



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA
Room 103/4
December 8, 2009
6:00 p.m.



AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for October 13, 2009**
- 4. Chairman's Report**
- 5. Action Items**
 - A. Quarterly Measure M Revenue and Expenditure Report – September 2009
 - a. Receive and File
 - B. Audit Subcommittee Charter
 - a. Presentation – Kathleen O'Connell, Executive Director, Audit
- 6. Presentation Items**
 - A. Overview of Placentia Loan
Presentation – Ken Phipps, Executive Director, Finance & Administration
 - B. Debt and Investment Report
Presentation – Kirk Avila, Treasurer, Finance & Administration
 - C. Overview of SB 375
Presentation – Charlie Larwood, Manager, Strategic Planning
 - D. Combined Transportation Funding Program Project Delivery & Close-out
Presentation – Kia Mortazavi, Executive Director, Development
 - E. Measure M Annual Hearing Planning
Presentation – Alice Rogan, Community Relations Officer
- 7. Growth Management Subcommittee Report**
- 8. Audit Subcommittee Report**
- 9. Committee Member Reports**
- 10. OCTA Staff Update**
- 11. Public Comments***
- 12. Next Meeting Date – February 9, 2010**
- 13. Adjournment**

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

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

3.

**APPROVAL OF MINUTES/
ATTENDANCE REPORT FOR
OCTOBER 13, 2009**

Measure M Taxpayers Oversight Committee

**October 13, 2009
Meeting Minutes**

Committee Members Present:

David Sundstrom, County Auditor-Controller, Chairman
Linda Rogers, First District Representative
Anh-Tuan Le, Second District Representative
C. James Hillquist, Third District Representative
Gregory Pate, Fourth District Representative
Hamid Bahadori, Fifth District Representative
James Kelly, Fifth District Representative

Committee Members Absent:

Vivian Kirkpatrick-Pilger, First District Representative
Howard Mirowitz, Second District Representative
Edgar Wylie, Third District Representative
Rose Coffin, Fourth District Representative

Orange County Transportation Authority Staff Present:

Ellen Burton, Executive Director, External Affairs
Rose Casey, Program Manager, Highway Project Delivery
Darrell Johnson, Executive Director, Rail Program
Janice Kadlec, Public Reporter
Kia Mortazavi, Executive Director, Development
Kathleen M. O'Connell, Executive Director, Internal Audit
Andy Oftelie, Acting Director, Measure M Program Office
Alice Rogan, Community Relations Officer

Guests

Paul Rodriguez, Urban Crossroads

Members of the Public

Walt Heim

1. Welcome

Chairman David Sundstrom began the meeting at 6:10 p.m. and welcomed everyone. He introduced Linda Rogers who will be replacing Charles Smith as a First District representative. Linda gave a brief report on her background.

2. Pledge of Allegiance

Chairman David Sundstrom led everyone in the pledge of allegiance.

3. Approval of Minutes/Attendance Report for August 11, 2009

Chairman David Sundstrom asked if there were any additions or corrections to the August 11, 2009, minutes and attendance report.

Page 4, Item C, CTFP Update: Ahn-Tuan Le requested the statement in Paragraph six should be as follows: "Anh-Tuan Le expressed concern about letting the underperforming CTFP funds vanish into the general pool because it would set an undesirable precedence for M2. He said the projects proposed by the cities are needed projects that make for a better transportation system and everything should be done to help the cities complete the projects."

Page 5, Item 9, second sentence: Ahn-Tuan Le requested the following revision. "He also requested ~~information~~ two items be put on the TOC committee meeting agenda: 1) In newspaper articles, new OCTA CEO Will Kempton talked about new innovative programs to meet the needs of the transit dependent, and 2) the Code of Conduct for OCTA employees/officials."

James Kelly had a question about the statement in the second paragraph on page 5. "*Anh-Tuan Le asked if the projects are audited. Roger said the projects are audited once they have been closed out.*" Are these projects really audited or are they reviewed? Kathleen M. O'Connell said projects in the CTFP program are not routinely audited, a sample of the projects are selected for audit. Staff performs a desk audit or review once they are closed out. James Kelly suggested changing the second sentence in paragraph 5 to "*....projects are ~~audited~~ reviewed once they have been closed out.*"

A motion was made by James Hillquist and seconded by Gregory Pate to approve the August 11, 2009 minutes and attendance report as corrected. The motion passed unanimously.

4. Chairman's Report

Chairman David Sundstrom said he would reserve his comments for the Audit Subcommittee report.

5. Action Items

A. Quarterly Measure M Revenue and Expenditure Report – June 2009

Andy Oftelie gave a broad overview of the Quarterly Measure M Revenue and Expenditure Report – June 2009. Andy said despite fairly conservative estimates for sales taxes; revenues are coming in far under the projections. During the April – June 2009 quarter, sales taxes came in 8.5 percent less than expected resulting in a \$34 million reduction in expected sales tax revenue.

Andy also reported that because of negative numbers in the M1 Freeway Program, staff would be recommending the OCTA Board reverse an action they made earlier in the Early Action Plan which took \$22 million from the M1 Freeway mode and put it toward the M2 SR-57 project. Kia Mortazavi said staff is confident this project can be funded through other sources of revenue and project savings.

Linda Rogers asked if the project savings being considered are because of construction costs being down? Kia said the projects under discussion, such as the I-5 Far North Project, have already been contracted out so their budgets are set. Future projects were effective by the Federal Stimulus money and now show savings.

A motion was made by Linda Rogers and seconded by James Hillquist to receive and file Quarterly Measure M Revenue and Expenditure Report – June 2009. The motion passed unanimously.

B. Growth Management Subcommittee 2009/10 Eligibility Report

James Hillquist, Acting Chairman of the Growth Management Subcommittee reported on the Growth Management Program (GMP). He said the Measure M Ordinance requires all local jurisdictions in Orange County to annually satisfy the requirements of the Measure M Growth Management Program in order to remain eligible for receiving Measure M turnback and competitive funds. The eligibility review process requirement for the GMP Subcommittee for the fiscal year 2009/2010 has been completed. In order to maintain eligibility to receive Measure M funds all local jurisdictions are required to submit eligibility packages including a seven-year Capital Improvement Programs (CIP).

Taxpayers Oversight Committee designates the Growth Management Program Subcommittee to review eligibility submittals with support from the OCTA Staff. James introduced the members of the GMP Subcommittee: Chairman Ed Wylie, James Hillquist, Anh-Tuan Le, Vivian Kirkpatrick-Pilger, and Linda Rogers. The OCTA staff reviewed the eligibility packages to make sure they were complete and accurate and worked with the local jurisdictions to obtain additional information or materials as needed. More than 500 projects were included in the CIPs submitted and were reviewed and discussed by the GMP Subcommittee.

Based upon their work the GMP Subcommittee recommends approval of the Measure M Growth Management Program eligibility review and find all local jurisdictions eligible to receive Measure M turnback and complete funds for fiscal year 2009/10.

Anh-Tuan Le said he supported the findings, but wanted to add a footnote. The Subcommittee spent three sessions together and he benefited from the previous experience of the other members of the subcommittee and staff. Anh-Tuan had the following observations.

- The subcommittee is called Growth Management Subcommittee but the criteria and projects have no link to growth management goals in the Ordinance. The Ordinance talks about the GMAs and TDMs but these are on the horizon and are certified every two years or five years.

- The GMP Subcommittee was given a checklist for the growth management element; this checklist was different from criteria the subcommittee used for judging the eligibility.

Anh-Tuan said his concern was the GMP Subcommittee might be using screening that did not factor into all aspects of the Measure M Growth Management Ordinance. This might be a factor particularly in the TDM and SB 375 part of the Ordinance.

James Hillquist said one of the discussion points in the subcommittee meetings was-were they 100 percent sure they were following Measure M. Based upon the review of the requirements of the GMP Subcommittee he believed all requirements were met.

Chairman David Sundstrom said he received an email from GMP Subcommittee member Vivian Kirkpatrick-Pilger. She was concerned about whether cities should be allowed to reserve or earmark Measure M money for future unspecified projects. James Hillquist said the committee discussed this during their meetings. Chairman Sundstrom asked if cities like this should be pulled until further research is received? Linda Rogers said the subcommittee's focus was on projects for next year, they had specific locations and specific details. The CIP is a 7-year plan and the cities may not have funding for these future projects if the economy does not turn around.

Paul Rodriguez said the subcommittee reviewed the CIPs and they are for a 7-year period, local jurisdictions were asked to provide a list of projects they were either intending spending Measure M funds on or projects they are considering spending Measure M funds on. The visionary projects can be ambiguous enough not to be specific, but finite enough for the subcommittee to identify it as a transportation project. Money is not committed to these visionary projects, cities were just asked to give an idea of where they may in the future spend Measure M funds. As the project becomes a next fiscal year project, the subcommittee would require more specifics.

A motion was made by Chairman David Sundstrom and seconded by James Hillquist to approve the Measure M Growth Management Program Eligibility Review and find all local jurisdictions eligible to receive Measure M funds for turnback and competitive funds for fiscal year 2009-10. The motion passed unanimously.

6. Presentation Items

A. Rail Program Update

Darrell Johnson, Rail Program Executive Director, gave an update on the Rail Program. He reported on the Metrolink service expansion, Grade Crossing safety enhancements, Station Improvements, LOSSAN grade separation projects, Go Local Fixed-Guideway Program, ARTIC, and facilities engineering.

Linda Rogers said previously there has been trouble with the Metrolink supplier, is this still a problem? Darrell said Metrolink is a multi-jurisdictional joint powers authority and initial delivery problems were experienced with a new South Korean supplier. The first vehicle from the company is expected to arrive in the Fall 2009 and they will be reassessed at that time, but they are about four months behind schedule.

James Kelly said the August Grade Separation report listed the Sand Canyon grade separation project as fully funded and a subsequent correction was made saying it was underfunded by \$8 million. It is further along than other projects. Is this a potential issue for all grade separation projects? Kia Mortazavi said OCTA would be doing the project study reports on all the grade separation projects listed in the current report except for the Sand Canyon project. The Sand Canyon project is being developed by local agencies and is experiencing some utility issues unique to the project. James Kelly asked how could OCTA allow a project to go into the build stage that is already experiencing problems with design? Kia said the Sand Canyon project is still only in the final design stage and when completed in December, the project budget will be reassessed against revenues and OCTA will deal with any problems at that time.

Hamid Bahadori asked if Santa Ana's Fixed Guideway design is the same one designed for the old Centerline project and are they counting on all funding to come from Measure M? Darrell said he cannot comment on what the city of Santa Ana is counting on or where the money is coming from, but it is unlikely they could find all the money to fund the project in Measure M. James Hillquist said there was no Measure M funds requested for this project in the City of Santa Ana's CIP for this project.

Hamid Bahadori asked if it was true the federal guidelines for the New Start Program require proof of operation money before they are approved. Darrell said the New Start Program has always required proof of operation funds, but they now require proof for a longer period of time.

Hamid Bahadori said it seemed to him OCTA should start pulling the plug on some of the projects because money is just going to consultants with no expectation of the project being built. Darrell said this is the reason the OCTA Board put in

Milestone clauses in the cooperative agreements. They were very clear they needed to make sure projects were viable at all stages of development.

B. I-405 Freeway Improvement Project

Rose Casey gave an overview of the I-405 Improvement Project which is currently in the environmental phase. The I-405 Improvement Project proposes to increase capacity, improve traffic and interchange operations, and enhance safety by widening the segment of the I-405 from SR-73 to the I-605. Rose described the four build alternatives for the project. The preliminary engineering analysis established the freeway could accommodate the addition of two lanes in each direction generally within the existing freeway right of way. Comments were received on the four build alternatives during the scoping period, and environmental technical studies and preliminary engineering have begun.

James Hillquist said the increase in toll lanes on interstates was not well received by drivers before. OCTA may receive a backlash to putting a toll road on an interstate highway. Hamid Bahadori said Alternative 3, the Express Lanes alternative, goes beyond Measure M with the Express Lanes, but meets the Ordinance with the additional general purpose lane in each direction. Rose said project is being coordinated with Los Angeles Metro and the Southern California Association of Governments, who is conducting a regional congestion pricing study, in addition to Caltrans, FHWA and the corridor cities.

James Hillquist asked if similar transition issues and problems on the I-405 as they did on the I-5. Rose said that with lanes on the northbound I-405 transitioning off at connectors to both westbound SR-22 and northbound I-605, the lanes south of the county line will match the current number of lanes in LA County. OCTA is coordinating closely with Los Angeles on these issues.

C. Revenue Forecast Update

Andy Oftelie gave a Revenue Forecast update describing the impacts to M2 of the current economic downturn. Andy reported the decrease in forecasted revenue to the Measure M 2 Program is approximately \$9.8 billion.

James Kelly asked at what point does OCTA go back to the voters and tell them M2 can't deliver all the projects promised and get approval of the projects that can be done? Andy said M2 has a provision establishing a 10-year public review of the plan or it could be reviewed at the triennial audit; this would be the time to altar the plan.

Chairman David Sundstrom said there are a lot of variables – supplemental funding can be obtained. It would be desirable to build the freeway system out to take advantage in savings in construction; it would need to be determined what is bondable and what isn't. Andy said the situation isn't quite there yet but the M2 debt capacity is far less than it was.

Hamid Bahadori said he shared the members concerns, but he believed the economic trends would change. The big picture of transportation funding is much bigger than Measure M. The federal government is looking at a \$480 billion reauthorization package. The State is looking at additional gas tax funding. He shares everyone's concern, but there is no need to raise a red flag quite yet

Anh-Tuan Le said another huge factor is SB375 the Green House Gas legislation.

Chairman David Sundstrom said he hates to be pessimistic, but the reality is there will be paradigm shifts and what he sees from these numbers is everyone must proceed a lot more cautiously.

D. Early Action Plan Update

Andy Oftelie gave an update on the Early Action Plan. Later this year, staff will make a presentation to the T2020 Committee on nine objectives highlighted in the Early Action Plan. OCTA is meeting all nine objectives; however, because of the economic down turn they are running into some policy issues and will need Board direction on these issues. He outlined the areas of concern.

7. Growth Management Subcommittee Report

There was nothing further to report from the Growth Management Subcommittee.

8. Audit Subcommittee Report

Chairman David Sundstrom said the Audit Subcommittee received an Annual Financial Audit update. They were notified there would be an issue on CTFP funding. Because of the timing of a city's closeout (2001 to 2007), an audit revealed expenditures in the earlier years were not verifiable because records were destroyed in accordance with the city's records retention policy. The Audit Subcommittee recommended specific procedures for CTFP funds requiring retention of records three years after closeout and a timely closeout for CTFP. The Audit Subcommittee discussed the potential of putting in the agreements in the audit clause section requirements if the documentation is not held the jurisdiction is subject to returning the money.

Linda Rogers asked if it would be more appropriate to do an interim audit. Chairman Sundstrom said it would be more appropriate for them to closeout on a timely basis.

Anh-Tuan Le said he was glad the issue was identified. He said many of the CTFP projects have a mixture of State and Federal grant money; they are bound by the record keeping requirements of the State and Federal Highway Administration. As a taxpayer, I would be concerned if someone spent money and there was no accountability.

Chairman David Sundstrom said the Audit Subcommittee looked at a draft Audit Charter prepared by Kathleen M. O'Connell, based on the best practices of the GFOA.

The subcommittee recommended a couple of minor changes and Kathleen will bring the revised document back to the next Audit Subcommittee for approval.

Chairman David Sundstrom said the RFP for the compliance audit would be going out in December.

Chairman David Sundstrom said M2 expenditures are increasing and Audit Subcommittee will start receiving detailed financial reports of the expenditures in January 2010.

9. Committee Member Reports

Anh-Tuan Le introduced Walt Heim. Anh-Tuan has made an effort to identify the issues in the community and Central Orange County is certainly concerned about the cuts to transit, but the biggest issue is compliance with SB 375. He participated in Rideshare week with the OCTA Marketing group and complemented them. He would welcome a discussion on improving the marketing of Rideshare Week. He also was selected for a scholarship to the Urban Land Use conference in November.

Chairman David Sundstrom requested a presentation on the Green House Gas bill SB 375.

10. OCTA Staff Update

Alice Rogan said OCTA Staff is preparing a presentation on SB 375 and should be ready to report to the TOC at the February meeting.

Alice Rogan said there would be a tour of the final M1 Freeway Project on October 28, from 11:30 to 1:30.

Kathleen M. O'Connell distributed and gave background on the OCTA Code of Conduct approved on July 13, 2009. The OCTA Human Resources Department is putting together a training program for staff which will be rolled out in a couple of months. The OCTA Internal Audit is charged with the responsibility of maintaining an "Ethics Hot Line" and is available through the OCTA website.

11. Public Comments

There were no public comments

12. Next Meeting Date – December 8, 2009

The next TOC meeting will be December 8, 2009

13. Adjournment

The meeting adjourned at 8:40 p.m.



Taxpayers Oversight Committee Fiscal Year 2009-2010 Attendance Record



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

Meeting Date	14-Jul	11-Aug	8-Sep	13-Oct	10-Nov	8-Dec	12-Jan	9-Feb	9-Mar	13-Apr	11-May	8-Jun
Hamid Bahadori		X		X								
Rose Coffin		E		*								
C. James Hillquist		X		X								
James Kelly		X		X								
Vivian Kirkpatrick-Pilger		X		*								
Anh-Tuan Le		X		X								
Howard Mirowitz		X		*								
Gregory Pate		X		X								
Linda Rogers		NA		X								
David Sundstrom		X		X								
Edgar Wylie		X		*								

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
October 13, 2009	Rose Coffin	Stuck in Traffic
October 13, 2009	Vivian Kirkpatrick-Pilger	Sick
October 13, 2009	Howard Mirowitz	Out of town
October 13, 2009	Edgar Wylie	Out of town

5.

ACTION ITEMS

Measure M
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of September 30, 2009

<i>(\$ in thousands)</i>	Quarter Ended Sept 30, 2009	Year to Date Sept 30, 2009	Period from Inception to Sept 30, 2009
	(A)	(B)	
Revenues:			
Sales taxes	\$ 44,131	\$ 44,131	\$ 3,623,321
Other agencies share of Measure M costs			
Project related	-	-	383,182
Non-project related	-	-	614
Interest:			
Operating:			
Project related	-	-	1,014
Non-project related	2,048	2,048	246,099
Bond proceeds	-	-	136,067
Debt service	470	470	81,316
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	-	-	158,155
Right-of-way leases	99	99	4,811
Proceeds on sale of assets held for resale	537	537	22,428
Miscellaneous:			
Project related	-	-	26
Non-project related	-	-	775
Total revenues	<u>47,285</u>	<u>47,285</u>	<u>4,706,148</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	705	705	52,405
Professional services:			
Project related	734	734	178,288
Non-project related	170	170	29,484
Administration costs:			
Project related	404	404	18,151
Non-project related	1,230	1,230	78,294
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	21	21	1,254
Non-project related	80	80	15,594
Payments to local agencies:			
Turnback	5,152	5,152	535,907
Competitive projects	11,124	11,124	575,147
Capital outlay	631	631	1,965,403
Debt service:			
Principal payments on long-term debt	-	-	842,755
Interest on long-term debt and commercial paper	4,509	4,509	552,414
Total expenditures	<u>24,760</u>	<u>24,760</u>	<u>4,923,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,525</u>	<u>22,525</u>	<u>(217,566)</u>
Other financing sources (uses):			
Transfers out:			
Project related	(1,000)	(1,000)	(253,675)
Non-project related	-	-	(5,116)
Transfers in project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>759,176</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 21,525</u>	<u>\$ 21,525</u>	<u>\$ 541,610</u>

See accompanying notes to Measure M Schedules

Measure M
 Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
 as of September 30, 2009

<i>(\$ in thousands)</i>	Quarter Ended Sept 30, 2009 (actual)	Year Ended Sept 30, 2009 (actual)	Period from Inception through Sept 30, 2009 (actual)	Period from October 1, 2009 through March 31, 2011 (forecast)	Total
	<i>(C.1)</i>	<i>(C.1)</i>	<i>(D.1)</i>	<i>(E.1)</i>	<i>(F.1)</i>
Tax revenues:					
Sales taxes	\$ 44,131	\$ 44,131	\$ 3,623,321	\$ 321,710	\$ 3,945,031
Other agencies share of Measure M costs	-	-	614	-	614
Operating interest	2,048	2,048	246,099	12,992	259,091
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	775	-	775
Total tax revenues	<u>46,179</u>	<u>46,179</u>	<u>3,891,492</u>	<u>334,701</u>	<u>4,226,193</u>
Administrative expenditures:					
SBOE fees	705	705	52,405	2,992	55,397
Professional services, non-project related	169	169	20,623	2,699	23,322
Administration costs, non-project related	1,230	1,230	78,294	8,950	87,244
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	80	80	6,495	2,110	8,605
	<u>2,184</u>	<u>2,184</u>	<u>192,725</u>	<u>16,751</u>	<u>209,476</u>
Net tax revenues	<u>\$ 43,995</u>	<u>\$ 43,995</u>	<u>\$ 3,698,767</u>	<u>\$ 317,950</u>	<u>\$ 4,016,717</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	470	470	81,316	6,288	87,604
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>470</u>	<u>470</u>	<u>1,415,039</u>	<u>6,288</u>	<u>1,421,327</u>
Financing expenditures and uses:					
Professional services, non-project related	1	1	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	842,755	161,200	1,003,955
Bond debt interest expense	4,509	4,509	552,414	9,905	562,319
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,099	-	9,099
Total financing expenditures and uses	<u>4,510</u>	<u>4,510</u>	<u>1,615,816</u>	<u>171,105</u>	<u>1,786,921</u>
Net bond revenues (debt service)	<u>\$ (4,040)</u>	<u>\$ (4,040)</u>	<u>\$ (200,777)</u>	<u>\$ (164,817)</u>	<u>\$ (365,594)</u>

See accompanying notes to Measure M Schedules

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2009

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept 30, 2009 (N)	Reimbursements through Sept 30, 2009 (O)	Project Cost (P)	Percent of Budget Expended (Q)
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 872,659	\$ 947,671	\$ 810,010	\$ 800,650	\$ 147,021	\$ 9,360	\$ 809,659	\$ 83,296	\$ 726,363	89.7%
I-5 between I-5/I-405 Interchange and San Clemente	62,418	67,784	57,836	59,936	7,848	(2,100)	70,294	10,358	59,936	103.6%
I-5/I-405 Interchange	79,223	86,034	72,802	73,075	12,959	(273)	98,157	25,082	73,075	100.4%
S.R. 55 (Costa Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	52,816	57,356	44,511	50,225	7,131	(5,714)	55,512	6,172	49,340	110.8%
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	45,613	49,534	44,128	22,759	26,775	1,369	25,617	2,859	22,758	94.3%
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	114,034	123,836	116,136	105,702	18,134	10,434	123,995	18,606	105,389	90.7%
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St.	363,707	394,972	303,297	302,934	92,038	363	610,827	313,286	297,541	98.1%
Subtotal Projects	1,590,470	1,727,187	1,428,720	1,415,281	311,906	13,439	1,794,061	459,659	1,334,402	
Net (Bond Revenue)/Debt Service			307,648	307,648	(307,648)	-	1,68,954		1,68,954	
Total Freeways	\$ 1,590,470	\$ 1,727,187	\$ 1,736,368	\$ 1,722,929	\$ 4,258	\$ 13,439	\$ 1,963,015	\$ 459,659	\$ 1,503,356	47.6%
%				42.9%						
Regional Street and Road Projects (11%)										
Smart Streets	\$ 139,496	\$ 151,488	\$ 149,112	\$ 149,112	\$ 2,376	\$ -	\$ 154,120	\$ 3,489	\$ 150,631	101.0%
Regionally Significant Interchanges	81,373	88,368	88,368	88,368	-	-	62,331	146	62,185	70.4%
Intersection Improvement Program	116,247	126,240	126,240	126,240	-	-	77,437	214	77,223	61.2%
Traffic Signal Coordination	58,123	63,120	63,120	63,120	-	-	46,631	132	46,499	73.7%
Transportation Systems Management and Transportation Demand Management	11,625	12,624	12,624	12,624	-	-	7,461	149	7,312	57.9%
Subtotal Projects	406,864	441,840	439,464	439,464	2,376	-	347,980	4,130	343,850	
Net (Bond Revenue)/Debt Service			2,376	2,376	(2,376)	-	1,305		1,305	
Total Regional Street and Road Projects	\$ 406,864	\$ 441,840	\$ 441,840	\$ 441,840	\$ -	\$ -	\$ 349,285	\$ 4,130	\$ 345,155	10.9%
%				11.0%						

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2009

Project Description (G)	Net Tax Revenues Program to date (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept 30, 2009 (N)	Reimbursements through Sept 30, 2009 (O)	Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)										
Master Plan of Arterial Highway Improvements	\$ 138,998	\$ 159,542	\$ 159,542	\$ 159,542	\$ -	\$ -	\$ 86,660	\$ 99	\$ 86,561	54.3%
Streets and Roads Maintenance and Road Improvements	537,744	583,969	583,969	583,969	-	-	535,923	-	535,923	91.8%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	74,481	431	74,050	74.1%
Subtotal Projects	776,742	843,511	843,511	843,511	-	-	697,064	530	696,534	
Net (Bond Revenue)/Debt Service										
Total Local Street and Road Projects	\$ 776,742	\$ 843,511	\$ 843,511	\$ 843,511	\$ -	\$ -	\$ 697,064	\$ 530	\$ 696,534	
%				21.0%						22.1%
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 17,897	\$ 19,436	\$ 15,000	\$ 14,000	\$ 5,436	\$ 1,000	\$ 16,597	\$ 2,761	\$ 13,836	92.2%
Commuter Rail	328,116	356,322	342,934	377,561	(21,239)	(34,627)	351,437	60,805	290,632	84.7%
High-Technology Advanced Rail Transit	405,671	440,543	424,294	410,688	29,855	13,606	140,014	6,873	133,141	31.4%
Elderly and Handicapped Fare Stabilization	23,863	25,914	20,000	20,000	5,914	-	18,010	-	18,010	90.1%
Transitways	149,144	161,964	146,381	126,360	35,604	20,021	162,647	36,687	125,960	86.0%
Subtotal Projects	924,691	1,004,179	948,609	948,609	55,570	-	688,705	107,126	581,579	
Net (Bond Revenue)/Debt Service					(55,570)	-	30,518		30,518	
Total Transit Projects	\$ 924,691	\$ 1,004,179	\$ 1,004,179	\$ 1,004,179	\$ -	\$ -	\$ 719,223	\$ 107,126	\$ 612,097	
%				25.0%						19.4%
Total Measure M Program	\$ 3,698,767	\$ 4,016,717	\$ 4,025,898	\$ 4,012,459	\$ 4,258	\$ 13,439	\$ 3,728,587	\$ 571,445	\$ 3,157,142	

See accompanying notes to Measure M Schedules

TAXPAYER OVERSIGHT COMMITTEE AUDIT SUBCOMMITTEE

AUDIT CHARTER November 2009

The Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee (TOC) is established to assist the TOC in fulfilling its oversight responsibilities with regard to the Measure M ordinances approved by the voters of Orange County. Specifically, the Subcommittee will have responsibilities in matters related to internal and independent audits of the Measure M programs, projects and financial records.

In providing assistance to the TOC, the Subcommittee will assume the role of an audit committee as provided herein, and recommend action on all audit related matters to the full TOC. Recognizing that the Finance and Administration Committee (Committee) of the Board of Directors of the Orange County Transportation Authority (OCTA or Authority) serves as the Authority's audit committee, with audit oversight of Measure M projects, programs and financial records, the role of the Subcommittee is to augment the Committee's audit oversight as it relates specifically to Measure M projects, programs and financial records.

All members of the Subcommittee will participate in fulfilling these responsibilities. At least one member of the Subcommittee will have financial experience sufficient to provide guidance and assistance to other Subcommittee members on matters related to government accounting, auditing, budgeting and finance.

In fulfilling its audit responsibilities, the Subcommittee will have prompt and unrestricted access to all relevant Authority documents, records and staff. Requests by the Subcommittee for financial or other resources sufficient to fulfill these responsibilities, and beyond that already existing in the Authority's adopted budget, will be directed, through the full TOC, to the Chairman of the Board of the Authority.

Members of the Subcommittee will be independent of the Authority, its contractors, consultants and agents, in both fact and appearance, and will consult with the Chairman of the TOC concerning any circumstances which may compromise their ability to meet this standard. Members of the Subcommittee will comply with all applicable state and federal laws in the performance of their duties under this audit charter.

Responsibilities of the Subcommittee will include, but may not be limited to, the following:

Independent Financial Statements Audits

1. Review with management and the independent financial statement auditors:
 - a. The annual financial statements of the Orange County Local Transportation Authority and related footnotes, schedules and unadjusted differences, including

the accounting principles used, and significant estimates or judgments made, by management.

- b. The management letter issued by the independent auditors in relation to their audit of the Authority and all of its legal entities.
 - c. Any and all other independent audit reports the Subcommittee believes may be relevant to the exercise of its duties.
2. Discuss with the independent financial statement auditors any difficulties encountered during the course of their work, disagreements with management or restrictions or limitations placed upon them.
 3. Assist the Authority in the selection, retention or discharge of its independent auditor. This assistance may be provided through:
 - a. Participation on the independent auditor procurement selection panel
 - b. In coordination with the full TOC, providing performance feedback regarding the independent auditor to the Authority's Board of Directors and Internal Audit Department
 4. Inquire of the auditor as to their independence, their compliance with Government Auditing Standards, and applicable accounting and auditing guidance issued by the Government Accounting Standards Board, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants and other standard-setting bodies.

Agreed Upon Procedures

- 1 Review with the independent auditors the results of agreed-upon-procedures performed at the direction of the Subcommittee and/or the Board of Directors of the Authority.
- 2 Design procedures to provide assurance that Measure M funds are used in compliance with the Ordinance and that expenditures are reported accurately.
- 3 Periodically evaluate the sufficiency and applicability of the procedures.
- 4 In coordination with the full TOC, provide management and the Authority's Board of Directors with recommendations based on the results of the procedures.

Triennial Performance Audit

1. Participate in the development of the scope of work for the procurement of an independent performance auditor to perform the triennial performance audit required by Measure M, Ordinance No. 3.

2. Participate in the selection of the independent performance auditor.
3. Review the results of the triennial performance audit, including management responses. Monitor the implementation of all recommendations.
4. In coordination with the full TOC, provide feedback to the Authority's Board of Directors on the performance of the independent performance auditor, the adequacy of management's responses and/or the sufficiency of corrective action planned in response to audit recommendations.

Internal Audit and Internal Controls

1. Review with the Executive Director of Internal Audit the annual internal audit plan and quarterly reports of audit activity.
2. Request and review internal audit reports that have Measure M implications, including management responses and management's planned corrective action.
3. Consider the effectiveness of the Authority's system of internal controls, including controls over financial reporting.
4. Inquire of the Internal Audit Department as to restrictions or limitations placed upon it by management or the Board of Directors.
5. Ensure that the Internal Audit Department is independent, as defined by the Government Accountability Office, and that it operates in compliance with Government Auditing Standards. Review the results of the department's triennial quality assurance (or "peer") review.
6. In coordination with the full TOC, provide the Authority's Board of Directors feedback or recommendations related to audit findings, internal controls or the performance of the internal audit function.

Other

1. Review this Audit Charter annually to assess its adequacy and recommend changes.
2. Provide updates to the TOC on actions taken, communications by, or recommendations made by the Subcommittee.
3. Inquire annually of the Chairman of the Authority's Finance and Administration Committee (Committee) as to any concerns the Committee has with regard to the Authority's internal controls, its internal audit function, its independent auditors, Measure M projects, programs or financial records or other matters and report to the full TOC.

6.

PRESENTATION ITEMS



MEMO

November 6, 2009

To: Members of the Board of Directors

From: Will Kempton, Chief Executive Officer

Subject: **Agreement with the City of Placentia**

A handwritten signature in black ink, appearing to read "Will Kempton", is written over the "From:" line of the memo header.

The City of Placentia has requested financial assistance from the Orange County Transportation Authority in the City of Placentia's repayment of funds to the California Department of Transportation. Staff presented two 30-year year assistance options to the Executive Committee on November 2, 2009, for discussion. The committee directed staff to work with the Chairman of the Finance and Administration Committee to develop interim options with repayment structure over a 15- to 20-year term. This memo presents the results of that effort.

For almost 15 years, the City of Placentia (City) has been working on the Orangethorpe Corridor Project. This project is intended to grade separate the Burlington Northern Santa Fe rail corridor through the City to improve traffic flow, increase safety, and enhance the quality of life for thousands of Orange County residents. Over the years, the City has been awarded millions in state and federal grant funding to support the cost of this important project.

An audit report released by the California Department of Transportation (Caltrans) on January 18, 2008, disallowed \$36,225,632 in costs incurred for the City's grade separation projects due to job costing irregularities, allegations of conflict of interest, improper contract and procurement processes, and other audit findings. The City has since been able to provide Caltrans with necessary documentation to reduce this disallowed amount down to approximately \$5.5 million.

The City lacks the financial resources necessary to make this repayment by the required due date of December 1, 2009, and has approached the Orange County Transportation Authority (OCTA) seeking financial assistance.

OCTA has limited sources of funds that could be used to provide financial assistance to the City. One possible option would be to advance \$4.1 million in Orange County Unified Transportation Trust (OCUTT) funds to the City to be repaid with interest through a contribution of the City's future Local Fair

Share funds under Renewed Measure M (M2) towards an eligible transportation service. Similar to previous financing arrangements with other cities, the proposed interest calculation would be based on the OCTA's actual short-term investment portfolio earnings rate for the prior 12-month period, and would reset annually. However, use of OCUTT eliminates availability of these funds for at-risk project development work. In the past, OCTA has used OCUTT to fund a number of activities including development of project study reports, purchase of the 91 Express Lanes, and support work for M2.

While plausible, this option poses risks to OCTA based on the City's ability to meet continuing eligibility requirements under M2 and would require appropriate securitization. Any proposal also requires approval by OCTA bond counsel.

If approved, this proposed advance of funds to the City would be based upon the following principles:

1. The advance would be repaid over approximately a 19-year period beginning July 1, 2011 and ending May 1, 2030 depending on actual interest rates.
2. Interest would accrue from the date of initial advance of OCTA funds and would add to the advance balance.
3. The rate of interest to be applied to the outstanding balance would be equivalent to the actual earnings rate of the OCTA's short-term investment portfolio over the previous 12-month period, and would reset annually on July 1 of each year.
4. The City would make payments from the City's Local Fair Share funds under M2 for eligible transportation services provided by the Orange County Transit District.
5. The Orange County Transit District would reimburse the Orange County Unified Transportation Trust for principal and interest in an amount equivalent to payments from the City.
6. The City would be required to pledge other appropriate funding in the event the City fails to establish or maintain eligibility under M2.

Attachment A provides an amortization schedule for a graduated repayment plan. For illustrative purposes this amortization schedule is calculated at a hypothetical 4 percent fixed interest rate, while the actual interest calculation would be based on the terms established above. This option requires the City to contribute 30 percent of its estimated Local Fair Share funds under M2 towards eligible transportation services provided by the Orange County Transit District, beginning in fiscal year 2011-2012. The City contribution would increase by one percentage point each fiscal year thereafter until the advance

is fully repaid. Also attached is a schedule showing the City's projected M2 Local Fair Share distributions less principal and interest repayments (Attachment B).

The City of Placentia and Caltrans have also agreed in concept to repay a portion of these funds in the form of a highway project in Orange County. Under the proposal, the advance to the City of Placentia would be approximately \$4.1 million. Another \$1.5 million would be paid to Caltrans with the stipulation that the state would program an equal amount for a highway improvement project in Orange County. A modified draft term sheet outlining the funding advance between OCTA, Caltrans, and the City is included in Attachment C. Reference to right of way acquired for the Melrose Grade Separation Project has been stricken from the draft term sheet originally presented to the Executive Committee on November 2, 2009.

The flow of funds from OCUTT to the City and Caltrans, the payments from the City to OCTD, and the repayment from OCTD to OCUTT is illustrated in Attachment D.

Based upon the direction from the Executive Committee and the Chairman of the Finance and Administration Committee, staff requests the Board consider the following:

The Board of Directors authorize the Chief Executive Officer or his designee to negotiate an agreement with the City of Placentia to advance up to \$4.1 million in funding from the Orange County Unified Transportation Trust to be repaid through a contribution of the City of Placentia's future Renewed Measure M Local Fair Share revenues towards eligible transportation services.

The Board of Directors authorize the Chief Executive Officer or his designee to negotiate an agreement with the California Department of Transportation whereby the Orange County Transportation Authority will advance \$1.5 million to the State Highway Account in exchange for \$1.5 million in state funds to be programmed to an Orange County state highway project.

WK:kp
Attachments

c: Executive Staff

City of Placentia Proposed Advance / Repayment Schedule

Pmt #	Month	Year	Beginning Balance	Estimated Average Annual Interest Rate	Accrued Interest	Interest Payment	Principal Payment	Ending Balance
	December	2009	\$ 4,099,562	4.00%	\$ 13,665	\$ -	\$ -	\$ 4,113,227
	May	2010	\$ 4,113,227	4.00%	\$ 82,265	\$ -	\$ -	\$ 4,195,492
	November	2010	\$ 4,195,492	4.00%	\$ 83,910	\$ -	\$ -	\$ 4,279,402
	May	2011	\$ 4,279,402	4.00%	\$ 85,588	\$ -	\$ -	\$ 4,364,990
1	July		\$ 4,364,990	4.00%	\$ 29,100	\$ (28,619)	\$ -	\$ 4,365,471
2	September		\$ 4,365,471	4.00%	\$ 29,103	\$ (28,619)	\$ -	\$ 4,365,955
3	November		\$ 4,365,955	4.00%	\$ 29,106	\$ (28,619)	\$ -	\$ 4,366,443
4	January	2012	\$ 4,366,443	4.00%	\$ 29,110	\$ (28,619)	\$ -	\$ 4,366,934
5	March		\$ 4,366,934	4.00%	\$ 29,113	\$ (28,619)	\$ -	\$ 4,367,428
6	May		\$ 4,367,428	4.00%	\$ 29,116	\$ (28,619)	\$ -	\$ 4,367,926
7	July		\$ 4,367,926	4.00%	\$ 29,120	\$ (29,120)	\$ (2,026)	\$ 4,365,900
8	September		\$ 4,365,900	4.00%	\$ 29,106	\$ (29,106)	\$ (2,040)	\$ 4,363,860
9	November		\$ 4,363,860	4.00%	\$ 29,092	\$ (29,092)	\$ (2,053)	\$ 4,361,807
10	January	2013	\$ 4,361,807	4.00%	\$ 29,079	\$ (29,079)	\$ (2,067)	\$ 4,359,740
11	March		\$ 4,359,740	4.00%	\$ 29,065	\$ (29,065)	\$ (2,081)	\$ 4,357,660
12	May		\$ 4,357,660	4.00%	\$ 29,051	\$ (29,051)	\$ (2,094)	\$ 4,355,565
13	July		\$ 4,355,565	4.00%	\$ 29,037	\$ (29,037)	\$ (4,860)	\$ 4,350,705
14	September		\$ 4,350,705	4.00%	\$ 29,005	\$ (29,005)	\$ (4,893)	\$ 4,345,813
15	November		\$ 4,345,813	4.00%	\$ 28,972	\$ (28,972)	\$ (4,925)	\$ 4,340,888
16	January	2014	\$ 4,340,888	4.00%	\$ 28,939	\$ (28,939)	\$ (4,958)	\$ 4,335,930
17	March		\$ 4,335,930	4.00%	\$ 28,906	\$ (28,906)	\$ (4,991)	\$ 4,330,939
18	May		\$ 4,330,939	4.00%	\$ 28,873	\$ (28,873)	\$ (5,024)	\$ 4,325,914
19	July		\$ 4,325,914	4.00%	\$ 28,839	\$ (28,839)	\$ (7,896)	\$ 4,318,018
20	September		\$ 4,318,018	4.00%	\$ 28,787	\$ (28,787)	\$ (7,949)	\$ 4,310,070
21	November		\$ 4,310,070	4.00%	\$ 28,734	\$ (28,734)	\$ (8,001)	\$ 4,302,068
22	January	2015	\$ 4,302,068	4.00%	\$ 28,680	\$ (28,680)	\$ (8,055)	\$ 4,294,014
23	March		\$ 4,294,014	4.00%	\$ 28,627	\$ (28,627)	\$ (8,109)	\$ 4,285,905
24	May		\$ 4,285,905	4.00%	\$ 28,573	\$ (28,573)	\$ (8,163)	\$ 4,277,742
25	July		\$ 4,277,742	4.00%	\$ 28,518	\$ (28,518)	\$ (11,165)	\$ 4,266,578
26	September		\$ 4,266,578	4.00%	\$ 28,444	\$ (28,444)	\$ (11,239)	\$ 4,255,338
27	November		\$ 4,255,338	4.00%	\$ 28,369	\$ (28,369)	\$ (11,314)	\$ 4,244,024
28	January	2016	\$ 4,244,024	4.00%	\$ 28,293	\$ (28,293)	\$ (11,390)	\$ 4,232,635
29	March		\$ 4,232,635	4.00%	\$ 28,218	\$ (28,218)	\$ (11,466)	\$ 4,221,169
30	May		\$ 4,221,169	4.00%	\$ 28,141	\$ (28,141)	\$ (11,542)	\$ 4,209,627
31	July		\$ 4,209,627	4.00%	\$ 28,064	\$ (28,064)	\$ (14,688)	\$ 4,194,940
32	September		\$ 4,194,940	4.00%	\$ 27,966	\$ (27,966)	\$ (14,786)	\$ 4,180,154
33	November		\$ 4,180,154	4.00%	\$ 27,868	\$ (27,868)	\$ (14,884)	\$ 4,165,270
34	January	2017	\$ 4,165,270	4.00%	\$ 27,768	\$ (27,768)	\$ (14,983)	\$ 4,150,286
35	March		\$ 4,150,286	4.00%	\$ 27,669	\$ (27,669)	\$ (15,083)	\$ 4,135,203
36	May		\$ 4,135,203	4.00%	\$ 27,568	\$ (27,568)	\$ (15,184)	\$ 4,120,019
37	July		\$ 4,120,019	4.00%	\$ 27,467	\$ (27,467)	\$ (18,647)	\$ 4,101,372
38	September		\$ 4,101,372	4.00%	\$ 27,342	\$ (27,342)	\$ (18,771)	\$ 4,082,601
39	November		\$ 4,082,601	4.00%	\$ 27,217	\$ (27,217)	\$ (18,896)	\$ 4,063,704
40	January	2018	\$ 4,063,704	4.00%	\$ 27,091	\$ (27,091)	\$ (19,022)	\$ 4,044,682
41	March		\$ 4,044,682	4.00%	\$ 26,965	\$ (26,965)	\$ (19,149)	\$ 4,025,533
42	May		\$ 4,025,533	4.00%	\$ 26,837	\$ (26,837)	\$ (19,277)	\$ 4,006,256
43	July		\$ 4,006,256	4.00%	\$ 26,708	\$ (26,708)	\$ (22,972)	\$ 3,983,283
44	September		\$ 3,983,283	4.00%	\$ 26,555	\$ (26,555)	\$ (23,125)	\$ 3,960,158
45	November		\$ 3,960,158	4.00%	\$ 26,401	\$ (26,401)	\$ (23,280)	\$ 3,936,878
46	January	2019	\$ 3,936,878	4.00%	\$ 26,246	\$ (26,246)	\$ (23,435)	\$ 3,913,443
47	March		\$ 3,913,443	4.00%	\$ 26,090	\$ (26,090)	\$ (23,591)	\$ 3,889,852
48	May		\$ 3,889,852	4.00%	\$ 25,932	\$ (25,932)	\$ (23,748)	\$ 3,866,104

City of Placentia Proposed Advance / Repayment Schedule

Pmt #	Month	Year	Beginning Balance	Estimated Average		Accrued Interest	Interest Payment	Principal Payment	Ending Balance
				Annual Interest Rate					
49	July		\$ 3,866,104	4.00%		\$ 25,774	\$ (25,774)	\$ (27,691)	\$ 3,838,413
50	September		\$ 3,838,413	4.00%		\$ 25,589	\$ (25,589)	\$ (27,876)	\$ 3,810,537
51	November		\$ 3,810,537	4.00%		\$ 25,404	\$ (25,404)	\$ (28,062)	\$ 3,782,475
52	January	2020	\$ 3,782,475	4.00%		\$ 25,216	\$ (25,216)	\$ (28,249)	\$ 3,754,226
53	March		\$ 3,754,226	4.00%		\$ 25,028	\$ (25,028)	\$ (28,437)	\$ 3,725,789
54	May		\$ 3,725,789	4.00%		\$ 24,839	\$ (24,839)	\$ (28,627)	\$ 3,697,162
55	July		\$ 3,697,162	4.00%		\$ 24,648	\$ (24,648)	\$ (28,814)	\$ 3,664,468
56	September		\$ 3,664,468	4.00%		\$ 24,430	\$ (24,430)	\$ (29,002)	\$ 3,631,555
57	November		\$ 3,631,555	4.00%		\$ 24,210	\$ (24,210)	\$ (29,192)	\$ 3,598,423
58	January	2021	\$ 3,598,423	4.00%		\$ 23,989	\$ (23,989)	\$ (29,383)	\$ 3,565,071
59	March		\$ 3,565,071	4.00%		\$ 23,767	\$ (23,767)	\$ (29,575)	\$ 3,531,496
60	May		\$ 3,531,496	4.00%		\$ 23,543	\$ (23,543)	\$ (29,769)	\$ 3,497,697
61	July		\$ 3,497,697	4.00%		\$ 23,318	\$ (23,318)	\$ (29,964)	\$ 3,459,496
62	September		\$ 3,459,496	4.00%		\$ 23,063	\$ (23,063)	\$ (30,161)	\$ 3,421,041
63	November		\$ 3,421,041	4.00%		\$ 22,807	\$ (22,807)	\$ (30,360)	\$ 3,382,329
64	January	2022	\$ 3,382,329	4.00%		\$ 22,549	\$ (22,549)	\$ (30,561)	\$ 3,343,359
65	March		\$ 3,343,359	4.00%		\$ 22,289	\$ (22,289)	\$ (30,764)	\$ 3,304,129
66	May		\$ 3,304,129	4.00%		\$ 22,028	\$ (22,028)	\$ (30,969)	\$ 3,264,638
67	July		\$ 3,264,638	4.00%		\$ 21,764	\$ (21,764)	\$ (31,176)	\$ 3,220,478
68	September		\$ 3,220,478	4.00%		\$ 21,470	\$ (21,470)	\$ (31,385)	\$ 3,176,022
69	November		\$ 3,176,022	4.00%		\$ 21,173	\$ (21,173)	\$ (31,596)	\$ 3,131,271
70	January	2023	\$ 3,131,271	4.00%		\$ 20,875	\$ (20,875)	\$ (31,809)	\$ 3,086,221
71	March		\$ 3,086,221	4.00%		\$ 20,575	\$ (20,575)	\$ (32,024)	\$ 3,040,871
72	May		\$ 3,040,871	4.00%		\$ 20,272	\$ (20,272)	\$ (32,241)	\$ 2,995,219
73	July		\$ 2,995,219	4.00%		\$ 19,968	\$ (19,968)	\$ (32,460)	\$ 2,944,606
74	September		\$ 2,944,606	4.00%		\$ 19,631	\$ (19,631)	\$ (32,681)	\$ 2,893,656
75	November		\$ 2,893,656	4.00%		\$ 19,291	\$ (19,291)	\$ (32,904)	\$ 2,842,367
76	January	2024	\$ 2,842,367	4.00%		\$ 18,949	\$ (18,949)	\$ (33,129)	\$ 2,790,735
77	March		\$ 2,790,735	4.00%		\$ 18,605	\$ (18,605)	\$ (33,356)	\$ 2,738,760
78	May		\$ 2,738,760	4.00%		\$ 18,258	\$ (18,258)	\$ (33,585)	\$ 2,686,438
79	July		\$ 2,686,438	4.00%		\$ 17,910	\$ (17,910)	\$ (33,816)	\$ 2,628,804
80	September		\$ 2,628,804	4.00%		\$ 17,525	\$ (17,525)	\$ (34,049)	\$ 2,570,787
81	November		\$ 2,570,787	4.00%		\$ 17,139	\$ (17,139)	\$ (34,284)	\$ 2,512,383
82	January	2025	\$ 2,512,383	4.00%		\$ 16,749	\$ (16,749)	\$ (34,521)	\$ 2,453,589
83	March		\$ 2,453,589	4.00%		\$ 16,357	\$ (16,357)	\$ (34,760)	\$ 2,394,404
84	May		\$ 2,394,404	4.00%		\$ 15,963	\$ (15,963)	\$ (35,001)	\$ 2,334,824
85	July		\$ 2,334,824	4.00%		\$ 15,565	\$ (15,565)	\$ (35,244)	\$ 2,269,601
86	September		\$ 2,269,601	4.00%		\$ 15,131	\$ (15,131)	\$ (35,489)	\$ 2,203,943
87	November		\$ 2,203,943	4.00%		\$ 14,693	\$ (14,693)	\$ (35,736)	\$ 2,137,848
88	January	2026	\$ 2,137,848	4.00%		\$ 14,252	\$ (14,252)	\$ (35,985)	\$ 2,071,312
89	March		\$ 2,071,312	4.00%		\$ 13,809	\$ (13,809)	\$ (36,236)	\$ 2,004,332
90	May		\$ 2,004,332	4.00%		\$ 13,362	\$ (13,362)	\$ (36,489)	\$ 1,936,906
91	July		\$ 1,936,906	4.00%		\$ 12,913	\$ (12,913)	\$ (36,744)	\$ 1,867,194
92	September		\$ 1,867,194	4.00%		\$ 12,448	\$ (12,448)	\$ (37,001)	\$ 1,797,018
93	November		\$ 1,797,018	4.00%		\$ 11,980	\$ (11,980)	\$ (37,260)	\$ 1,726,374
94	January	2027	\$ 1,726,374	4.00%		\$ 11,509	\$ (11,509)	\$ (37,521)	\$ 1,655,258
95	March		\$ 1,655,258	4.00%		\$ 11,035	\$ (11,035)	\$ (37,784)	\$ 1,583,669
96	May		\$ 1,583,669	4.00%		\$ 10,558	\$ (10,558)	\$ (38,049)	\$ 1,511,602
97	July		\$ 1,511,602	4.00%		\$ 10,077	\$ (10,077)	\$ (38,316)	\$ 1,429,456
98	September		\$ 1,429,456	4.00%		\$ 9,530	\$ (9,530)	\$ (38,585)	\$ 1,346,761
99	November		\$ 1,346,761	4.00%		\$ 8,978	\$ (8,978)	\$ (38,856)	\$ 1,263,516
100	January	2028	\$ 1,263,516	4.00%		\$ 8,423	\$ (8,423)	\$ (39,129)	\$ 1,179,715
101	March		\$ 1,179,715	4.00%		\$ 7,865	\$ (7,865)	\$ (39,404)	\$ 1,095,356

City of Placentia Proposed Advance / Repayment Schedule

Pmt #	Month	Year	Beginning Balance	Estimated Average Annual Interest Rate	Accrued Interest	Interest Payment	Principal Payment	Ending Balance
102	May		\$ 1,095,356	4.00%	\$ 7,302	\$ (7,302)	\$ (84,922)	\$ 1,010,435
103	July		\$ 1,010,435	4.00%	\$ 6,736	\$ (6,736)	\$ (91,642)	\$ 918,792
104	September		\$ 918,792	4.00%	\$ 6,125	\$ (6,125)	\$ (92,253)	\$ 826,539
105	November		\$ 826,539	4.00%	\$ 5,510	\$ (5,510)	\$ (92,868)	\$ 733,671
106	January	2029	\$ 733,671	4.00%	\$ 4,891	\$ (4,891)	\$ (93,488)	\$ 640,183
107	March		\$ 640,183	4.00%	\$ 4,268	\$ (4,268)	\$ (94,111)	\$ 546,072
108	May		\$ 546,072	4.00%	\$ 3,640	\$ (3,640)	\$ (94,738)	\$ 451,334
109	July		\$ 451,334	4.00%	\$ 3,009	\$ (3,009)	\$ (101,962)	\$ 349,372
110	September		\$ 349,372	4.00%	\$ 2,329	\$ (2,329)	\$ (102,642)	\$ 246,730
111	November		\$ 246,730	4.00%	\$ 1,645	\$ (1,645)	\$ (103,326)	\$ 143,403
112	January	2030	\$ 143,403	4.00%	\$ 956	\$ (956)	\$ (104,015)	\$ 39,388
113	March		\$ 39,388	4.00%	\$ 263	\$ (263)	\$ (39,388)	\$ -
114	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
115	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
116	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
117	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
118	January	2031	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
119	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
120	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
121	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
122	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
123	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
124	January	2032	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
125	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
126	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
127	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
128	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
129	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
130	January	2033	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
131	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
132	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
133	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
134	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
135	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
136	January	2034	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
137	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
138	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
139	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
140	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
141	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
142	January	2035	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
143	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
144	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
145	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
146	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
147	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
148	January	2036	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
149	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
150	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
151	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
152	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
153	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
154	January	2037	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -

City of Placentia Proposed Advance / Repayment Schedule

Pmt #	Month	Year	Beginning Balance	Estimated Average Annual Interest Rate	Accrued Interest	Interest Payment	Principal Payment	Ending Balance
155	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
156	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
157	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
158	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
159	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
160	January	2038	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
161	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
162	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
163	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
164	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
165	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
166	January	2039	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
167	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
168	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
169	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
170	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
171	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
172	January	2040	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
173	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
174	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
175	July		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
176	September		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
177	November		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
178	January	2041	\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
179	March		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -
180	May		\$ -	4.00%	\$ -	\$ -	\$ -	\$ -

**City of Placentia Estimated Measure M2 Local Fair Share Forecast
Reduced by Payments to the Orange County Transit District**

Fiscal Year	Estimated Local Fair Share	Less Principal and Interest Payment	Net Local Fair Share to City
FY 2010-11 (Apr. - Jun.)	\$ 139,771	\$0	\$ 139,771
2011-12	\$ 572,372	(\$171,712)	\$ 400,661
2012-13	\$ 602,817	(\$186,873)	\$ 415,944
2013-14	\$ 635,573	(\$203,383)	\$ 432,190
2014-15	\$ 667,914	(\$220,412)	\$ 447,503
2015-16	\$ 700,289	(\$238,098)	\$ 462,191
2016-17	\$ 732,889	(\$256,511)	\$ 476,378
2017-18	\$ 768,564	(\$276,683)	\$ 491,881
2018-19	\$ 805,633	(\$298,084)	\$ 507,549
2019-20	\$ 844,189	(\$320,792)	\$ 523,397
2020-21	\$ 882,188	(\$344,053)	\$ 538,135
2021-22	\$ 922,780	(\$369,112)	\$ 553,668
2022-23	\$ 964,755	(\$395,550)	\$ 569,205
2023-24	\$ 1,008,294	(\$423,483)	\$ 584,810
2024-25	\$ 1,054,084	(\$453,256)	\$ 600,828
2025-26	\$ 1,101,660	(\$484,730)	\$ 616,929
2026-27	\$ 1,151,450	(\$495,747)	\$ 655,703
2027-28	\$ 1,202,921	(\$553,343)	\$ 649,577
2028-29	\$ 1,255,898	(\$590,272)	\$ 665,626
2029-30	\$ 1,312,140	(\$459,536)	\$ 852,604
2030-31	\$ 1,370,880	\$0	\$ 1,370,880
2031-32	\$ 1,431,198	\$0	\$ 1,431,198
2032-33	\$ 1,494,122	\$0	\$ 1,494,122
2033-34	\$ 1,560,698	\$0	\$ 1,560,698
2034-35	\$ 1,630,622	\$0	\$ 1,630,622
2035-36	\$ 1,703,841	\$0	\$ 1,703,841
2036-37	\$ 1,780,487	\$0	\$ 1,780,487
2037-38	\$ 1,860,562	\$0	\$ 1,860,562
2038-39	\$ 1,943,954	\$0	\$ 1,943,954
2039-40	\$ 2,029,512	\$0	\$ 2,029,512
2040-41	\$ 1,575,054	\$0	\$ 1,575,054
Total	\$ 35,567,341	(6,741,632)	\$ 28,825,709

Schedule assumes 4% fixed interest rate over term of the repayment.
Actual interest rate would vary based on OCTA's short term portfolio rate.
Short term portfolio rate as of June 2009 was 2.84%.

Term Sheet for Funding Advance
Orange County Transportation Authority (OCTA) /City of Placentia (City)

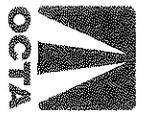
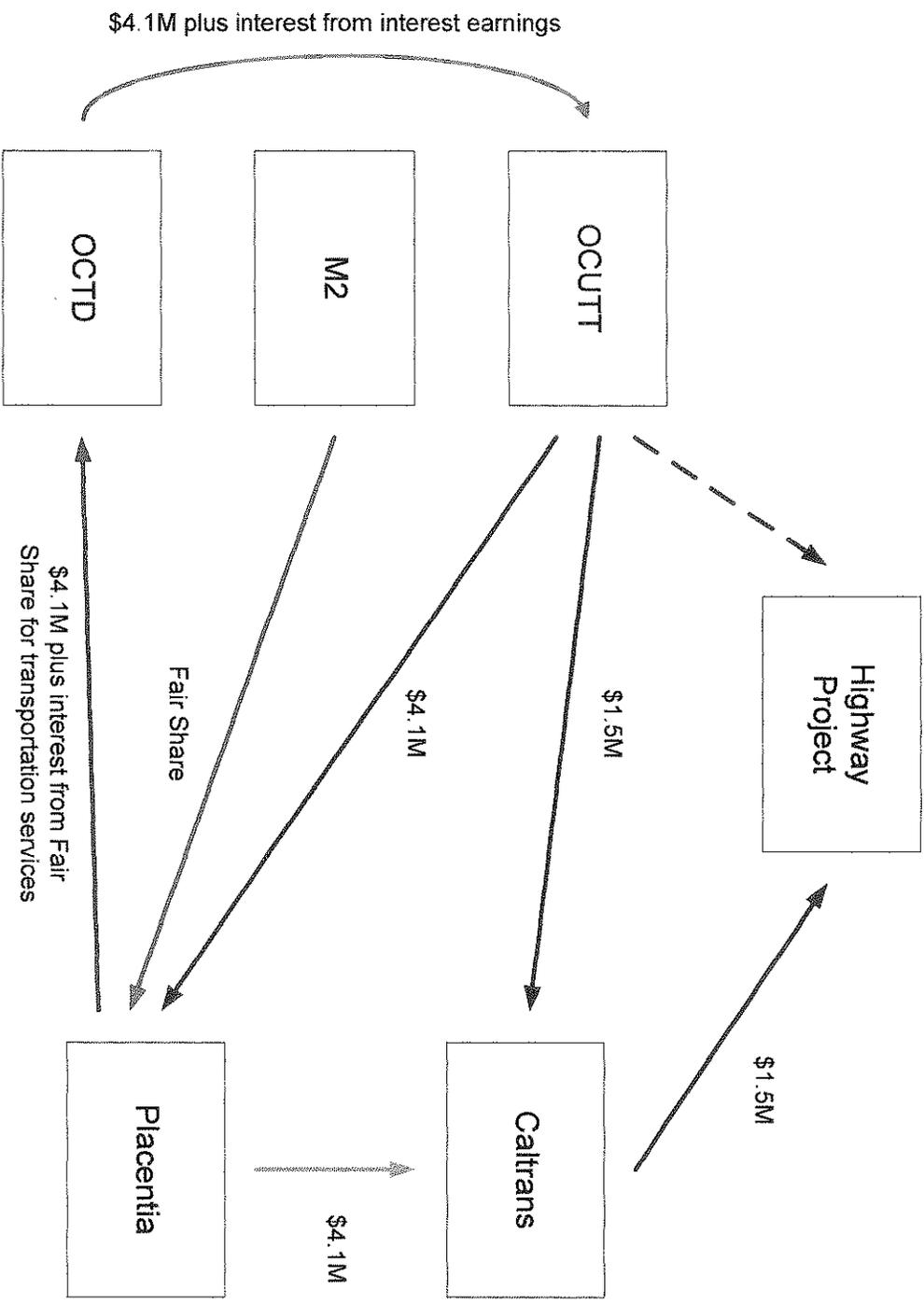
OCTA RESPONSIBILITIES

1. Advance \$4.1 million to the City to be repaid by Placentia over time with interest.
2. Enter into an agreement with the California Department of Transportation (Caltrans), where OCTA will advance \$1.5 million to the State Highway Account and Caltrans will program an equal amount of state funds for a state highway operations/maintenance project on an Orange County state highway. (Prior to execution of the OCTA / Caltrans agreement, there will be a master agreement between the City and Caltrans to formalize the overall proposed strategy for settlement of funds owed to the state by the City).
3. Use Orange County Unified Transportation Trust (OCUTT) funds for the advance to the City and payment to Caltrans.
4. Reimburse the OCUTT by \$4.1 million plus interest through payments received from the City.

CITY RESPONSIBILITIES

1. Enter into an agreement with Caltrans where this settlement is memorialized. This agreement will address the payment of OCTA to the State Highway Account (SHA) in return for a state-funded highway project on Orange County. Specifically, this agreement will recognize that timing of OCTA payments to the state, programming year by the state, and the specific project(s) are to be mutually agreed upon by OCTA and Caltrans.
2. Pledge future Renewed Measure M, to cover 100 percent of the principal and interest on the advance.
3. Provide added re-payment security if requested by OCTA to ensure that payments are made on time.
4. Allow OCTA to approve the fund source that the City will use for repayment to ensure that OCTA can use the payments to fund activities eligible for use of OCUTT funds.
5. Repay the \$4.1 million advance over a 30-year period beginning July 1, of 2011. The payments will include interest calculated based on OCTA investment interest earning rate.
6. Adhere to state requirements to liquidate excess right of way acquired by state and federal funds for the Placentia and Melrose Grade Separation projects and transfer those proceeds to OCTA to fund project costs.

Agreement With City of Placentia Flow of Funds





October 26, 2009

To: Members of the Board of Directors
From: Will Kempton, Chief Executive Officer
Subject: Third Quarter 2009 Debt and Investment Report

Overview

The California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the third quarter of 2009, July through September, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Investment Report prepared by the Treasurer as an information item.

Discussion

The Treasurer is currently managing the Orange County Transportation Authority's (Authority) investment portfolio totaling \$940.2 million as of September 30, 2009. The portfolio is divided into two managed portfolios: the liquid portfolio for immediate cash needs and the short-term portfolio for future budgeted expenditures. In addition to these portfolios, the Authority has funds invested in debt service reserve funds for the various outstanding debt obligations.

The Authority's debt portfolio had an outstanding principal balance of \$381.6 million as of September 30, 2009. Approximately 42 percent of the outstanding balance is comprised of Measure M (M1) debt, 13 percent is associated with the Renewed Measure M (M2) Program, and the remaining 45 percent is for the 91 Express Lanes.

Economic Summary: During the last meeting of the quarter, the Federal Open Market Committee (Fed) reiterated its pledge to keep the Fed funds rate at or near zero to 25 basis points in an effort to promote economic recovery. In

recent comments, Federal Reserve Board Chairman Ben Bernanke confirmed his continued belief that, "accommodative policies will likely be warranted for an extended period." Further, the Fed has stated that when the economy takes hold, monetary policy will be tightened and lending rates will be raised to prevent the emergence of inflation.

Economic data during the quarter remained consistent with the early stages of a modest recovery. Gross Domestic Product is forecasted to have grown at a 2.2 percent annualized rate following the three previous quarters of -0.7, -5.37, and -6.43 respectively. Labor markets which typically lag the broader economy, still struggle. While first-time unemployment claims have declined in recent weeks, overall unemployment reached 9.8 percent, the highest level since 1983.

Debt Portfolio Activity: On August 17, 2009, the Authority remitted a debt service payment for the 91 Express Lanes in the amount of \$8.8 million. Of this amount, \$4.5 million was used to retire principal. Currently, there remains \$170.4 million outstanding on the 91 Express Lanes Tax-Exempt Bonds.

Also occurring on August 17, 2009, the Authority remitted a debt service payment to M1 investors in the amount of \$4.5 million. The total amount remitted represented interest on the M1 debt. Principal payments for the M1 Program are paid in February of each year. The outstanding balances for each of the Authority's debt securities are presented in Attachment A.

Staff continues to monitor the situation regarding Lehman Brothers Holdings Company (Lehman). Lehman served as one of the Authority's counterparties for the swap component of the variable rate bonds. Lehman has not made their counterparty payments to the Authority since September 1, 2008 (the last payment date prior to the bankruptcy filing). In return, the Authority has not remitted the amounts owed to Lehman as part of the swap agreement on February 15, 2009 and August 17, 2009. The net amount owed (by the Authority) between the two parties totals \$2.2 million. The Authority will continue to work with bond counsel and monitor the legal options available for the swap.

Investment Portfolio Compliance: As of September 30, 2009, the Authority's portfolio was in compliance with its investment policy. The Authority continues its policy of reviewing the contents of the investment portfolio on a daily basis to ensure compliance. Attachment B provides a comparison of the portfolio holdings as of September 30, 2009, to the diversification guidelines of the policy.

Investment Portfolio Performance Versus Selected Benchmarks: The Authority's investment managers provide the Authority and its financial advisor, Sperry Capital, with monthly performance reports. The investment managers' performance reports calculate monthly total rates of return based upon the market value of the portfolios they manage at the beginning of the month versus the market value at the end of the month. The market value of the portfolio at the end of the month includes the actual value of the portfolio based upon prevailing market conditions as well as the interest income accrued during the month.

The Authority has calculated the total returns for each of the investment managers for short-term operating monies and compared the returns to specific benchmarks as shown in Attachment C. Attachment D contains an annualized total return performance comparison by investment manager for the previous two years. Attachment E provides a two-year yield comparison between the short-term portfolio managers, the Orange County Investment Pool, and the Local Agency Investment Fund.

The returns for the Authority's short-term operating monies are compared to the Merrill Lynch 1-3 year Treasury Index benchmark. The Merrill Lynch 1-3 year Treasury Index is one of the most commonly used short-term fixed income benchmarks. Each of the four managers invests in a combination of securities that all conform to the Authority's 2009 Annual Investment Policy. For the quarter ending September 30, 2009, the weighted average total return for the Authority's Short-term Portfolio was 1.14 percent, 36 basis points above the benchmark return of 0.78 percent. For the 12-month period ending September 30, 2009, the portfolio's return totaled 5.38 percent, 192 basis points above the benchmark return of 3.46 percent for the same period.

The Authority outperformed the benchmark for both the quarter and trailing 12-month period as a result of decreased volatility in the financial markets. With corporate profits climbing, demand for non-treasury sectors, including corporate medium-term notes and asset-backed securities, increased during the quarter resulting in strong performance for these sectors relative to treasuries. A more traditional demand for treasury and agency securities has led to a more normalized fixed income market.

Investment Portfolios: A summary of each investment manager's investment diversification, performance, and maturity schedule is provided in Attachment F. These summaries provide a tool for analyzing the different returns for each manager.

A complete listing of all securities is provided in Attachment G. Each portfolio contains a description of the security, maturity date, book value, market value, and current yield provided by the custodial bank.

Cash Availability for the Next Six Months: The Authority has reviewed the cash requirements for the next six months. It has been determined that the liquid and the short-term portfolios can fund all projected expenditures during the next six months.

Summary

As required under the California Government Code, the Orange County Transportation Authority is submitting its quarterly investment report to the Board of Directors. The investment report summarizes the Orange County Transportation Authority's Treasury activities for the period July 2009 through September 2009.

Attachments

- A. Orange County Transportation Authority Outstanding Debt September 30, 2009.
- B. Orange County Transportation Authority Investment Policy Compliance September 30, 2009.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending September 30, 2009.
- D. Orange County Transportation Authority Short-term Portfolio Performance as of September 30, 2009.
- E. Orange County Transportation Authority Comparative Yield Performance as of September 30, 2009.
- F. Investment Manager Diversification and Maturity Schedules September 30, 2009.
- G. Orange County Transportation Authority Portfolio Listing as of September 30, 2009.

Prepared by:


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Approved by:


Kenneth Phipps for
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**ATTACHMENTS
AVAILABLE
UPON REQUEST**



BOARD COMMITTEE TRANSMITTAL

November 23, 2009

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Combined Transportation Funding Program Project Delivery and Close Out

Highways Committee Meeting of November 16, 2009

Present: Directors Amante, Cavecche, Dixon, Glaab, Green, Mansoor, Norby, and Pringle
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize staff to implement a change to the Combined Transportation Funding Program delay request policy to allow no further delay requests, effective with the March 2010 semi-annual review.
- B. Direct staff to include Measure M Combined Transportation Funding Program project cancellation cost savings in the Renewed Measure M call for projects and return with specific guidelines to implement these changes if approved.



November 16, 2009

To: Highways Committee
From:  Will Kempton, Chief Executive Officer
Subject: Combined Transportation Funding Program Project Delivery and Close Out

Overview

In response to the Measure M Combined Transportation Funding Program project delay issues, staff has prepared options for ensuring close out of the program as the sunset of Measure M approaches in 2011. Recommendations are presented for Board of Directors' review and input.

Recommendations

- A. Authorize staff to implement a change to the Combined Transportation Funding Program delay request policy to allow no further delay requests, effective with the March 2010 semi-annual review.
- B. Direct staff to include Measure M Combined Transportation Funding Program project cancellation cost savings in the Renewed Measure M call for projects and return with specific guidelines to implement these changes if approved.

Background

The Combined Transportation Funding Program (CTFP) provides local agencies with a common set of guidelines for the Measure M (M1) streets and roads components. The program has successfully delivered hundreds of projects across Orange County; however, 91 percent of the program time has elapsed, but only 81 percent of the total project allocations have been completed or obligated to date. This imbalance is the result of project time extensions requested by local agencies. These requests have been made per the current "delay request" policy (Attachment A). The current guidelines for the CTFP, approved by the Board of Directors (Board) in 2007, require that all programmed funds be obligated (under contract) by the local agencies when M1 sunsets in March 2011.

Agencies may request project delays through the Orange County Transportation Authority's (OCTA) semi-annual review (SAR) process. These funds remain programmed to the delayed projects and the programmed year shifts to correspond to the new obligation year requested by the local agency. The table below summarizes the dollar amount of the delay requests for the last three fiscal years (FY).

CTFP Project Delays (x \$1,000)

FY	Amount
2007	\$ 30,661
2008	\$ 66,364
2009	\$ 23,521

Multiple factors are typically involved in project delays and these may include right-of-way acquisition problems, utility relocation issues, construction phasing with an adjacent project, as well as funding shortfalls. OCTA is not in a position to determine which specific local agencies will request further project delays (in this case, moving a project from FY 2009-10 to FY 2010-11). Currently, there is approximately \$104 million in project allocations planned for FY 2009-10, with another approximately \$30 million planned for FY 2010-11. The September 2009 SAR is currently being completed; followed by another review process scheduled for March 2010. March 2010 is the last SAR in which local agencies can request a delay from FY 2009-10 to FY 2010-11. Projects programmed in FY 2010-11 must be obligated by March 2011 based on the Board-approved policy.

Discussion

Staff has explored a variety of specific options with the OCTA Technical Advisory Committee (TAC) to address project delivery issues. Since the factors leading to delays primarily deal with either funding or schedule issues, staff explored various solutions to deal with these issues. As the various options were vetted through the TAC, the focus became primarily the addressing of the funding shortfalls that have delayed projects. At the September 21, 2009, Highways Committee (Committee) meeting, staff discussed an option that would permit local agencies to cancel a CTFP project and move the M1 and local matching funds to another approved CTFP project.

At the Committee's direction, this was discussed with the TAC on September 23, 2009. Staff requested a complete listing of all projects that could make use of the "cancel-and-transfer" concept. Staff also asked TAC

members if any projects could make use of a one-year extension past the March 2011 obligation deadline.

For the cancel-and-transfer concept, only four agencies indicated an interest in nominating projects for this option. The specific agencies and projects involved are presented in Attachment B. For the one-year extension concept, no agencies indicated an interest in pursuing this option. The majority of responses from the local agencies indicated that projects would continue to be delivered as planned. Based on this, it is apparent that the changes originally proposed to the program, the one-year extension, and the cancel-and-transfer concept are not necessary. Therefore, staff is recommending no change to the current CTFP guidelines; however, staff is recommending a change to the current delay policy.

The change currently being recommended for Board approval is to accept no further delay requests effective with the March 2010 SAR. This action would prevent any additional projects from being moved from FY 2009-10 to the final programming year of FY 2010-11. The change to the delay policy is likely to result in some project cancellations when the March 2010 SAR occurs. The amount of these cancellations cannot currently be estimated; however, these funds could still be programmed in FY 2010-11 as part of the first Renewed Measure M (M2) call for projects. Limitations could be placed on these funds to ensure that they are obligated by March 31, 2011. Staff is seeking direction on this approach. If endorsed, staff will return to the Board with specific guidelines to implement this change.

Staff will continue to monitor the project delivery trend of the CTFP. Regular updates are now being brought forward as part of the Measure M Quarterly Report. As FY 2009-10 draws to a close, staff will perform a detailed analysis of the program and bring an updated status of the current CTFP to the Board for consideration.

Summary

Staff is seeking approval on a change to the CTFP delay policy to allow no further delay requests effective with the March 2010 SAR. This action could result in additional programming capacity being made available through project cancellations. Staff is seeking direction on the inclusion of this potential funding in the M2 call for projects.

Attachments

- A. Delay Policy
- B. Option One - Self-Directed Reallocation Project Transfer Details

Prepared by:



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Approved by:



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

Delay Policy

Time Extensions

Time extensions may be granted for special circumstances that are beyond the control of the implementing agency. A formal request for a time extension should be presented to the Orange County Transportation Authority (OCTA) at the earliest possible moment or at a semi-annual review but no later than June 30 of the fiscal year in which the project is programmed.

The cities/County may request a one-time delay of up to 24 months. Jurisdictions will be required to justify this request and seek approval of the OCTA staff, the Technical Steering Committee (TSC), and the Technical Advisory Committee (TAC) as part of the semi-annual review process. A second delay request may only be awarded by obtaining the council-approved, revised Capital Improvement Program that indicates the project revised program year. The second delay request requires review by staff, the TSC, and TAC approval.

Any further delay beyond the second delay request would require a direct request for approval from the OCTA Board of Directors (Board). This request will be reviewed by staff and presented to the TAC for recommendation. The OCTA Board will have the final approval of the request.

Again, local agencies are reminded that Measure M funds must be encumbered by March, 31, 2011.

Option One - Self-Directed Reallocation Project Transfer Details

Agency	Projects	Allocation Amount	Description
Brea	<i>To Be Cancelled</i>		
	03-BREA-GMA-1029 - Rose Drive Widening (preliminary engineering)	\$ 30,000	The final phases of the Imperial Highway (State Route 90) Smart Street Project in the City of Brea are currently experiencing an estimated \$505,000 shortfall in the construction phase. City proposes to cancel the Rose Drive widening project and transfer these funds to the Imperial Highway (State Route 90) Smart Street Project.
	08-BREA-GMA-3053 - Rose Drive Widening (design)	\$ 300,000	
		\$ 330,000	
08-BREA-MPAH-3076 - Imperial Highway (State Route 90) Smart Street, Orange Freeway (State Route 57) to Rose Drive (construction)	\$ 200,000*		
Garden Grove	<i>To Be Cancelled</i>		The Brookhurst Street corridor in the City of Garden Grove will be included in the countywide traffic signal synchronization effort. The Traffic Management Center Upgrade Project is currently being developed. The city feels this project would benefit from the additional funds from an allocation that would partially be a duplicative effort. The city proposes to cancel the Brookhurst Street/Magnolia Avenue/Garden Grove Boulevard Traffic Signal Coordination Project and transfer the funds to the Traffic Management Center Upgrade Project.
	08-GGRV-SJP-2870 - Brookhurst Street/Magnolia Avenue/Garden Grove Boulevard Traffic Signal Coordination (design)	\$ 100,000	
	08-GGRV-GMA-2873 - Traffic Management Center Upgrade (construction)	\$ 170,000*	
La Palma	<i>To Be Cancelled</i>		Complications with the Walker Street/Marquardt Avenue bridge make its delivery before the program sunset impossible. The La Palma Avenue/Del Amo Boulevard bridge project is proceeding as planned and the preliminary estimates indicate there could be a shortfall. The city proposes to cancel the Walker Street/Marquardt Avenue bridge and transfer the funds to the La Palma Avenue/Del Amo Boulevard bridge project.
	03-LPMA-MPH-1148 - Walker Street/Marquardt Avenue Bridge over Coyote Creek (engineering)	\$ 89,285	
	03-LPMA-MPH-1148 - Walker Street/Marquardt Avenue Bridge over Coyote Creek (construction)	\$ 469,486	
		\$ 558,771	
	<i>Receiving Transfer</i>		
	03-LPMA-MPH-1149 - La Palma Avenue/Del Amo Boulevard Bridge over Coyote Creek (engineering)	\$ 131,350*	
03-LPMA-MPH-1149 - La Palma Avenue/Del Amo Boulevard Bridge over Coyote Creek (construction)	\$ 667,959*		
	\$ 799,309		
Santa Ana	<i>To Be Cancelled</i>		The Traffic Signal System Upgrade Project is experiencing significant funding shortfalls. Currently, the City of Santa Ana has allocations for eight phases of signal upgrades around the city. The city proposes to cancel Phases I and VIII and evenly distribute the allocations amongst the other six phases of the construction effort.
	05-SNTA-SIP-2641 - Traffic Signal System Upgrade Phase I (engineering)	\$ 12,000	
	05-SNTA-SIP-2641 - Traffic Signal System Upgrade Phase I (construction)	\$ 238,000	
	05-SNTA-SIP-2649 - Traffic Signal System Upgrade Phase VIII (engineering)	\$ 12,000	
	05-SNTA-SIP-2641 - Traffic Signal System Upgrade Phase VIII (construction)	\$ 238,000	
		\$ 500,000	
	<i>Receiving Transfer</i>		
	05-SNTA-SIP-2642 - Traffic Signal System Upgrade Phase II (construction)	\$ 238,000*	
	05-SNTA-SIP-2643 - Traffic Signal System Upgrade Phase III (construction)	\$ 238,000*	
	05-SNTA-SIP-2644 - Traffic Signal System Upgrade Phase IV (construction)	\$ 238,000*	
	05-SNTA-SIP-2646 - Traffic Signal System Upgrade Phase V (construction)	\$ 238,000*	
	05-SNTA-SIP-2647 - Traffic Signal System Upgrade Phase VI (construction)	\$ 238,000*	
	05-SNTA-SIP-2648 - Traffic Signal System Upgrade Phase VII (construction)	\$ 238,000*	
	\$ 1,428,000		

*Indicates the amount of the original allocation

INFORMATION ITEMS



BOARD COMMITTEE TRANSMITTAL

October 26, 2009

To: Members of the Board of Directors
From:  Wendy Knowles, Clerk of the Board
Subject: Fiscal Year 2009-10 Measure M Eligibility

Highways Committee Meeting of October 19, 2009

Present: Directors Amante, Cavecche, Dixon, Glaab, Green, Mansoor,
and Norby
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Director Mansoor was not present to vote on this item.

Committee Recommendation

Approve the Measure M turnback and competitive funding eligibility for all local jurisdictions in Orange County.



October 19, 2009

To: Highways Committee
From: Will Kempton, ^{JK} Chief Executive Officer
Subject: Fiscal Year 2009-10 Measure M Eligibility Review

Overview

In order to remain eligible to receive Measure M turnback and competitive funds, all local jurisdictions in Orange County are required to submit elements of the Growth Management Program in accordance with the Measure M Ordinance No. 2 for review to determine compliance. The eligibility review process for fiscal year 2009-10 has been completed and is presented for Board of Directors' consideration and approval.

Recommendation

Approve the Measure M turnback and competitive funding eligibility for all local jurisdictions in Orange County.

Background

In November 1990, the Revised Traffic Improvement and Growth Management Ordinance, known as Measure M, was passed. This implemented a one-half of 1 percent sales tax collection for the purpose of funding local transportation improvements.

Measure M includes an apportionment of 32 percent of revenues to local jurisdictions for street maintenance and improvements, which includes both turnback (formula distribution) and competitive programs. The turnback of sales tax money is apportioned by applying a formula using population, miles of existing Master Plan of Arterial Highways (MPAH) designated roadways located within the jurisdiction, and taxable sales. The competitive grants are awarded through a call for projects.

To maintain eligibility for fiscal year (FY) 2009-10 Measure M funds, all local jurisdictions are required to submit a seven-year Capital Improvement Program (CIP) and a maintenance of effort (MOE) certification. Some

jurisdictions, based on an alternating year schedule, are required to submit a pavement management plan (PMP).

The Orange County Transportation Authority (OCTA) maintains this annual eligibility process and provides a checklist to local agencies to assist with the eligibility submissions (Attachment A). In addition to specifying the requirements for local jurisdictions, the Measure M Ordinance outlines a role of oversight to the Taxpayers Oversight Committee (TOC) and the Technical Advisory Committee (TAC). During this review cycle, the TOC was responsible for reviewing and approving the local agencies' CIPs and the TAC was responsible for approving the MOE, PMP, and MPAH consistency documentation. The determinations of these committees are forwarded to the OCTA Board of Directors (Board) for final eligibility determination.

Discussion

All jurisdictions submitted documentation required by the Measure M Ordinance. OCTA staff reviewed the submittals to ensure each eligibility package was complete and accurate and worked with the local jurisdictions to obtain additional information and/or backup materials as needed.

The TOC found all local agencies to be in compliance with the expenditure of Measure M funds and approved a recommendation to forward its findings to the OCTA Board. Likewise, the TAC found all local agencies to be in compliance with the reporting requirements of Measure M and approved a recommendation to forward its findings to the OCTA Board.

A finding of compliance with eligibility requirements allows local agencies to continue to receive Measure M funds for use in funding local streets and roads projects. It is estimated that \$35.6 million in turnback funds will be provided to local agencies in FY 2009-10. In addition local agencies have \$67.4 million in competitive grants in FY 2009-10.

Summary

All local jurisdictions in Orange County have submitted FY 2009-10 Measure M eligibility packages. The information was reviewed and approved by the appropriate committees. OCTA staff is presenting the committees' findings of compliance and recommends a final finding of turnback and competitive eligibility for all local agencies.

Attachment

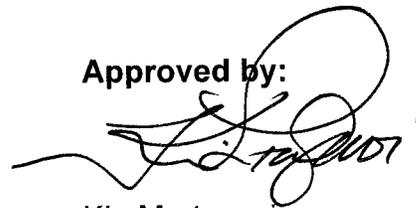
- A. Measure M Eligibility Checklist for Fiscal Year (FY) 2009-10

Prepared by:



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Approved by:



Kia Mortazavi
Executive Director, Development
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MEASURE M ELIGIBILITY CHECKLIST FOR FISCAL YEAR (FY) 2009-10

Responsibility: Cities and County

FY 2008-09 MEASURE M CHECKLIST

YES NO

Capital Improvement Program (CIP)

- | | | | |
|----|---|--------------------------|--------------------------|
| 1. | Did you submit your draft Measure M seven-year CIP for FY 2009-10 through FY 2015-16 to the Orange County Transportation Authority (OCTA) by June 30, 2009? | <input type="checkbox"/> | <input type="checkbox"/> |
| | a. Did you utilize the required CIP development software? | <input type="checkbox"/> | <input type="checkbox"/> |
| | b. Have you indicated what percentage of funding will come from each source for each of the projects? | <input type="checkbox"/> | <input type="checkbox"/> |
| | c. Have you listed projects in current year (2009) dollars? | <input type="checkbox"/> | <input type="checkbox"/> |
| | d. Did you include all projects that are partially, fully or potentially funded by Measure M? | <input type="checkbox"/> | <input type="checkbox"/> |
| | e. Have you established an estimated target date prior to August 8, 2009, for submitting your final, adopted Measure M seven-year CIP to OCTA? | <input type="checkbox"/> | <input type="checkbox"/> |

Maintenance of Effort (MOE)

- | | | | |
|----|--|--------------------------|--------------------------|
| 2. | Did you submit your MOE certification and supporting budget documentation to OCTA by June 30, 2009? | <input type="checkbox"/> | <input type="checkbox"/> |
| | a. Did you use the MOE reporting form included in the Growth Management Program (GMP) preparation manual for FY 2009-10? | <input type="checkbox"/> | <input type="checkbox"/> |

Pavement Management Program (PMP)

- | | | | |
|----|---|--------------------------|--------------------------|
| 3. | Did you submit a PMP update to OCTA in 2008? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | If you answered "no" to question #3, did you submit a PMP update to OCTA for FY 2009-10 by June 30, 2009? | <input type="checkbox"/> | <input type="checkbox"/> |
| | a. Did you use the current PMP certification form? | <input type="checkbox"/> | <input type="checkbox"/> |
| | b. Is the PMP consistent with the Arterial Highway Rehabilitation Program standards? | <input type="checkbox"/> | <input type="checkbox"/> |

Resolution of Master Plan of Arterial Highway (MPAH) Consistency

- 5. Did you submit a resolution demonstrating consistency with the MPAH in 2008?
 - a. If not, did you submit an MPAH consistency resolution to OCTA for FY 2009-10 by June 30, 2009?
- 6. Have you enclosed a figure representing your most current circulation element?

Development Monitoring

- 7. Has your jurisdiction established and followed performance monitoring mechanisms for development projects qualifying under the Measure M Development Phasing Program requirements?
- 8. Please check the appropriate box(es) that explain how your jurisdiction has assessed project traffic demand in relation to circulation infrastructure capacity. Has this information been included in:
 - a. Environmental documentation?
 - b. Site plan review documents?
 - c. General plan amendments?
 - d. Other (please explain below).

YES NO

Deficient Intersection List

- 9. Has your jurisdiction identified any intersections which do not meet the established Measure M level of service standard (LOS D)?
- 10. If yes, has your jurisdiction adopted a deficient intersection list through a noticed public hearing of elected officials and submitted the list to the GMA's and OCTA?

Submitted by:

Name (Print)	Signature	Title
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Jurisdiction	Telephone Number	Date
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November 9, 2009

To: Members of the Board of Directors
From: Will Kempton, Chief Executive Officer
Subject: Measure M Quarterly Progress Report

Overview

Staff has prepared a Measure M progress report for the third quarter of 2009. This is a regular report that highlights the Measure M projects and programs currently under development.

Recommendation

Receive and file as an information item.

Background

Measure M Ordinance No. 2 requires quarterly reports to the Orange County Transportation Authority's (OCTA) Board of Directors (Board), which present the progress of implementing the Measure M Expenditure Plan. Quarterly reports highlight accomplishments for the freeway, streets and roads, and transit programs within Measure M. Reports also include summary financial information for the period and total program to date.

Discussion

This quarterly report updates progress in implementing the Measure M Expenditure Plan during the third quarter of 2009 (July through September). Highlights and accomplishments of work-in-progress for freeway, streets and roads, and transit programs, along with expenditure information are presented for Board review.

Freeway Program

Prior Measure M construction projects along the Santa Ana Freeway (Interstate 5), Costa Mesa Freeway (State Route 55), Orange Freeway (State Route 57), and

the Riverside Freeway (State Route 91) are complete. The following are highlights and major accomplishments along active freeway corridor projects:

Interstate 5 (I-5), Gateway Project

The two-mile stretch of the I-5, from just north of the I-5/State Route 91 (SR-91) interchange to the Los Angeles County line, is the last phase of the I-5 in Orange County to be improved. On April 18, 2006, the freeway widening construction package was awarded to FCI Constructors/Balfour Beatty Construction, Inc. Various construction activities continued during the report period, with the project currently 79 percent complete.

A major milestone was accomplished during the quarter with the completion and opening of all lanes on the Beach Boulevard bridge. Construction crews began widening the southbound Artesia Boulevard off-ramp which will continue into the next quarter. Work on the northbound off-ramp to Auto Center Drive began and is scheduled to be complete during the next quarter. Retaining wall construction was completed for the southbound walls adjacent to Union Pacific Railroad tracks from Beach Boulevard to Stanton Avenue. The contractor is now removing piles for the temporary retaining wall installed adjacent to the railroad.

The public outreach team continued the door-to-door notification program for neighborhoods in the vicinity of pile removal operations next to the railroad property. Construction alerts were distributed via email and fax regarding nighttime full freeway closures and a press conference was conducted to unveil the new Orange County gateway sign at the County line.

Streets and Roads Programs

Substantial additional funding to cities and the County is provided by the various programs within the Measure M Local and Regional Streets and Roads programs through OCTA's Combined Transportation Funding Program (CTFP). The CTFP encompasses Measure M streets and roads competitive programs, as well as federal sources such as the Regional Surface Transportation Program. Funds are awarded on a competitive basis within the guidelines of each program and are used to fund a wide range of transportation projects.

During the third quarter of 2009, the CTFP provided nearly \$2.5 million towards streets and roads projects throughout the County. Some of the significant projects include \$1.3 million to the City of Santa Ana for the State Route 55 and Alton Avenue overcrossing project and more than \$167,000 for intersection improvements in the City of Brea.

At the July 27, 2009, Board meeting, it was requested that staff provide quarterly updates on the CTFP similar to those provided as part of the semi-annual review. Below is a table showing the current status of the program along with the data from the previous report period for comparison:

Status	Definition	Measure M Allocations (millions) 7/31/09	Measure M Allocations (millions) 9/30/09
Completed	Project work is complete, final report is filed, approved, and the final payment has been made.	\$ 407.5	\$ 410.8
Pending	Project work has been completed and only final report submittal/approval is pending.	48.2	45.2
Started	Project has begun and the funds have been obligated.	116.2	115.3
Planned	Projects are planned but have not entered the program year or a delay has been requested.	133.9	134.2
	TOTAL PROJECT ALLOCATIONS	\$ 705.8	\$ 705.5

The table shows some activity amongst the “started,” “pending,” and “completed” categories as projects have progressed and have submitted initial and/or final payment requests. The planned projects increased slightly. This is due to project savings being transferred from a “completed” phase to a “planned” phase. Significant activity will be evident after the September semi-annual updates are complete.

Transit Programs

Rail Program

The OCTA rail program is comprised mainly of the Metrolink Commuter Rail Program and the associated capital improvements intended to support existing service as well as future service expansion.

Metrolink Service Expansion Program (Expansion)

On November 14, 2005, the Board authorized the implementation of the Expansion. The Expansion includes all of the capital and operational improvements necessary to accomplish high-frequency service between the stations located in Fullerton and Laguna Niguel/Mission Viejo. When feasible and appropriate, local, state, and federal funds are used to fund program elements. Only those elements supported by Measure M funding are discussed here.

On March 27, 2009, the Southern California Regional Rail Authority (SCRRA) awarded the civil package to Herzog Contracting Corporation to support the Expansion. The bid package includes civil construction work for both the Expansion (Measure M) and the Grade Crossing Safety Enhancements and Quiet Zone Program, which is part of the Early Action Plan for Renewed Measure M.

In addition to the civil construction contract, four other procurement packages associated with the Expansion, including special track work, signal construction, signal maintenance, and rail and ties, have been awarded. On August 3, 2009, SCRRA issued a notice to proceed to start construction of the rail infrastructure improvements and grade crossing enhancements.

The Expansion project is now in construction. Signal system upgrades are currently underway. Construction of the Laguna Niguel turnback facility has also begun. The turnback facility is expected to be completed in approximately one year. When completed, Laguna Niguel/Mission Viejo Station will have an additional passenger platform and a third track. These improvements will accommodate high-frequency Metrolink service between Laguna Niguel/Mission Viejo and Fullerton.

Staff continues to meet with individual station cities in order to develop plans for expansion of parking facilities necessary to support the expanded service. The City of Orange is continuing with further studies to determine if the project will be a mixed use development project. Design work for the new parking structure to be built on the existing surface parking lot at the Tustin Metrolink Station began in April 2009 and is currently 45 percent complete. Final plans are expected in the first quarter of 2010, with a construction contract to be awarded in the second quarter of 2010. The City of Fullerton is completing design plans that will go out to bid for design build of an 818 space parking structure in November of 2009. OCTA is continuing to work with the City of Laguna Niguel regarding added station parking capacity in the city.

City-Initiated Transit Extensions to Metrolink

Project development continued with the two Board-approved Go Local fixed-guideway project concepts from the City of Anaheim, and the cities of Santa Ana and Garden Grove. Both teams are underway with step two efforts to complete detailed planning including alternatives analysis, selection of a locally preferred alternative and environmental clearance.

In July 2009, the City of Anaheim hosted an early scoping meeting to further refine a set of alternatives that would provide a transit connection from the Anaheim Regional Transportation Intermodal Center to the Anaheim Resort. In September 2009, the City of Anaheim submitted a notice of intent to the Federal

Transit Administration that included the refined set of alternatives that would be further studied as part of the environmental clearance process. An additional scoping meeting is scheduled for November 12, 2009.

In September 2009, the City of Santa Ana hosted a kick-off meeting with the project team to initiate planning efforts for a transit connection from the Santa Ana Regional Transportation Center to Harbor Boulevard. The City of Santa Ana presented an initial schedule, project goals, and key milestones. OCTA also participated in Santa Ana's city council workshop where the council had an opportunity to provide input on the fixed-guideway project as well as other elements of the city's transit vision.

OCTA staff, with assistance from the project management consultant, continues to participate, review, and comment on development activities related to both fixed-guideway projects.

During the reporting period, additional cooperative agreements were executed with the lead agencies of Buena Park, Laguna Beach, and Tustin to define the roles of responsibilities for step two service planning of the lead agencies' Board-approved bus/shuttle concepts. Three remaining lead agency cooperative agreements are expected to be presented to the Board for consideration in October 2009. Work is underway to develop the ridership methodology that will be used to assess the viability and feasibility of all step two bus/shuttle concepts. Consultants were selected to perform detailed service planning work in each of the six bus/shuttle sub-regions.

All planning work done as part of Step One and Step Two of the Go Local Program is funded by Measure M in preparation for the implementation of Step Three through Project S, Transit Extensions to Metrolink, under Renewed Measure M.

Financial Status

As required in Measure M, all Orange County eligible jurisdictions receive 14.6 percent of the sales tax revenue based on population ratio, Master Plan of Arterial Highways miles, and total taxable sales. There are no competitive criteria to meet, but there are administrative requirements such as having a growth management plan. This money can be used for local transportation projects as well as ongoing maintenance of local streets and roads. The total amount of Measure M turnback funds distributed since program inception is \$535.9 million. Distributions to individual agencies, from inception-to-date and for the report period, are detailed in Attachment A.

Net Measure M expenditures through September 30, 2009, total \$3.157 billion. Net expenditures include project specific reimbursements to Measure M from

local agencies and the California Department of Transportation on jointly funded projects. Total net tax revenues consist primarily of Measure M sales tax revenues and non-bond interest minus estimated non-project related administrative expenses through 2011. Net revenues, expenditures, estimates at completion, and summary project budgets, per the Measure M Expenditure Plan, are presented in Attachment B. The basis for project budgets within each of the Measure M Expenditure Plan programs is identified in the notes section of Attachment B. Additional details and supporting information to the Measure M Revenue and Expenditure Summary are provided under Attachment C.

Budget Variances

Project budget versus estimate at completion variances relate to freeway and transitway elements as these programs have defined projects. Other programs, such as regional and local streets and roads, assume all net tax revenues will be spent on existing or yet to be defined future projects.

Revenue Projections

Staff continues to closely monitor actual local sales tax revenues versus prior forecasts. Based on the trend in continued declining revenues, the September 2009 report includes an updated revenue forecast that results in an additional reduction of \$19 million in revenues as compared to the June 2009 report. The following revenue reductions are anticipated within the various Measure M programs: freeways \$8.2 million, turnback funding (streets and roads maintenance and improvement program) \$2.8 million, competitive grant programs \$3.3 million, and transit \$4.7 million.

The Measure M Expenditure Plan was amended in September 2007 to allocate \$22 million in funding for the three State Route 57 (SR-57) freeway projects included in Renewed Measure M, Project J. The additional funding was to have come from prior anticipated freeway program savings and had been included in the Attachment B freeway program budget and estimate at completion. With continued declining revenues, the SR-57 budget and estimate at completion has been reduced by the \$22 million. Staff does not anticipate Measure M freeway program savings will be available to fund Renewed Measure M projects.

OCTA continues to evaluate the status of all active and pending Measure M competitive projects to assess potential project delivery issues. At the present time, the funding commitments to competitive projects exceed the revenue forecast by \$6.5 million. This is a relatively small and manageable variance given the available program balance.

The transit component of Measure M is the other remaining program element with several outstanding projects. This program is currently funding the Expansion project, station improvements, and the planning phases of the Go Local Program. The reduction in Measure M revenues has been significantly offset by new revenues including Proposition 1B and Proposition 116 and down scoping of future capital projects. Staff is continuing to monitor program status and funding.

Summary

As required in Measure M Ordinance No. 2, a quarterly report is provided to update progress in implementing the Measure M Expenditure Plan. This report covers freeways, streets and roads, transit program highlights, and accomplishments from July through September 2009.

Attachments

- A. Measure M Local Turnback Payments
- B. Measure M Revenue and Expenditure Summary as of September 30, 2009
- C. Supporting Information to Measure M Revenue and Expenditure Summary

Prepared by:



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Approved by:



Kia Mortazavi
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MEASURE M LOCAL TURNBACK PAYMENTS

Agency	Third Quarter 2009	Total Apportionment as of 9/30/09
Aliso Viejo	\$ 60,149	\$ 3,516,559
Anaheim	554,136	58,676,784
Brea	88,134	9,547,903
Buena Park	150,316	14,451,494
Costa Mesa	229,836	25,198,347
Cypress	90,009	9,426,679
Dana Point	54,826	5,979,431
Fountain Valley	103,887	11,489,097
Fullerton	209,401	22,940,360
Garden Grove	243,282	26,163,258
Huntington Beach	315,247	34,264,792
Irvine	402,593	37,813,258
Laguna Beach	42,219	4,494,334
Laguna Hills	57,986	6,312,675
Laguna Niguel	111,414	11,410,255
Laguna Woods	22,766	1,655,373
La Habra	88,176	9,001,767
Lake Forest	128,746	11,878,983
La Palma	33,135	3,011,737
Los Alamitos	21,830	2,502,136
Mission Viejo	155,835	16,636,650
Newport Beach	173,963	16,646,910
Orange	270,622	27,826,018
Placentia	77,334	8,285,827
Rancho Santa Margarita	70,214	4,526,029
San Clemente	92,641	8,528,439
San Juan Capistrano	62,825	6,620,677
Santa Ana	473,517	52,393,163
Seal Beach	42,173	4,234,920
Stanton	49,062	5,267,536
Tustin	137,883	14,413,078
Villa Park	8,816	960,138
Westminster	141,783	15,731,797
Yorba Linda	97,117	9,938,593
County Unincorporated	289,975	34,114,311
Total County:	\$ 5,151,847	\$ 535,859,310

**Measure M Revenue and Expenditure Summary
as of September 30, 2009**

Project Description (\$ in thousands; escalated to year of expenditure/revenue)	Total Net Tax Revenues		Estimate at Completion		Variance Total Net Tax Revenues to Est at Completion		Variance Project Budget to Est at Completion		To Date Net Project Cost	Percent Budget Expended (D / B)	Notes
	A	B	C	(A - C)	(B - C)	D					
Freeways (43%)											
I-5 between I-405 and I-605	\$ 947,706	\$ 810,010	\$ 800,650	\$ 147,056	\$ 9,360	\$ 726,503		89.7%	1		
I-5 between I-5/I-405 Interchange and San Clemente	67,786	57,836	59,936	7,850	(2,100)	59,936		103.6%	1		
I-5/I-405 Interchange	86,037	72,802	73,075	12,962	(273)	73,075		100.4%	1		
SR-55 between I-5 and SR-91	57,358	44,511	50,225	7,133	(5,714)	49,340		110.8%	1		
SR-57 between I-5 and Lambert Road	49,536	24,128	22,759	26,777	1,369	22,758		94.3%	1,5		
SR-91 between Riverside Co. line & Los Angeles Co. line	123,840	116,136	105,702	18,138	10,434	105,389		90.7%	1		
SR-22 between SR-55 and Valley View Street	394,986	303,297	302,934	92,052	363	297,541		98.1%	1		
Subtotal Projects	\$ 1,727,249	\$ 1,428,720	\$ 1,415,281	\$ 311,968	\$ 13,439	\$ 1,334,542		93.4%			
Net (Bond Revenue)/Debt Service		307,648	307,648	(307,648)	-	168,954					
Total Freeways	\$ 1,727,249	\$ 1,736,368	\$ 1,722,929	\$ 4,320	\$ 13,439	\$ 1,503,496		86.6%	3		
Expenditures as a Percent of Total Program						47.6%					
Regional Street and Road Projects (11%)											
Smart Streets	\$ 151,493	\$ 149,117	\$ 149,117	\$ 2,376	\$ -	\$ 150,631		101.0%	2,4		
Regionally Significant Interchanges	88,371	88,371	88,371	-	-	62,185		70.4%	2		
Intersection Improvement Program	126,244	126,244	126,244	-	-	77,223		61.2%	2		
Traffic Signal Coordination	63,122	63,122	63,122	-	-	46,499		73.7%	2		
Transportation Systems and Transportation Demand Mgmt	12,624	12,624	12,624	-	-	7,312		57.9%	2		
Subtotal Projects	\$ 441,854	\$ 439,478	\$ 439,478	\$ 2,376	\$ -	\$ 343,850		78.2%			
Net (Bond Revenue)/Debt Service		2,376	2,376	(2,376)	-	1,305					
Total Regional Street and Road Projects	\$ 441,854	\$ 441,854	\$ 441,854	\$ -	\$ -	\$ 345,155		78.1%	2		
Expenditures as a Percent of Total Program						10.9%					

Measure M Revenue and Expenditure Summary
as of September 30, 2009

Project Description (\$ in thousands, escalated to year of expenditure/revenue)	Total		Variance		To Date Net Project Cost	Percent Budget Expended (D / B)	Notes
	Net Tax Revenues	Project Budget	Estimate at Completion	Total Net Tax Revenues to Est at Completion			
	A	B	C	(A - C)	D		
Local Street and Road Projects (21%)							
Master Plan of Arterial Highway Improvements	\$ 159,551	\$ 159,551	\$ 159,551	\$ -	\$ 86,561	54.3%	2
Streets and Roads Maintenance and Road Improvements	583,989	583,989	583,989	-	535,923	91.8%	2
Growth Management Area Improvements	100,000	100,000	100,000	-	74,050	74.1%	2
Subtotal Projects	\$ 843,540	\$ 843,540	\$ 843,540	\$ -	\$ 696,534	82.6%	
Net (Bond Revenue)/Debt Service					-		
Total Local Street and Road Projects	\$ 843,540	\$ 843,540	\$ 843,540	\$ -	\$ 696,534	82.6%	
Expenditures as a Percent of Total Program					22.1%		
Transit Projects (25%)							
Pacific Electric Right-of-Way	\$ 19,436	\$ 15,000	\$ 14,000	\$ 5,436	\$ 13,836	92.2%	
Commuter Rail	362,249	346,192	377,596	(15,347)	290,632	84.0%	
High-Technology Advanced Rail Transit	440,559	421,071	410,688	29,871	133,141	31.6%	
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	-	18,010	90.1%	
Transitways	161,970	146,381	126,360	35,610	125,960	86.0%	1
Subtotal Projects	\$ 1,004,214	\$ 948,644	\$ 948,644	\$ 55,570	\$ 581,579	61.3%	
Net (Bond Revenue)/Debt Service		55,570	55,570	(55,570)	30,518		
Total Transit Projects	\$ 1,004,214	\$ 1,004,214	\$ 1,004,214	\$ -	\$ 612,097	61.0%	
Expenditures as a Percent of Total Program					19.4%		
Total Measure M Program	\$ 4,016,857	\$ 4,025,976	\$ 4,012,537	\$ 4,320	\$ 3,157,282	78.4%	

Notes:

1. Project Budget based on escalated value of 1996 Freeway Strategic Plan plus subsequent Board approved amendments.
2. Project Budget and Estimate at Completion equal to Total Net Tax Revenues as all funds collected will be expended on future projects.
3. Due to a change in reporting practices, Estimates at Completion now include approximately \$10 million of OCTA direct project labor not included in Project Budgets.
4. To date net project costs include expenditures approved by the Board for transfer to the Master Plan of Arterial Highways Improvements. Transfers are pending.
5. Budget and Estimate at Completion for the SR-57 projects reduced by \$22 million. Projected savings to fund pre-construction costs for Renewed M Project J no longer available.

ATTACHMENT C*Schedule 1***Supporting Information to Measure M Revenue and Expenditure Summary**

<i>(\$ in thousands)</i>	Quarter Ended	Year to Date	<i>Schedule 1</i>
	Sept 30, 2009	Sept 30, 2009	Period from Inception to Sept 30, 2009
	(A)	(A)	(B)
Revenues:			
Sales taxes	\$ 44,131	\$ 44,131	\$ 3,623,321
Other agencies share of Measure M costs			
Project related	-	-	383,182
Non-project related	-	-	614
Interest:			
Operating:			
Project related	-	-	1,014
Non-project related	2,048	2,048	246,099
Bond proceeds	-	-	136,067
Debt service	470	470	81,316
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	-	-	158,155
Right-of-way leases	99	99	4,811
Proceeds on sale of assets held for resale	537	537	22,428
Miscellaneous:			
Project related	-	-	26
Non-project related	-	-	775
Total revenues	47,285	47,285	4,706,148
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	705	705	52,405
Professional services:			
Project related	734	734	178,288
Non-project related	170	170	29,484
Administration costs:			
Project related	453	453	18,291
Non-project related	1,181	1,181	78,154
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	21	21	1,254
Non-project related	80	80	15,594
Payments to local agencies:			
Turnback	5,152	5,152	535,907
Competitive projects	11,124	11,124	575,147
Capital outlay	631	631	1,965,403
Debt service:			
Principal payments on long-term debt	-	-	842,755
Interest on long-term debt and commercial paper	4,509	4,509	552,414
Total expenditures	24,760	24,760	4,923,714
Excess (deficiency) of revenues over (under) expenditures	22,525	22,525	(217,566)
Other financing sources (uses):			
Transfers out:			
Project related	(1,000)	(1,000)	(253,675)
Non-project related	-	-	(5,116)
Transfers in project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	(1,000)	(1,000)	759,176
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 21,525	\$ 21,525	\$ 541,610

Measure M
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of September 30, 2009

<i>(\$ in thousands)</i>	Quarter Ended Sept 30, 2009 (actual)	Year Ended Sept 30, 2009 (actual)	Period from Inception through Sept 30, 2009 (actual)	Period from October 1, 2009 through March 31, 2011 (forecast)	Total
	<i>(C.1)</i>	<i>(C.1)</i>	<i>(D.1)</i>	<i>(E.1)</i>	<i>(F.1)</i>
Tax revenues:					
Sales taxes	\$ 44,131	\$ 44,131	\$ 3,623,321	\$ 321,710	\$ 3,945,031
Other agencies share of Measure M costs	-	-	614	-	614
Operating interest	2,048	2,048	246,099	12,992	259,091
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	775	-	775
Total tax revenues	<u>46,179</u>	<u>46,179</u>	<u>3,891,492</u>	<u>334,701</u>	<u>4,226,193</u>
Administrative expenditures:					
SBOE fees	705	705	52,405	2,992	55,397
Professional services, non-project related	169	169	20,623	2,699	23,322
Administration costs, non-project related	1,181	1,181	78,154	8,950	87,104
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	80	80	6,495	2,110	8,605
	<u>2,135</u>	<u>2,135</u>	<u>192,585</u>	<u>16,751</u>	<u>209,336</u>
Net tax revenues	<u>\$ 44,044</u>	<u>\$ 44,044</u>	<u>\$ 3,698,907</u>	<u>\$ 317,950</u>	<u>\$ 4,016,857</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	470	470	81,316	6,288	87,604
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>470</u>	<u>470</u>	<u>1,415,039</u>	<u>6,288</u>	<u>1,421,327</u>
Financing expenditures and uses:					
Professional services, non-project related	1	1	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	842,755	161,200	1,003,955
Bond debt interest expense	4,509	4,509	552,414	9,905	562,319
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,099	-	9,099
Total financing expenditures and uses	<u>4,510</u>	<u>4,510</u>	<u>1,615,816</u>	<u>171,105</u>	<u>1,786,921</u>
Net bond revenues (debt service)	<u>\$ (4,040)</u>	<u>\$ (4,040)</u>	<u>\$ (200,777)</u>	<u>\$ (164,817)</u>	<u>\$ (365,594)</u>



BOARD COMMITTEE TRANSMITTAL

November 23, 2009

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Renewed Measure M Environmental Mitigation Program
Memorandum of Agreement and Planning Agreement

Transportation 2020 Committee Meeting of November 16, 2009

Present: Directors Amante, Brown, Buffa, Cavecche, Dixon, and Pringle
Absent: Director Campbell

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Memorandum of Agreement No. C-9-0278 with the United States Fish and Wildlife Service, the California Department of Fish and Game, and the California Department of Transportation to authorize the conservation planning efforts.

- B. Authorize the Chief Executive Officer to negotiate and execute Planning Agreement No. C-9-0279 with the California Department of Transportation, the California Department of Fish and Game, and the United States Fish and Wildlife Service to authorize the conservation planning efforts.



November 16, 2009

To: Transportation 2020 Committee
From: *for: WPK* Will Kempton, Chief Executive Officer
Subject: Renewed Measure M Environmental Mitigation Program Memorandum of Agreement and Planning Agreement

Overview

Renewed Measure M includes a comprehensive Environmental Mitigation Program to address environmental impacts of the 13 freeway projects. Subject to a master agreement between the Orange County Transportation Authority and state and federal resource agencies, at least 5 percent of the freeway project funds will be allocated toward a comprehensive mitigation program. A memorandum of agreement and an associated planning agreement to create a Natural Community Conservation Plan/Habitat Conservation Plan have been developed. These agreements are presented for Board of Directors' approval.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Memorandum of Agreement No. C-9-0278 with the United States Fish and Wildlife Service, the California Department of Fish and Game, and the California Department of Transportation to authorize the conservation planning efforts.
- B. Authorize the Chief Executive Officer to negotiate and execute Planning Agreement No. C-9-0279 with the California Department of Transportation, the California Department of Fish and Game, and the United States Fish and Wildlife Service to authorize the conservation planning efforts.

Background

On November 7, 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. Renewed Measure M (M2) includes a Freeway Environmental Mitigation Program (Mitigation Program).

This will provide for comprehensive mitigation of the environmental impacts of freeway improvements using 5 percent of M2 freeway program revenue. The Mitigation Program is designed to help deliver the 13 M2 freeway projects through a cooperative process that is supported by state and federal resource agencies. It was launched in the fall of 2007 with the creation of the Environmental Oversight Committee (EOC). The function of the EOC is to provide guidance on program design and funding recommendations. The Orange County Transportation Authority (OCTA) Board of Directors (Board) Patricia Bates chairs the EOC and is joined on the EOC by OCTA Board Director Cathy Green. The Transportation 2020 Committee (T2020) and the Board must ultimately consider and approve any program, policy, or funding recommendations developed by the EOC.

Discussion

Staff has worked closely with the California Department of Fish and Game (CDFG), United States Fish and Wildlife Service (USFWS), and the California Department of Transportation (Caltrans) to seek a method by which streamlined project approvals could be acquired for the freeway program. It was concluded that in order to ensure approval of the freeway projects, the Natural Community Conservation Plan (NCCP) and Habitat Conservation Plan (HCP) would be developed. The NCCP is a state conservation document pursuant to the California Endangered Species Act, and the HCP is a federal conservation document in accordance with the federal Endangered Species Act.

As part of the NCCP/HCP process, a planning agreement is required between OCTA, CDFG, USFWS, and Caltrans to define roles and responsibilities. The process also involves a memorandum of agreement (MOA) between the parties, which was called for in the M2 Ordinance No. 3.

On March 16, 2009, an overview of the Mitigation Program NCCP/HCP process was presented to the T2020 along with draft versions of the MOA and planning agreement. The T2020 recommended approval of the draft MOA and planning agreement and the Board subsequently approved the draft agreements at the March 23, 2009, meeting. Upon approval of the draft planning agreement, on April 6, 2009, the CDFG released a notice of availability of proposed planning agreement for a 21-day public review period.

The final MOA and final planning agreement are included as Attachments A and B. Both documents have been reviewed and concurred by the involved parties. These documents remain largely unchanged from the March 2009 draft versions. During the review by the resource agencies and Caltrans, some editorial and formatting refinements to the standard language of the agreements were made. One notable exception was the modification of the

terms of the planning agreement from 36 months to 48 months to allow adequate time to complete the NCCP/HCP.

Next Steps

The MOA and planning agreement do not have any fiscal impacts. Upon execution of a separate cooperative agreement, OCTA will provide CDFG staffing resources to provide participation and oversight on the development of the NCCP/HCP. Any future financial commitments will be addressed in a separate, future cooperative agreement.

Summary

Staff is recommending authorization for the Chief Executive Officer to negotiate and execute the final MOA and final planning agreement. These agreements set in motion the conservation planning efforts to address environmental impacts from the 13 M2 freeway projects.

Attachments

- A. Memorandum of Agreement No. C-9-0278 Among the Orange County Transportation Authority, the United States Fish and Wildlife Service, the California Department of Fish and Game, and the California Department of Transportation Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program
- B. Planning Agreement No. C-9-0279 Among the Orange County Transportation Authority, the California Department of Transportation, the California Department of Fish and Game, and the United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan

Prepared by:



Dan Phu
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(714) 560-5907

Approved by:



Kia Mortazavi
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Director, Contracts Administration and
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**ATTACHMENTS
AVAILABLE
UPON REQUEST**



BOARD COMMITTEE TRANSMITTAL

November 23, 2009

To: Members of the Board of Directors
From: Wendy Knowles^{WK}, Clerk of the Board
Subject: Renewed Measure M Progress Report for July 2009 through September 2009

Transportation 2020 Committee Meeting of November 16, 2009

Present: Directors Amante, Brown, Buffa, Cavecche, Dixon, and Pringle
Absent: Director Campbell

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file as an information item.



November 16, 2009

To: Transportation 2020 Committee
From: Will Kempton, Chief Executive Officer
Subject: Renewed Measure M Progress Report for July 2009 through September 2009

Overview

Staff has prepared a Renewed Measure M progress report for July 2009 through September 2009 for review by the Orange County Transportation Authority Board of Directors. Despite current economic conditions, implementation of Renewed Measure M continues at a fast pace. The report highlights progress on Renewed Measure M projects and programs and is made available to the public via the Orange County Transportation Authority website.

Recommendation

Receive and file as an information item.

Background

Measure M Ordinance No. 3 requires quarterly status reports regarding the major projects detailed in the Renewed Measure M (M2) Transportation Investment Plan be filed with Orange County Transportation Authority (OCTA) Board of Directors (Board). All Renewed Measure M progress reports are posted online for public review. To avoid any possible confusion with the original Measure M program, this quarterly status report and all subsequent reports will refer to Renewed Measure M with the designation M2.

Discussion

Voter safeguards are a critical factor for public acceptance of M2. The quarterly report is an opportunity to show progress in implementing the M2 Transportation Investment Plan. In order to be cost-effective and improve the accessibility of information to stakeholders and the public, all M2 progress reports are web-based; however, hard copies are mailed upon

request. The report reflects progress being made on Board-approved Early Action Plan (EAP) projects and programs. Each item features a brief paragraph that provides an overview of significant progress for the time period, with a web link to more information including staff reports and project descriptions (Attachment A).

Highlights of the M2 progress report in this quarter include:

- Freeway projects were progressing for the Santa Ana Freeway (Interstate 5), the Orange Freeway (State Route 57), the Riverside Freeway (State Route 91), and the San Diego Freeway (Interstate 405).
- The Master Plan for the Regional Traffic Signal Synchronization program is under development and the draft will be completed by the end of 2009.
- The Southern California Regional Rail Authority (SCRRA) awarded Herzog Contracting Corporation a contract to construct the civil portions of the Metrolink Service Expansion Program (MSEP) and grade crossing safety enhancements.
- Two Board-approved Go Local fixed-guideway projects are in Step Two, completing alternatives analysis and environmental clearance.
- Additional cooperative agreements were executed with the lead agencies of Buena Park, Laguna Beach, and Tustin to define the roles and responsibilities for Step Two service planning of the Board-approved Go Local bus/shuttle concepts.
- The Environmental Cleanup Allocation/Water Quality Committee continued to refine the draft funding guidelines and framework for the allocation of water quality funding.

To encourage the public review of the quarterly report online, information will be placed in OCTA's existing "Transportation Update" advertisement that appears approximately every three weeks in the *Orange County Business Journal*, *Orange County Register*, *Excelsior*, *The Korean Daily*, *The Chinese Daily News*, and *Nguoi Viet Daily News*. Staff also will notify all Orange County cities and use other existing communication tools such as project newsletters and Board action updates to notify the public about the online availability of the M2 progress report. Since the public may view both the original Measure M

Summary

As required by Measure M Ordinance No. 3, a quarterly report covering activities from July 2009 through September 2009 is provided to update progress in implementing the M2 Transportation Investment Plan. To facilitate accessibility and transparency of information available to stakeholders and the public, the M2 progress report is presented on the OCTA website.

Attachment

- A. Renewed Measure M (M2) Quarterly Progress Report for July – September 2009

Prepared by:



Robert Nathan
Senior Public Information Specialist
(714) 560-5327

Approved by:



Andrew Oftelie
Acting Director, Program Management
(714) 560-5649

**M2 Quarterly Progress Report
*July–September 2009***

The following is a summary of the progress made on the Renewed Measure M (M2) Early Action Plan (EAP) covering the third quarter (July – September) of 2009.

Highway Projects

Tom Bogard (714) 560-5918

Interstate 5 Projects

The Orange County Transportation Authority (OCTA) has begun preparation of an environmental document for improvements along San Diego Freeway (Interstate 5) between Avenida Pico and Pacific Coast Highway, through the communities of San Clemente and Dana Point. The environmental study will evaluate the benefits of extending the current high-occupancy vehicle (HOV) lanes on (Interstate 5) I-5, that presently end at the Pacific Coast Highway interchange, down to Avenida Pico in San Clemente. Environmental approval is expected in mid 2011. (Part of Project C)

OCTA is also preparing a project study report to evaluate options to improve the Avenida Pico interchange on I-5. The study will look at ways to improve local traffic flow entering and leaving the freeway in this area. This study will be coordinated with the environmental study being done for the I-5 HOV lane project in the same vicinity. The study is expected to be completed in late 2010. (Part of Project D)

The California Department of Transportation (Caltrans) is preparing final design for the reconstruction of the I-5/Ortega Highway (State Route 74) interchange. The project will reconstruct the State Route 74 (SR-74) bridge over the freeway and improve local traffic flow along Ortega Highway and the adjacent streets leading to the freeway. Design is expected to be completed in late 2011. (Part of Project D)

OCTA is preparing a project study report to look at ways to improve traffic flow along I-5 between the San Joaquin Toll Road (State Route 73) and San Diego Freeway (Interstate 405) through the communities of Lake Forest, Laguna Hills, and Mission Viejo. The study will look at capacity enhancements and interchange improvements to ease the flow of traffic through this area. The study is expected to be completed in mid-2010. (Part of Project C)

Caltrans is preparing a project study report to identify ways to relieve freeway congestion along I-5 between the Costa Mesa Freeway (State Route 55) and the Orange Freeway (State Route 57) in Santa Ana. The study is looking at ways to increase capacity and improve traffic flow through this section of I-5 that connects four major freeways in central Orange County. The study is expected to be completed in late 2009. (Part of Project A)

State Route 57 Projects

OCTA is preparing an environmental analysis to add a new northbound lane on the State Route 57 (SR-57) between Katella Street and Lincoln Avenue in the Anaheim area. This study will identify any potential environmental impacts of the project and will propose mitigation measures to minimize any unavoidable impacts. Environmental approval is expected in late 2009. (Part of Project G)

OCTA is also preparing the final design for a new northbound lane on SR-57 from Orangethorpe Avenue to Lambert Avenue through the communities of Brea and Fullerton. The widening of the freeway in the northbound direction will be generally accommodated within the existing right of way. Construction is expected to begin in late 2010. (Part of Project G)

State Route 91 Projects

OCTA is preparing an environmental document to add a new westbound lane to the Riverside Freeway (State Route 91) between I-5 and SR-57 in Anaheim. This effort is examining the environmental and design issues related to adding a new general-purpose lane and will identify the most practical approach that has the least impact on existing properties along the freeway. Environmental approval is expected in early 2010. (Part of Project H)

Caltrans is preparing an environmental document to improve traffic flow through the State Route 55 (SR-55) and State Route 91 (SR-91) interchange. The improvements to the interchange will focus on the northbound to westbound connector along SR-91 between SR-55 and Tustin Avenue. Environmental approval is expected in early 2011. (Part of Project I)

Caltrans is preparing final design to add one new lane each way along SR-91 from SR-55 to Eastern Toll Road (State Route 241). This project will add significant new capacity along SR-91, generally within the existing right of way, through the cities of Anaheim and Placentia. Final design is expected to be completed in late 2010. (Part of Project J)

Caltrans has awarded a contract to begin construction of a new eastbound lane on SR-91 between the State Route 241 (SR-241) and the Corona Expressway (State Route 71) in Riverside County. The project will extend the existing eastbound auxiliary lane that currently terminates within Santa Ana Canyon to the State Route 71 (SR-71) interchange. Construction of the project is funded under the federal economic stimulus program. Construction is expected to begin in late 2009. (Part of Project J)

The Riverside County Transportation Commission (RCTC) is planning to extend the express lanes eastward along SR-91 from their current terminus in Anaheim all the way to the Corona Freeway (Interstate 15). This project will also add one general-purpose lane in each direction from Interstate 15 (I-15) to SR-241 in Orange County. RCTC is

currently preparing an environmental analysis for the proposed improvements, which is expected to be completed in 2011. (Part of Project J)

Interstate 405 Projects

OCTA is preparing an environmental study to add one or two new lanes each way on the Interstate 405 (I-405) between SR-55 and the San Gabriel Freeway (Interstate 605). These improvements will add mainline capacity and improve the local interchanges along the corridor that serves the communities of Fountain Valley, Huntington Beach, Los Alamitos, Santa Ana, Seal Beach, and Westminster. One option being studied to help fund the project is to add express lanes in each direction in the median of the freeway to provide a free-flowing toll facility similar to that currently operating on SR-91 in Anaheim. The environmental document is expected to be completed in 2012. (Part of Project K)

Signal Synchronization

Anup Kulkarni (714) 560-5867

In January 2008, OCTA completed the Euclid Street signal synchronization project that implemented optimized signal timing along a 16-mile segment of Euclid Street. Travel times along Euclid Street were improved an average of 20 percent or a savings of 10 minutes and stops for red lights were reduced by 40 percent.

In April 2008, the California Transportation Commission awarded OCTA \$4 million as part of the Proposition 1B traffic signal synchronization program for signal synchronization. When combined with \$4 million from the original Measure M (M1), \$8 million will be provided to fund signal synchronization along 10 significant street corridors comprised of 533 signalized intersections on 158 miles of roadway over the next three years. OCTA has started work on the three corridors that make up the first phase of the project: Alicia Parkway with 41 signalized intersections along 11 miles, Beach Boulevard with 71 signalized intersections along 20 miles, and Chapman Avenue with 47 signalized intersections along 13 miles.

In December 2008, a second synchronization project along an 8-mile segment of Oso Parkway/Pacific Park Drive was completed. Optimized timing has been implemented in conjunction with strategic signal system upgrades and a monitoring effort. Travel times along Oso Parkway/Pacific Park Drive were improved an average 20 percent or six minutes and reduction in stops for red lights was reduced by average by of 52 percent.

Lastly, OCTA has been working on a Master Plan for the Regional Traffic Signal Synchronization Program that will be funded by M2. The goal of the program is to improve the flow of traffic by developing and implementing regional signal coordination through more than 2,200 intersections. OCTA will be seeking Board of Directors' guidance on the elements of the Master Plan in fall 2009. The Master Plan effort will be complete by the end of 2009. The Master Plan builds on all of the work OCTA has

accomplished with the Demonstration Projects and the Traffic Light Synchronization Program projects.

Metrolink

Mary Toutouchi (714) 560-5833

Sarah Swensson (714) 560-5376

Due to the planned increases in passenger and freight rail traffic on the three rail lines in Orange County, a renewed focus has been placed on at-grade rail-highway crossing (grade crossing) improvements. Improvements to grade crossings can cover a wide spectrum from basic safety improvements (improving crossing surfaces, reapplying pavement markings, and enhancing signage), to the installation of supplemental safety measures that allow for the reduction of locomotive horn blowing (quiet zones).

On August 27, 2007, the OCTA Board of Directors approved the implementation strategy for the Grade Crossing Safety Enhancement Program and Quiet Zone improvements at 52 grade crossings in Orange County.

Final design for the grade crossing safety enhancements was completed, but there was a delay in advancing this project of approximately 90 days in order to accommodate use of Proposition 116 funds on this project. While the delay affected the construction schedule, this effort allowed the region to keep Proposition 116 funds within Orange County, which was a critical issue in light of current revenue forecasts and future funding opportunities.

Southern California Regional Rail Authority (SCRRA) awarded Herzog Contracting Corporation (Herzog) a contract to construct the civil portions of the Metrolink Service Expansion Program and Grade Crossing Safety Enhancements. In addition to the civil construction contract, contracts for special track work, signal construction, signal maintenance, and signal and rail material procurement also have been awarded.

OCTA staff and the SCRRA construction team continue to meet with cities to discuss pre-construction requirements and traffic detour plan reviews. This effort is intended to resolve issues early and avoid delays once construction begins. Construction of both programs will be undertaken at the same time. SCRRA issued the Notice to Proceed to Herzog to begin construction in August 2009. Construction has started in the cities of Orange and Anaheim and it is expected to take slightly over two years to complete all 52 crossings.

Once the construction is completed, cities may apply to the Federal Railroad Administration for the establishment of a quiet zone.

A comprehensive public outreach program was also developed to notify communities of construction impacts such as road detours, nighttime work, and dust impacts throughout the two-year program. The goal of the public outreach program is to inform and engage the public throughout the development of construction, raise awareness of increased

train service, and partner with participating cities to create a quiet zone outreach program. Prior to construction, a project information postcard was mailed to nearly 17,000 residents countywide living within a quarter-mile radius of all 52 railroad crossings. The postcard encouraged residents to sign up on OCTA's website to be included in the project database. Since the postcard was mailed, the database has grown to more than 600 residents living in Orange County.

In addition, a public education program, "Be Rail Safe," was developed to educate youths and adults about rail safety and to help reduce the number of trespassing incidents on or around the train tracks. An interactive web site and speakers bureau has been developed for both outreach programs. Since the education outreach program launched, 20 presentations have been given to various community groups in Anaheim, Fullerton, Orange, Santa Ana, San Clemente and Tustin. Based on evaluations from the presentations, 83 percent rate the rail safety information as excellent, 91 percent are very supportive of an education awareness program, and 74 percent are more likely to use caution around train tracks after receiving the rail safety tips.

Go Local

Kelly Long (714) 560-5725

Go Local Fixed-Guideway

Project development continued with the two Board-approved Go Local fixed-guideway project concepts, from the City of Anaheim and the cities of Santa Ana and Garden Grove. Both teams are under way with step two efforts to complete detailed planning, including alternatives analysis (AA), selection of a locally preferred alternative and environmental clearance.

In July, the City of Anaheim hosted an early scoping meeting to further refine a set of alternatives that would provide a transit connection from the Anaheim Regional Transportation Intermodal Center (ARTIC) to the Anaheim Resort. Approximately 60 members of the public attended the workshop sessions to provide input on potential alignments and technologies. In September, the City of Anaheim submitted a Notice of Intent to the Federal Transit Administration that included the refined set of alternatives that would be further studied as part of the environmental clearance process. An additional scoping meeting is scheduled for November 12.

In September, the City of Santa Ana hosted a kick-off meeting with the project team to initiate planning efforts for a transit connection from the Santa Ana Regional Transportation Center (SARTC) to Harbor Boulevard. The City presented an initial schedule, project goals and key milestones. OCTA also participated in Santa Ana's city council workshop where the council had an opportunity to provide input on the fixed-guideway project, as well as other elements of the city's transit vision.

OCTA staff, with assistance from the project management consultant, continues to participate, review and comment on development activities related to both fixed-guideway projects.

Go Local--Bus/Shuttle

During the reporting period, additional cooperative agreements were executed with the lead agencies of Buena Park, Laguna Beach and Tustin to define the roles and responsibilities for step two service planning of the lead agencies' Board-approved bus/shuttle concepts. Three remaining lead agency cooperative agreements are expected to be presented to the Board for consideration in October. Work is under way to develop the ridership methodology that will be used to assess the viability and feasibility of all step two bus/shuttle concepts. Consultants were selected to perform detailed service planning work in each of the six bus/shuttle sub-regions.

Letters were mailed in July to all cities inviting participation in Project V, community-based transit circulators. Cities were provided service planning request forms to outline local shuttle/trolley concepts that they would like to advance and incorporate into the Go Local Step Two detailed service planning effort. Thirteen cities/teams submitted concepts by the September 11 deadline. These concepts were submitted for Board review and approval in October.

All planning work done as part of steps one and two of the Go Local program is funded by Measure M (M1) in preparation for the implementation of project S (transit extensions to Metrolink), funded by M2. Staff continues to develop guidelines for the evaluation of Go Local projects that will compete for M2, Project S funds. Staff expects to bring draft guidelines for the Board's consideration in spring 2010.

Environmental Committees

Marissa Espino (714) 560-5607

The Environmental Cleanup Allocation/Water Quality Committee and the Environmental Oversight Committee both began meeting on a monthly basis starting in January 2008.

Water Quality Program

The M2 Environmental Cleanup Allocation Committee (Allocation Committee) is designed to make recommendations to the Board of Directors on the allocation of funds for water quality improvements. These funds will be allocated on a countywide competitive basis to assist jurisdictions in meeting the Clean Water Act standards for controlling transportation-generated pollution.

During the third quarter of 2009, the Allocation Committee continued to refine the draft funding guidelines and framework for the allocation of water quality funding, which is expected to be presented for approval to the OCTA Board of Directors by December 2009.

Funds will be allocated in phases with the first grant program focusing on a catch basin improvement program that will offer funding for equipment purchases and upgrades to existing catch basin screens, filters and inserts.

A second grant program also is in development that will focus on funding for multi-jurisdictional, multi-year capital intensive projects. In September 2009, the Allocation Committee began drafting the objectives for a planning study that will identify the most strategically effective areas, opportunities and types of investments to reduce road and freeway runoff impacts to waterways in Orange County.

Freeway Mitigation Program

The purpose of the M2 Freeway Mitigation Program Environmental Oversight Committee (EOC) is to make recommendations to the Board on the allocation of environmental freeway mitigation funds and monitor the implementation of a Master Agreement between OCTA and state and federal resource agencies. The Master Agreement will provide higher-value environmental benefits such as habitat protection, wildlife corridors and resource preservation in exchange for streamlined project approvals and greater certainty in the delivery of the freeway program as a whole.

Over the past year, OCTA has engaged in an outreach process to inform the Orange County community at large and owners of prospective conservation properties about the freeway mitigation program. As part of this outreach, property owners, local government agencies and community groups have had the opportunity to make presentations to the EOC and provide information regarding potential conservation properties and restoration projects that could be funded under the freeway mitigation program.

During the third quarter of 2009, the EOC, OCTA Transportation 2020 Committee and OCTA Board of Directors approved an early acquisition and restoration prioritization process. This five-step, scientific-based screening process identifies the necessary steps needed to ultimately prioritize the property submittals for early restoration and acquisition funding.

OCTA staff also continued to work with the Conservation Biology Institute to complete an independent Conservation Assessment of conservation/mitigation opportunities within Orange County. This analysis will then overlay properties that may be available for early acquisition and/or restoration funding. The conservation assessment is scheduled to be presented to the EOC and public in November 2009.

Property acquisition, restoration and management criteria matrices were also developed and reviewed by the EOC in the third quarter. These matrices list various eligibility criteria and serve as a tool during the property selection process. The matrices are anticipated to be presented to the Transportation 2020 Committee in November 2009.

Financing

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In early June, staff received a revised projection of taxable sales growth rate from the State Board of Equalization. The revised projections are sharply lower than what was forecasted last January. Staff has applied the revised State Board of Equalization sales tax forecast for the balance of the M1 period, and used the three university average sales tax forecasts from Chapman University, the University of California Los Angeles (Anderson Forecast), and California State University, Fullerton to develop a revised M2 forecast.

As compared to the 2005 nominal revenue estimates, the first 12 months of M2 sales tax revenue is now projected to be more than \$100 million less than the 2005 projections and the average annual growth rate over the 30-year period is projected to decrease by approximately 0.5 percent. Overall, the nominal M2 sales tax revenue is projected to decrease from a 2005 estimate of \$24.3 billion to a revised estimate of \$14.7 billion for the 30-year period.