotions, and discounts for 91 Express Lanes Club payments.

(3) Includes fee revenues from the use of transponders for the electronic payment of Tolls, fines and penalties collected and interest earnings.

(4) Includes partial year of debt serivce on the Series 2003 Bonds through June 30, 2004

* Information for FY2008 unaudited

MANAGEMENT DISCUSSION OF RECENT RESULTS

91 Express Lanes

The 91 Express Lanes traffic and revenues have exceeded the 2003 Traffic and Revenue Study projections since OCTA purchased the Toll Road in 2003. However, due to a recent decline in demand caused by the rising price of gasoline, a general slowdown in the regional economy and higher unemployment, lower congestion on the SR 91 general purpose lanes resulted in a decline in Toll Road traffic and revenue for FY 2008. Toll Road traffic was 8% lower in FY 2008 than in FY 2007, and gross potential toll revenue was 2.3% lower in FY 2008 than in FY 2007. Traffic and revenue have continued to decline in the first quarter of FY 2009. Traffic was 5% lower than in the fourth quarter of 2008, and revenue was 5% lower than in the fourth quarter of FY 2008. OCTA's Toll Policy adjusts tolls based on demand. As a result of declining demand, tolls were lowered in 14 hour periods for the toll schedule effective October 1, 2008.

Current expenses for FY 2008 were lower than budgeted due to lower cost of living adjustments related to compensation paid to the operator and the deferral capital projects. The largest component of current expenses has been the annual payment to the Operator pursuant to the Operating Agreement. During FY 2008, OCTA paid the Operator approximately $5.9 million in operating fees; the fees paid to the Operator increase each year based upon an inflation factor comprised of a labor index adjuster and a CPI index adjuster. See, "OPERATING AGREEMENT AND SERVICES AGREEMENT" above.

OCTA incurs certain capital expenditures each year payable from Revenues that are not defined as "Current Expenses" in the Indenture. Last year, OCTA incurred $1.9 million of such capital expenditures. For FY 2009, OCTA has budgeted $5.76 million in such capital expenditures, the largest of which will be to upgrade the electronic toll and traffic management system platform.

OCTA's Other Transportation Programs

OCTA's Measure M Sales Tax program, which funds highways, transit and major streets and roads in the County, is anticipated to experience a shortfall of 8% for FY 2009 from forecasted budgeted revenues. The Measure M2 Sales Tax program, which commences collection in April, 2011 and also funds highways, transit and major streets and roads in the County, is currently estimating a 20% reduction from the initial 2006 forecast in the nominal 30-year sales tax revenue forecast. This figure will likely adjust itself up or down based on what happens with the economy in the coming years. There are no forecasted reductions in expenditures for Measure M Sales Tax capital programs at this time.

OCTA's transit program which consists of bus service and assists in the funding of a regional commuter rail program is preparing for a 7% sales tax revenue shortfall for FY 2009. These sales tax revenues are received by OCTA as part of a statewide transit funding program which is the major source of transit funding for the County. Ridership for the bus system has increased dramatically during the first quarter of FY 2009 showing an 8.7% increase for the months of August and September.

CURRENT RESERVES

The table below shows the balances of reserves required under the Indenture as of September 30, 2008 and the internal Capital Expenditure Reserve required by OCTA.

Current Reserves as of September 30, 2008	
Reserve Fund	$12,634,944
Supplemental Reserve Fund	$10,384,076
Operating Reserve Fund	$3,178,127
Major Maintenance Reserve Fund	$7,786,666
Total Indenture Reserves	**$33,983,813**
Internal Capital Expenditure Reserve	$8,072,112
Total Indenture and Internal Reserves	$42,055,925

FIVE YEAR OPERATING FORECAST

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total Trips					
Gross Potential Toll Revenues (1)	$35,500,000	$39,600,000	$46,000,000	$49,200,000	$53,100,000
Tolls (2)	$33,833,828	$35,640,000	$41,400,000	$44,280,000	$47,790,000
Non-Tolls Revenues (3)	$11,331,128	$10,912,264	10,685,215	$10,885,660	$11,447,261
Revenues	$45,164,956	$46,552,264	$52,085,215	$55,165,660	$59,237,261
Less: Current Expenses (4)	$15,500,000	$15,965,000	$16,443,950	$16,937,269	$17,445,387
Adjusted Net Toll Revenues	$29,664,956	$30,587,264	$35,641,265	$38,228,392	$41,791,874
Series 2003 Bonds Debt Service	$15,000,000 (5)	$13,087,681 (5)	$13,692,316 (5)	$13,795,250 (6)	$13,795,157 (6)
Debt Service Coverage	1.98	2.34	2.60	2.77	3.03

(1) Gross Potential Toll Revenues as set forth in Table 4-9 of the 91 Express Lanes Traffic and Revenue Study Update attached as Appendix B.

(2) Projected tolls have been adjusted downward by 10% less than Gross Potential Toll Revenues due to toll evasion, promotions, and discounts for 91 Express Lanes Club payments.

(3) Non-Toll Revenues includes fee revenues from the use of transponders for the electronic payment of Tolls, fines and penalties collected and interest earnings. The 2003 Reserve Fund is invested in a collateralized MBIA GIC at 5.125% and all other reserves and funds are assumed to be invested at 3%.

(4) Current Expenses are assumed to grow at 3% per year beginning in FY 2009.

(5) FY 2009 debt service is projected to be the sum of debt service on the 2003-A Bonds, the debt service on the Series-B-1 and Series-B-2 Bonds 2003-A Bonds, the debt service on the Series-B-1 and Series-B-2 Bonds in the weekly mode through

December 9, 2008, the debt service on the Series-B-1 and Series-B-2 Bonds at 3.85% from December 10, 2008 through June 30, 2009, and certain estimated costs associated with interest rate swaps associated with the Series-B-1 and Series-B-2 Bonds.

The FY 2010 debt service is projected to be the sum of the debt service on the Series A Bonds, the debt service on the Series-B-1 and Series-B-2 Bonds at 3.85% and certain estimated costs associated with interest rate swaps associated with the Series-B-1 and Series-B-2 Bonds.

The FY 2011 debt service is projected to be the sum of the debt service on the Series A Bonds, the debt service on the Series-B-1 and Series-B-2 Bonds at 3.85% until December 9, 2008, certain estimated costs associated with interest rate swaps associated with the Series-B-1 and Series-B-2 Bonds, and 6.06%, the Bond Buyer 25 Year Revenue Bond Index rate for the week of October 23, 2008 after December 9, 2010.

(6) The interest rate after December 9, 2010 for the Series 2003-B-1 and Series-B-2 Bonds is assumed to be 6.06%, the Bond Buyer 25 Year Revenue Bond Index for the week of October 23, 2008.

TOLL SCHEDULE AND 91 EXPRESS LANES TOLL POLICY

History

Historically, toll rates on the Toll Road have been set as a function of traffic demand in the SR 91 corridor. Toll prices vary from hour to hour and day to day based on a predetermined toll schedule. Toll prices have been increased 17 times since the opening of the Toll Road based on traffic volume adjustment as called for in the Toll Policy (as defined below). Toll prices in 14 hour periods were decreased by $0.50 on October 1, 2008. (See Figure ____ of the Traffic and Revenue Study Update.)

Current Toll Policy

On July 14, 2003, the Board of Directors of OCTA adopted a new toll policy designated as the 91 Express Lanes Toll Policy (the "Toll Policy").

The goals of the Toll Policy are as follows:

- Provide a safe, reliable, predictable commute for Toll Road customers.
- Optimize vehicle throughput at free flow speeds.
- Pay debt service and maintain debt service coverage.
- Increase average vehicle occupancy.
- Balance capacity and demand to serve customers who pay tolls as well as carpoolers with three or more persons who are offered discounted tolls.
- Generate sufficient revenue to sustain the financial viability of the Toll Road.
- Ensure that all bond covenants are met.
- In accordance with AB 1010, reimburse OCTA for costs incurred in connection with the acquisition of the Toll Road and provide revenues for SR 91 and Toll Road corridor improvements.

In order to keep traffic flowing, eliminate stop-and-go driving and encourage ride sharing, the Toll Policy continues to employ variable pricing.

Super Peak Hours. With respect to Super Peak Hours ("Super Peak" or "Super Peak Hours"), defined in the Toll Policy as those hourly periods, per day and per direction with traffic volume use which meets or exceeds the trigger point of 3,128+ vehicles per hour, per day and per direction (the "Trigger Point"), the Super Peak Hours toll adjustment goals are to: (i) reduce the likelihood of congestion by diverting traffic to other hours with available capacity; (ii) maintain free flow travel speed on the Toll Road; (iii) maintain travel time savings, (iv) accommodate projected growth in travel demand; and (v) ensure that the Toll Road generates sufficient revenue to effectively operate the toll land and maintain a strong debt service position.

The toll during a Super Peak Hour is determined as follows:

1. Hourly, day, and directional traffic volumes will be continually monitored on a rolling 12 consecutive week period basis.

2. Hourly, day, and directional traffic volumes of 3,128 or more will be flagged for further review.

3. If the hourly, day, and directional traffic volume is at a level of Super Peak for any six (6) weeks of twelve (12) consecutive weeks, then the toll rate for that hour, day and direction may be increased.

4. The toll for that hour, day, and direction shall be increased, based on the average vehicle volume of the flagged hour, day, and direction identified per numbered item 2 above, as follows:

    (a) if the average flagged vehicle volume is 3,300 or more, then the toll shall be increased by $1.00.

    (b) if the average flagged vehicle volume is between 3,200 and 3,299, then the toll shall be increased by $0.75.

    (c) if the average flagged vehicle volume is less than 3,200, then the toll shall not be changed.

Six months after a toll increase, the most recent twelve (12) consecutive weeks (excluding weeks with a Holiday as such term is defined in the Toll Policy or a major traffic anomaly caused by an accident or incident) shall be reviewed for the hour, day and direction that the toll was increased. If the traffic volume is less than 2,720 vehicles per hour, day, and direction in six (6) or more of the weeks, then the traffic volumes for that hour, day and direction for the twelve (12) consecutive weeks shall be averaged. If the average traffic volume is less than 2,720, then the toll shall be reduced by $0.50 to stimulate demand and encourage Toll Road use.

Notice of Toll Adjustment. Pursuant to the Toll Policy, the Board of Directors of OCTA and Toll Road customers will be informed of a toll adjustment ten (10) or more days prior to such adjustment becoming effective.

Non-Super Peak Hours. Tolls for all Non-Super Peak Hours, defined in the Toll Policy as an hourly period that is not a Super Peak Hour, remain fixed at November 2001 levels, subject to an annual adjustment for inflation. The Inflation Factor, as such term is defined in the Toll Policy (the "Inflation Factor"), shall be identified and applied beginning July 1, 2004 and at the beginning of each fiscal year thereafter to all Non-Super Peak and Super Peak Hours that were not adjusted in the previous twelve (12) months. All tolls shall be rounded up or down to the nearest 5-cent increment.

Discounts. HOV-3+ vehicles, zero-emission vehicles, vehicles bearing a disabled veteran or disabled person license plate issued by the California Department of Motor Vehicles and motorcycles (hereinafter collectively referred to as the "Discount Vehicles") are permitted to ride free in the Toll Road during most hours. Such vehicles pay fifty percent (50%) of the toll Monday through Friday 4:00 p.m. to 6:00 p.m. in the eastbound direction. Pursuant to the Toll Policy, this exception will remain in effect until such time as the Debt Service Coverage Ratio as such term is defined in the Toll Policy (the "Toll Policy Debt Service Coverage Ratio"), inclusive of senior and subordinated debt, is projected to be 1.2 or greater for a six month period. At that time, Discount Vehicles will ride free all day, every day.

Financing Requirements. OCTA shall charge and collect tolls that generate enough revenue to maintain a Toll Policy Debt Service Coverage Ratio of at least 1.30 to 1.00.

Holiday Toll Schedules. Holiday toll schedules in effect prior to July 14, 2003 continue to apply, subject to adjustment by the Inflation Factor at the beginning of each fiscal year beginning July 1, 2004, such Inflation Factor to be applied in the same manner as applied to the adjustment of Non-Super Peak Hours tolls.

A complete copy of the Toll Policy is attached hereto as Appendix H.

Current Toll Schedule

The current toll schedule charges $1.25 during the overnight hours with gradual increases as traffic builds during the day. During the morning westbound peak, the highest toll charged is $4.35. During the evening eastbound peak, the highest toll charged is $9.55.

91 EXPRESS LANES TRAFFIC AND REVENUE STUDY AND TRAFFIC AND REVENUE STUDY UPDATE

In connection with the issuance of the Series 2003 Bonds, OCTA engaged Vollmer Associates LLP ("Vollmer") to prepare the Traffic and Revenue Study. Recently, OCTA engaged Stantec ("Stantec") to update the Traffic and Revenue Study, the latest version of which is attached hereto as Appendix A. To complete the original, Vollmer engaged George Hoyt & Associates ("GH&A") and PB Consult Inc. ("PB Consult," and together with Vollmer, GH&A and Stantec, hereinafter collectively referred to as the "Traffic and Revenue Consultant"). Vollmer was responsible for project management and coordination and for forecasting future gross potential revenues. GH&A provided the traffic modeling services and the projection of future traffic demand based on forecast improvements. PB Consult provided the socioeconomic review of employment and household projections used in the traffic model.

The Traffic and Revenue Study Update presents historical traffic and revenue data, including average daily traffic volumes (See Table 2-1 - "Average Daily Traffic"), forecasts future traffic volume on SR 91 and the Toll Road, projects future revenues and presents a summary of the methodology used by the Traffic and Revenue Consultant in developing the forecasts set forth in the Traffic and Revenue Study Update. All projected future revenues set forth in the Traffic and Revenue Study Update are gross potential revenues. Gross potential revenues assume that each vehicle that passes the toll point on the Toll Road pays the toll rate to be charged pursuant to the toll schedule. Gross potential revenues do not include revenue from the monthly per transponder charge paid by customers who select the 91 Express Lanes Club payment account option, the one time per transponder charge paid by customers who select the Convenience Plan payment option, minimum toll charges paid by customers who select the Standard Plan payment account option or fines and are not adjusted for potential loss of revenue resulting from violations. (See particularly, Section 2 of the Traffic and Revenue Study Update - "Traffic and Revenue History - Weekly Traffic and Potential Revenue" and "Annual Gross Potential Revenue.")

Reference is made to the Traffic and Revenue Study Update for a discussion of the principal assumptions made in such Traffic and Revenue Study Update. The forecasts contained in the Traffic and Revenue Study Update are based on what the Traffic and Revenue Consultant believes to be reasonable evaluations of current conditions and assumptions regarding future conditions. Achievement of any forecast is dependent upon future events that cannot be assured. Therefore, actual results may vary, perhaps significantly, from the forecasts contained in such report. There can be no assurances that these forecasts will be realized.

Reference is made to the Traffic and Revenue Study Update, which investors are advised to review carefully in its entirety, for additional material information concerning the Toll Road contained therein, including the information, findings, assumptions and conclusions which represent the basis for the Traffic and Revenue Consultant's forecasts of future traffic volume and revenues. The assumptions and estimates underlying the projected financial and operating information are inherently uncertain and, though considered reasonable by management of OCTA as of the date hereof, as further described under the caption "Investment Considerations" herein, are, subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projected financial and operating information. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the Toll Road or that actual results will not be materially higher or lower than those contained in the projected financial and operating information.

Inclusion of projected financial and operating information in this Remarketing Circular should not be regarded as a representation by OCTA, the Series 2003-B Bond Insurer or any person that the assumptions and estimates are reasonable or that the results contained in the projected financial and operating information will be achieved.

INVESTMENT CONSIDERATIONS

OCTA's ability to generate Adjusted Net Toll Revenues from the use and operation of the Toll Road in amounts sufficient to pay debt service on the Series 2003-B Bonds depends upon many factors, some of which are not within the control of OCTA. The primary source of payment for the Series 2003-B Bonds are Tolls. The forecasted levels of traffic and Tolls set forth in this Remarketing Circular are based upon an analysis of historical information and upon estimates of the Traffic and Revenue Consultant.

Among other factors, changes in demographics, downturns in the State and local economies, declines in use caused by competing transportation improvements, damage and destruction caused by landslides, earthquakes or other acts of God or an increase in the price of gasoline could have an adverse effect on the ability of the Toll Road to generate sufficient revenues to pay debt service. Described below are certain of these and other specific factors that could affect use and operation of the Toll Road and the ability of OCTA to pay debt service on the Series 2003-B Bonds.

Demographic and Economic Changes. The traffic forecasts of the Traffic and Revenue Consultant are sensitive to changes in, among other assumptions, population, household and employment levels, and growth and income levels. While the Traffic and Revenue Consultant believes that the demographic growth forecasts set forth in the Traffic and Revenue Study Update are reasonable, neither OCTA nor the Traffic and Revenue Consultant can guarantee that such growth forecasts will be realized.

Traffic and Revenue Projection Uncertainties. There is no assurance that traffic and corresponding revenue levels will reach those levels forecasted in the Traffic and Revenue Study Update or that the diversion of traffic caused by competing highway improvements assumed to be constructed in the vicinity of the Toll Road may not be greater than assumed. It is also possible that competing highway improvements other than those assumed by the Traffic and Revenue Consultant will be constructed.

The forecasts of the Traffic and Revenue Consultant assume toll rates will continue to be imposed based upon the Toll Policy adopted by the Board of Directors of OCTA on July 14, 2003. Pursuant to the Toll Policy, once the Toll Policy Debt Service Coverage Ratio, inclusive of senior and subordinated debt, is projected to be 1.2 or greater for a six month period, Discount Vehicles utilizing the Toll Road will ride free all day, every day. The Traffic and Revenue Study Update assumes that Discount Vehicles will be permitted to ride free commencing in Fiscal Year [2011] and that no other or additional discounts will be approved by OCTA during the forecast period. There can be no assurance provided that the conditions providing for free travel for Discount Vehicles will not be met prior to Fiscal Year 2011 or that the Toll Policy will not be modified prior to the end of the forecast period. Nor can there be any assurance provided that future toll rate increases enacted pursuant to the Toll Policy will actually result in increased Tolls.

Seismic or Other Casualty to the Toll Road. In the event of an earthquake, or other significant damage to the Toll Road, complete closure of the Toll Road might be required during the time needed for repair. CalTrans is obligated only to restore the load bearing capacity of the real estate to its initial condition. In the event the Toll Road is destroyed or damaged by earthquake or some cause other than ordinary and usual usage thereof, amounts, if any, received from the proceeds of insurance may be used to pay all or any part of the cost of reconstructing, restoring, repairing or rehabilitating the Toll Road (including the toll collection systems). There can be no assurance that such amounts will be received, or if received will be sufficient to fully restore, repair or rehabilitate the Toll Road.

Competing Transportation Improvements or Systems. As required by AB 1010, OCTA developed and issued the SR 91 Implementation Plan in June 2003. The SR 91 Implementation Plan, which is required to be updated on an annual basis, establishes a program of projects eligible for funding from toll receipts not required for capital and operating expenses, including payment of purchase costs, debt service and the satisfaction of other covenants and obligations relating to indebtedness, and other funds. The SR 91 Implementation Plan is divided into short (by 2011), mid (by 2020) and long term (by 2030) projects. The short-term program includes five (5) projects at a total cost of approximately $175 million dollars and includes two (2) freeway improvement projects and three (3) transit related projects. The mid-term program includes eight (8) projects at a total cost in the range of $2.128 to $2,42 billion dollars and includes freeway capacity improvements, Riverside County's SR 91 Express Lanes extension, and Metrolink service expansion. The long-term program includes three (3) projects at a total cost of over $8.68 billion dollars and includes a mixture of projects.

For purposes of the 91 Express Lanes Traffic and Revenue Update, the Traffic and Revenue Consultant has assumed that certain highway improvements in the vicinity of the Toll Road will take place as described in the SR 91

Implementation Plan. Other than improvements discussed in the 91 Express Lanes Traffic and Revenue Update, the Traffic and Revenue Consultant has assumed that no additional capacity will be added to the competing freeway system in proximity to the Toll Road during the forecast period (through 2030). As contemplated in the SR 91 Implementation Plan, the highway improvements in the vicinity of the Toll Road include extensive highway improvements for the regional highway system during the forecast period. Moreover, the majority of these improvements will increase capacity in the SR 91 free lanes. Based on such assumptions, the Traffic and Revenue Consultant projected that traffic volumes and revenues would decline in 2015 when major improvements are expected to come online (see particularly Section 4.2 of the 91 Express Lanes Traffic and Revenue Update). It is possible that division of traffic caused by these improvements may be greater than forecasted which would in turn result in a decrease in revenue greater than forecasted. It is also possible that competing highway improvements other than those assumed by the Traffic and Revenue Consultant will be constructed which could further increase diversion of traffic and in turn further decrease revenue.

Available Cash Flow Limitations Under the Franchise Agreement. The Franchise Agreement does not regulate tolls or other charges by OCTA for the use of the Toll Road. Instead, the return on investment that OCTA, as successor to CPTC, is entitled to earn is limited to 17% per annum. The limit on return on investment can be increased to compensate OCTA for improved operations in the Toll Road that achieve higher peak hour vehicle occupancy rates for the SR 91 corridor. The return on investment actually earned by OCTA is determined annually by comparing the capital investment in the Toll Road with the Toll Road cash flows discounted back to the date of commencement of Toll Road operations at the per annum permitted rate of return. After the discounted cash flows equal the capital investment, however, all Toll Road cash flows are required to be paid to the State Highway Account. Pursuant to the Franchise Agreement, Available Cash Flow for a period is defined as Total Revenues actually collected for such period, minus Operating Costs and Capital Costs actually paid in that period. Operating Costs do not include payments of principal or interest due in connection with the financing of Capital Costs. Therefore, Tolls pledged under the Indenture and available to pay debt service on the Series 2003-B Bonds will be payable only to the extent of Available Cash Flow under the Franchise Agreement, subject to the Reasonable Return on Investment limitation. See "The Franchise Agreement." Based on the current forecast of traffic and revenue projections prepared by the Traffic and Revenue Consultant and the projection of Operating Costs and Capital Costs, it is not likely that OCTA will achieve the maximum permitted return on investment during the term of the Franchise Agreement. No assurance can be given, however, that the maximum permitted return on investment will not be achieved during the term of the Franchise Agreement, resulting in excess toll revenues being paid to the State Highway Account.

Current Expenses Payable Prior to Debt Service. Prior to any transfer of Revenues to the Trustee for deposit to the Debt Service Fund, pursuant to the Indenture, OCTA is permitted to withdraw from the Revenue Fund such amount as OCTA shall determine is necessary to pay Current Expenses, including operating expenses, then due and payable and Current Expenses that OCTA expects will become due and payable within the next succeeding calendar month. Such Current Expenses are payable prior to payment of debt service on the Series 2003-B Bonds.

Operating Expenses. Data relating to projected operating expenses set forth in the table appearing under the caption "Projected Debt Service Coverage" was provided by OCTA based upon assumptions regarding costs of operating the Toll Road, including the Fee payable pursuant to the Operating Agreement. No assurance can be given, however, that the actual amount of operating expenses will not exceed the projected amount of operating expenses set forth in such table. Moreover, the term of the Operating Agreement, including all renewal options, will expire prior to the final maturity date of the Series 2003-B Bonds. No assurance can be given that OCTA will be able to negotiate a successful renewal upon expiration of the term of Operating Agreement or that the fee payable in connection with such renewal, if negotiated, or any fee payable to a new operator in the event OCTA determines to negotiate with another operator upon expiration of the term of the Operating Agreement, will be within the assumed operating expenses included in the projected operating expenses.

Operating Experience. The ability of OCTA to pay debt service on the Series 2003-B Bonds is to a great extent dependent upon the successful management of the Toll Road and the ability to achieve the revenues set forth in the Traffic and Revenue Study Update. The operation of the Toll Road by the Operator is subject to numerous risks, any of which could alter the time frames or budgets currently contemplated.

Toll Collection Management Risk. The areas of potential risk for the operation of a toll collection system are the systems' accuracy, availability and maintenance. Less than adequate performance in any one of those areas will significantly impact the collection of Tolls and could have a material adverse effect on the viability of the business.

Technology and Societal Changes. Neither OCTA nor the Traffic and Revenue Consultant can predict the technological and societal changes that may affect the use of the Toll Road during the period the Series 2003-B Bonds remain Outstanding. Societal change might include, for example, the increased use of telecommuting. Since the growth in traffic, on the Toll Road can be expected to be sensitive to changes in overall SR 91 corridor growth, higher levels of telecommuting could have an adverse impact on usage of the Toll Road. Technological advancements might include broadening the use of electric or battery driven cars which, together with more stringent air quality standards, might change the characteristics of vehicles on the road. The Franchise Agreement and the Toll Policy provide for free or discounted usage of the Toll Road by such zero emission vehicles. Other technologies or societal changes could have a similar detrimental effect on the Toll Road and Adjusted Net Toll Revenues.

Fuel Availability and Pricing. The cost of energy and its availability may affect traffic and Adjusted Net Toll Revenues. As recently as this year, and at least two other times over the last 30 years, the price and availability of crude oil has been negatively impacted to the point of disrupting normal travel patterns on the nation's highways and toll roads. The United States Department of Energy has predicted that there will be reductions in United States petroleum output and increased reliance on foreign resources. For purposes of the Traffic and Revenue Study Update, the Traffic and Revenue Consultant has assumed that motor fuel will remain in adequate supply during the forecast period and price increases in fuel will not significantly exceed the overall rate of inflation. Any serious supply disruption occurring during the forecast period could be expected to result in short-term fluctuations in forecasted annual revenues. Furthermore, any price increase, as a result of an energy tax or increase in existing fuel taxes or otherwise, could adversely affect usage on the Toll Road.

Regulations Governing the Air Pollution Control Requirements May Become More Stringent. Air pollution control requirements may mandate a higher degree of occupancy standard than currently imposed, or more comprehensive restrictions on the use of passenger automobiles on all highways in Southern California.

Sources of Revenue. Approximately 20% of the revenues from the Toll Road are generated from sources other than toll revenues. Such other sources include fees paid for the use of transponders for the electronic payment of tolls. Users of the Toll Road may select from a number of payment account options, including the 91 Express Lanes Club, which provides for the payment of a $20.00 per transponder charge per month, and the Convenience Plan, which requires the payment of a one-time fee of $75.00 per transponder. A decline in the number of customers selecting a particular payment account option could result in a decline in revenue.

Market Factors. There can be no assurance that a secondary market for the Series 2003-B Bonds will develop, or, if a secondary market does develop, that such secondary market will provide owners with liquidity or that such secondary market will continue for the life of the Series 2003-B Bonds. The market price and market value of the Series 2003-B Bonds may be impacted by adverse traffic and toll revenue results on the Toll Road, other toll facilities, or other developments, including changes in tax laws governing treatment of interest on the Series 2003-B Bonds.

Risks Relating to Rights of the Series 2003-B Bond Insurer. Although under the Series 2003-B Bond Insurance, the Series 2003-B Bond Insurer guarantees the full and complete payment when due of principal and interest on the Series 2003-B Bonds, there can be no assurances that the Series 2003-B Bond Insurer will not become insolvent and unable to meet its obligations under the Series 2003-B Bond Insurance.

Risks Relating to the Series 2003-B Bonds. The Series 2003-B Bonds are variable rate bonds, the interest rates of which could rise over time. Although OCTA entered into the Series 2003-B Parity Swap Agreements in order to convert the Series 2003-B Bonds into synthetic fixed-rate bonds, in the event of a default by a Series 2003-B Swap Provider, OCTA will still be obligated to pay the variable rate on the affected Series of Series 2003-B Bonds. While the Series 2003-B Bonds bear interest at the OCIP Rate, there will be no Liquidity Facility. The Series 2003-B Bonds will be demand obligations which OCTA could be required to purchase upon short notice.

THE ORANGE COUNTY TRANSPORTATION AUTHORITY

OCTA was established by state law and began serving the public on June 20, 1991. An 18-member Board of Directors (Board) governs OCTA and consists of five members of the Orange County Board of Supervisors, ten city representatives selected by all of the cities within the County, two public members selected by the other 15 Board Members, and a representative appointed by the Governor of California serving in a non-voting capacity. A Chief Executive Officer manages OCTA and acts in accordance with the directions, goals and policies approved by the Board.

OCTA provides coordinated, efficient, and accountable transportation planning and services within Orange County. Former agencies and funds which were consolidated to form OCTA include: Orange County Transportation Commission, the Orange County Transit District (OCTD), Consolidated Transportation Services Agency, Orange County Local Transportation Authority (OCLTA), Orange County Service Authority for Freeway Emergencies (SAFE), Orange County Congestion Management Agency, Orange County Service Authority for Abandoned Vehicles (SAAV), State Transit Assistance Fund, Local Transportation Fund, Orange County Unified Transportation Trust (OCUTT), and Transit Development Reserve. On January 3, 2003, OCTA began operating the 91 Express Lanes, a toll facility on a ten-mile segment of the Riverside Freeway (SR-91) between the Riverside/Orange County Line and the Costa Mesa Freeway (SR-55).

Establishment of the consolidated transportation authority has saved County taxpayers tens of millions of dollars through increased efficiency and elimination of duplicative efforts. At the same time, service and investment in transportation have increased, providing the County with a progressive, effective, and comprehensive transportation system. OCTA has seven primary service programs that support the transportation system in Orange County: bus operations, commuter rail, Measure M, 91 Express Lanes, planning and capital projects, and motorist and other services.

Revenue sources consist primarily of sales tax apportionments, farebox collections, tolls and related fees, gasoline sales tax, interest income, federal capital and operating assistance grants, state grants, property taxes, and vehicle registration fees. On November 6, 1990, the voters of Orange County passed Measure M, which provided for a local transactions and use tax of 1/2 percent for 20 years to pay for a wide variety of freeway, road and transit improvements in the County. On November 7, 2006, Orange County voters approved by a 69.7 percent margin the continuation of Measure M for another 30 years until 2041. Called Renewed Measure M, this new transportation improvement plan, much like the original Measure M, will continue to deliver much needed freeway improvements as well as improvements to streets and roads and transit. A 1/4 percent sales tax, as outlined in state law, provides operating assistance for transit service, as well as a small percentage for planning and administrative support.

Formation and Governance

In the fall of 1990, the California State Legislature enacted State Senate Bill No. 838 which required the functional consolidation of the transportation agencies within Orange County. Included in this consolidation were the Orange County Local Transportation Authority, the Orange County Transportation Commission, the Orange County Transit District, the Orange County Service Authority for Freeway Emergencies and the Orange County Consolidated Transportation Service Agency. On June 20, 1991, the consolidated umbrella agency, known as the Orange County Transportation Authority or OCTA, assumed the combined duties of the transportation entities noted above. The purpose of this consolidation was to create a single Board of Directors accountable for transportation decision-making in the County.

The Board of Directors of OCTA is currently made up of four County Supervisors, six city council representatives, one public member elected by the other members of the Board of Directors of OCTA and a non-voting ex-officio member appointed by the Governor. The Director of District 12 of the California Department of Transportation serves as the Governor's ex-officio, non-voting member. On February 19, 2003, California State Assembly Bill No. 710 ("AB 710") was introduced in the California State Assembly. On May 15, 2003, AB 710 passed in the California State Assembly but failed to achieve passage in the California State Senate. However, the California State Senate approved a motion to reconsider AB 710 when the California State Legislature reconvenes in January 2004. If enacted, AB 710 would increase the size of the Board of Directors of OCTA from twelve to eighteen and would specify that the Board of Directors be comprised of (i) five members of the Orange County Board of Supervisors, each such member to be appointed by the Orange County Board of Supervisors, (ii) five city members appointed by the Orange County City Selection Committee members within each Orange County Supervisorial District, each of which member shall be a mayor or a city council member serving within Orange County, (iii) five members individually appointed by the most populous city within each Orange County Supervisorial District, each of which shall be a mayor or a city council member of the city appointing such member, (iv) two public members appointed by the other fifteen members of the Board of Directors of OCTA, each of which shall be a resident of Orange County who is not then serving, and has not, within the previous four years, served as an elected official within Orange County or as an elected official of Orange County; and (v) the Director of District 12 of the California Department of Transportation.

Programs and Services

OCTA is responsible for highway, street and road, transit and rail planning and transportation funding in the County. In addition to administration of the Toll Road, OCTA programs and services include administration of Measure M, the half-cent sales tax approved by the voters of the County for transportation purposes in 1990, planning and funding freeway improvement projects, funding street and road projects, including street widening, intersection improvement, signal coordination, and pavement rehabilitation projects, bus service, commuter rail service, motorist services, including freeway call boxes, towing services and abandoned vehicle abatement, and taxi administration services, including the issuance of taxicab business, driver and vehicle permits on behalf of the cities in the County which participate in the Orange County Taxi Administration Program.

Management

Key staff members are identified below.

Arthur T. Leahy, Chief Executive Officer. Arthur T. Leahy is Chief Executive Officer of the Orange County Transportation Authority (OCTA), a countywide transportation agency with 1,983 employees and an annual budget of $1.058 billion. Under the direction of a 17-voting member Board of Directors, he is responsible for planning, financing and coordinating Orange County's freeway, street and rail development as well as managing bus services, commuter rail services, paratransit van service for people with disabilities and a host of other transportation programs. He has served in the position since January 2001.

During Leahy's tenure, OCTA has undertaken some of the biggest projects in its history. Last year, Leahy delivered a $550-million widening of the Garden Grove Freeway (SR-22), the first design-build project on existing freeway in California that saved three to five years from the original schedule. In 2003, OCTA purchased the 91 Express Lanes for $207.5 million from a private firm that had operated the road, eliminating a "noncompete" agreement that banned any improvements to the adjacent free lanes and has since improved the SR-91 with reduced congestion, additional lanes and improved mobility along California's most congested corridor. Leahy has enhanced Orange County's transit system. Ridership on the bus and commuter rail systems have experienced record growth, boosting OCTA to the 12th busiest bus system in the nation and helping the agency lead in commuter-rail growth in Southern California.

Leahy also led OCTA to garner overwhelming approval for a $12 billion transportation sales tax renewal with 70 percent of voters approving Orange County's Measure M, which will begin in 2011. Under his leadership this year, OCTA is delivering an aggressive comprehensive early action plan for Measure M that includes $1.6 billion of transportation work for five freeway projects totaling $445 million, enhancing Metrolink commuter-rail service with safety and quiet zone improvements, awarding $200 million in competitive funds for transit projects, providing $166 million for signal synchronization and road upgrades and developing a water quality and environmental improvement projects.

Leahy's experience within the transportation industry is extensive. Prior to joining OCTA, he most recently served as the General Manager of Metro Transit in Minneapolis-St. Paul, Minnesota where he was credited with revitalizing their entire transit system. From 1971 to 1996 he served at the Los Angeles Metropolitan Transportation Authority (MTA). Starting as a bus operator, he worked his way up to Executive Officer of Operations, where he directed the efforts to start rail service with the opening of the Metro Blue, Red and Green lines and the operation of the MTA's bus system.

OCTA was honored this year with the "National Owner of the Year" award from Design Build Institute of America for its successful delivery of the SR-22 project. In 2005, the OCTA was recognized as the "Outstanding Transportation System" of the year by the American Public Transportation Association. In 2004, the agency received "Urban Community Transportation System of the Year" from the Community Transit Association of America. In 1998, Mr. Leahy was named the "Transit Professional of the Year" by the Minnesota Public Transit Association.

Paul C. Taylor, Deputy Chief Executive Officer. Paul Taylor has been Deputy CEO since March, 2007. For the previous three years at OCTA, he had responsibility for planning, engineering and constructing all transportation programs and projects in Orange County, including highways, commuter rail and multimodal corridor improvements. Paul has spent over thirty years as a public agency executive or consultant managing major public sector capital and operational improvement programs in Southern California. He has served as executive director, deputy executive director and director of strategic long-range planning for Los Angeles County's transportation system. Paul managed the planning of Los Angeles County's rail transit system, engineering and early construction of the light rail Blue Line and conceptual engineering for the region's commuter rail system. He directed operations planning, service deployment, and policy development for the Los Angeles County bus system. A licenses civil engineer, has master's and bachelor's degrees from MIT and has lectured on transportation and development at universities throughout Southern California.

James S. Kenan, Executive Director of Finance, Administration and Human Resources. As the Orange County Transportation Authority's Executive Director of Finance, Administration, and Human Resources, Jim Kenan directs and manages OCTA's financial and administrative services, treasury/public finance, risk management, contracting, training, and human resource activities for the Authority. Jim has responsibility for the management of the 91 Express Lanes Toll Road. Jim supervises a 200-person division responsible for administrating internal operations policies as well as financial performance, growth, and oversight duties within the Authority's $1 billion operating and capital budget. Since 1990, he has coordinated the issuance of over $2 billion in taxable and tax-exempt securities including sales tax revenue bonds, revenue anticipation notes, certificates of participation, and taxable and tax-exempt commercial paper.

Prior to joining OCTA in 1979, Jim headed internal audits for the Orange County Auditor-Controller's office. Jim was a key member of the transition team that successfully brought about the consolidation of seven government entities including the Orange County Transportation Commission and the Orange County Transit District in June 1991. This consolidation has resulted in a cumulative savings of more than $175 million to Orange County taxpayers.

Jim earned a master's degree in public administration from the University of Southern California and a bachelor's degree in accounting from California State University, Fullerton. He is a Certified Government Financial Manager, a member of the American Society of Public Administrators, Municipal Treasurer's Association, the California Society of Municipal Finance Officers and the Government Finance Officer Association.

Beth McCormick, General Manager, Transit. Ms. McCormick has 25 years of transportation experience. She joined the Orange County Transportation Authority (OCTA) in 1993 as a Senior Transportation Analyst in Commuter Services where she worked on the implementation of Metrolink service in Orange County and provided program management and contract oversight for the Freeway Service Patrol.

In 1998, Ms. McCormick was transferred to Community Transportation Services as the Department Manager and began to work on contract oversight for OCTA's contracted transportation services including the ACCESS program, the Senior Nutrition Transportation program, small bus fixed route, and the Senior Mobility Program. During her tenure in the department, Ms. McCormick worked diligently to implement new programs to manage the growing demand for ACCESS. After an intensive public outreach process, a number of Paratransit Growth Management strategies were adopted by the Board of Directors to proactively manage the growth in ACCESS demand and develop alternative transit options to improve mobility for seniors and persons with disabilities throughout the county.

In 2005, Ms. McCormick became the Manager of Bus Operations, overseeing three operating bases from which 1,200 coach operators provide fixed route service twenty-four hours a day, seven days a week. In addition to the operating bases, the department includes other staff critical to daily operations, including Central Communications, Field Supervision, and Operations Training. Ms. McCormick was involved in the collective bargaining process and improved labor/management relations while in this position. Transit Police Services for the OCTA, which are supplied under contract with the Orange County Sheriff's Department, are also managed through this department. This team is dedicated to the daily operation of fixed route service and the transportation of more than 68 million passengers each year.

In May 2007, Ms. McCormick was appointed the Acting General Manager of the Transit Division and in July 2007, was named the General Manager. As such, Ms. McCormick is responsible for the management and operation of fixed route bus service, maintenance for directly operated service, facilities maintenance, contracted fixed route and paratransit services, cooperative partnerships with other agencies to provide specialized transportation services, service scheduling, service planning, and customer advocacy, and security and emergency preparedness. This is the largest division at the OCTA, comprised of 182 staff; three collective bargaining units which include 1,234 coach operators, 278 vehicle maintenance mechanics and service workers, and 17 facilities maintenance workers; five operating bases, and 987 revenue vehicles. According to the American Public Transportation Association (APTA), OCTA is the 12th largest transit operator in the United States.

Ms. McCormick has her bachelor's degree in economics from Trinity College (now Trinity University) in Washington, DC, and a Masters of Science degree in Public Administration from the California State University, Long Beach. While finishing her undergraduate degree, she was an intern at Amtrak. Ms. McCormick has participated in

Transportation Research Board projects, is one of the five founding members of the Women's Transportation Seminar Chapter in Orange County, and is a graduate of the Leadership APTA program.

Kirk Avila, Treasurer and General Manager, Tollroads. Kirk Avila has served as the Orange County Transportation Authority's Manager of the Treasury/Public Finance department since 1997. In this capacity, he is responsible for an investment portfolio of over a $1 billion, a financing program that has over $400 million in outstanding debt, and the Authority's investor relations program. As the Authority's focal point to the investment community, Mr. Avila provides regular updates to the rating agencies, insurers, and investors on the operating activities of the Authority and the status of the Orange County economy.

Mr. Avila was also a member of the Authority's acquisition team that purchased 91 Express Lanes. The acquisition was completed within a 12 month period that included the passage of legislation by the state legislature and the assumption of $135 million in outstanding debt. In November 2003, the 91 Express Lane's outstanding taxable debt was restructured with tax-exempt securities. As a result of his ongoing involvement with the 91 Express Lanes, Mr. Avila was named General Manager in October 2006.

Mr. Avila earned a Master's of Science degree in Finance from Purdue University and a Bachelor's of Science degree in Mathematics and Economics from the University of California at Los Angeles.

AUDITED FINANCIAL STATEMENTS

The audited financial statements for the Orange County Transportation Authority 91 Express Lanes for the period from July 1, 2006 through June 30, 2007, attached as Appendix B-1 to this Remarketing Circular, and the Audited financial statements for the Orange County Transportation Authority for the period from July 1, 2006 through June 30, 2007, attached to this Remarketing Circular as Appendix B-2, have been audited by Mayer, Hoffman McCann P.C., independent auditors, as stated in their report herein. Mayer, Hoffman McCann P.C. was not requested to consent to the inclusion of their reports in Appendix B-1 or Appendix B-2, nor has Mayer, Hoffman McCann P.C. undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Remarketing Circular, and no opinion is expressed by Mayer, Hoffman McCann P.C. with respect to any event subsequent to the date of their reports.

CONTINUING DISCLOSURE

While the Series 2003-B Bonds bear interest at the OCIP Rate, OCTA is not subject to a continuing disclosure obligation under Rule 15c2-12 as adopted by the Securities and Exchange Commission (the "Rule"). In the event the Series 2003-B Bonds shall become subject to the requirements of the Rule, OCTA has covenanted and agreed in the Indenture that, at such time, it will comply with the provisions of the Rule then applicable. The Rule currently requires the provision of certain annual financial information and operating data relating to OCTA and the Toll Road to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or to certain information repositories of certain events. A failure by OCTA to comply with this covenant will not constitute an Event of Default under the Indenture. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. In connection with the issuance of the Series 2003-A Bonds, OCTA has entered into a previous undertaking and has remained in compliance with respect to the Rule.

RATINGS

The Series 2003-B Bonds, as secured by the Series 2003-B Bond Insurance issued by the Series 2003-B Bond Insurer, the Series 2003-B Bonds have been assigned the following ratings: Aa3, on review for possible downgrade, by Moody's Investors Service, Inc. ("Moody's"), and AA, with negative outlook, by Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). In addition, Fitch Ratings ("Fitch"), Moody's and S&P are expected to assign the Series 2003-B Bonds short-term ratings of "__", "___" and "____," respectively. Fitch, Moody's and S&P currently assign the Series 2003-B Bonds underlying long-term ratings of "A," "A1," and "A-," respectively without regard to the issuance of the Series 2003-B Bond Insurance.

Certain information was supplied by OCTA to Fitch, Moody's and S&P to be considered in evaluating the Series 2003-B Bonds. The ratings reflect only the views of such rating agencies, and will not constitute a recommendation to buy, sell or hold the Series 2003-B Bonds. Explanation of the significance of the ratings may be obtained from Fitch, Moody's and S&P.

There is no assurance that any rating will be retained for any given period of time or that a rating will not be revised downward or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any such revision or withdrawal of any or all of the ratings may have an adverse effect on the market price of any of the Series 2003-B Bonds.

TAX EXEMPTION

A complete copy of the opinion of Bond Counsel issued in connection with the original issuance of the Series 2003-B Bonds relating, among other matters, to the exclusion of interest paid on the Series 2003-B Bonds for federal income tax purposes and the exemption of interest paid on the Series 2003-B Bonds from personal income taxes under California law (the "2003 Bond Counsel Opinion"), is set forth in Appendix F. On the date of remarketing, Bond Counsel will deliver a letter that such opinion has not been amended, modified or withdrawn

The Internal Revenue Code of 1986 (the "Code") imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2003-B Bonds. OCTA has covenanted to comply with certain restrictions designed to assure that interest on the Series 2003-B Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series 2003-B Bonds being included in federal gross income, possibly from the date of issuance of the Series 2003-B Bonds. The opinion of Bond Counsel assumes compliance with such covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2003-B Bonds may affect the value of, or the tax status of interest on the Series 2003-B Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Series 2003-B Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

In its 2003 Bond Counsel Opinion, Bond Counsel was further of the opinion that interest on the Series 2003-B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel observed, however, that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income.

Prospective purchasers of the Series 2003-B Bonds should be aware that: (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest with respect to the Series 2003-B Bonds; (ii) interest with respect to the Series 2003-B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iii) passive investment income, including interest with respect to the Series 2003-B Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income; and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 2003-B Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2003-B Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Series 2003-B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the accrual or receipt of interest, including original issue discount, on the Series 2003-B Bonds may otherwise affect an Owner's state or federal tax liability. The nature and extent of these other tax consequences will depend upon the Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences.

LITIGATION

Avery et. al. v Orange County Transportation Authority, et. al. Orange County Superior Court Case No. 07CC00004 (Judge Ronald Bauer) was filed on January 9, 2007 in Orange County California. The lawsuit names 16 individual Plaintiffs, all of who were assessed penalties for multiple violations of the toll requirements on local toll roads, including the Express Lanes on the SR91. The operative complaint – the second amended complaint - was filed on February 13, 2008. The lawsuit challenges the constitutionality of the California statutory scheme for the assessment and collection of civil penalties against drivers who use toll roads without paying the requisite tolls (California Vehicle Code section 40250 et. seq.). The Plaintiffs allege that the statutory procedures and local regulations implementing those statutes, both on their face and as applied by OCTA and other public toll road operators, violate the state and federal due process rights of drivers using the toll roads and establish constitutionally excessive civil penalties. The complaint also alleges that the public entity defendants, including OCTA, have illegally expended public funds to enforce the allegedly constitutionally deficient statutes. The complaint seeks unspecified damages, an injunction against further enforcement of the challenged regulations, and attorneys' fees.

The Plaintiffs seek to certify three subclasses, two of which relate to claims asserted against OCTA: 1) all persons residing in California who have been assessed and/or who paid penalties for toll violations; and 2) all persons who were assessed and/or paid penalties for more than one violation where the total penalties exceeded $1.000.00 and were ten times or greater than the actual amounts of the tolls owed. The motion for class certification is scheduled for hearing on January 20, 2009. A date for trial has not yet been set.

All parties to the litigation have agreed to participate in a voluntary mediation in December 2008, with an independent professional mediator to explore a possible global settlement. In the event the matter is settled then the scheduled hearing on the motion for class certification will be cancelled.

No litigation is pending or, to the best knowledge of OCTA, threatened concerning the validity of the Series 2003-B Bonds. OCTA is not aware of any pending or threatened litigation questioning the political existence of OCTA or , except as otherwise disclosed herein, contesting OCTA's ability to impose and collect the Tolls or pledge the Pledged Funds pursuant to the Indenture.

FINANCIAL ADVISOR

OCTA has retained Sperry Capital Inc., Sausalito, California, as financial advisor (the "Financial Advisor") in connection with the remarketing of the Series 2003-B Bonds and certain other financial matters. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of the accuracy, completeness or fairness of the information contained in this Remarketing Circular. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

LEGAL MATTERS

Certain legal matters incident to the remarketing of the Series 2003-B Bonds are will be passed upon for OCTA by Nossaman LLP, Los Angeles, California, Bond Counsel and Disclosure Counsel. Approval of other legal matters will be passed upon for OCTA by Woodruff, Spradlin & Smart, a professional corporation, general counsel to OCTA. Certain legal matters will be passed upon for the Purchaser by County Counsel of the County of Orange.

PURCHASER

The Series 2003-B Bonds being remarketed to Chris W. Street, Orange County Treasurer-Tax Collector, Orange County Treasury (the "Purchaser"). The Purchaser has agreed to purchase the Series 2003-B Bonds at a price equal to

$100,000,000. The purchase agreement relating to the Series 2003-B Bonds provides that the Purchaser will purchase all of the Series 2003-B Bonds, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

OTHER MATTERS

This Remarketing Circular is not to be construed as a contract or agreement between OCTA and the purchasers, registered owners or beneficial owners of any of the Series 2003-B Bonds. Any statements made in this Remarketing Circular involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of OCTA since the date hereof.

Additional information may be obtained upon request from the office of OCTA at 550 South Main Street, Orange, California 92613-1584, (714) 560-6282.

The execution and delivery of this Remarketing Circular have been duly authorized by OCTA.

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: /s/ Arthur T. Leahy
Chief Executive Officer

Dated: November 24, 2008.

APPENDIX A

91 Express Lanes Traffic and Revenue Study Update

(See Attached)

APPENDIX B-1

Audited Financial Statements
for the Orange County Transportation Authority 91 Express Lanes Fund
for the Period from July 1, 2006 through June 30, 2007

(See Attached)

APPENDIX B-2

Audited Financial Statements
for the Orange County Transportation Authority
for the Period from July 1, 2006 through June 30, 2007

(See Attached)

APPENDIX C

Summary of Certain Provisions of the Master Indenture of Trust

(See Attached)

APPENDIX D

Debt Service Coverage

(See Attached)

PROJECTED DEBT SERVICE COVERAGE

Fiscal Year Ending June 30	Toll Revenues[1]	Non-Toll Revenues[2]	Reserve Fund Earnings[3]	Gross Toll Revenues[4]	Operating Expenses[5]	Net Revenues Available for Debt Service[6]	Debt Service[7]	Net Revenues After Debt Service[8]	Debt Service Coverage[9]
2008	$	$	$	$	$	$	$	$	
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									
2017									
2018									
2019									
2020									
2021									
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031[10]									
Totals	$	$	$	$	$		$	$	

Notes:

[1]*Potential Free Flow Revenue set forth in Table 5-7 of 91 Express Lanes Traffic and Revenue Study attached as Appendix A for the Fiscal Years ending June 30, 2004 through June 30, 2030, adjusted downward by 10% to account for toll evasion and discounts for 91 Express Lanes Club payment holders and OCTA estimate of toll revenues for period commencing July 1, 2030 and ending December 15, 2030, also adjusted downward by 10% to account for toll evasion and discounts for 91 Express Lanes Club payment account holders.*

[2]*Includes fee revenues for the use of transponders for the electronic payment of Tolls, fines and penalties collected and interest earnings on the Revenue Fund. Assumes annual growth rate of 3%.*

[3]*Assumes an investment rate of 4.3150495% on Reserve Fund, which is the assumed arbitrage yield on the Series 2003-B Bonds.*

[4]*Equal to sum of Toll Revenues, Non-Toll Revenues and Reserve Fund Earnings.*

[5]*As projected by OCTA, includes liquidity and remarketing fees for the Series 2003-B Bonds.*

[6]*Equal to Gross Toll Revenues minus Operating Expenses.*

[7]*Assumes fixed interest rate of ____% for Series 2003-B-1 Bonds and Series 2003 B-2 Bonds based on Series 2003-B Parity Swap Agreements.*

[8]*Equal to Net Revenues Available for Debt Service minus Debt Service for Series 2003-B Bonds.*

[9]*Net Revenues Available for Debt Service divided by Debt Service for Series 2003-B Bonds.*

[10]*Toll Revenues projected by OCTA for period from July 1, 2030 to and including December 15, 2030.*

APPENDIX E

Book-Entry Only System

(See Attached)

APPENDIX F

Opinion of Bond Counsel

(See Attached)

APPENDIX G

Specimen Financial Guaranty Insurance Policy

(See Attached)

APPENDIX H

91 Express Lanes Toll Policy

(See Attached)

Draft of October 31, 2008

PURCHASE CONTRACT

$100,000,000
Orange County Transportation Authority
Toll Road Revenue Refunding Bonds (91 Express Lanes),
Series 2003-B-1 and Series 2003-B-2

November 25, 2008

Orange County Transportation Authority
550 South Main Street
Orange, California 92613-1584

Ladies and Gentlemen:

The Treasurer of the County of Orange (hereinafter sometimes called the "Treasurer") offers to enter into this Purchase Contract with the Orange County Transportation Authority (the "Authority"). The offer made hereby is subject to acceptance by the Authority by execution and delivery of this Purchase Contract (the "Purchase Contract") to the Treasurer at or prior to 11:59 p.m., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Treasurer upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon acceptance of this offer by the Authority in accordance with the terms hereof, this Purchase Contract will be binding upon the Authority and the Treasurer.

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Master Indenture of Trust, dated as of November 1, 2003 (the "Master Indenture"), as supplemented and amended by the First Supplemental Indenture, dated as of November 1, 2003 (the "First Supplemental Indenture"), and the Second Supplemental Indenture, dated as of November 1, 2003 both by and between the Authority and Wachovia Bank, National Association, as predecessor trustee (the "Second Supplemental Indenture,"), and the Third Supplemental Indenture, dated as of October 1, 2008 by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee") (the "Third Supplemental Indenture" and, together with the Master Indenture the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, hereinafter collectively referred to as the "Indenture").

The Treasurer represents and warrants to the Authority that it has been duly authorized to act hereunder.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties, covenants and agreements hereinafter set forth, the Treasurer hereby agrees to purchase from the Authority or the Authority's designee, and the Authority hereby agrees to sell or cause to be sold to the Treasurer, all (but not less than all) of the $75,000,000 aggregate principal amount of the Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B-1 (the "Series 2003-B-1

Bonds,") and $25,000,000 aggregate principal amount of the Orange County Transportation Authority Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-B (the "Series 2003-B-2 Bonds," and, together with the Series 2003-B-1 Bonds, hereinafter collectively referred to as the "Bonds"). The Bonds will be sold to the Treasurer concurrent with the mandatory tender of the Bonds as provided in the Third Supplemental Indenture.

The purchase price for the Bonds shall be $100,000,000.

The Bonds, the Indenture and this Purchase Contract have been approved by a resolution adopted by the Board of Directors of the Authority on November 24, 2008 (the "Bond Resolution"). The Indenture and this Purchase Contract are hereinafter collectively referred to as the "Financing Documents."

2. **The Bonds.** The Bonds were issued pursuant to and in accordance with the provisions of Section 130240 of the Public Utilities Code of the State of California (as more fully defined in the Indenture, the "Act") and the Indenture.

The proceeds of the Bonds will be used to pay the mandatory purchase price of the Bonds due and payable upon their remarketing or to reimburse amounts owed by OCTA to the banks providing liquidity for the Bonds. The Bonds are substantially in the forms described in, and are secured under the provisions of, and shall be payable as provided in the Indenture.

Payment of principal of and interest on the Bonds are insured by a financial guaranty insurance policy (the "Bond Insurance Policy") issued by Ambac Assurance Corporation (the "Insurer").

3. **Official Statement.** The Treasurer hereby acknowledges receipt of the Official Statement relating to the Bonds dated as of November 5, 2003, the Remarketing Circular dated as of November 24, 2008 and such other material financial and operating information and documents relating to the Bonds and the Project that the Treasurer has requested and deems necessary and appropriate in order to make an informed decision to purchase the Bonds.

4. **Limited Offering of the Bonds.** The parties hereto acknowledge that the sale of the Bonds to the Treasurer by the Authority is a private placement of the Bonds. As a condition to the obligation of the Authority to sell the Bonds to the Treasurer, the Treasurer shall deliver to the Authority at the Closing a certificate in the form attached hereto as Exhibit A.

5. **Use of Documents.** The Authority hereby authorizes the Treasurer to use, in connection with its purchase of the Bonds, this Purchase Contract, the Official Statement, the Financing Documents, the other operating information and Project-related documents and the information contained herein and therein.

6. **Closing.** At 8:00 a.m., California time, on December 10, 2008 (the "Closing Date"), or at such other date and time as shall have been mutually agreed upon by the Authority and the Treasurer, the Authority will deliver or cause to be delivered to the Treasurer, the Bonds and the certificates, opinions and documents specified in Section 8 hereof, each of

which shall be dated as of the Closing Date or as of such other date as shall be acceptable to the Treasurer. Such delivery is herein called the "Closing."

On the Closing Date, the Authority will deliver, or cause to be delivered, to the Treasurer, the Bonds, in definitive or final form, duly executed by the Authority and authenticated by the Trustee, and the Treasurer will accept such delivery and pay the purchase price of the Bonds by wire transfer in immediately available funds as set forth in Section 1 hereof. The Bonds will be in printed, lithographed, or typewritten form, will be prepared and delivered in registered form, bearing CUSIP numbers, will be delivered to The Depository Trust Company ("DTC") in New York, New York and will be registered in the name of Cede & Co., as nominee of DTC. The Bonds will be made available to the Treasurer for checking not less than two (2) business days prior to the Closing Date.

Delivery of the certificates, opinions and documents set forth in Section 8 hereof as described herein shall be made at the offices of the Nossaman, Guthner, Knox & Elliott, LLP (hereinafter referred to as "Bond Counsel"), in Irvine, California, or at such other place as shall have been mutually agreed upon by the Authority and the Treasurer.

7. Representations, Warranties, Covenants and Agreements of the Authority. The Authority represents and warrants to and covenants that as of the date hereof:

(a) The Authority has been duly created and is validly existing under the Act and all other applicable laws of the State of California (the "State") and has the power to issue the Bonds pursuant to the Act, all other applicable laws of the State, the Bond Resolution and the Indenture.

(b) The Authority had full legal right, power and authority under the Constitution, the Act and all other applicable laws of the State to enter into the Toll Road Documents, has full legal right, power and authority under the Constitution, the Act and all other applicable laws of the State to impose and collect the Tolls, to adopt the Bond Resolution, to enter into the Financing Documents, to sell, issue and deliver the Bonds to the Treasurer as provided herein, has full legal right, power and authority to perform its obligations under the Bond Resolution, and the Financing Documents, and to carry out and consummate the transactions contemplated thereby and hereby, the Authority has complied with, or will at the Closing Date be in compliance with, in all respects material to this transaction, the Constitution, the Act, all other applicable laws of the State, the terms of the Bond Resolution, the Bonds, the Financing Documents, and this Purchase Contract.

(c) Subject to the terms of the Franchise Agreement and the Act, the authority of the Authority to determine, fix, impose and collect Tolls is not subject to the regulatory jurisdiction of any local, regional, State or federal regulatory authority, and the Authority has no knowledge of any legislation proposed or pending to limit, restrict or regulate such Tolls.

(d) By all necessary official action, on November 24, 2008 at a meeting duly called, noticed and conducted, the Authority duly adopted the Bond

Resolution, duly approved the execution and delivery of, and the performance of its obligations under the Bonds and the Financing Documents, and the consummation by it of all other transactions contemplated by the Bond Resolution and the Financing Documents. The Bond Resolution has not been modified or amended and is in full force and effect. When executed and delivered by their respective parties, the Financing Documents (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute a legal, valid and binding agreement or obligation of the Authority, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The Bonds, when remarketed, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Treasurer as provided herein, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All approvals, authorizations, consents, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or that would constitute a condition precedent to, or the absence of which would materially adversely affect the remarketing, delivery or sale of the Bonds, the execution, delivery and performance of the Financing Documents by the Authority and the maintenance or operation of the Toll Road, have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(g) The Authority is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Financing Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the imposition and collection of the Tolls, the adoption of the Bond Resolution, the remarketing and delivery of the Bonds and the execution and delivery of the Financing Documents and compliance with the Authority's obligations therein, will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such imposition, collection, execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Financing Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Authority's knowledge, threatened against the Authority: (i) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the remarketing, sale or delivery of any of the Bonds, (iii) the application of the proceeds of the sale of the Bonds, (iv) the proceedings authorizing and approving the imposition and collection of the Tolls, or in any way contesting or affecting, as to the Authority, the validity or enforceability of the Act, the proceedings authorizing the imposition and collection of the Tolls, the Bond Resolution, the Bonds, or the Financing Documents, (v) contesting the powers of the Authority or its authority with respect to remarketing of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Financing Documents, (vi) contesting the power or authority to impose or collect the Tolls, (vii)in any way contesting or challenging the consummation of the transactions contemplated hereby or which might materially adversely affect the ability of the Authority to perform and satisfy its obligations under the Financing Documents or the Bonds, (viii) nor to the best of the Authority's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the imposition or collection of the Tolls, the Bond Resolution, the Financing Documents, or the performance by the Authority of its obligations thereunder, or the authorization, execution, delivery, acceptance of, or agreement to, or performance by the Authority of the Bonds, the Bond Resolution, or the Financing Documents.

(i) Other than in the ordinary course of business, between the date hereof and the Closing Date, the Authority will not, without the prior written consent of the Treasurer, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Pledged Funds.

(j) The audited financial statements of the 91 Express Lanes Fund (the "Express Lanes Fund") provided to the Treasurer fairly present the financial position of the Express Lanes Fund as of the date indicated and the results of the operations of the Express Lanes Fund, the sources and uses of the Express Lanes Fund cash and the changes in Express Lanes Fund net assets for the periods therein specified to the extent included therein, and are in conformity with generally accepted accounting principles applied on a consistent basis, and there has been no material adverse change in the financial condition of the 91 Express Lanes Fund or in its operations since the date thereof and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(k) Any certificate signed by any official of the Authority and delivered to the Treasurer shall be deemed to be a representation and warranty by the Authority to the Treasurer as to the statements made therein.

8. Closing Conditions. The Treasurer has entered into this Purchase Contract in reliance upon the representations, warranties, and obligations of the Authority contained herein and upon the documents and instruments to be delivered at Closing. Accordingly, the Treasurer' obligations under this Purchase Contract shall be subject to the following conditions:

(a) The representations and warranties of the Authority contained herein shall be true, complete and correct in all material respects at the date hereof and on and as of the Closing as if made on the Closing Date, and will be confirmed by a certificate or certificates of the appropriate Authority official or officials dated the Closing Date, and the Authority shall be in compliance with each of the agreements and covenants made by it in this Purchase Contract.

(b) At the time of the Closing: (i) the Bond Resolution, the Financing Documents and the Toll Road Documents shall be in full force and effect, and shall not have been amended, modified or supplemented since the date hereof, except as shall have been agreed to in writing by the Treasurer; and (ii) the Authority shall perform or have performed all its obligations required under or specified in the Bond Resolution, the Financing Documents, the Toll Road Documents and this Purchase Contract and the Official Statement to be performed at or prior to the Closing.

(c) As of the date hereof and at the Closing, all necessary official action of the Authority relating to the Financing Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(d) Subsequent to the date hereof, up to and including the Closing, there shall not have occurred any change in or affecting the Authority, the Act, the Tolls, the Bonds or the maintenance or operation of the Toll Road which in the reasonable professional judgment of the Treasurer materially impairs the investment quality of the Bonds.

(e) At or prior to the Closing, the Treasurer shall receive the following documents, in each case satisfactory in form and substance to the Treasurer:

(1) A certificate of the Authority, dated the Closing Date, executed by the Chief Executive Officer or other authorized officer of the Authority, to the effect that: (a) the representations, warranties and covenants of the Authority contained herein are true, complete and correct in all material

respects on and as of the Closing with the same effect as if made at the Closing; (b) the Bond Resolution is in full force and effect at the Closing and has not been amended, modified or supplemented, except as agreed to by the Authority and the Treasurer; (c) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing; and (d) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority or the Toll Road, whether or not arising in the ordinary course of operations of the Authority and the Toll Road;

(2) A certified copy of the Bond Resolution;

(3) A duly executed original of each of the Financing Documents;

(4) An approving opinion of Bond Counsel, dated the Closing Date, substantially in the form attached as Exhibit B hereto and a reliance letter with respect thereto addressed to the Treasurer;

(5) A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Treasurer, substantially in the form attached hereto as Exhibit C;

(6) An opinion of Woodruff, Spradlin & Smart, counsel to the Authority ("Authority Counsel"), dated the Closing Date and addressed to the Treasurer, substantially in the form attached hereto as Exhibit D;

(7) The Bond Insurance Policy, issued by the Insurer;

(8) A certificate, dated the Closing Date, of an authorized officer of the Trustee, substantially in the form attached as Exhibit E hereto, and a certificate concerning signature authority and incumbency;

(9) Evidence from Fitch Ratings, Moody's Investors Service, and Standard & Poor's Rating Services that the Bonds have been assigned short-term ratings of "__," "___," and "__," respectively, to the Series 2003-B-1 Bonds and the Series 2003-B-2 Bonds, and that such ratings continue in effect as of the Closing;

(10) DTC Blanket Issuer Letter of Representations; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Treasurer or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations and warranties of the Authority contained in this Purchase Contract and the due performance or satisfaction by the Authority at or prior to such time of all covenants and agreements then to be performed and all

conditions then to be satisfied by the Authority pursuant to this Purchase Contract.

9. Termination. If the Authority shall be unable to satisfy the conditions of the Treasurer' obligations contained in this Purchase Contract or if the Treasurer' obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Treasurer at, or at any time prior to, the Closing. Notice of such cancellation shall be given to the Authority in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Authority hereunder and the performance of any and all conditions contained herein for the benefit of the Treasurer may be waived by the Treasurer in its sole discretion.

The Treasurer shall also have the right, prior to the Closing, to cancel their obligation to purchase the Bonds, by written notice to the Authority, if between the date hereof and the Closing:

(a) the market for the Bonds or the market prices of the Bonds or the ability of the Treasurer to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Treasurer, by:

(1) legislation enacted by the Congress of the United States, or passed by either house of the Congress, or favorably reported for passage to either house of the Congress by any Committee of such house to which such legislation has been referred for consideration, or by the legislature of the State; or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, would have the effect of changing, directly or indirectly, the federal income tax consequences or state income tax consequences of interest on obligations of the general character of the Bonds in the hands of the owners thereof; or

(2) the outbreak or escalation of hostilities involving the United States, or the declaration by the United States of a national emergency or war, or the occurrence of any other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Treasurer, impractical or inadvisable to proceed with the delivery of the Bonds as contemplated hereby; or

(3) a general suspension of trading on the New York Stock Exchange, or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority; or

(4) a general banking moratorium declared by federal, State or New York authorities having jurisdiction; or

(b) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Treasurer, materially and adversely affect the market or market price for the Bonds; or

(c) any litigation shall be instituted or be pending at the Closing to restrain or enjoin the remarketing, sale or delivery of the Bonds or the redemption of the Prior Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Bonds, the Bond Resolution, the Financing Documents or the existence or powers of the Authority with respect to its obligations under the Financing Documents, the Toll Road Documents, or the Bonds; or

(d) any rating of the Bonds by a national rating agency shall have been withdrawn or downgraded.

If the Treasurer terminates its obligation to purchase the Bonds because any of the conditions specified in Section 6, Section 8 or this Section 9 shall not have been fulfilled at or before the Closing, such termination shall not result in any liability on the part of the Treasurer.

10. Conditions to Obligations of the Authority. The performance by the Authority of its obligations is conditioned upon (i) the performance by the Treasurer of its obligations hereunder and (ii) receipt by the Authority and the Treasurer of the opinions and certificates being delivered at the Closing by persons and entities other than the Authority.

11. Expenses. (a) Whether or not the Bonds are issued as contemplated by this Purchase Contract, the Treasurer shall be under no obligation to pay and the Authority hereby agrees to pay any expenses incident to the performance of the Authority's obligations hereunder, including but not limited to the following: (i) the cost of preparation, execution and delivery of the Bonds; (ii) the acceptance fees of the Trustee and any fees and expenses of counsel to the Trustee; (iii) any fees charged by any rating agency for rating the Bonds; (iv) the fees and disbursements of Bond Counsel, accountants, consultants, liquidity facility providers, counsel to liquidity facility providers, verification agents, and any financial advisors; and (v) any out-of-pocket disbursements of the Authority.

The Treasurer shall bear its own expenses and fees incident to the purchase and resale of the Bonds.

12. Notices. Any notice or other communication to be given to the Authority under this Purchase Contract (other than the acceptance hereof as specified in Section 1 hereof) may be given by delivering the same in writing to the Chief Executive Officer, Orange County Transportation Authority, 550 South Main Street, Orange, California 92613-1584; any notice or other communication to be given to the Treasurer under this Purchase Contract may be given by delivering the same in writing to Orange County Treasurer, 11 Civic Center Plaza, Rm G76

P.O. Box 4515, Santa Ana, CA 92701.

13. Governing Law. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

14. Parties in Interest. This Purchase Contract when accepted by the Authority in writing as heretofore specified shall constitute the entire agreement between the Authority and the Treasurer and is solely for the benefit of the Authority and the Treasurer. No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Treasurer, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Purchase Contract.

15. Headings. The headings of the paragraphs of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

16. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable at the time of such acceptance.

17. Counterparts. This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

By:____

Accepted by:

ORANGE COUNTY
TRANSPORTATION AUTHORITY

By:____

Approved as to form:

WOODRUFF, SPRADLIN & SMART, a professional corporation
General Counsel to the Orange County
Transportation Authority

By____________________________________

OCTA

BOARD COMMITTEE TRANSMITTAL

November 24, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Fiscal Year 2008-09 Budget Amendment

Finance and Administration Committee Meeting of November 12, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Amend the fiscal year 2008-09 budget by reducing revenues by $63.3 million, services and supplies budget by $5.2 million, and the capital and fixed-asset budget by $58.1 million.

B. Authorize the Chief Executive Officer to implement bus service reductions based on coach operator attrition with the recommended reduction for the upcoming December service change totaling 33,000 annual service hours. Subsequent reductions will be implemented as applicable to mitigate the anticipated budget shortfall.

C. Authorize the Chief Executive Officer to delay the capital construction elements of the Bus Rapid Transit Project and allow staff to begin reprogramming Proposition 1B funds to the Metrolink Service Expansion Project.

D. Authorize the Chief Executive Officer to execute an internal transfer of up to $46 million from the Commuter and Urban Rail Endowment Fund to the Bus Operations Fund to address the anticipated revenue shortfall over the next three years.

OCTA

November 12, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Fiscal Year 2008-09 Budget Amendment

Overview

The Orange County Transportation Authority is faced with a serious financial challenge this fiscal year due to the impacts of several economic factors, including the volatility in financial markets, recessionary fears, increased home foreclosures, and higher unemployment. All of these factors have led to shortfalls in state funding and lower sales tax receipts, which fund bus service and Measure M. To address this revenue shortfall, immediate action needs to be taken to realign expenditure levels with the revised revenue forecast. Board of Directors approval is requested to implement several short-term actions to balance this fiscal year's budget and ensure long-term sustainability of the transit system.

Recommendations

A. Amend the fiscal year 2008-09 budget by reducing revenues by $63.3 million, services and supplies budget by $5.2 million, and the capital and fixed-asset budget by $58.1 million.

B. Authorize the Chief Executive Officer to implement bus service reductions based on coach operator attrition with the recommended reduction for the upcoming December service change totaling 33,000 annual service hours. Subsequent reductions will be implemented as applicable to mitigate the anticipated budget shortfall.

C. Authorize the Chief Executive Officer to delay the capital construction elements of the Bus Rapid Transit Project and allow staff to begin reprogramming Proposition 1B funds to the Metrolink Service Expansion Project.

D. Authorize the Chief Executive Officer to execute an internal transfer of up to $46 million from the Commuter and Urban Rail Endowment Fund to the Bus Operations Fund to address the anticipated revenue shortfall over the next three years.

Background

On June 9, 2008, the Orange County Transportation Authority (OCTA) Board of Directors (Board) adopted a balanced operating and capital plan that included the delivery of many multi-modal transportation programs, including a comprehensive bus network, which delivers over 2 million vehicle service hours, while transporting more than 67 million passengers annually throughout Orange County. In addition, OCTA is winding down the Measure M Program, and providing an alternative transportation solution with the 91 Express Lanes.

The operating and capital budget for the bus program was developed and balanced with no unplanned use of reserves based on a projected revenue forecast. This projected revenue forecast has been significantly impacted by the reduction in State Transit Assistance Funds (STAF) and the economic downturn which has led to lower sales and gas tax receipts for both the Local Transportation Fund (LTF) and STAF.

The LTF is the primary revenue source for the bus program and also funds paratransit service, regional planning, bus stop improvements, and the bicycle and pedestrian facilities program. The LTF was first established in 1971 through the Transportation Development Act (TDA) and is derived from ¼-cent state sales tax that is returned to each county based on taxable sales. During the development of the fiscal year 2008-09 budget, the LTF revenue forecast was derived based on a blended sales tax growth rate of 3.39 percent, provided by the three local universities (University of California, Los Angeles, California State University, Fullerton, and Chapman University). However, through the first four months of this fiscal year, sales tax receipts have been running approximately 6 percent ($3 million) lower, compared to the same period last year. To complicate the problem, in June OCTA received a revised sales tax growth rate from the three universities, lowering the blended rate from 3.39 to 1.56 percent. Using this forecast, the sales tax revenue shortfall is projected at $9 million for bus transit and $19 million for Measure M.

The STAF is also a source of funding for OCTA and can be utilized for transportation planning and mass transportation purposes. The STAF was created by the California Legislature in 1979 and has been in existence since 1980. OCTA receives revenues through the STAF, funded by a sales tax on both gasoline and diesel fuel that is appropriated annually by the State Legislature to the State Transportation Planning and Development Account. The STAF funds are allocated according to Orange County's share of the

50 percent population formula allocation (PUC §99313) and 50 percent revenue formula allocation (PUC §99314).

During the development of the OCTA budget, the STAF revenue estimates began as high as $43.5 million, which was comprised of three components, including a base amount of $12.7 million anticipated to be apportioned, a Proposition 42 component for $13.1 million, and a spillover amount of $17.7 million, totaling $43.5 million. However, because the state was having challenges balancing its budget, OCTA decided to remain conservative and excluded any potential spillover amount from the proposed budget. With the exclusion of the spillover, the STAF revenue forecast was $25.8 million for the fiscal year.

The budget passed by the Legislature diverted $36 million in "base" STAF revenue to the General Fund and provided $406 million, which would have made available approximately $25.8 million to OCTA. However, the Governor deleted another $100 million from the STAF to provide General Fund relief; thus, OCTA is expected to receive only $16.8 million, $9 million less than budgeted. Given the financial circumstances occurring at the state level, there is a possibility that the Proposition 42 component of STAF could be lost as well, which would further compound the financial crisis OCTA is facing by an additional $12.5 million.

The Measure M Program remains on course to deliver all the capital improvements promised to the residents of Orange County despite the downturn in the economy. The last remaining construction project along the Santa Ana Freeway (Interstate 5) is moving forward; however, less funding will be available for the streets and roads component and for the freeway project contingency due to lower than anticipated sales tax receipts.

In addition, traffic volumes and corresponding toll revenues on the 91 Express Lanes are also lower than budgeted. It is anticipated that toll revenues will be $4.5 million less than budgeted.

As a result of these funding sources being negatively impacted, it is necessary to take quick action to help mitigate the funding shortfall that is expected to be realized for the balance of this fiscal year and bring the expenditure levels in alignment with the revised revenue forecast. Staff has developed a series of recommendations for the Board's consideration that are detailed below.

Discussion

In an effort to bring the bus program budget into balance, there are a number of recommendations proposed to align revenues and expenditures. These recommendations represent actions that can be taken swiftly and allow OCTA to navigate through the remainder of this fiscal year.

Reduce Divisional Budget Line Items: All divisions that support the bus program either directly or indirectly identified budget line items that are not required by state or federal mandate or related to safety. Each division's line items were carefully reviewed and scrutinized. Through this effort, a number of specific operating and capital items were identified that could be reduced, deferred, or eliminated altogether from the budget. The operating line items that can be reduced from the General Fund, OCTD, Measure M, and 91 Express Lanes budgets total $5.2 million, while the capital items equate to $58.1 million. Staff requests that the Board approve amending the working budget by reducing these line items from the fiscal year 2008-09 budget as identified in Attachment A.

Implement a Hiring Limit: Savings from current and expected vacancies by the end of the fiscal year would save the bus program approximately $1 million. It is also recommended that the hiring limit apply to interns, extra help, and temporary help services as applicable.

Fixed Route Service Adjustments: OCTA is working diligently to revise bus service plans to help mitigate the significant drop in operating revenue coupled with known cost increases for next fiscal year. By implementing service adjustments as soon as possible, OCTA will be able to soften future reductions that may be required. In addition, the reductions being recommended will focus on maintaining equity in the service levels across the County, minimizing the impact to overall ridership. Furthermore, the adjustments will be based on planned attrition rates, which will allow for a slow and steady retrenchment without any forced layoffs.

Beginning with the December 2008 service change, OCTA plans to adjust bus service by 33,000 annualized service hours, which will yield a savings of approximately $3 million. OCTA plans to adjust service levels to match the expected rate of coach operator attrition with each subsequent service change through September 2009. To offset the reduction in the fleet requirements, excess rolling stock may be transferred to the contracted fixed route service, replacing vehicles scheduled for retirement. This will yield additional savings, as two planned 30-foot vehicle procurements will become unnecessary. In addition, a procurement will be conducted early next year to select a vendor for contracted fixed route service. As part of this scope of work, some other fixed route service currently operated in-house may be transitioned to the contract operator.

Internal Transfer of Available Funds: Staff requests Board approval to transfer up to $46 million from the Commuter and Urban Rail Endowment (CURE) Fund to the Bus Operations Fund (BOF) over the next three years. This internal transfer would be used to help offset the loss of revenue for this fiscal year and ensure the long-term viability of the transit system.

Delay the Capital Improvements for the Bus Rapid Transit Program: The planned implementation of the bus rapid transit (BRT) service on the Harbor corridor remains on schedule for June 2009, with the Westminster Avenue/17th Street corridor following in June 2010, and the Bristol Street/State College corridor following in December 2010. However, capital improvements that have been planned, are being carefully reviewed; a scaled-down alternative is under consideration. Until a final recommendation is developed, staff requests the Board approve the reduction of capital improvements, totaling $21.5 million. The Proposition 1B funds that were budgeted for these BRT capital improvements will be programmed to the Metrolink Expansion Service Plan relieving demands on the CURE Fund.

The Measure M Program faces similar challenges with sales tax receipts projected to run below the plan by approximately $19 million this fiscal year. This forecast was revised based on an adjusted blended growth rate provided by the three local universities shifting from 3.39 percent down to 1.56 percent. The sales tax receipts represent a ½-cent sales tax to fund transportation improvements over a 20-year horizon ending in 2011. The Measure M Program has successfully delivered most of its scheduled improvements and is now in the process of winding down. The improvements within the Measure M Program are categorized within the following three modes: freeways, streets and roads, and transit.

Within this fiscal year, OCTA does not anticipate any impact to the ongoing freeway improvements that are underway due to the current economic conditions. However, OCTA does foresee an impact to the streets and roads mode due to the decline in the sales tax receipts. More specifically this decreased funding will impact the turnback and competitive programs. The competitive program receives a percentage of the total annual Measure M sales tax receipts, while the turnback program funds are distributed to the cities by a formula based on population, sales tax, and street miles. Measure M transit funds are used for rail and are adequately funded.

The 91 Express Lanes has also been impacted by the downturn in the economy, increased fuel prices, and higher unemployment. These economic factors have resulted in fewer trips; therefore, toll revenues have been reduced and are projected to be $4.5 million lower than planned. In an effort to balance the reduced toll revenue, OCTA plans to defer some professional and capital expenditure line items until 2010 and designate less proportionally to future capital projects.

Current projections suggest the Metrolink Service Expansion Program can continue as planned; however, staff will be developing contingency plans for use if economic conditions worsen or if further cuts are passed on from the state.

Summary

The Orange County Transportation Authority faces multiple challenges as it navigates through this difficult financial environment. However, the organization remains focused on mitigating the impact to the various multi-modal transportation programs underway on behalf of the residents of Orange County through a prudent set of actions. These actions will allow the Orange County Transportation Authority to bring expenditures in alignment with the revised revenue forecast by eliminating various services and supplies, instituting a hiring limit, reviewing capital expenditures, implementing a modest service reduction, and developing contingency plans for future capital projects. Although this economic environment remains very fluid and volatile, the Orange County Transportation Authority will continue to monitor the impacts to each program and return to the Board with future actions as they become necessary.

Attachment

A. Fiscal Year 2008-09 Operating and Capital Line Items

Prepared by:

Rene I. Vega
Section Manager, Budget Development
Financial Planning & Analysis
(714) 560-5702

Approved by:

James S. Kenan
Executive Director,
Finance and Administration
(714) 560-5678

ATTACHMENT A

Fiscal Year 2008-09 Operating and Capital Line Items

General Fund

Division	Line Item Description	Approved Fiscal Year 2008-09 Budget	Proposed Reductions Fiscal Year 2008-09 Budget	Revised Fiscal Year 2008-09 Budget	Revenue Source
Operating					
Finance, Administration, and Human Resources	Telephone Communications	789,100	(72,000)	717,100	Local
	Family Medical Leave Act Consultants	75,000	(75,000)	-	Local
	General Training Delivery	75,000	(45,000)	30,000	Local
	General Training Services	70,000	(30,000)	40,000	Local
	Pre-Employment Physicals	65,000	(25,000)	40,000	Local
	Background Checks	65,000	(15,000)	50,000	Local
	Project Management Improvement Research	50,000	(50,000)	-	Local
	On-line Open Enrollment	50,000	(50,000)	-	Local
	Computer Replacement	48,750	(48,750)	-	Local
	Supplemental Technical Staffing for Projects	40,000	(25,000)	15,000	Local
	On-line Delivery of Mandatory Classes	40,000	(40,000)	-	Local
	Printer Repair and Maintenance	30,000	(10,000)	20,000	Local
	Network Printer Replacement	30,000	(10,000)	20,000	Local
	Crucial Confrontations	28,000	(28,000)	-	Local
	Franklin Covey Materials	25,000	(10,000)	15,000	Local
	Supervisory Training Update	20,000	(20,000)	-	Local
	Information Systems Training	15,000	(10,000)	5,000	Local
External Affairs	Orange County Transportation Authority Marketing	139,500	(52,000)	87,500	Local
	Climate Survey	50,000	(50,000)	-	Local
	Graphic Design Service	15,000	(7,500)	7,500	Local
	Media Training	10,000	(5,000)	5,000	Local
Executive Office	State Advocacy Contract	366,000	(26,016)	339,984	Local
	Corrective Action Tracking Program Dev of Database	75,000	(75,000)	-	Local
	Arbitration Fees	25,000	(10,000)	15,000	Local
	Consultant for Equal Employment Opportunity/Affirmative Action Plan	20,000	(20,000)	-	Local
	Office Supplies	4,000	(3,000)	1,000	Local
	Training Materials	3,500	(1,000)	2,500	Local
	Travel and Training	1,458	(1,458)	-	Local
	Meetings	1,450	(200)	1,250	Local
	Arbitration and Negotiation Rooms	1,000	(1,000)	-	Local
	Travel and Training	945	(945)	-	Local
	Sub-Total Operating:	**2,228,703**	**(816,869)**	**1,411,834**	
Capital					
Finance, Administration, and Human Resources	Data Center Air Conditioner	75,000	(40,000)	35,000	Local
	Hewlett Packard Blade Servers	70,000	(30,000)	40,000	Local
	Conference Room 103/104 Audio Visual Equipment Upgrade/Replacement	60,000	(60,000)	-	Local
Transit	Civil Modifications and New Shelters	16,000,000	(16,000,000)	-	Federal/Local
	Irvine Business Complex Shuttle Buses	5,500,000	(5,500,000)	-	Prop 1B
	Sub-Total Capital:	**21,705,000**	**(21,630,000)**	**75,000**	
	Total General Fund:	**23,933,703**	**(22,446,869)**	**1,486,834**	

Fiscal Year 2008-09 Operating and Capital Line Items

OCTD Fund

Division	Line Item Description	Approved Fiscal Year 2008-09 Budget	Proposed Reductions Fiscal Year 2008-09 Budget	Revised Fiscal Year 2008-09 Budget	Revenue Source
Operating					
Transit	Compressed Natural Gas Equipment Operations and Maintenance	1,400,000	(300,000)	1,100,000	Local
	Delco Generator Kits for 5300/5400s	468,000	(468,000)	-	Local
	Contingency Fleet Service	350,000	(350,000)	-	Local
	Trapeze ViewPoint Reporting Module	200,000	(200,000)	-	Local
	Bus Stop Improvement Projects	150,000	(100,000)	50,000	Local
	Service Planning Consultant Support	105,000	(49,000)	56,000	Local
	Radio Consultant	100,000	(50,000)	50,000	Local
	Contracted Preventative Maintenance and repair of M/A-COM radio equipment	100,000	(50,000)	50,000	Local
	Interior Light Emission Diodes (LED) Lights for Compressed Natural Gas Buses	87,000	(87,000)	-	Local
	Repair parts / components for 500 Megahertz and microwave systems	75,000	(50,000)	25,000	Local
	Bike Rack Springs for Lifting/Lowering	60,000	(60,000)	-	Local
	Backup Lighting	50,000	(30,000)	20,000	Local
	Spare Digital Video Recorder for the On-Board Video Surveillance System Project	35,400	(35,400)	-	Local
	Consulting Assistance	25,000	(25,000)	-	Local
Finance, Administration, and Human Resources	Coin Counting and Armored Vehicle Services	732,000	(135,000)	597,000	Local
	Printing of Bus Passes	160,000	(50,000)	110,000	Local
	Inventory and Material Management Review	100,000	(100,000)	-	Local
External Affairs	Bus Transit Marketing	397,000	(261,500)	135,500	Local
	Bus Rapid Transit Marketing Consultant	100,000	(50,000)	50,000	Local
	Reports Development	15,000	(15,000)	-	Local
	Courier Service	8,000	(3,000)	5,000	Local
	Translation Service	5,000	(2,000)	3,000	Local
Executive Office	Environmental Compliance Certification	25,000	(25,000)	-	Local
	Sub-Total Operating:	**4,747,400**	**(2,495,900)**	**2,251,500**	
Capital					
Finance, Administration, and Human Resources	GFI Farebox System Upgrade	175,000	(175,000)	-	Local
Transit	34 Compressed Natural Gas Mid-Size Buses	13,940,000	(13,940,000)	-	Federal/Local
	Fixed Route Services Radio Replacement	9,000,000	(9,000,000)	-	Local
	Contracted Services Radio Replacement	8,000,000	(8,000,000)	-	Prop 1B
	Repainting of Orange County Transportation Authority Buildings	400,000	(400,000)	-	Local
	Vigil Vanguard Driver Training System	129,000	(129,000)	-	Local
	Radio Test Equipment and System Components	50,000	(50,000)	-	Local
	Gas Powered Jump Starters	36,000	(36,000)	-	Local
Development	Santa Ana Base natural gas line installation	1,662,003	(1,662,003)	-	Local
	Overhead Safety System - Anaheim, Garden Grove, and Santa Ana Bases	1,000,000	(500,000)	500,000	Local
	Steam Clean Vehicle Lifts - Anaheim, Garden Grove, Irvine Sand Canyon Bases	725,000	(725,000)	-	Local
	Bus Wash Refurbishment - Anaheim Base	350,000	(350,000)	-	Local
	Joint Sealant - Irvine Sand Canyon Base	250,000	(250,000)	-	Local
	Heating Ventilation Air Conditioning Replacement - Garden Grove Annex Building	230,000	(207,000)	23,000	Local
	Asphalt Pavement Reconstruction Pacific Electric Right-of-Way (East) for the		-	-	
	Garden Grove Base (Contract Change Order)	60,000	(47,533)	12,467	Local
	Seal Coat / Striping - Garden Grove and Irvine Sand Canyon Bases	40,000	(40,000)	-	Local
	Bus Wash Refurbishment - Garden Grove Base Contract Change Order	20,000	(12,863)	7,137	Local
	Sub-Total Capital:	**36,067,003**	**(35,524,399)**	**542,604**	
	Total OCTD Fund:	**40,814,403**	**(38,020,299)**	**2,794,104**	

Fiscal Year 2008-09 Operating and Capital Line Items

Measure M Program

Division	Line Item Description	Approved Fiscal Year 2008-09 Budget	Proposed Reductions Fiscal Year 2008-09 Budget	Revised Fiscal Year 2008-09 Budget	Revenue Source
Operating					
	Laguna Niguel/Mission Viejo Station	1,110,000	(1,110,000)	-	Measure M
	Measure M Turnback Program	41,247,554	(2,794,953)	38,452,601	Measure M
	Total Measure M Program	**42,357,554**	**(3,904,953)**	**38,452,601**	

Fiscal Year 2008-09 Operating and Capital Line Items

91 Express Lanes Fund

Division	Line Item Description	Approved Fiscal Year 2008-09 Budget	Proposed Reductions Fiscal Year 2008-09 Budget	Revised Fiscal Year 2008-09 Budget	Revenue Source
Operating					
	State Route -91 Express Lanes - On Call Roadway Design Services	30,000	(30,000)	-	91 Express Lanes
	Consultants for Operational and Technical Services Support	1,500,000	(500,000)	1,000,000	91 Express Lanes
	State Route-91 Express Lanes - Roadway Repairs	200,000	(200,000)	-	91 Express Lanes
	Debt Interest Expense	7,909,876	3,047,124	10,957,000	91 Express Lanes
	State Route -91, State Route-241 to Riverside County Line Preliminary Architecture/Environmental Document	320,000	(320,000)	-	91 Express Lanes
	Sub-Total Operating:	**9,959,876**	**1,997,124**	**11,957,000**	
Capital					
	Lane Cutter Project	1,000,000	(1,000,000)	-	91 Express Lanes
	Sub-Total Capital:	**1,000,000**	**(1,000,000)**	**-**	
	Total General Fund:	**10,959,876**	**997,124**	**11,957,000**	

POWERPOINT

PRESENTATION

Orange County Transportation Authority
Fiscal Year 2008 – 09
Budget Amendment

Board of Directors Meeting

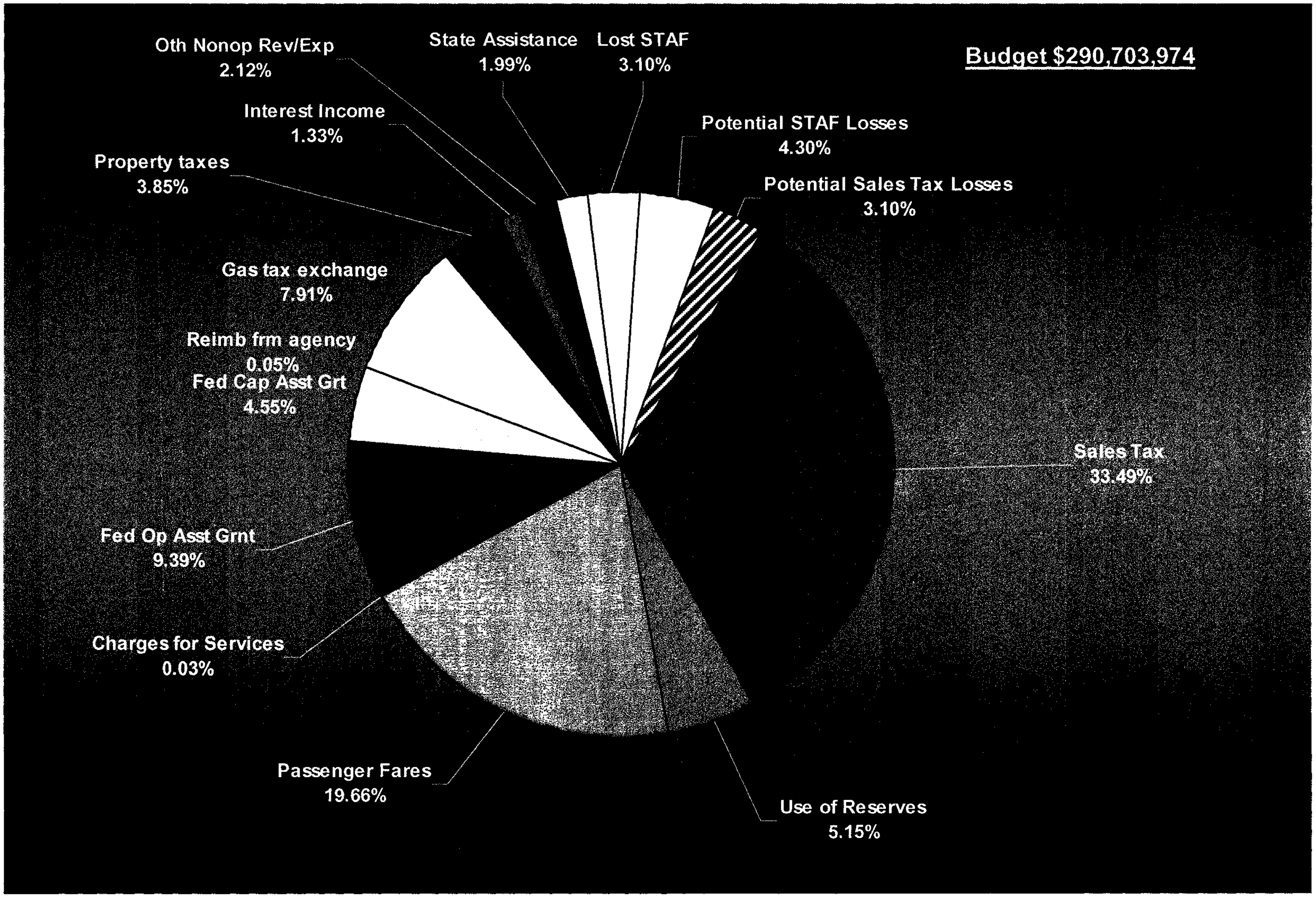
November 24, 2008

Bus Transit Revenue shortfall

- Decline in Local Transportation Fund
  - Due to downturn in economy
  - Sales tax growth rate revised from 3.39 to 1.56 percent
  - Current projection $9 million less by year end
  - Expect new rate in December 2008
- Reduced State Transit Assistance Fund
  - State cut $9 million from appropriation
  - State may borrow Proposition 42 ~ $12.5 million

OCTA

FY 2008-09 Budget
Bus Transit Sources



OCTA

Short-Term Action Plans for Bus Transit Service

- Eliminate various indirect services and supplies, capital and fixed assets
- Re-prioritize capital projects that are not required by State or Federal mandate
- Implement a modest service reduction
- Implement a hiring limit
- Internal transfer of transit-eligible funds from rail transit operating to the Bus Operating Fund
- Implement proposed fare adjustment scheduled for January 2009

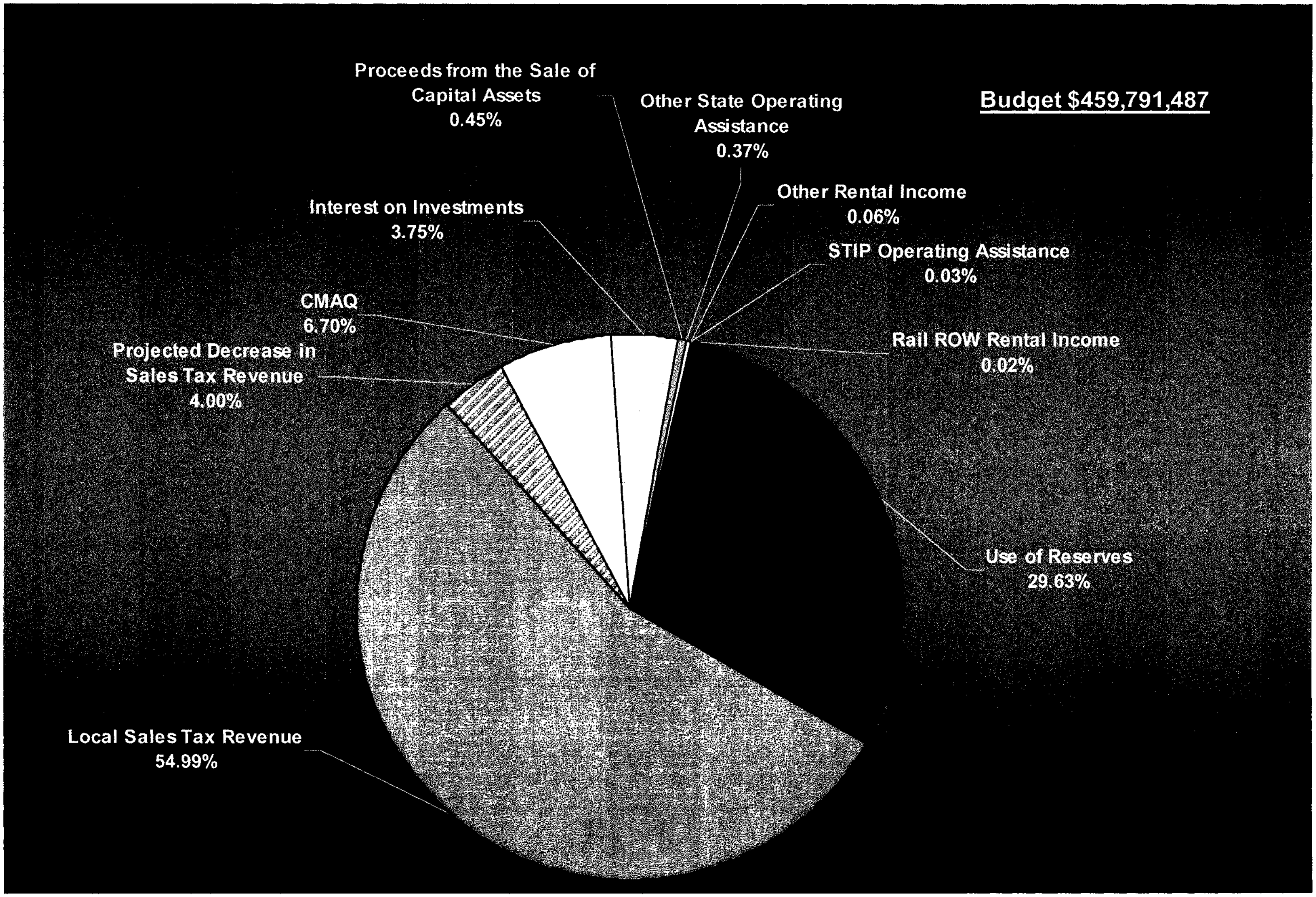
OCTA

Guiding Principles for Making Service Reductions

- Minimize overall impacts on customers
- Balance expenses with available revenues
- Try to Avoid layoffs
- Maintain geographic equity
- Maintain overall access to transit
- Consider route performance and productivity

OCTA

Measure M Program Sources



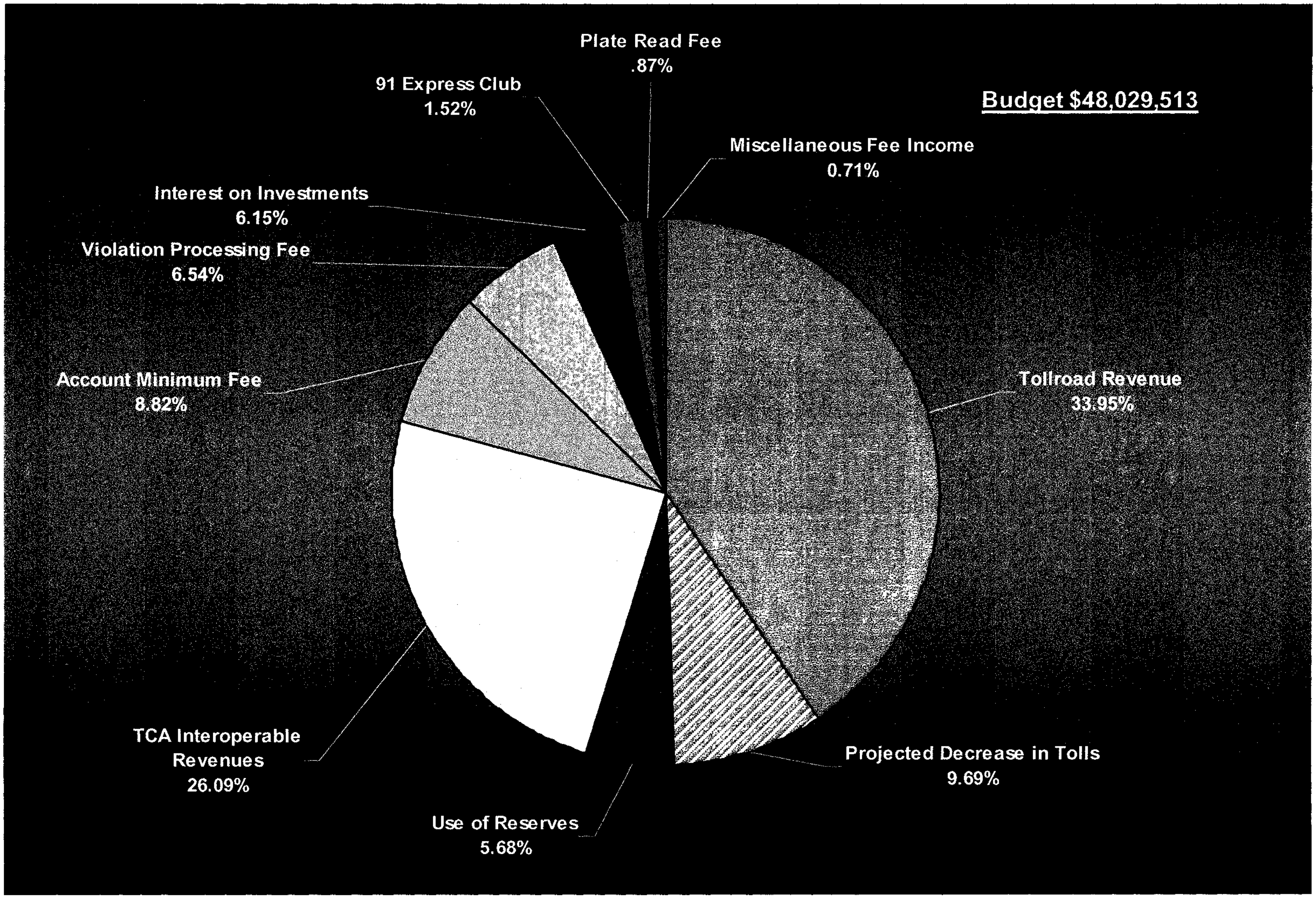
OCTA

Short-Term Action Plans for Measure M

- No immediate impact to freeway projects
- Less funding available for Turnback and Competitive and Rail Transit programs
- Anticipate reduction in freeway project contingency

OCTA

91 Express Lanes Sources



OCTA

Short-Term Action Plans for the 91 Express Lanes

- Eliminate services and supplies line items
- Defer some capital projects
- Reduce designation for future capital projects

OCTA

OCTA Fiscal Year 2008-09 Expense Line Item Summary

Description		Amount (in millions)
Proposed Mid-Year Line Item Reductions:		
General Fund:		
Services and Supplies Line Items		(0.8)
Capital and Fixed Assets Line Items		(21.6)
	$	(22.4)
Bus Transit Service:		
Services and Supplies Line Items	$	(0.5)
Capital and Fixed Assets Line Items		(35.5)
	$	(36.0)
Measure M:		
Services and Supplies Line Items	$	(3.9)
91 Express Lanes:		
Services and Supplies Line Items	$	2.0
Capital and Fixed Assets Line Items		(1.0)
	$	1.0
Total Authority Services and Supplies	$	(3.2)
Total Authority Capital	$	(58.1)

OCTA

Next Steps

- Staff to monitor future State actions
  - Update Sales Tax projections
  - Report to F&A Committee

OCTA

OCTA

November 24, 2008

To: Members of the Board of Directors

From: Arthur T. Leahy, Chief Executive Officer

Subject: Renewed Measure M Transit Funding Program Guidelines

Overview

This item was originally presented at the September 22, 2008, Board of Directors meeting. At the meeting, the Board of Directors passed unanimously to postpone action pending the outcome of the November 4, 2008, election.

Work has started on developing the competitive process for the Renewed Measure M transit program. An initial framework and competitive scoring criteria for Project T (Convert Metrolink Stations to Regional Gateways) are provided for review and direction.

Recommendations

A. Provide direction to staff on the proposed framework and competitive scoring criteria for Project T (Convert Metrolink Stations to Regional Gateways).

B. Direct staff to review the proposed Project T (Convert Metrolink Stations to Regional Gateways) framework and competitive scoring criteria with the Metrolink rail corridor cities in Orange County and return in January 2009 with recommendations.

Background

In November 2006, nearly 70 percent of Orange County voters approved the renewal of Measure M, a half-cent local transportation sales tax, for an additional 30 years beginning in 2011 until 2041. Twenty-five percent of Renewed Measure M (M2) net revenues are available for the development and implementation of a countywide transit program that will enhance the public transportation system in Orange County. The key element of the M2 transit program is improving the Los Angeles – San Diego – San Luis Obispo rail corridor. This well-established commuter rail system will serve as a platform for future rail service growth, and rail stations will be developed into transportation hubs that can serve as regional transportation gateways. A series of new, coordinated, flexible transportation systems, each one customized to the unique transportation vision the station serves will be developed.

Four of the new M2 transit program elements are proposed for a future competitive call for projects consistent with the M2 ordinance. The recommended competitive transit programs include: Project S (Transit Extensions to Metrolink), Project T (Convert Metrolink Stations to Regional Gateways), Project V (Community Based Transit/Circulators), and Project W (Safe Transit Stops) (Attachment A). Collectively, the Orange County Transportation Authority (OCTA) is referring to this group of competitive transit programs as the M2 Transit Funding Program (TFP). Local agencies will need guidance on how to submit competitive funding applications to OCTA. As a result, TFP guidelines need to be developed and approved by the Board of Directors (Board).

To get an early start on this process, in June 2008 the Board approved five guiding principles for the M2 Strategic Plan. Staff suggests that these principles also be applied to the future TFP call for projects. The principles relate to transparency, fairness, and consistency in the competitive process, evaluation criteria that address key policy issues, ensuring planned services are complementary to OCTA bus services, providing incentives for minimizing the use of M2 transit funds for operations, and leveraging state and federal dollars to maximize the M2 investment. These principles would be applied to Projects S, T, V, and W in the future funding program guidelines. Staff has started developing the TFP guidelines for Board review and direction. An approach to competitive scoring criteria is presented below.

Discussion

While the TFP guidelines will apply to the four M2 competitive programs, staff is recommending starting the guideline development process with Project T. Project T revenues will be used to develop key Metrolink stations into transportation hubs to serve future high-speed rail.

The reasons for starting with Project T are: (1) Projects S and V require further project development work in order to make future funding decisions, (2) projects emerging from Project T support the expansion of Metrolink service in Orange County, and (3) projects emerging from Project T are likely to be complex - involving land-use decisions by local agencies and private investment decisions by business - and therefore, require a considerable amount of time to develop and implement. Starting early on this process is therefore highly desirable.

A first step in the guideline development process is a framework that briefly defines local agencies' prerequisites, the proposed process, and competitive scoring criteria. The Project T description in the M2 Transportation Investment Plan acknowledges various potential high-speed rail proposals and puts a focus on the California high-speed rail system (including proposed stations). This is also the high-speed rail proposal that has moved furthest along in terms of connection to Orange County's Metrolink rail system. The Project T draft framework (Attachment B) establishes potential Metrolink station linkages to the California high-speed rail system or other high-speed rail plans included in the 2008 Regional Transportation Plan as a prerequisite for Project T participation.

The Project T draft framework recommends that OCTA commit 20 years of Project T revenue in the call for projects. This represents a significant investment in the regional gateway program and allows local agencies to use the revenue commitment to issue debt, design, and construct regional gateway facilities. Staff recommends that the remaining Project T revenues, covering the last ten years of M2, be held in reserve for a future call for projects and economic uncertainty.

Staff also recommends that bond costs (either local agencies' or OCTA's but not both) be included as an eligible Project T expense to support project advancement. This approach ensures project and debt costs are accounted for by the project sponsors. Other requirements are also suggested in Attachment B including the recommendation that Metrolink station operations and maintenance costs remain a non-OCTA responsibility, consistent with existing Board policy.

Project T competitive scoring criteria address the areas of financial commitments, transit usage, project and high-speed rail readiness, intermodal connections, regional markets served, and supportive land use. These general areas were reviewed by the Transportation 2020 Committee in early 2008 as part of the M2 Transit Strategic Plan. Staff will add details on the specific values for each of the proposed areas as a next step.

Staff is seeking direction on the proposed Project T framework and evaluation criteria. With policy direction, staff recommends reviewing the framework and criteria with the Metrolink rail corridor cities in Orange County to solicit feedback. Final Project T recommendations would return to the Board in January 2009 along with more information on the TFP guidelines covering the four competitive programs.

Summary

A competitive framework and scoring criteria for M2 Project T (Convert Metrolink Stations to Regional Gateways) are presented for review and direction. With Board direction, staff will seek input from Metrolink cities and return with recommendations in January 2009.

Attachments

A. Recommended Competitive Transit Programs
B. Project T Draft Framework
C. Committee Transmittal from the Transit Committee meeting of September 11, 2008
D. Committee Transmittal from the Transportation 2020 Committee meeting of August 18, 2008

Prepared by:

Kurt Brotcke
Director, Strategic Planning
(714) 560-5742

Approved by:

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

Recommended Competitive Transit Programs

Transit Projects

High Frequency Metrolink Service
Transit Extensions to Metrolink

Project R

High Frequency Metrolink Service

Description:
This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This project is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means, to move arriving passengers to nearby destinations.

The project also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

Cost:
The estimated cost of capital and operations is $1,014.1 million.

Project S Competitive

Transit Extensions to Metrolink

Description:
Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria as follows:

- Traffic congestion relief
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan
- Local funding commitments and the availability of right-of-way
- Proven ability to attract other financial partners, both public and private
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections
- Compatible, approved land uses
- Safe and modern technology
- A sound, long-term operating plan

This project shall not be used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor. The emphasis shall be on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. It is intended that multiple transit projects be funded through

a competitive process and no single project may be awarded all of the funds under this program.

These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

Cost:
The estimated cost to implement this program over thirty years is $1,000.0 million.

Project T — Competitive

Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

Description:
This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

Cost:
The estimated Measure M share of the cost for these regional centers and connections is $226.6 million.

Project U

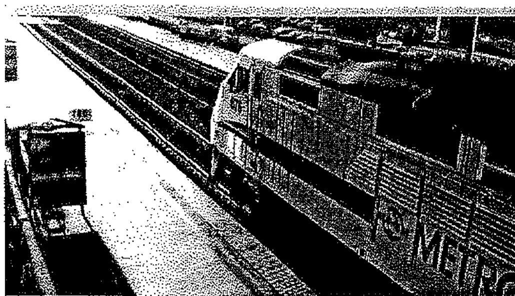
Expand Mobility Choices for Seniors and Persons with Disabilities

Description:
This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities as follows:

- One percent of net revenues will stabilize fares and provide fare discounts for bus services, specialized ACCESS services and future rail services
- One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program
- One percent will supplement existing countywide senior non-emergency medical transportation services

Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

Cost:
The estimated cost to provide these programs over 30 years is $339.8 million.



Transit Projects

Community Based Transit/Circulators
Safe Transit Stops

Project V Competitive

Community Based Transit/Circulators

Description:
This project will establish a competitive program for local jurisdictions to develop local bus transit services such as community based circulators, shuttles and bus trolleys that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. Projects will need to meet performance criteria for ridership, connection to bus and rail services, and financial viability to be considered for funding. All projects must be competitively bid, and they cannot duplicate or compete with existing transit services.

Cost:
The estimated cost of this project is $226.5 million.

Project W Competitive

Safe Transit Stops

Description:
This project provides for passenger amenities at 100 busiest transit stops across the County. The stops will be designed to ease transfer between bus lines and provide passenger amenities such as improved shelters, lighting, current information on bus and train timetables and arrival times, and transit ticket vending machines.

Cost:
The estimated cost of this project is $25.0 million.

Project T Draft Framework

Background

- Transform key LOSSAN Metrolink stations into regional transportation hubs to serve the future high-speed rail systems. About $365 million (nominal dollars) available from fiscal years (FY) 2010-11 to 2040-41 *(June 2008 forecast).*

Local agencies prerequisites

- Metrolink station must be: (1) a designated station on the proposed California high-speed rail alignment; (2) or a designated station included in other high-speed rail plans (2008 Regional Transportation Plan).
- Cities must meet new M2 eligibility requirements before receiving funds (included in M2 Ordinance).
- Cities to develop and submit project application including council resolutions, funding plan, and ridership report (as part of application submittal). The funding plan must include a commitment to fully fund operations with local, private or high-speed rail "system" sources, consistent with OCTA's policy regarding funding Metrolink station operations.

Proposed process/requirements

- OCTA to commit 20 years of forecasted Project T revenues (see page 2) for the call for projects, and reserve remaining 10 years for a future call for projects and economic uncertainty.
- Allow local agency bond costs as an eligible expense to allow project advancement against a portion of Project T revenues. This process ensures all costs are accounted for in the project applications. Bonds may be issued by local agency or OCTA as long as bond costs are included in the project application.
- Establish future minimum project points overall and/or by scoring categories (see scoring criteria below).
- Off-site improvements cannot exceed 5 percent of M2 funding request.
- Allow all project phases with priority for completing environmental documents in early years.
- Project applications must show complete projects.
- Final funding decision contingent on "written agreement with the Authority..." per Orange County Local Transportation Authority Ordinance No. 3, Attachment B (see page 3).
- Follow CTFP close-out and audit procedures.

Competitive scoring criteria (100 points maximum; see details starting on page 4)

- Financial commitments (maximum 30 percent)
- Transit usage (maximum 20 percent)
- Project and high-speed rail readiness (maximum ~~15~~ 20 percent)
- Intermodal connections (maximum ~~15~~ 18 percent)
- ~~Regional markets (maximum 10 percent)~~
- ~~Supportive land use (maximum 10 percent)~~
- Regional markets/land use (maximum 12 points)

Preliminary Project T Revenues for Programming (FY 2010-11 to 2029-30)

(June 2008 forecast)

Fiscal Year	Project T Revenues (nominal dollars)		Project T Revenues (2007 dollars)	
2011	$	1,441,794	$	1,359,465
2012	$	6,053,952	$	5,573,589
2013	$	6,350,461	$	5,716,424
2014	$	6,679,948	$	5,881,702
2015	$	7,006,081	$	6,038,735
2016	$	7,346,457	$	6,196,400
2017	$	7,674,258	$	6,336,558
2018	$	8,029,499	$	6,487,962
2019	$	8,402,147	$	6,644,043
2020	$	8,749,016	$	6,773,602
2021	$	9,112,891	$	6,909,841
2022	$	9,514,942	$	7,070,530
2023	$	9,922,382	$	7,228,331
2024	$	10,346,620	$	7,396,039
2025	$	10,794,804	$	7,570,062
2026	$	11,256,113	$	7,741,613
2027	$	11,748,040	$	7,921,358
2028	$	12,258,743	$	8,099,806
2029	$	12,785,181	$	8,274,027
2030	$	13,241,250	$	8,395,191
Total	**$**	**178,714,580**	**$**	**133,615,279**

Note: OCTA's financial commitment subject to receipt of actual M2 Project T revenues.

Extensions to Metrolink projects to provide effective and user-friendly connections to Metrolink services and bus transit systems.

2. To be eligible to receive Net Revenues for Transit Extension to Metrolink projects, an Eligible Jurisdiction must execute a written agreement with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the Transit Extension to Metrolink project.

3. Allocations of Net Revenues shall be determined pursuant to a countywide competitive procedure adopted by the Authority. This procedure shall include an evaluation process and methodology applied equally to all candidate Transit Extension to Metrolink projects. Eligible Jurisdictions shall be consulted by the Authority in the development of the evaluation process and methodology.

B. Metrolink Gateways.

1. The Authority may provide technical assistance, transportation planning and engineering resources for an Eligible Jurisdiction to assist in designing Regional Transit Gateway facilities to provide for effective and user-friendly connections to the Metrolink system and other transit services.

2. To be eligible to receive Net Revenues for Regional Gateway projects, an Eligible Jurisdiction must execute a written agreement with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the Regional Gateway facility.

3. Allocations of Net Revenues shall be determined pursuant to a countywide competitive procedure adopted by the Authority. This procedure shall include an evaluation process and methodology applied equally to all candidate Regional Gateway projects. Eligible Jurisdictions shall be consulted by the Authority in the development of the evaluation process and methodology.

C. Mobility Choices for Seniors and Persons with Disabilities.

1. An Eligible Jurisdiction may contract with another entity to perform all or part of a Mobility Choices for Seniors and Persons with Disabilities project.

Project T Draft Competitive Scoring Criteria for Eligible Agencies and Projects

Financial Commitment (30 points)

Total project cost (information only)

$ (capital)	*(No points)*

Percent of M2 for capital

50% or less	16 points
51% to 65%	12 points
66% to 80%	8 points
81% to 90%	4 points

Level of commitment from private partners

Investment agreement (binding)	8 points
Commitment letters	2 points

OCTA concurrence with financial assumptions/analysis

Yes	6 points
No	0 points

Changes: Changed "Percent of private/local" to "Percent of M2 for capital".

Transit Usage (20 points)

Existing transit boardings (within five miles)

x_7 to x_8	4 points
x_5 to x_6	3 points
x_3 to x_4	2 points
x to x_2	1 point

Transit boardings growth (within five miles)

x_7 to x_8 (values not %)	8 points
x_5 to x_6 (values not %)	6 points
x_3 to x_4 (values not %)	4 points
x to x_2 (values not %)	2 points

Consistent ridership projections

100% to 110% of OCTAM	8 points
111 %to 120% of OCTAM	6 points
121 % to 140% of OCTAM	2 points

** Projections below OCTAM get 8 points*

Readiness (20 points)

High-speed rail system status

In constrained 2008 RTP	10 points
Added in unconstrained 2008 RTP	2 points

(no points if not in current RTP)

Land acquired for total project

Yes	5 points
No	0 points

Project design status

Design complete	5 points
Environmental complete	3 points
PSR equivalent complete	1 point

Changes: Increased to 20 points from 15 points overall; increased "2008 RTP" points to 10 from 5; increased "project design points" to 5 points from 3 points; moved council resolution (was 2 points) to local agencies prerequisites section on page 1 (no points but now a requirement).

Intermodal Connections (18 points)

Number of current transit modes provided

x_9 to x_{10}	5 points
x_7 to x_8	4 points
x_5 to x_6	3 points
x_3 to x_4	2 points
x to x_2	1 point

Future increase in the number of transit modes

x_9 to x_{10} (values not %)	10 points
x_7 to x_8 (values not %)	8 points
x_5 to x_6 (values not %)	6 points
x_3 to x_4 (values not %)	4 points
x to x_2 (values not %)	2 points

OCTA concurrence with intermodal analysis

Yes	3 points
No	0 points

Changes: Increased to 18 points from 15 overall; increased "future modes" to 10 from 5 points; decreased "OCTA concurrence" from 5 to 3 points.

Continued on next page…

Regional Markets / Land Use (12 points)

Adjacent freeway lane miles (within five miles)

x_5 to x_6	3 points
x_3 to x_4	2 points
x to x_2	1 point

Current employment (within five miles)

x_5 to x_6	3 points
x_3 to x_4	2 points
x to x_2	1 point

Planned job density within 1,500 feet

x_5 to x_6	3 points
x_3 to x_4	2 points
x to x_2	1 point

Planned housing density within 1,500 feet

x_5 to x_6	3 points
x_3 to x_4	2 points
x to x_2	1 point

Changes: Combined Regional Markets and Land use into single category; reduced combined points to 12 points from 20 points; dropped "Employment Growth" since this is counted in "Planned job density"; dropped "Total site size-acres" measure to allow for 3 point scale per measure (3 points times 4 measures = 12 points).

ATTACHMENT C

OCTA

BOARD COMMITTEE TRANSMITTAL

September 22, 2008

To:	Members of the Board of Directors
From:	Wendy Knowles, Clerk of the Board
Subject:	Renewed Measure M Transit Funding Program Guidelines

WK

Transit Committee meeting of September 11, 2008

Present:	Directors Brown, Buffa, Dixon, Green, Nguyen, and Winterbottom
Absent:	Director Pulido

Committee Vote

No action was taken on this Discussion item.

See Transmittal attached.

ATTACHMENT D

OCTA

BOARD COMMITTEE TRANSMITTAL

August 18, 2008

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Renewed Measure M Transit Funding Program Guidelines

Transportation 2020 Committee Meeting of August 18, 2008

Present: Directors Amante, Buffa, Campbell, Cavecche, Dixon, and Pringle
Absent: Director Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Provide direction to staff on the proposed framework and competitive scoring criteria for Project T (Convert Metrolink Stations to Regional Gateways).

B. Direct staff to review the proposed Project T (Convert Metrolink Stations to Regional Gateways) framework and competitive scoring criteria with the Metrolink rail corridor cities in Orange County and return in September 2008 with recommendations.

Staff Comments

The Transportation 2020 Committee received the attached map as a handout at its meeting of August 18, 2008 (Transmittal Attachment).

It was subsequently determined that this item would be presented for discussion to the Transit Committee on September 11, 2008.

Committee Comments

The Committee requested revisions to the scoring criteria in Attachment B (revised Attachment B). These changes included: (1) increasing points in the "readiness" and "intermodal connections" categories; (2) decreasing points in the "regional markets" and "supportive land use" categories; (3) changing a financial measure from "Percent of Local/Private-Capital" to "Percent of M2 for Capital". The highlights and callouts in the revised Attachment B further describe these changes.

POWERPOINT

PRESENTATION

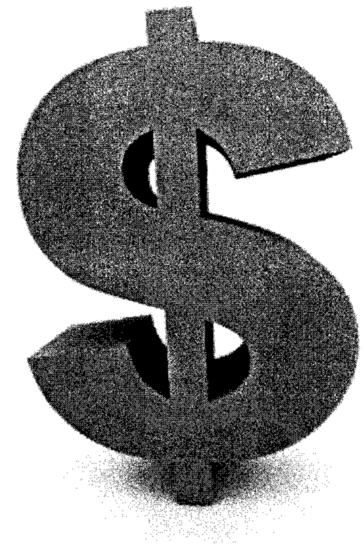
Renewed Measure M Transit Funding Program Guidelines

Board of Directors' Meeting
November 24, 2008

OCTA

Renewed Measure M (M2) Transit Funding

- 25 percent of net revenues
- Four of six programs competitive
- Guidelines set the stage for future call for projects



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M2 Transit Programs

M2 Programs and Competition

		Mandated Competitive Programs	Non-competitive Programs	Potentially Competitive Programs
R	High-Frequency Metrolink		X	
S	Transit Extensions to Metrolink	X		
T	Regional Gateways	Today X		
U	Senior/Disabled Program		X	
W	Safe Transit Stops			X
V	Community Circulators	X		

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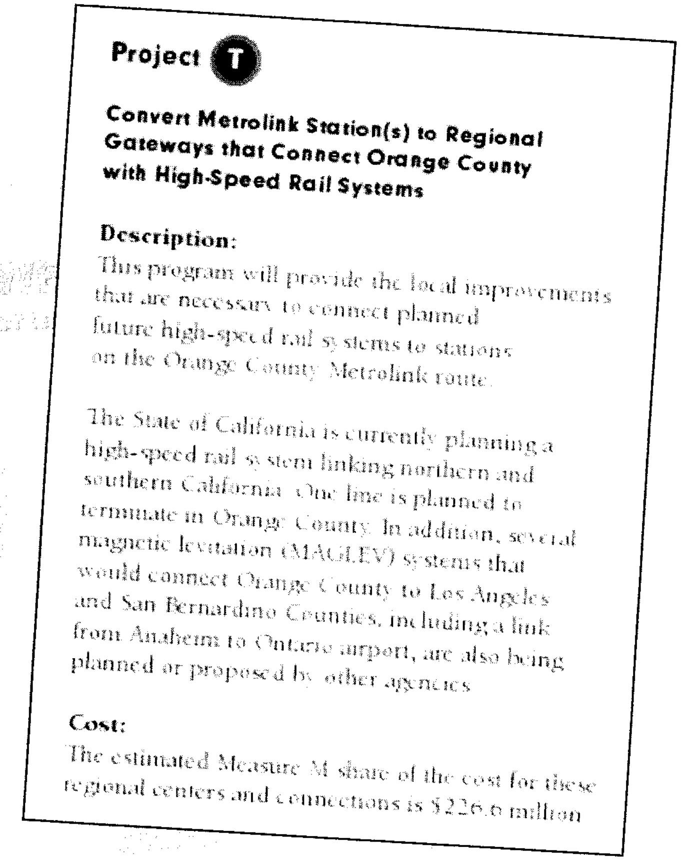
Project T – Metrolink Gateways

- Metrolink station gateways to high-speed rail
- About 2 percent of net M2 revenues
- Policy framework presented today



Project T

Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

Description:

This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

Cost:

The estimated Measure M share of the cost for these regional centers and connections is $226.6 million

Initial "T" Programming

Fiscal Year	Project T Revenues (nominal dollars)		Project T Revenues (2007 dollars)	
2011	$	1,441,794	$	1,359,465
2012	$	6,053,952	$	5,573,589
2013	$	6,350,461	$	5,716,424
2014	$	6,679,948	$	5,881,702
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2030	$	13,241,250	$	8,395,191
Total	**$**	**178,714,580**	**$**	**133,615,279**

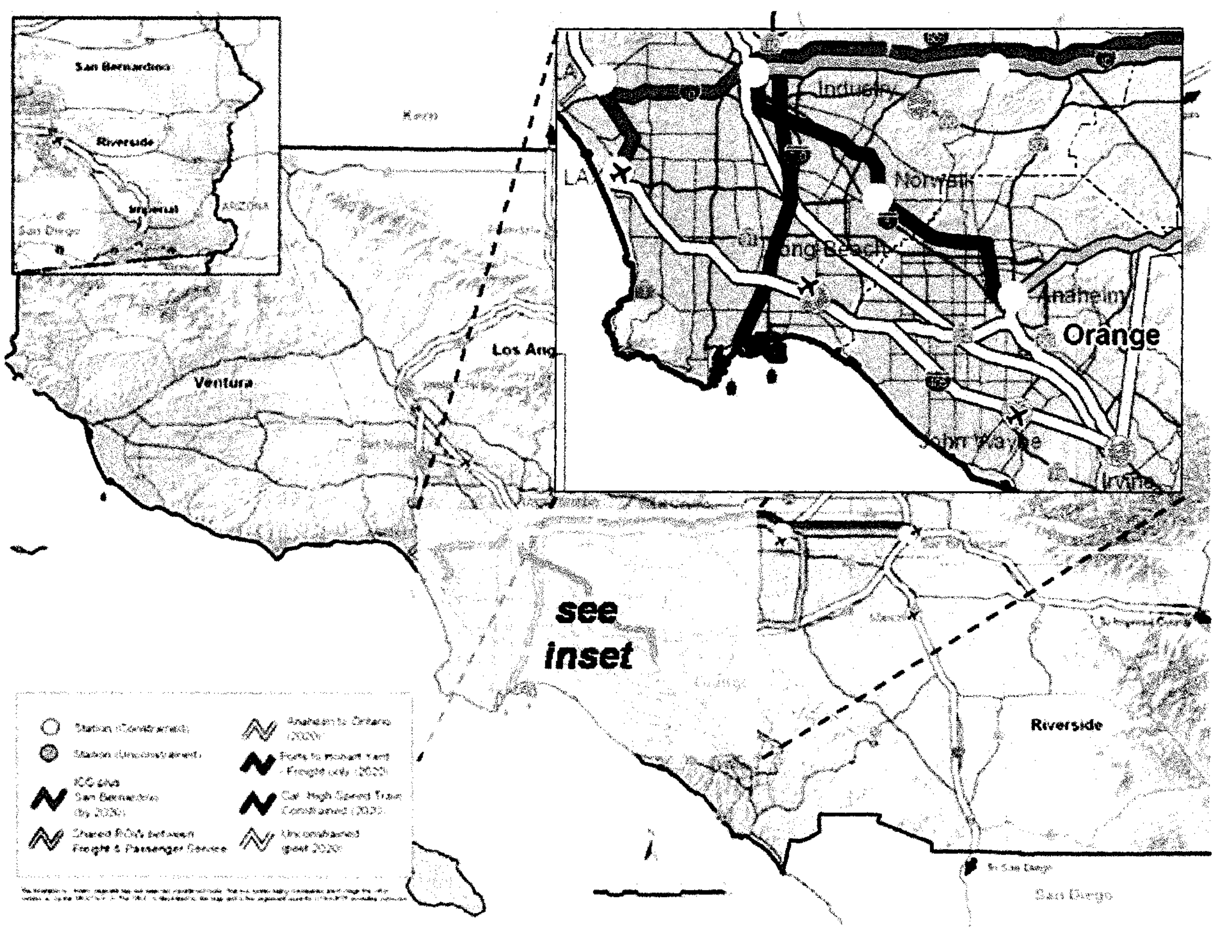
OCTA

"T" Pre-Requisites

- Funds to eligible agencies and other recommendations
- No Project T funds for station operations (existing policy)
- Designated Metrolink station:
  - On California high-speed rail system
  - In other high-speed rail plans

High-Speed Rail Plans

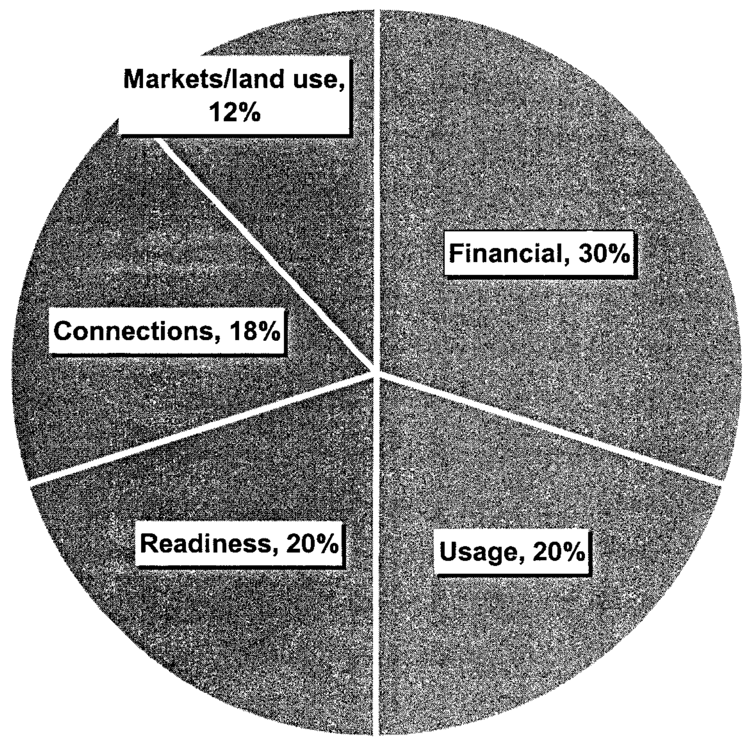
EXHIBIT 3.8 PROPOSED HIGH-SPEED REGIONAL TRANSPORT SYSTEM



OCTA

Proposed Criteria

- Financial commitments
- Transit usage
- Project/high-speed rail readiness
- Intermodal connections
- Regional markets/land use



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Criteria/Measures

Financial - 30%

- M2 percentage
- Commitments
- Concurrence

Usage - 20%

- Existing usage
- Future usage
- Consistency

Readiness - 20%

- System status
- Purchased land
- Project status

Connections - 18%

- Current modes
- Future modes
- Concurrence

Markets/Land Use - 12%

- Freeway accessibility
- Regional employment
- Job and housing density

Next Steps

- Review framework with Metrolink corridor cities
- Return in January 2009 with detailed Project T funding guideline recommendations