



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA
Room 103/4
December 9, 2008
6:00 p.m.



AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for October 14, 2008**
- 4. Chairman's Report**
- 5. Action Items**
 - A. Quarterly Measure M Revenue and Expenditure Report – September 2008
 - a. Receive and File
- 6. Presentation Items**
 - A. Sales Tax Update
Presentation – Ken Phipps, Director of Finance and Administration
 - B. Freeway Program Update
Presentation – Tom Bogard, Director of Highway Project Delivery
 - C. Economic Recovery Strategies and Actions
Presentation – Kia Mortazavi, Executive Director, Development
 - D. Freeway Mitigation Outreach Program
Presentation – Marissa Espino, Senior Community Relations Specialist
 - 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 10, 2009**
- 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.

Measure M Taxpayers Oversight Committee

October 14, 2008

Meeting Minutes

Committee Members Present:

David Sundstrom, County Auditor-Controller, Chairman
Narinder Mahal, First District Representative
Charles Smith, First District Representative
Gilbert Ishizu, Second District Representative
Howard Mirowitz, Second District Representative
Edgar Wylie, Third District Representative
Frederick Von Coelin, Fourth District Representative
Rose Coffin, Fourth District Representative
James Kelly, Fifth District Representative
Hamid Bahadori, Fifth District Representative

Committee Members Absent:

C. James Hillquist, Third District Representative

Orange County Transportation Authority Staff Present:

Ellen Burton
Darrell Johnson
Ken Phipps
Alice Rogan
Monte Ward
Janice Kadlec

Members of the Public

None

1. Welcome

Chair David Sundstrom welcomed the committee and started the meeting at 6:20 p.m.

2. Pledge of Allegiance

Chair David Sundstrom led the Committee in the Pledge of Allegiance.

3. Approval of Minutes for August 12, 2008

A motion was made by Gilbert Ishizu and seconded by Edgar Wylie to approve the August 12, 2008 TOC meeting minutes. The motion passed unanimously.

4. Chairman's Report

New 5th District member Hamid Bahadori, introduced himself and gave a brief background report.

5. Action Items

A. Quarterly Measure M Revenue and Expenditure Report – June 2008

Chair David Sundstrom said the report was reviewed in the Audit Subcommittee and they had no comments or issues on the report. A motion was made by Charles Smith to receive and file the Quarterly Measure M Revenue and Expenditure Report. The motion was approved unanimously.

B. Growth Management Subcommittee 2008/09 Eligibility Report

As Co-Chairs of the Growth Management Subcommittee, Charles Smith and Gilbert Ishizu gave the 2008-09 Eligibility Report. Charles Smith reported the Measure M Ordinance requires all local jurisdictions in Orange County to annually satisfy the requirements of the Measure M Growth Management Program (GMP) to the Orange County Transportation Authority (OCTA) in order to remain eligible for receiving Measure M turnback and competitive funds. The Taxpayers Oversight Committee through the work of the Growth Management Program Subcommittee is responsible for reviewing and approving the local agencies Capital Improvement Programs (CIP) to ensure the projects are eligible transportation projects. The GMP Subcommittee met with OCTA staff and reviewed more than 500 proposed projects, submitted questions for further clarification when needed, and determined the projects reviewed are eligible based on responses submitted by the cities.

Gilbert Ishizu reported no significant issue regarding eligibility remains. However, the GMP Subcommittee highlighted an area of future attention of the Audit Subcommittee regarding a repayment arrangement reported by City of Laguna Beach. In conclusion, the GMP Subcommittee has completed its responsibilities and recommends the Taxpayers Oversight Committee (TOC) approve the recommendations.

- A) 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 2008-09.
- B) Continue the notification to the Audit Subcommittee of the City of Laguna Beach's self-finance plan for street rehabilitation for future monitoring.

Gilbert continued to say the TOC recommendation will be combined with the Technical Advisory Committee recommendation(s) and staff will present the eligibility report to the OCTA Board of Directors. He thanked the members of the Subcommittee for their time and effort they put in to review all the plans and the support of the OCTA staff, particularly Theresa Oliveri and Paul Rodriguez.

Chair David Sundstrom asked staff to include a discussion of the City of Laguna Beach's self-finance plan on the agenda for the next Audit Subcommittee meeting.

A motion to approve the GMP Subcommittee recommendations was made, seconded, and approved unanimously.

6. Presentation Items

A. Quarterly Measure M Revenue and Expenditure Report – June 2008

Ken Phipps, Director of Finance, Administration and Human Resources, provided a Revenue Forecast Update for Measure M1 and Measure M2. The forecast reflected information from three Universities: Chapman University, UCLA, and CSUF. The update compared forecast figures from 2005 with forecast figures in 2008. Ken said that the forecast showed expected revenues from M2 had been reduced to \$18.7 billion (forecasting \$4.3 billion less), but noted that financial forecasts tended to be conservative. He provided a chart that compared the forecast to actual levels recorded in 2005 through 2008, which indicated how the forecasts were conservative.

B. Metrolink Update

Darrell Johnson, Director of Transit Project Delivery presented a Metrolink Update. Darrell provided committee members with a Metrolink Service Expansion Program Summary, which included: Track Infrastructure Projects, Station/Parking Projects, Grade Crossing Enhancements and Quiet Zones, Rolling Stock, and Fiber Optics Communications Backbone. He informed the Committee what phase the projects were in, the status of the projects, and the expected completion dates.

Darrell also provided the Committee with an information packet on the September 12, 2008 Chatsworth train collision. This packet included information on the recent accident from OCTA, Metrolink, Federal Railroad Administration, and Public Utilities Commission of the State of California. Darrell outlined some of the proposed changes to the rail system as a result of the accident.

Narinder Mahal asked if the proposed second engineer was actually going to sit in the cab of the engine with the primary engineer. This appeared to lead to more distraction. Darrell said yes, there have been a number of accidents or near accidents in recent years where this new regulation would have helped, although, this seemed like a reaction to the accident and hopefully will not be a long-term solution.

Howard Mirowitz asked what the cost of the new positive train control technology was to Metrolink. Darrell responded \$2.3 billion systemwide.

Gilbert Ishizu asked if there had been any discussions to eliminate single-track lines and add double track lines. Darrell said there are a number of plans in place to add another track to the single-track lines, but there are also some ecologically sensitive areas where this cannot be done.

A. Environmental Programs Overview

Monte Ward presented an overview of two environmental programs authorized by renewed Measure M. One program provides mitigation for the 13 freeway projects and the second program involves water quality improvement projects related to the water runoff from roads and freeways. There is approximately \$240 - \$250 million available for each program. Monte described each of the programs and outlined what progress has been reached in developing plans for project selection and approval. He said he expected to have a master agreement for freeway mitigation projects available in early 2009 and a water quality call for project plan in place in late 2009 or early 2010.

Monte Ward said the Environmental Clean-up Allocation Committee (ECAC) needed a member from the TOC to sit on the Committee. David Sundstrom asked when and where the Committee met. Monte said the Committee met the second Thursday of the month from 10:00 a.m. to noon in the OCTA first floor conference room. Rose Coffin volunteered to sit on this committee. David said if Rose took on the new assignment, he would excuse her from the Audit Subcommittee.

Narinder Mahal said he was under the impression the water drainage was a closed system; the first fifteen minutes of rainwater was captured in catch basins. Monte said this was true for water supply, but the run off from roads goes into drains that drain into the ocean. We are under Federal mandates to clean up this water before it gets to the ocean.

Charles Smith asked if the Orange County Water District was involved in the process? Monte said yes, the Orange County Water District has a member on the ECAC.

7. Growth Management Subcommittee Report

There was nothing further to report. Chair David Sundstrom thanked the subcommittee for all their hard work.

8. Audit Subcommittee Report

Chair David Sundstrom said the Audit Subcommittee met earlier and reviewed the Measure M Quarterly Report. Ken Phipps also presented the Audit Subcommittee members with a report on the one percent limit on administrative salaries. The report indicated OCTA was within the policy guidelines by \$4.5 million.

In addition, Monte Ward presented a report on committee responsibilities as outlined in the Ordinance. A major charge of the TOC was to ensure OCTA conducts a triennial performance review of Measure M. The Audit Subcommittee will be working with OCTA to help build the audit.

The Audit Subcommittee agreed to submit a letter to the OCTA Board of Directors regarding concerns about the use of rubberized asphalt on Trask Avenue in Garden

Grove as part of the SR-22 Project. The letter will convey the TOC's concerns of whether this is a valid use of Measure M funds.

Hamid Bahadori asked what the cost difference was in using rubberized asphalt. Monte Ward said he did not have the figures available, but will get them to him. Frederick von Coelin said durability of rubberized asphalt was also an issue. Chair Sundstrom agreed, but price was the primary issue.

9. Committee Member Reports

There were no further reports

10. OCTA Staff Update

Alice Rogan gave a staff update.

11. Public Comments

No one from the public spoke.

12. Next Meeting Date – December 9, 2008

13. Adjournment

The meeting adjourned at 7:35 p.m.



MEASURE M

Taxpayers Oversight Committee

Fiscal Year 2008-2009

Attendance Record



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

Meeting Date	8-Jul	12-Aug	9-Sep	14-Oct	11-Nov	9-Dec	13-Jan	10-Feb	10-Mar	14-Apr	12-May	9-Jun
Hamid Bahdori		E		X								
Rose Coffin		X		X								
C. James Hillquist		X		*								
Gilbert Ishizu		X		X								
James Kelly		X		X								
Narinder Mahal		X		X								
Howard Mirowitz		X		X								
Chuck Smith		X		X								
David Sundstrom		X		X								
Edgar Wylie		X		X								
Frederick von Coelin		X		X								

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
October 14, 2008	James Hillquist	Personal

Action

Items

Measure M
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of September 30, 2008

(\$ in thousands)	Quarter Ended Sept 30, 2008	Year to Date Sept 30, 2008	Period from Inception to Sept 30, 2008
	(A)	(B)	
Revenues:			
Sales taxes	\$ 54,427	\$ 54,427	\$ 3,396,220
Other agencies share of Measure M costs			
Project related	-	-	380,172
Non-project related	-	-	614
Interest:			
Operating:			
Project related	-	-	923
Non-project related	5,767	5,767	229,657
Bond proceeds	-	-	136,067
Debt service	804	804	78,617
Commercial paper	21	21	6,067
Orange County bankruptcy recovery	-	-	42,268
Capital grants	933	933	145,945
Right-of-way leases	97	97	4,456
Proceeds on sale of land held for resale	537	537	20,281
Miscellaneous	-	-	801
Total revenues	62,586	62,586	4,442,088
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	735	735	49,705
Professional services:			
Project related	1,778	1,778	163,193
Non-project related	57	57	27,455
Administration costs:			
Project related	582	582	16,295
Non-project related	1,247	1,247	73,806
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	21	21	1,159
Non-project related	68	68	15,347
Payments to local agencies:			
Turnback	6,383	6,383	500,777
Competitive projects	1,588	1,588	494,110
Capital outlay	621	621	1,895,997
Debt service:			
Principal payments on long-term debt	-	-	767,400
Interest on long-term debt and commercial paper	6,682	6,682	541,224
Total expenditures	19,762	19,762	4,625,086
Excess (deficiency) of revenues over (under) expenditures	42,824	42,824	(182,998)
Other financing sources (uses):			
Transfers out:			
Project related	(1,000)	(1,000)	(252,369)
Non-project related	-	-	(5,116)
Transfers in project related	34	34	1,863
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	(966)	(966)	760,516
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 41,858	\$ 41,858	\$ 577,518

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, 2008

(\$ in thousands)	Quarter Ended Sept 30, 2008 (actual)	Year Ended Sept 30, 2008 (actual)	Period from Inception through Sept 30, 2008 (actual)	Period from October 1, 2008 through March 31, 2011 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
Tax revenues:					
Sales taxes	\$ 54,427	\$ 54,427	\$ 3,396,220	\$ 705,007	\$ 4,101,227
Other agencies share of Measure M costs	-	-	614	-	614
Operating interest	5,767	5,767	229,657	23,821	253,478
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous	-	-	801	-	801
Total tax revenues	60,194	60,194	3,647,975	728,828	4,376,803
Administrative expenditures:					
SBOE fees	735	735	49,705	6,557	56,262
Professional services, non-project related	57	57	18,650	4,153	22,803
Administration costs, non-project related	1,247	1,247	73,806	13,776	87,582
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	68	68	6,248	3,247	9,495
	2,107	2,107	183,317	27,732	211,049
Net tax revenues	\$ 58,087	\$ 58,087	\$ 3,464,658	\$ 701,095	\$ 4,165,753
	(C.2)	(D.2)	(E.2)	(F.2)	
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	804	804	78,617	9,881	88,498
Interest revenue from commercial paper	21	21	6,067	-	6,067
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	825	825	1,412,335	9,881	1,422,216
Financing expenditures and uses:					
Professional services, non-project related	-	-	8,805	-	8,805
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	767,400	236,555	1,003,955
Bond debt interest expense	6,682	6,682	541,224	21,725	562,949
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,099	-	9,099
Total financing expenditures and uses	6,682	6,682	1,529,215	258,280	1,787,495
Net bond revenues (debt service)	\$ (5,857)	\$ (5,857)	\$ (116,880)	\$ (248,399)	\$ (365,279)

See accompanying notes to Measure M Schedules

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2008

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 to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept. 30, 2008 (N)	Reimbursements through Sept. 30, 2008 (O)	Project Cost (P)	Percent of Budget Expended (Q)
(\$ in thousands)										
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 817,424	\$ 982,834	\$ 810,010	\$ 804,897	\$ 177,937	\$ 5,113	\$ 777,011	\$ 80,987	\$ 696,024	85.9%
I-5 between I-5/I-405 Interchange and San Clemente	58,468	70,299	57,836	59,935	10,364	(2,099)	70,294	10,358	59,936	103.6%
I-5/I-405 Interchange	74,209	89,226	72,802	73,075	16,151	(273)	98,157	25,082	73,075	100.4%
S.R. 55 (Costa Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	49,473	59,484	44,511	50,196	9,288	(5,685)	55,511	6,172	49,339	110.8%
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	42,726	51,372	46,128	44,596	6,776	1,532	25,617	2,859	22,758	49.3%
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	106,816	128,431	116,136	105,666	22,765	10,470	123,995	18,606	105,389	90.7%
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St.	340,687	405,627	295,050	299,490	110,137	(4,440)	590,619	298,395	292,224	99.0%
Subtotal Projects										
Net (Bond Revenue)/Debt Service	1,489,803	1,791,273	1,442,473	1,437,855	353,418	4,618	1,741,204	442,459	1,298,745	
Total Freeways	\$ 1,489,803	\$ 1,791,273	\$ 1,749,855	\$ 1,745,237	\$ 46,036	\$ 4,618	\$ 2,048,872	\$ 442,459	\$ 1,606,413	
%				42.4%					51.2%	
Regional Street and Road Projects (11%)										
Smart Streets	\$ 130,667	\$ 157,108	\$ 154,734	\$ 154,734	\$ 2,374	\$ -	\$ 145,229	\$ 3,489	\$ 141,740	91.6%
Regionally Significant Interchanges	76,222	91,647	91,647	91,647	-	-	58,455	146	58,309	63.6%
Intersection Improvement Program	108,889	130,924	130,924	130,924	-	-	67,375	214	67,161	51.3%
Traffic Signal Coordination	54,445	65,462	65,462	65,462	-	-	45,938	132	45,806	70.0%
Transportation Systems Management and Transportation Demand Management	10,889	13,092	13,092	13,092	-	-	7,782	149	7,633	58.3%
Subtotal Projects										
Net (Bond Revenue)/Debt Service	381,112	458,233	455,859	455,859	2,374	-	324,779	4,130	320,649	
Total Regional Street and Road Projects	\$ 381,112	\$ 458,233	\$ 458,233	\$ 458,233	\$ -	\$ -	\$ 321,156	\$ 4,130	\$ 323,026	
%				11.1%					10.3%	

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2008

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 to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept 30, 2008 (N)	Reimbursements through Sept 30, 2008 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)										
Master Plan of Arterial Highway Improvements	\$ 123,870	\$ 169,172	\$ 169,172	\$ 169,172	\$ -	\$ -	\$ 75,349	\$ 99	\$ 75,250	44.5%
Streets and Roads Maintenance and Road Improvements	503,708	605,636	605,636	605,636	-	-	500,793	-	500,793	82.7%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	68,731	431	68,300	68.3%
Subtotal Projects	727,578	874,808	874,808	874,808	-	-	644,873	530	644,343	
Net (Bond Revenue)/Debt Service										
Total Local Street and Road Projects	\$ 727,578	\$ 874,808	\$ 874,808	\$ 874,808	\$ -	\$ -	\$ 644,873	\$ 530	\$ 644,343	
%				21.2%					20.5%	
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 16,764	\$ 20,157	\$ 15,000	\$ 14,000	\$ 6,157	\$ 1,000	\$ 16,389	\$ 2,586	\$ 13,803	92.0%
Commuter Rail	309,702	376,419	363,422	360,989	15,430	2,433	351,439	60,874	290,565	80.0%
High-Technology Advanced Rail Transit	379,995	456,889	441,114	464,580	(7,691)	(23,466)	65,668	6,355	59,313	13.4%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	17,010	-	17,010	85.1%
Transitways	139,704	167,974	146,381	126,348	41,626	20,033	162,513	36,687	125,826	86.0%
Subtotal Projects	866,165	1,041,439	985,917	985,917	55,522	-	613,019	106,502	506,517	
Net (Bond Revenue)/Debt Service			55,522	55,522	(55,522)	-	55,574		55,574	
Total Transit Projects	\$ 866,165	\$ 1,041,439	\$ 1,041,439	\$ 1,041,439	\$ -	\$ -	\$ 668,593	\$ 106,502	\$ 562,091	
%				25.3%					17.9%	
Total Measure M Program	\$ 3,464,658	\$ 4,165,753	\$ 4,124,335	\$ 4,119,717	\$ 46,036	\$ 4,618	\$ 3,689,494	\$ 553,621	\$ 3,135,873	

See accompanying notes to Measure M Schedules