

Date: **Monday, May 22, 2006**

Time: **9:00 a.m.**

Where: **Orange County Transportation Authority Headquarters
600 South Main Street, First Floor - Conference Room 154
Orange, California 92868**



AGENDA

Orange County Transportation Authority Board Meeting
OCTA Headquarters
First Floor - Room 154
600 South Main Street, Orange, California
Monday, May 22, 2006, at 9:00 a.m.

ACTIONS

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Invocation

Vice Chair Cavecche

Pledge of Allegiance

Director Duvall

Agenda Descriptions

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

Public Comments on Agenda Items

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



AGENDA

ACTIONS

Special Matters

1. **Special Recognition for Thirty Years of Safe Driving**
2. **Presentation of Resolutions of Appreciation for Employees of the Month for May 2006**

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2006-26, 2006-27, 2006-28 to Harry Marshall, Coach Operator; John Dicag, Maintenance; and William Dineen, Jr., Administration, as Employees of the Month for May 2006.

3. **Sacramento Advocate Presentation**
Chris Kahn/Richard J. Bacigalupo

Consent Calendar (Items 4 through 18)

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

Orange County Transportation Authority Consent Calendar

4. **Approval of Minutes**

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of May 8, 2006.

5. **Approval of Resolutions of Appreciation for Employees of the Month for May 2006**

Adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2006-26, 2006-27, and 2006-28 to Harry Marshall, Coach Operator, John Dicag, Maintenance, and William Dineen, Jr., Administration, as Employees of the Month for May 2006.



AGENDA

ACTIONS

6. **Approval of Resolution of Appreciation to the Transportation Corridor Agencies**

The resolution presented for Board consideration recognizes the 20-year anniversary of the Transportation Corridor Agencies and their contribution to Orange County's overall transportation system. The Orange County Transportation Authority and that Transportation Agencies have increasingly worked together on ways to keep Orange County moving. Most recently, both agencies have teamed on the SR-91 Major Investment Study as well as joining marketing efforts to promote the use and availability of FasTrak transponders for Orange County toll roads.

7. **State Legislative Status Report** Wendy Villa/Richard J. Bacigalupo

Overview

An overview of the Governor's May Revise is provided and an oppose position is recommended for a proposal to use existing transportation funds to repay general fund obligations such as existing transportation loans or new transportation bonds. A support position is recommended for AB 343 (Huff, R Diamond Bar), a bill to require repayment for diverted transit funds.

Recommendations

- A. Oppose any proposal to use existing transportation funds to repay General Fund obligations such as existing transportation loans or new transportation bonds.
- B. Adopt the following recommended position on legislation:

Support on AB 343 (Huff, R-Diamond Bar)



AGENDA

ACTIONS

8. **Review of the Santa Ana Base Construction Project, Contract Change Orders**

Lisa Monteiro/Richard J. Bacigalupo

Overview

The Internal Audit Department has completed a review of the Santa Ana Base Construction Project, contract change orders for Contract C-3-0022 with Swinerton Builders. The report included a recommendation that management consider a procedure for reporting a minimum of quarterly the status of all unilateral change orders to Orange County Transportation Authority senior management and the Board of Directors. Management believes the current reporting process is reasonable.

Recommendation

Receive and file the Santa Ana Base Construction Audit, Review of Contract Change Orders for Contract C-3-0022 with Swinerton Builders from July 2004 through September 2005, Internal Audit Report No. 05-031.

9. **Audit Report on Third Quarter Parts Inventory Count**

Lisa Monteiro/Richard J. Bacigalupo

Overview

The Internal Audit Department has completed the parts inventory count for the third quarter. A response to the report was not required.

Recommendation

Receive and file the Third Quarter Parts Inventory Count, Internal Audit Report No. 06-028.



AGENDA

ACTIONS

10. Agreement with California State University, Fullerton for the Center for Demographic Research for Fiscal Year 2006-07

Kurt Brotcke/Paul C. Taylor

Overview

Orange County demographic data for use in transportation planning is developed by the Center for Demographic Research at California State University, Fullerton. A recommendation to continue this effort through a multi agency funding agreement is provided for review and approval.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute an agreement, in an amount not to exceed \$110,003, for fiscal year 2006-07 with the California State University, Fullerton for the Center for Demographic Research.

11. Approve the Fiscal Year 2006-07 Local Transportation Fund Claim for Public Transportation and Community Transit Services

Monica Giron/James S. Kenan

Overview

The Orange County Transit District is eligible to receive funding from the Local Transportation Fund for providing public transportation and community transit services throughout Orange County. To receive the funds, the Orange County Transit District must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

Recommendation

Approve the Orange County Transit District Fiscal Year 2006-07 Local Transportation Fund Claim for public transportation services in the amount of \$97,105,558, and for community transit services, in the amount of \$5,168,243, for a total claim amount of \$102,273,801, and authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.



AGENDA

ACTIONS

12. Approval of the Fiscal Year 2006-07 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

Monica Giron/James S. Kenan

Overview

The Laguna Beach Municipal Transit Lines, a department within the City of Laguna Beach, is eligible to receive funding from the Local Transportation Fund in Orange County for providing public transportation services throughout the city. To receive the funds, the Laguna Beach Municipal Transit Lines must file a claim against the Local Transportation Fund with the Orange County Transportation Authority .

Recommendation

Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2006-07 Local Transportation Fund Claim for public transportation services, in the amount of \$2,609,795, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

Orange County Transit District Consent Calendar

13. Laidlaw Transit Services Agreements Review

Lisa Monteiro/Richard J. Bacigalupo

Overview

A review of invoicing compliance with contract terms by Laidlaw Transit Services has been completed by the firm formerly known as Conrad and Associates, L.L.P., now doing business as Mayer Hoffman McCann P.C. The results of the audit concluded that \$563,171 was due to the Orange County Transportation Authority from Laidlaw Transit Services. Other recommendations were made to help improve the reporting of farebox income, improve the reporting of vehicle service hours, and improve compliance with procurement procedures.



AGENDA

ACTIONS

13. (Continued)

Committee Recommendations

- A. Direct staff to address the findings of the audit report with Laidlaw Transit Service by withholding the \$563,171 in questioned costs, negotiating with them regarding the withheld amounts and reporting back to the Committee regarding the resolution of these negotiations.
- B. Direct staff to ensure that the findings of this report are addressed and resolved with new language in the next ACCESS contract with Veolia, specifically that:
 - 1. The Orange County Transportation Authority (OCTA) require the contractor to reconcile cash collected, as described in the farebox reports, to the actual cash deposited, prior to submitting the monthly invoices to the Orange County Transportation Authority; and
 - 2. The Orange County Transportation Authority define vehicle service hours to address availability for service prior to and after lunches and breaks, and to clarify what is considered "excessive stand-by time".
- C. Receive and file.

14. **Agreement for HASTUS Version 2006 Upgrade and HASTINFO-Web** Audrey Saller/John D. Byrd

Overview

The Orange County Transportation Authority originally purchased the HASTUS bus scheduling software from Giro, Inc., in 1999. The current software version was purchased in 2001. Staff is now seeking to upgrade to HASTUS version 2006 and purchase the HASTINFO-Web trip planner.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-6-0213 between the Orange County Transportation Authority and Giro, Inc., in an amount not to exceed \$265,000, for the purchase of the HASTUS version 2006 bus scheduling software upgrade and the HASTINFO-Web trip planner.



AGENDA

ACTIONS

15. **Agreement for Towing Services**
Al Pierce/John D. Byrd

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved the contracting of towing services for the revenue and non-revenue fleet.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-6-0016 between the Orange County Transportation Authority and Hadley Tow, in an amount not to exceed \$140,000, for towing services for one year with two option years .

16. **Agreement for Americans with Disabilities Act ACCESS Eligibility Determination Services**
Gracie Davis/John D. Byrd

Overview

The Orange County Transportation Authority is required to provide an eligibility determination process for Americans with Disabilities Act complementary paratransit services. The current contract is scheduled to expire on September 30, 2006. A competitive procurement has been conducted and offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-5-3039 between the Orange County Transportation Authority and Comprehensive Assessments Restorative Evaluation, in an amount not to exceed \$897,000, for ACCESS eligibility determination services.



AGENDA

ACTIONS

17. Amendment to Cooperative Agreement with Regional Center of Orange County

Dana Wiemiller/John D. Byrd

Overview

On April 28, 2003, the Orange County Transportation Authority entered into a cooperative agreement with the Regional Center of Orange County formalizing an arrangement to share the cost of providing ACCESS services to Regional Center consumers. The current agreement expires on June 30, 2006.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Cooperative Agreement C-3-0185 between the Orange County Transportation Authority and Regional Center of Orange County, exercising the third option year, to share the cost of ACCESS transportation provided to Regional Center consumers.

18. Agreement for Building Modifications at Laguna Hills Transportation Center

James J. Kramer/Paul C. Taylor

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved building modifications at the Laguna Hills Transportation Center. Bids were received in accordance with the Orange County Transportation Authority's public works procurement procedures. Board approval is requested to execute the agreement.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-5-2743 between the Orange County Transportation Authority and Allied Industrial Systems, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$759,000, for building modifications at the Laguna Hills Transportation Center



AGENDA

ACTIONS

Regular Calendar

Orange County Transit District Regular Calendar

19. Short-Term Bus Facilities Requirements

Al Pierce/John D. Byrd

Overview

Based on the existing fleet size and projected growth in fixed route and ACCESS operations, it is necessary to purchase additional bus facilities property.

Recommendation

Authorize the Chief Executive Officer to begin site search and enter into preliminary negotiations for additional bus base.

20. On-Board Video Surveillance System Installation on 50 Large Buses and 32 Paratransit Buses

Al Pierce/John D. Byrd

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved funds for the production of 50 large fixed route buses and 32 paratransit buses, to include installation of on-board video surveillance systems. This is a request for approval for the selection of the camera supplier and the necessary infrastructure to conduct an on-board video surveillance demonstration project. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute an agreement.

Recommendations

- A. Authorize the Contacts Administration and Materials Management Department to complete negotiations with each of the bus manufacturers, New Flyer and Creative Bus Sales, and amend current agreements in an amount not to exceed \$246,000.



AGENDA

ACTIONS

20. (Continued)

- B. Authorize the Chief Executive Officer to execute Agreement C-6-0142 between the Orange County Transportation Authority and March Networks Corporation, in an amount not to exceed \$494,646, for hardware, system maintenance and support services.

Other Matters

21. Directors' Meeting Reports

22. Directors' Reports

23. Chief Executive Officer's Report

24. Public Comments

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

25. Closed Session

A Closed Session is not scheduled for this meeting.

26. Adjournment

The next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board will be held at **9:00 a.m. on June 12, 2006**, at OCTA Headquarters at 600 South Main Street - First Floor - Room 154, Orange, California.



Orange County Transportation Authority

Board of Directors' Meeting

Agenda

May 22, 2006

1. Governor Schwarzenegger's 2006-2007 May Revise
2. State Infrastructure Bond
3. Sponsor Legislation
4. Late Breaking Developments
5. Questions/Comments

Minutes of the Meeting of the
Orange County Transportation Authority
Orange County Service Authority for Freeway Emergencies
Orange County Local Transportation Authority
Orange County Transit District
Board of Directors
May 8, 2006

Call to Order

The May 8, 2006, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order at 9:05 a.m. at the Orange County Transportation Authority Headquarters, Orange, California; Chairman Brown presided over the meeting.

Roll Call

Directors Present: Arthur C. Brown, Chairman
Carolyn Cavecche, Vice Chair
Peter Buffa
Bill Campbell
Lou Correa
Michael Duvall
Cathy Green
Gary Monahan
Chris Norby
Curt Pringle
Miguel Pulido
Susan Ritschel
Mark Rosen
James W. Silva
Thomas W. Wilson
Gregory T. Winterbottom
Cindy Quon, Governor's Ex-Officio Member

Also Present: Arthur T. Leahy, Chief Executive Officer
Richard J. Bacigalupo, Deputy Chief Executive Officer
Wendy Knowles, Clerk of the Board
Laurena Weinert, Assistant Clerk of the Board
Kennard R. Smart, Jr., General Counsel
Members of the Press and the General Public

Directors Absent: Richard Dixon

Invocation

Director Green gave the invocation.

Pledge of Allegiance

Director Ritschel led the Board and audience in the Pledge of Allegiance to the Flag of the United States of America.

Public Comments on Agenda Items

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

Special Matters

1. Recognition of APTA Rodeo Participants

Chief Executive Officer (CEO), Arthur T. Leahy, provided comments on the Maintenance Team of Ray Consiglio, Ernie Booe, and Anders Holst, along with Coach Operator, Raj Patel, who competed in the American Public Transportation Association's (APTA) Rodeo hosted by OCTA last week. The competitors were congratulated for taking Second Place overall, competing with transit properties from all over the United States and Canada.

2. Recognition of Retirees

Chairman Brown presented certificates of appreciation to Jerome Diekmann, Hector Diaz, and Eduardo Bronilla, Orange County Transportation Authority employees who recently retired. Samuel Crook, also a recent retiree, was not able to be present.

Consent Calendar (Items 3 through 17)

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

Director Pringle pulled Item 6, and Director Campbell pulled item 9 for discussion.

Orange County Transportation Authority Consent Calendar Matters

3. Approval of Minutes

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of April 24, 2006.

4. Approval of Board Members' Travel Requests

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to approve requests for Chairman Brown, Vice Chair Cavecche, and Directors Duvall and Wilson to travel to New York, NY, from June 18-24, 2006, for the annual Rating Agency Trip.

5. Committee Assignments for 2006 - Revised

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to approve the revised 2006 Board of Directors' Committee assignments, incorporating a proposed change in composition of the Regional Planning and Highways Committee with the addition of Director Curt Pringle to that committee.

6. Policy for Compensation, Reimbursement of Expenses, and Ethics Training for Members of the Board of Directors

This item was pulled by Director Pringle, who inquired if OCTA advisory committee members, i.e., Citizens' Advisory or Oversight Committee members, are compensated or reimbursed in any way, and how this might be addressed. General Counsel, Kennard R. Smart, Jr., stated that they are not currently compensated/reimbursed. Director Pringle indicated he would like to see this subject addressed in writing, and Mr. Smart stated he would amend the proposed policy to reflect that issue.

A motion was made by Director Pringle, seconded by Chairman Brown, and declared passed by those present, to approve, with the requested change regarding prohibiting compensation for advisory committee members, the Policy for Compensation, Reimbursement of Expenses, and Ethics Training for Members of the Board of Directors with the last sentence of Section IV.C.4 amended to read:

(Vehicle Rentals, Taxi, and Transit Fare)

"If rental vehicle is subsequently denied, the related parking fees will also be denied, and the Director will only be reimbursed the costs equivalent to shuttle or taxi charges."

7. State Legislative Status Report

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to adopt a Support position on SB 1726 (Lowenthal, D-Long Beach).

Director Silva voted in opposition of this recommendation.

8. Federal Legislative Status Report

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to receive and file as an information item.

Directors Rosen, Pulido, Wilson, and Monahan were not present for the vote on Items 1 through 8.

9. Orange County Metrolink Weekend Service

This item was pulled by Director Campbell, who commented that he would have preferred another strategy used to stimulate use of Metrolink, rather than giving free rides for opening week-end to OCTA bus pass holders. He believes that Metrolink riders are typically not bus pass holders, and another means of attracting those riders could have been utilized.

CEO, Arthur T. Leahy, indicated that last year, the event became overwhelming with huge crowds, and overall not the most desirable outcome was realized. For this year's event, staff has been trying to develop a way to attract bus riders to the Metrolink system and encourage ridership without it again getting out of hand.

Director Pringle related a personal experience of using Metrolink recently, and opined that the signage and information available at the Metrolink stations is not sufficient to assist riders with understanding what train to take, times, etc. He requested that staff look into having this information provided at the stations and contemplating better reader boards.

Vice Chair Cavecche requested that mitigation measures for the cities be explored in relation to the increased service being provided soon.

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to receive and file as an information item, but to also request another approach be developed regarding the opening day program. Director Campbell requested the new approach be presented through the Transit Planning and Operations Committee.

Directors Rosen and Monahan were not present for the vote on this item.

10. Amendment No. 3 to Cooperative Agreement with City of Irvine for Parking Expansion at the Irvine Transportation Center

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 3 to Cooperative Agreement C-3-0628, between the Orange County Transportation Authority and the City of Irvine, in an amount not to exceed \$24,900,000, for design and construction of a 1,500-space parking structure; of which \$20,000,000 is conditional upon the approval by the California Transportation Commission of Orange County Transportation Authority's Fiscal Year 2006-11 State Transportation Improvement Program.

11. Agreement for On-Call Geographic Information Systems Services

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute agreements between the Orange County Transportation Authority and the firms identified in this report, in an amount not to exceed \$550,000, for a two-year contract covering fiscal years 2006-07 and 2007-08, for on-call geographic information system support, contingent on approval in the fiscal year 2006-07 budget.

Orange County Local Transportation Authority Consent Calendar Matters

12. Award of Construction Contract for Americans with Disabilities Act Bus Stop Modifications (Phase 3, Construction Package 7)

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-6-0104, between the Orange County Transportation Authority and LH Engineering Company, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$805,000, for Americans with Disabilities Act Bus Stop Modifications in the Cities of Huntington Beach, Costa Mesa, and Seal Beach.

13. Measure M Quarterly Progress Report

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to receive and file as an information item.

Orange County Transit District Consent Calendar Matters

14. Agreement for Slurry Seal at Brea Park-and-Ride, Fullerton Park-and-Ride, Laguna Hills Transportation Center, and Newport Transportation Center

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-6-0156 between the Orange County Transportation Authority and NPG Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$88,888, for slurry seal at the Brea Park-and-Ride, Fullerton Park-and-Ride, Laguna Hills Transportation Center, and Newport Transportation Center.

15. Amendment to Agreements for Threaded Products and Fasteners

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 1 to Agreements C-5-2643 and D-5-2455 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, in an amount not to exceed \$70,000, to exercise the first option year for the purchase of threaded products and fasteners used by the Maintenance Department.

16. Amendment to Agreement for Coach Operator, Field Supervisor, and Instructor Uniforms

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement C-3-1326 between the Orange County Transportation Authority and Galls Incorporated, in an amount not to exceed \$411,397, for coach operator, field supervision, and instructor uniforms.

17. Amendment to Agreement for Demonstration Program with Orange County ARC for Provision of ACCESS Transportation

A motion was made by Director Campbell, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-5-0056, to exercise the one-year option between the Orange County Transportation Authority and Orange County ARC, in an amount not to exceed \$474,750, to share in the cost of providing transportation services for Regional Center of Orange County consumers traveling to/from Orange County ARC.

Directors Rosen, Wilson, Pulido, and Monahan were not present for the vote on Items 10 through 17.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

18. Riverside Orange Corridor Authority Draft Agreement

CEO, Arthur T. Leahy, provided background on this issue and commented that he feels the document is now compliant with the intent of the Members of Congress who have pledged to work with OCTA to get the funds flowing as quickly as possible. Mr. Leahy introduced Paul Taylor, Executive Director of Planning, Development, and Commuter Services, who reviewed the highlights of this agreement, the revisions that are now incorporated, and discussions that have taken place with the various agencies involved.

Public comments were heard from Cathryn DeYoung, Mayor of Laguna Niguel, who commented that she feels the Board should pause and consider if this is a project that should be supported, inasmuch as a great deal of federal money would be utilized and then not available for other projects.

Director Campbell stated that this study would not entail a commitment to do a tunnel, but to investigate if a tunnel is feasible through geotechnical studies. He also inquired as to who would provide the advance funding. CEO, Arthur T. Leahy, responded that those issues are still under discussion.

General Counsel stated that the agreement could be amended at a later date to clarify funding issues.

Director Campbell asked if the permits to the geotechnical studies (which have been sought by the Metropolitan Water District from the United States Forestry Service) would be transferable. Mr. Leahy responded that the parties would all sit down and have discussions regarding this type of issue. He said it would be possible for the Riverside County Transportation Commission (RCTC) to contract with the Water District to do the work, as they have a great deal of experience in this area.

A motion was made by Director Campbell, seconded by Director Wilson, and declared passed unanimously by those present, to authorize the Chief Executive Officer to finalize and execute an agreement for the Riverside Orange Corridor Authority consistent with the terms included in this report.

19. Garden Grove Freeway (State Route 22) Community Outreach Update

Christina Byrne, External Affairs, provided a verbal and PowerPoint presentation on the outreach program, which has been provided throughout the community regarding the State Route 22 Project.

Ms. Byrne pointed out that on May 19, the connector for the Southbound State Route 57/Interstate 5 to the Westbound State Route 22 will open and a celebratory event has been scheduled; Directors were invited to attend. She also stated there would be an event scheduled for the fall when the project is completed.

Director Correa commended Ms. Byrne's work on the outreach aspect of this project, and stated that he expects some soundwall issues will be recurring.

Director Wilson inquired how often the OCTA website is updated with State Route 22 Project information, and Ms. Byrne responded that it is updated at least once a day, many times more often.

Director Buffa also expressed his appreciation of Ms. Byrne's outreach efforts, as well. He stated that this has been an outstanding and very effective outreach program.

A motion was made by Director Correa, seconded by Director Pulido, and declared passed by those present, to receive and file this report as an information item.

Orange County Transit District Regular Calendar Matters

20. Amendment to Agreement for the Purchase of Compressed Natural Gas 40-Foot Fixed Route Buses

CEO, Arthur T. Leahy, provided comments as to why this recommendation to accelerate the purchase of buses is coming forward, and that it is based on the current high fuel costs and related concerns, a situation which is not expected to improve dramatically in the near future.

Mr. Leahy informed Members that the Finance and Administration Committee requested staff to look at bus rapid transit (BRT) coach styles and designs, and those vehicles are not included in this purchase.

Al Pierce, Manager of Maintenance, provided a verbal and PowerPoint presentation on the Directly Operated Fixed Route 3-Year Plan, and highlighted service hours, vehicle requirements, vehicle delivery schedule, and fueling facilities.

Director Campbell asked how much in terms of the overall cost and how much the fuel component costs. Mr. Pierce responded it is 15 percent of the cost.

20. (Continued)

Director Campbell asked if OCTA has done any calculation to suggest at what point either diesel or natural gas (or a combination of the two) would force the numbers below the current farebox return commitment of 20 percent, and if there is a risk of that.

Mr. Leahy responded that this would not occur abruptly; it would happen over a period of time. He further stated that when the budget is reviewed annually, the projected fare returns will be examined, and adjustments could be made accordingly.

Director Campbell requested that Finance staff present a report on these calculations to the Finance and Administration as well as the Transit Planning and Operations Committees. He feels the Authority needs to stay up-to-date on these potential changes, as they can suddenly drive costs past the current rates.

Director Correa asked how the increased number of buses being purchased affects the cost per unit.

Wendy Hebein, Manager, Contracts Administration and Materials Management, responded that \$5 million would be saved by locking in the pricing at this time through the execution of this contract.

Director Pulido expressed a desire that the Authority continue to explore other transportation options, recalling that the area of air pollution is an important factor.

A motion was made by Director Winterbottom, seconded by Director Duvall, and declared passed unanimously by those present, to:

- A. Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-5-0746 between the Orange County Transportation Authority and New Flyer of America, Incorporated, in an amount not to exceed \$106,446,904, to accelerate the purchase of 249 compressed natural gas 40-foot fixed route buses.
- B. Amend the fiscal year 2005-06 approved budget by \$106,446,904 to accommodate the purchase of 249 compressed natural gas 40-foot fixed route buses.
- C. Authorize the Chief Executive Officer to proceed with a solicitation of a turnkey compressed natural gas fueling facility at the Anaheim and Garden Grove bases.

Other Matters

21. Orange County Transportation Authority Fiscal Year 2006-07 Budget Workshop

(This item was deferred at this time, and the balance of the agenda heard. The Workshop was conducted at the end of the regular Board meeting, after Items 22-27.)

James S. Kenan, Executive Director, Finance, Administration, and Human Resources, provided opening comments regarding this year's budget, OCTA's accomplishments, staffing, and highlighted that the budget being presented is balanced.

Mr. Kenan introduced Kirk Avila, OCTA's Treasurer, who reviewed the investments aspect of the budget and strategies utilized.

Andrew Oftelie, Manager of Finance and Administration, presented information on revenues, reserves, expenditures, and designations.

The following comments/questions arose from subsequent discussion of the budget and will be responded to by the Finance and Administration Division at a series of Budget Workshop follow-ups at upcoming Committee meetings:

- √ Director Campbell recommends that the Board consider suspending the annual cost of living increase on the 91 Express Lanes;
- √ Director Norby inquired why advertising revenues are down from last fiscal year and where in the budget callbox expenses are reported;
- √ Director Wilson asked what expenses in part of the "Other Operating Expenses" grouping;
- √ Director Pringle inquired if the funds in the capital expenditures request for this proposed budget included all of the planned capital expenditures for next year;
- √ Director Winterbottom asked how the price of fuel impacts farebox recovery;
- √ Director Campbell inquired what the yield is on the Authority's benchmark index and what the expected increase in interest rates would be to cause a decline in the budget total return;
- √ Director Buffa asked what amount is budgeted for disadvantaged business enterprise compliance for the State Route 22 Freeway;

21. (Continued)

- √ Director Winterbottom asked staff to explain why OCTA is purchasing the fuel for the ACCESS provider when that was not done in the past, and when staff will come to the Board for further direction on door-to-door service;
- √ Director Rosen asked why OCTA is paying a high OCERS rate when the stock market is doing so well.

Due to the meeting continuing to such a late time, several Directors had to leave for prior commitments. Therefore, the issues related to retirement information were deferred and will be presented through the various Committees.

22. Chief Executive Officer's Goals

CEO, Arthur T. Leahy, stated that a listing of the Chief Executive Officer's goals for 2006, agreed upon with the Board of Directors at the beginning of this year, is presented for review and comment if appropriate. He added that thus far, the goals are on-track and projects proceeding on-schedule. It is expected that the goals will be achieved as scheduled.

No further comments were offered at this time.

23. Directors' Meeting Reports

The following meetings were reported:

- √ Director Buffa - California Municipal Finance Conference in San Francisco, where he served as a panelist in April;
- √ Director Green - Huntington Beach Chamber of Commerce, Measure M presentation on April 26;
- √ Director Wilson - met with citizens in Laguna Woods for a transportation awareness day on April 26;
- √ Director Ritschel - reported that the San Clemente City Council voted to place Measure M on the ballot in November 2006;
- √ Director Ritschel - together with Director Winterbottom, held a friendly competition last week as to who could get from San Juan Capistrano to the APTA Conference faster, she taking the train and bus, he driving his personal vehicle. Director Ritschel reported that she won the race by five minutes;
- √ Director Correa – Orange Council Business Council meeting on May 3, met with Stan Oftelie, Westminster Mayor, Margie Rice, and Councilmember Marsh to discuss Measure M;

24. (Continued)

- √ Chairman Brown – APTA Bus Conference in Anaheim last week;
- √ Director Norby – met with the Auto Club Members in his office with OCTA staff regarding clarifications that may be considered in the future with regard to restricted teen-age drivers' licenses.

24. Directors' Reports

Director Pringle requested that staff provide an overview of the result of bond activity over the past several days, and the impact/benefit to each city in the County.

Director Wilson offered that the Children's Hospital of Orange County Follies will be performing on May 19-20, 2006.

Director Winterbottom expressed his appreciation for the work done to meet the Americans with Disabilities requirements related to bus stops and making them accessible, as referred to in Item 12 above.

25. Chief Executive Officer's Report

CEO, Arthur T. Leahy, reported that:

- √ The APTA Conference was held last week, and was well-attended;
- √ Several cities will be considering the Measure M renewal this week and whether to support the issue being put on the ballot in November;
- √ The Governor would be visiting Orange County later in the morning (May 8) with the purpose of touting the Strategic Growth Plan he is proposing, and Members of the Board were invited to attend;

Mr. Leahy introduced Sue Zuhlke, Manager of State Relations, who presented an overview of a recently-passed bill and what funds were available for transportation in that legislation.

Director Correa asked staff to provide information on who negotiates private/public partnerships, and negotiates those agreements.

Mr. Leahy introduced Rachel Campbell, a former OCTA Coach Operator, and current student intern with OCTA.

26. Public Comments

At this time, Chairman Brown stated that members of the public may address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors, but no action would be taken on off-agenda items unless authorized by law.

No comments were offered.

27. Closed Session

A Closed Session was not conducted at this meeting.

28. Adjournment

The meeting adjourned at 12:32 p.m. Chairman Brown announced that the next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board would be held at **9:00 a.m. on May 22, 2006**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.

ATTEST

Wendy Knowles
Clerk of the Board

Arthur C. Brown
OCTA Chairman



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

HARRY MARSHALL

WHEREAS, the Orange County Transportation Authority recognizes and commends Harry Marshall; and

WHEREAS, be it known that Harry Marshall has earned a 27 year Safe Driving Award and has been with the Authority since May 1978. Harry has distinguished himself by maintaining an outstanding record for safety, attendance and customer relations; and

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

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

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Harry Marshall as the Orange County Transportation Authority Coach Operator Employee of the Month for May 2006; and

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

Dated: May 22, 2006

Arthur C. Brown, Chairman
Orange County Transportation Authority

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

OCTA Resolution No. 2006-26





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

JOHN DICAG

WHEREAS, the Orange County Transportation Authority recognizes and commends John Dicag; and

WHEREAS, be it known that John Dicag has been a principal player in our Maintenance Department with his innovative contributions, service and commitment; and

WHEREAS, John began his employment with OCTA as a Serviceworker in 2001 and has maintained both a perfect safety and attendance record during his tenure; and

WHEREAS, John is often recognized for his outstanding work performance on a daily basis, he always goes beyond what is expected in the cleaning and servicing of our fleet to ensure all his assignments are completed and his buses are ready for pull out the next day; and

WHEREAS, his dedication to his duties and desire to excel are duly noted and he is recognized as an outstanding Authority employee.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare John Dicag as the Orange County Transportation Authority Maintenance Employee of the Month for May 2006; and

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

Dated: May 22, 2006

Arthur C. Brown, Chairman
Orange County Transportation Authority

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

OCTA Resolution No. 2006-27





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

WILLIAM DINEEN, JR.

WHEREAS, the Orange County Transportation Authority recognizes and commends William Dineen; and

WHEREAS, be it known that William has performed his duties as Section Manager of Financial Plans and Grants in the Authority's Financial Planning and Analysis Department, demonstrating the highest professional standards and dedication to excellence in customer service; and

WHEREAS, William's outstanding leadership in developing the 2006 Comprehensive Business Plan helps ensure the financial integrity of the Authority; and

WHEREAS, William worked tirelessly and with attention to detail to ensure the timely receipt of millions of dollars of grant revenues that are critical for the continued operation of transit services and infrastructure improvements in Orange County; and

WHEREAS, William's commitment to making good business decisions epitomizes the Orange County Transportation Authority's "Can-Do-Spirit" core value.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare William Dineen as the Orange County Transportation Authority Administrative Employee of the Month for May 2006; and

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

Dated: May 22, 2006

Arthur C. Brown, Chairman
Orange County Transportation Authority

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

OCTA Resolution No. 2006-28





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

TRANSPORTATION CORRIDOR AGENCIES

WHEREAS, in 1986 two unique governmental agencies were formed by a coalition of cities and the County of Orange to build, plan, finance, and operate a world-class transportation system known as The Toll Roads; and

WHEREAS, the Transportation Corridor Agencies have become a model of how local governments can partner successfully with the private sector and community stakeholders to improve regional mobility and enhance the quality of life in our communities; and

WHEREAS, the Transportation Corridor Agencies have demonstrated sensitivity to Orange County's environment through mitigation measures including the 36-acre Bonita Creek Conservation Area, which links Upper Newport Bay to the San Joaquin Hills; and

WHEREAS, the Transportation Corridor Agencies have delivered on their mission to enhance mobility in Orange County and Southern California by developing and operating publicly owned toll facilities as part of the regional transportation system; and

WHEREAS, the Transportation Corridor Agencies increasingly have worked together with the Orange County Transportation Authority on transportation solutions for Orange County, including the Riverside Freeway (SR-91) Major Investment Study; and

NOW, THEREFORE, BE IT RESOLVED that the Orange County Transportation Authority Board of Directors hereby congratulates the Transportation Corridor Agencies for 20 years of increasing mobility and providing traffic relief for the residents and commuters of Orange County.

Dated: May 22, 2006

Arthur C. Brown, Chairman
Orange County Transportation Authority

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





BOARD COMMITTEE TRANSMITTAL

May 16, 2006

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board ^{WK}
Subject: State Legislative Status Report

This item will be considered by the Legislative and Government Affairs/Public Communications Committee on May 18, 2006. Following Committee consideration of this matter, staff will provide you with a summary of the discussion and action taken by the Committee.

Please call me if you have any comments or questions concerning this correspondence. I can be reached at (714) 560-5676.



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: State Legislative Status Report

Legislative and Government Affairs/Public Communications
Committee

May 18, 2006

Present: Directors Buffa, Campbell, Cavecche, Correa, Ritschel, Rosen, Silva,
and Wilson
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation (Reflects change from staff recommendations)

- A. Oppose any proposal to use existing transportation funds to repay General Fund obligations such as existing transportation loans or new transportation bonds.
- B. Adopt the following position on legislation:

Seek amendment on AB 343 (Huff, R-Diamond Bar) to eliminate the statute covering spillover so that all funds flow to Proposition 42.



May 18, 2006

To: Legislative and Government Affairs/Public Communications Committee

From: *ATL by RB*
Arthur T. Leahy, Chief Executive Officer

Subject: State Legislative Status Report

Overview

An overview of the Governor's May Revise is provided and an oppose position is recommended for a proposal to use existing transportation funds to repay general fund obligations such as existing transportation loans or new transportation bonds. A support position is recommended for AB 343 (Huff, R-Diamond Bar), a bill to require repayment for diverted transit funds.

Recommendations

- A. Oppose any proposal to use existing transportation funds to repay General Fund obligations such as existing transportation loans or new transportation bonds.
- B. Adopt the following recommended position on legislation:

Support on AB 343 (Huff, R-Diamond Bar)

Background

Governor's May Revise

On May 12, 2006, Governor Arnold Schwarzenegger released his revised proposal for the Fiscal Year (FY) 2006-2007 Budget. General Fund revenues in FY 2006-2007 are projected to increase by 1.5 percent over current year estimates (which include \$4.3 billion in recent unanticipated revenues), with expenditures increasing by 9 percent. The General Fund budget gap of \$7.1 billion is expected to be covered by fund balance from the prior year; leaving \$2.2 billion in reserve after other stated obligations are included.

The Governor's May Revise states a strong commitment to not only the proposed reserve but also the early repayment of existing debt. The May Revise includes the following early repayments in addition to those noted in his January proposal. The transportation related information is more specifically noted in later sections of this report.

- Economic Recovery Bonds - \$1 billion
- Special Funds - \$198 million
- Proposition 98 Settlement - \$150 million
- Flood Control Subventions - \$100 million
- Local Government Mandates (not including schools) - \$72 million
- Existing GO Bonds - \$40 million
- Additional amount to Budget Stabilization Account - \$12 million

The May Revise also includes a settlement related to the litigation over the FY 2004-2005 suspension of Proposition 98. This includes a \$3.1 billion increase to education in the FY 2006-2007 budget and recognition of \$2.9 billion in outstanding debt that is to be repaid over 7 years.

Business Transportation and Housing (BT&H) Budget

California Department of Transportation (Caltrans) Budget Savings

The May Revise proposes a reduction in the Caltrans budget of \$39.3 million for Capital Outlay Support. This is due to actual estimated workload and "efficiencies" found in the budget. The proposal allocates \$12.2 million of these funds to increase the tort claims budget to accommodate the average amount spent in recent years. An additional \$8 million of these funds are to be directed toward litter removal service on state highways, according to a conference call on May 12, 2006, with Caltrans Director Will Kempton.

Proposition 42

The May Revise continues the Governor's commitment to fully fund Proposition 42 at \$1.413 billion, distributed as follows:

- \$678 million to the Traffic Congestion Relief Fund (TCRF)
- \$588 million to the State Transportation Improvement Program (STIP)
- \$147 million to the Public Transportation Account (PTA)

It also continues the Governor's proposal for an early partial repayment of Proposition 42 loans. This \$920 million repayment is to be distributed as follows:

- \$410 million for TCRF
- \$255 million for the STIP
- \$255 million for cities and counties.

The \$255 million for cities and counties is particularly important as prior transportation loans made in FY 2001-2002 and FY 2002-2003 to cities and counties would have resulted in no Proposition 42 distributions to localities this year without this early repayment.

PTA funding /Transportation Debt Service

The PTA funding level for FY 2006-2007 (not including spillover) in the May Revise is \$394 million, including an additional \$70 million in revenues from the sales tax on diesel fuel.

With respect to "spillover" revenues, the May Revise continues the Governor's January proposal to suspend the transfer of spillover sales tax revenues to the PTA for FY 2006-2007. Due to the substantial increase in gas prices, the amount of this suspension has increased from \$318 million to \$669 million according to the May Revise revenue estimates. Of this amount, \$125 million is dedicated to the Bay Bridge Seismic Retrofit Project per the FY 2005-2006 budget agreement, leaving \$544 million for the new Transportation Debt Service Fund and to pay off existing debt.

The Transportation Debt Service Fund would be used to partially fund debt payments on the proposed transportation infrastructure bond on the November ballot. Through FY 2015-2016, this spillover diversion is expected to divert nearly \$4 billion of already dedicated transit dollars for this new purpose.

The proposal to use existing transportation funds to pay for the infrastructure bonds begins to erode the ability of these bonds to accomplish their intended purpose – which is to provide an influx of new investment to the state's infrastructure. The use of existing funds simply front-loads money and moves projects up, but it does not allow for as much new investment as intended.

In addition, there is some question over the legal ability of the State to retain spillover in the General Fund. Under existing law, if the state sales tax on gasoline generates more revenue than a quarter cent sales tax on all goods, the excess revenue generated from the gasoline sales tax is to be transferred to the PTA as "spillover." Historically, the Legislature has suspended this transfer and retained these revenues for General Fund purposes. Proposition 42 amended the constitution to require that the state sales tax on

gasoline deposited in the General Fund be transferred to the Transportation Investment Fund (Proposition 42). Therefore, if these revenues are not spillover, then they should be treated as Proposition 42 funds. The creation of this new fund does not seem compatible with the voters' desire when they approved Proposition 42.

This proposal is also inconsistent with previously adopted board policy on the infrastructure bonds, as adopted at the February 14, 2006, Orange County Transportation Authority (OCTA) Board of Directors meeting. The adopted policy states that OCTA will "oppose the use of existing transportation revenue sources to back revenue bonds."

Lastly, in a March 30, 2006, analysis of the Governor's January Budget proposal for transportation and the Strategic Growth Plan, the State Legislative Analyst's Office (LAO) states, "the use of the bonds should not crowd out other essential services that are funded by the same revenues." Using funds that should otherwise be dedicated to the PTA or to Proposition 42 diverts funds from other necessary transportation services and is therefore inconsistent with the LAO's recommendation.

Staff recommends that OCTA oppose the use of any existing transportation funds to repay General Fund obligations such as existing transportation loans or new transportation bonds.

Tribal Gaming Revenue

The tribal gaming revenues of nearly \$900 million projected in the Governor's January budget have not been realized due to litigation. To date, the state has received \$151 million in revenues and these funds are expected to be allocated by the California Transportation Commission (CTC) to the STIP. These funds have already been accounted for in the fund estimate of the recently adopted 2006 STIP.

State Highway Operation and Protection Program (SHOPP) Funding

The only major change to the SHOPP program is that project capital outlay support costs for Caltrans have been shifted from the State Highway Account (SHA) to Proposition 42, consistent with other support funding, thereby freeing up an additional \$185 million for projects.

Impact on Orange County

As stated previously, cities and counties will not receive their normal distribution of funds under Proposition 42 this year. However, the early repayment of Proposition 42 loans will provide Orange County cities and the County with approximately \$20 million for local streets and roads.

Because of the full funding for Proposition 42, OCTA will not have to deprogram projects currently in the STIP and will also receive approximately \$4.25 million from the PTA for transit operations. Non-spillover PTA revenues will provide \$11.4 million for OCTA transit operations

The proposal to divert PTA spillover funds to the Transportation Debt Service Fund means a loss of \$15.7 million to OCTA for transit operations. If this money was calculated as a Proposition 42 fund loss, this would mean a loss of \$30.6 million to Orange County. Of the \$30.6 million, \$10.6 million would have come from the STIP, \$16.9 million would have gone to local streets and roads, and \$3.1 million would have come to OCTA as PTA funds for transit operations.

Newly Analyzed Legislation

AB 343 (Huff, R-Diamond Bar) would require that beginning in FY 2007-2008, PTA "spillover" funds that are deposited into the General Fund or any other fund shall be repaid with interest, no later than three years after the transfer date. Assembly Member Huff's Office has requested OCTA's support for the bill.

Of the \$1.677 billion in statewide PTA funds that have been diverted away from transit in the past six years, OCTA has experienced a loss of \$46.4 million. These funds could have provided approximately 487,000 vehicle service hours. In the last five years, OCTA has experienced a 140 percent increase in fuel prices, yet the PTA "spillover" funds created by the higher fuel prices have been retained by the Legislature for other purposes.

AB 343 would help to provide much needed stability and predictability to transit funding. Staff recommends: SUPPORT

Summary

The Governor's May Revise fully funds Proposition 42, however it also contains a proposal to use existing transportation revenues to pay General Fund obligations associated with the infrastructure bond on the November ballot. Supporting AB 343 (Huff, R-Diamond Bar) would help provide stability for public transit funding.

Attachments

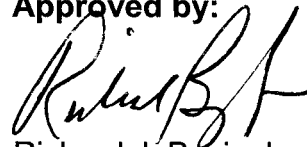
- A. Analysis of AB 343 (Huff, R-Diamond Bar)
- B. Legislative Matrix

Prepared by:



Wendy Villa
Principal Government Relations
Representative
(714) 560-5595

Approved by:



Richard J. Bacigalupo
Deputy Chief Executive Officer
(714) 560-5901

BILL: AB 343 (Huff, R-Diamond Bar)
Introduced February 10, 2005
Amended in Senate April 17, 2006

SUBJECT: Would Require that Public Transportation Account "Spillover" Funds that are diverted to the General Fund be Repaid within a Specified Time Period.

STATUS: Referred to Senate Transportation and Housing Committee

SUMMARY AS OF MAY 9, 2006:

AB 343 would require that beginning in fiscal year (FY) 2007-2008, Public Transportation Account (PTA) "spillover" funds that are deposited in the General Fund or any other fund shall be repaid with interest, no later than three years after the transfer date.

Since this bill would amend Proposition 116 (1990), a two-thirds vote of each house of the Legislature is required for passage.

Due to constitutional restrictions on the use of gas taxes, PTA funds are a dedicated source of funding for operating costs for mass transit systems, purchase of rolling stock, and capital improvements on real property that is not publicly owned.

Under current law, the State Transit Assistance (STA) program has first claim on half of annual PTA revenues. These funds are distributed by formula to transportation planning agencies and county transportation commissions for allocation to public transit operators.

Current law states that "spillover" revenues are supposed to be transferred to the PTA for public transit purposes. Spillover revenue generally occurs and is transferred to the PTA when collections from the sales tax on gasoline increase at a faster rate than all other taxable items. The transfer is based on an annual calculation prepared by the State Board of Equalization and the Department of Finance.

Foothill Transit, the sponsor's of this bill, points out that when gas prices are high, the public's need for additional transit options are exacerbated, making "spillover" funds crucial for transit agencies to pay their own fuel budgets.

Since 2001, the PTA has suffered drastic funding reductions. Table 1 illustrates that \$1.677 billion has been or is proposed to be diverted away from transit purposes.

TABLE 1:

PTA's Revenue Losses Since 2000-2001		
	\$ Amount	Redirected PTA \$ Revenues
2000-01	\$70 million	Loan to Toll Bridge Seismic Retrofit Program
	\$275 million	Loan to the Traffic Congestion Relief Fund
2002-03	\$100 million	Loan to the General Fund
2003-04	\$87.5 million	Transfer "spillover" to General Fund
	\$93.4 million	Suspension of the PTA's share of Proposition 42
2004-05	\$108 million	Divert revenue from sale of Caltrans property
	\$105.8 million	Suspension of the PTA's share of Proposition 42
	\$140 million	Transfer "spillover" to other programs
2005-06	\$380 million	Transfer "spillover" to other programs
2006-07	\$200 million	Transfer "spillover" to the General Fund
	\$117 million	Transfer "spillover" to the Bay Bridge Toll Account
Total	\$1.677 billion	

EFFECTS ON ORANGE COUNTY:

Of the \$1.677 billion in statewide PTA funds that have been diverted away from transit purposes in the past six years, the Orange County Transportation Authority (OCTA) has experienced a loss of \$46.4 million from this funding source. These funds could have provided approximately 487,000 vehicle service hours.

Despite the fact that additional "spillover" money has been generated by higher fuel prices, transit agencies have not been able to "offset" their costs by receiving these added funds. In the last 5 years, OCTA has experienced a 140 percent increase in fuel prices, yet the PTA "spillover" funds created by the higher fuel prices have been retained by the Legislature for other purposes.

Consequently, AB 343 would seek to provide added stability and predictability to public transit funding. OCTA staff recommends that the Board Support AB 343.

OCTA POSITION:

Staff recommends: SUPPORT

AMENDED IN SENATE APRIL 17, 2006
AMENDED IN ASSEMBLY MARCH 29, 2005
CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 343

Introduced by Assembly Member Huff

February 10, 2005

An act to ~~add Section 7284.5 to amend Section 7102 of the Revenue and Taxation Code, relating to taxation~~ transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 343, as amended, Huff. ~~Utility user taxes: exemption. Transportation: Public Transportation Account: funds.~~

Existing law requires sales tax revenues on all taxable sales that are paid to the state to be deposited in the Retail Sales Tax Fund. Existing law requires a portion of the sales tax on gasoline to be estimated by application of a specified formula and to be transferred to the Public Transportation Account for expenditure for various transportation purposes. However, for the 2005–06 fiscal year, existing law provides for no transfer to be made under this provision to the Public Transportation Account, and instead provides for those funds to be transferred to the General Fund. For the 2006–07 fiscal year, existing law provides for the first \$200 million of these funds to be transferred to the General Fund, and for the next \$125 million of these funds to be transferred to the Bay Area Toll Account for Bay Bridge seismic-related work. Existing law also requires the sales tax on diesel fuel to be estimated and transferred to the Public Transportation Account for expenditure for various transportation purposes, and also requires various other transfers. After these

portions of the sales tax have been transferred, all remaining sales tax revenues are transferred to the General Fund. Under Proposition 116 of 1990, the Public Transportation Account was created as a trust fund, with revenues available for appropriation for certain transportation purposes, and amendments of Proposition 116 generally require a 2/3 vote of each house of the Legislature for passage and must be consistent with the purposes of the initiative.

This bill, beginning with the 2007–08 fiscal year, would require an amount of revenue equivalent to that which would have been transferred to the Public Transportation Account under these provisions but that is instead transferred to the General Fund or any other fund or account pursuant to legislation enacted on or after January 1, 2007, to be transferred by the Controller from the recipient fund or account to the Public Transportation Account no later than the end of the 3rd fiscal year after the date of transfer to the recipient fund or account. Because this provision would amend Proposition 116, it would require a 2/3 vote of each house of the Legislature for passage.

~~Existing law authorizes the board of supervisors of any county to levy a utility user tax on the consumption of electricity, gas, water, sewer, telephone, telegraph, and cable television services in the unincorporated area of the county.~~

~~This bill would exempt from any utility user tax imposed by any jurisdiction, as defined, the consumption of natural gas by a local agency or a school district for transportation purposes if that natural gas is dispensed by a gas compressor that is separately metered and is dedicated to serve the local agency or the school district. This bill would make legislative findings and declarations regarding the statewide purposes of the bill.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~
yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7102 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 7102. The money in the fund shall, upon order of the
- 4 Controller, be drawn therefrom for refunds under this part,
- 5 credits or refunds pursuant to Section 60202, and refunds

1 pursuant to Section 1793.25 of the Civil Code, or be transferred
2 in the following manner:

3 (a) (1) All revenues, less refunds, derived under this part at
4 the 4¾-percent rate, including the imposition of sales and use
5 taxes with respect to the sale, storage, use, or other consumption
6 of motor vehicle fuel which would not have been received if the
7 sales and use tax rate had been 5 percent and if motor vehicle
8 fuel, as defined for purposes of the Motor Vehicle Fuel License
9 Tax Law (Part 2 (commencing with Section 7301)), had been
10 exempt from sales and use taxes, shall be estimated by the State
11 Board of Equalization, with the concurrence of the Department
12 of Finance, and shall be transferred quarterly to the Public
13 Transportation Account, a trust fund in the State Transportation
14 Fund.

15 (A) For the 2001–02 fiscal year, those transfers may not be
16 more than eighty-one million dollars (\$81,000,000) plus one-half
17 of the amount computed pursuant to this paragraph that exceeds
18 eighty-one million dollars (\$81,000,000).

19 (B) For the 2002–03 fiscal year, those transfers may not be
20 more than thirty-seven million dollars (\$37,000,000) plus
21 one-half of the amount computed pursuant to this paragraph that
22 exceeds thirty-seven million dollars (\$37,000,000).

23 (C) For the 2003–04 fiscal year, no transfers shall be made
24 pursuant to this paragraph, except that if the amount to be
25 otherwise transferred pursuant to this paragraph is in excess of
26 eighty-seven million four hundred fifty thousand dollars
27 (\$87,450,000), then the amount of that excess shall be
28 transferred.

29 (D) For the 2004–05 fiscal year, no transfers shall be made
30 pursuant to this paragraph, and of the amount that would
31 otherwise have been transferred, one hundred forty million
32 dollars (\$140,000,000) shall instead be transferred to the Traffic
33 Congestion Relief Fund as partial repayment of amounts owed by
34 the General Fund pursuant to Item 2600-011-3007 of the Budget
35 Act of 2002 (Chapter 379 of the Statutes of 2002).

36 (E) For the 2005-06 fiscal year, no transfers shall be made
37 pursuant to this paragraph.

38 (F) For the 2006-07 fiscal year, no transfers shall be made
39 pursuant to this paragraph, except that if the amount to be
40 otherwise transferred pursuant to this paragraph is in excess of

1 two hundred million dollars (\$200,000,000), then the amount of
2 that excess shall be transferred.

3 (2) All revenues, less refunds, derived under this part at the 4
4 3/4-percent rate, resulting from increasing, after December 31,
5 1989, the rate of tax imposed pursuant to the Motor Vehicle Fuel
6 License Tax Law on motor vehicle fuel, as defined for purposes
7 of that law, shall be transferred quarterly to the Public
8 Transportation Account, a trust fund in the State Transportation
9 Fund.

10 (3) All revenues, less refunds, derived under this part at the 4
11 3/4-percent rate from the imposition of sales and use taxes on
12 fuel, as defined for purposes of the Use Fuel Tax Law (Part 3
13 (commencing with Section 8601)) and the Diesel Fuel Tax Law
14 (Part 31 (commencing with Section 60001)), shall be estimated
15 by the State Board of Equalization, with the concurrence of the
16 Department of Finance, and shall be transferred quarterly to the
17 Public Transportation Account, a trust fund in the State
18 Transportation Fund.

19 (4) All revenues, less refunds, derived under this part from the
20 taxes imposed pursuant to Sections 6051.2 and 6201.2 shall be
21 transferred to the Sales Tax Account of the Local Revenue Fund
22 for allocation to cities and counties as prescribed by statute.

23 (5) All revenues, less refunds, derived from the taxes imposed
24 pursuant to Section 35 of Article XIII of the California
25 Constitution shall be transferred to the Public Safety Account in
26 the Local Public Safety Fund created in Section 30051 of the
27 Government Code for allocation to counties as prescribed by
28 statute.

29 (b) The balance shall be transferred to the General Fund.

30 (c) The estimates required by subdivision (a) shall be based on
31 taxable transactions occurring during a calendar year, and the
32 transfers required by subdivision (a) shall be made during the
33 fiscal year that commences during that same calendar year.
34 Transfers required by paragraphs (1), (2), and (3) of subdivision
35 (a) shall be estimated by the State Board of Equalization, with
36 the concurrence of the Department of Finance, and shall be made
37 quarterly.

38 (d) Notwithstanding the designation of the Public
39 Transportation Account as a trust fund pursuant to subdivision
40 (a), the Controller may use the Public Transportation Account for

1 loans to the General Fund as provided in Sections 16310 and
2 16381 of the Government Code. The loans shall be repaid with
3 interest from the General Fund at the Pooled Money Investment
4 Account rate.

5 *(e) Beginning with the 2007–08 fiscal year, an amount of*
6 *revenue equivalent to that which would have been transferred to*
7 *the Public Transportation Account pursuant to subdivision (a)*
8 *but that is instead transferred to the General Fund or any other*
9 *fund or account (recipient fund or account) pursuant to*
10 *legislation enacted on or after January 1, 2007, shall be*
11 *transferred by the Controller from the recipient fund or account*
12 *to the Public Transportation Account no later than the end of the*
13 *third fiscal year after the date of transfer to the recipient fund or*
14 *account.*

15 ~~(e)~~

16 *(f) The Legislature may amend this section, by statute passed*
17 *in each house of the Legislature by rollcall vote entered in the*
18 *journal, two-thirds of the membership concurring, if the statute is*
19 *consistent with, and furthers the purposes of this section.*

20 ~~SECTION 1. Section 7284.5 is added to the Revenue and~~
21 ~~Taxation Code, to read:~~

22 ~~7284.5. (a) The consumption of natural gas by a local agency~~
23 ~~or a school district for transportation purposes is exempt from~~
24 ~~any utility user tax that is imposed by any local jurisdiction, if~~
25 ~~that natural gas is dispensed by a gas compressor that is~~
26 ~~separately metered and is dedicated to serve the local agency or~~
27 ~~the school district.~~

28 ~~(b) For purposes of this section, “local jurisdiction” means any~~
29 ~~city, county, city and county, including any chartered city,~~
30 ~~county, or city and county, district, or public or municipal~~
31 ~~corporation.~~

32 ~~SEC. 2. The Legislature finds and declares that exempting the~~
33 ~~consumption of natural gas by local agencies and school districts~~
34 ~~from local utility user taxes will ensure statewide uniformity and~~
35 ~~fairness in the cost of providing vital local government services.~~
36 ~~Therefore, exempting the consumption of natural gas by local~~
37 ~~agencies and school districts from local utility user taxes is a~~
38 ~~matter of statewide concern.~~

Orange County Transportation Authority Legislative Matrix

(► Denotes changes from the last report)

OCTA Sponsor Legislation

AB 267 **AUTHOR:** Daucher [R]
TITLE: Transportation Projects
LAST AMEND: 08/15/2005
LOCATION: Senate Appropriations Committee
STATUS:
08/25/2005 In SENATE Committee on APPROPRIATIONS: Not heard.
NOTES: LP Sec. III (a) Repayment of local funds
COMMENTARY:
Sponsor bill clarifying Legislature's intent to fully reimburse, without time limits, local agencies that use local funds to advance projects in the STIP. Relevance to OCTA: Ensures reimbursement of local funds expended on STIP projects.
Position: Sponsor

► AB 2538 **AUTHOR:** Wolk [D]
TITLE: Transportation Funds
LAST AMEND: 04/26/2006
LOCATION: Assembly Appropriations Committee
STATUS:
04/26/2006 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.
COMMENTARY:
Authorizes each transportation planning agency or county transportation commission to request and receive up to 5% of federal metropolitan planning funds for the purposes of project planning, programming, and monitoring. Establishes a minimum amount allocated for this purpose.
Position: Co-Sponsor

Bills with Official Positions

AB 372	<p>AUTHOR: Nation [D] TITLE: Public Contracts: Transit Design-Build Contracts LAST AMEND: 01/11/2006 LOCATION: Senate Transportation and Housing Committee STATUS: 01/26/2006 To SENATE Committee on TRANSPORTATION AND HOUSING. COMMENTARY: Authorizes Transit Operators to enter into a design-build contracts. Position: Support</p>
AB 1118	<p>AUTHOR: Umberg [D] TITLE: Nonhighway Vehicles: Disclosure LAST AMEND: 04/19/2005 LOCATION: Senate Transportation and Housing Committee STATUS: 06/02/2005 To SENATE Committee on TRANSPORTATION AND HOUSING. COMMENTARY: Requires manufacturers of non-highway vehicles, including but not limited to pocketbikes, place a notice on the vehicles that they cannot be operated on highways. Position: Watch</p>
AB 2361	<p>AUTHOR: Huff [R] TITLE: Transportation: Federal Funds: Border Infrastructure LAST AMEND: 03/28/2006 LOCATION: Assembly Appropriations Committee STATUS: 04/17/2006 From ASSEMBLY Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS. COMMENTARY: Exempts federal funds derived from apportionments made to the state under the coordinated border infrastructure program from being subject to the funding distribution and fair share formulas. Requires these funds to be programmed by the Transportation Commission through a competitive grant program separate from the state transportation improvement program in a manner consistent with federal law. Position: Support</p>
ACA 4	<p>AUTHOR: Plescia [R] TITLE: Transportation Investment Fund LAST AMEND: 05/09/2005 LOCATION: Assembly Appropriations Committee STATUS: 01/09/2006 From ASSEMBLY Committee on TRANSPORTATION: Be adopted to Committee on APPROPRIATIONS. NOTES: LP Proposition 42 COMMENTARY: Deletes Proposition 42 suspension provisions. Relevance to OCTA: Ensures that OCTA, Orange County, and cities receive their share of Proposition 42 annually allowing for better project planning and delivery. Position: Support</p>

ACA 11 **AUTHOR:** Oropeza [D]
TITLE: Transportation Funds: Loans
LOCATION: Assembly Appropriations Committee
STATUS:
01/09/2006 From ASSEMBLY Committee on TRANSPORTATION: Do
pass to Committee on APPROPRIATIONS.

COMMENTARY:
Deletes Proposition 42 suspension provisions. Permits up to 2 loans of Proposition 42 funds to the General Fund or to any other state fund or account in a 10 year period provided the first loan is repaid in full prior to permitting a second loan. Relevance to OCTA: Provides better protection of Proposition 42 allowing for better project planning and delivery.
Position: Watch

SB 208 **AUTHOR:** Alquist [D]
TITLE: Transportation Projects: Electronic Fund Transfers
LAST AMEND: 05/31/2005
LOCATION: Assembly Transportation Committee
STATUS:
06/27/2005 In ASSEMBLY Committee on TRANSPORTATION: Not
heard.
NOTES: LP Sec. III (h) Removing funding barriers
COMMENTARY:
Requires Caltrans to implement a rapid electronic funds transfer system by June 30, 2006. Relevance to OCTA: Expedites the reimbursement of local funds expended on STIP projects.
Position: Support

► SB 1726 **AUTHOR:** Lowenthal [D]
TITLE: Vehicles: Commercial and Common Carriers: Lamps
LAST AMEND: 04/19/2006
LOCATION: Senate Third Reading File
STATUS:
05/10/2006 In SENATE. Read second time. To third reading.

COMMENTARY:
This bill would authorize buses, operated by a publicly owned transit system on regularly scheduled service, to be equipped with certain illuminated signs, as specified. The bill would require that the illuminated signs adhere to certain specifications.
Position: Support

► SB 1812 **AUTHOR:** Runner G [R]
TITLE: Department of Transportation: Surface Transportation
LAST AMEND: 05/02/2006
LOCATION: Senate Appropriations Committee
STATUS:
05/02/2006 In SENATE. Read second time and amended. Re-referred
to Committee on APPROPRIATIONS.

COMMENTARY:
Authorizes the Director of Transportation to consent to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities assumed pursuant to the surface transportation project delivery pilot program. Requires the department to submit a specified report relating to the program.
Position: Support

► SCA 7

AUTHOR: Torlakson [D]
TITLE: Loans of Transportation Revenues and Funds
ADOPTED: 05/06/2006
LOCATION: Chaptered

STATUS:
05/09/2006 Chaptered by Secretary of State.
05/09/2006 Resolution Chapter No. 49

COMMENTARY:

Currently proposes non-substantive changes to the provision of the constitution allowing the suspension of Proposition 42. This is a spot bill for potential Proposition 42 reforms.

Position: Support

Bills being Monitored

► AB 713	<p>AUTHOR: Torrico [D] TITLE: High-Speed Passenger Train Bond Act LOCATION: Senate Second Reading File STATUS: 05/04/2006 <i>Withdrawn from SENATE Committee on TRANSPORTATION AND HOUSING.</i></p> <p>COMMENTARY: Puts the \$9.95 billion High Speed Rail Bond Act on the Nov. 8, 2008 ballot. Position: Monitor</p>
AB 948	<p>AUTHOR: Oropeza [D] TITLE: Design-Build and Transit Operators LAST AMEND: 04/13/2005 FILE: A-17 LOCATION: Senate Inactive File STATUS: 07/11/2005 In SENATE. To Inactive File.</p> <p>COMMENTARY: Metrolink sponsored bill that would lower the threshold for design build from \$50 million to \$25 million. Would also require a labor compliance program if there is no collective bargaining agreement. Position: Monitor</p>
AB 1010	<p>AUTHOR: Oropeza [D] TITLE: Rail Transit LAST AMEND: 04/06/2005 LOCATION: Senate Energy, Utilities and Communications Committee STATUS: 06/09/2005 To SENATE Committee on ENERGY, UTILITIES AND COMMUNICATIONS.</p> <p>COMMENTARY: Transfers responsibility for rail grade crossing safety from PUC to Caltrans. Position: Monitor</p>
AB 1157	<p>AUTHOR: Frommer [D] TITLE: Rail Safety and Traffic Mitigation Bond Act of 2006 LAST AMEND: 02/08/2006 LOCATION: Senate Transportation and Housing Committee STATUS: 02/08/2006 From SENATE Committee on TRANSPORTATION AND HOUSING with author's amendments. 02/08/2006 In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.</p> <p>COMMENTARY: States the intent of the Legislature to enact legislation providing for a general obligation bond act to be submitted to the voters for approval in order to provide funding for a program to eliminate the most dangerous railroad-highway grade crossings in the state, as identified by the Public Utilities Commission, with funds to be allocated by the Transportation Commission. Position: Monitor</p>

AB 1699 **AUTHOR:** Frommer [D]
TITLE: Transportation: Highway Construction
LAST AMEND: 05/27/2005
LOCATION: Senate Transportation and Housing Committee
STATUS:
06/15/2005 To SENATE Committee on TRANSPORTATION AND HOUSING.
COMMENTARY:
Authorizes Caltrans or self help counties to construct up to 8 toll road HOT lane projects using design build. Contains a labor compliance component.
Position: Monitor

AB 1783 **AUTHOR:** Nunez [D]
TITLE: Infrastructure Financing
INTRODUCED: 01/04/2006
LOCATION: ASSEMBLY
STATUS:
01/04/2006 INTRODUCED
COMMENTARY:
This bill would provide for the financing of state and local government infrastructure through various funding sources. This is Assembly Democrats Infrastructure Bond Proposal.
Position: Monitor

AB 1838 **AUTHOR:** Oropeza [D]
TITLE: Transportation Bond Acts of 2006, 2008, and 2012
INTRODUCED: 01/10/2006
LOCATION: ASSEMBLY
STATUS:
01/10/2006 INTRODUCED
COMMENTARY:
This bill would authorize general obligation bonds for various transportation purposes, pledges a percentage of existing fuel excise taxes and truck weight fees to offset the cost of the bond debt service, and authorizes transportation entities to use a design-build process for contracting on transportation projects. This is the Administrations Infrastructure Bond Proposal. Identical to SB 1165.
Position: Monitor

AB 1974 **AUTHOR:** Walters [R]
TITLE: High Occupancy Vehicle Lanes
INTRODUCED: 02/09/2006
LOCATION: Assembly Transportation Committee
STATUS:
04/24/2006 In ASSEMBLY Committee on TRANSPORTATION: Not heard.
COMMENTARY:
Authorizes any county board of supervisors to authorize the use of high occupancy vehicle lanes on the state highway system within the county by any highway vehicle, providing that this use is consistent with federal law.
Position: Monitor

► AB 1990	<p>AUTHOR: Walters [R] TITLE: Eminent Domain LAST AMEND: 04/03/2006 LOCATION: Assembly Housing and Community Development Committee STATUS: 04/26/2006 <i>In ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT: Failed passage.</i> 04/26/2006 <i>In ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT: Reconsideration granted.</i></p> <p>COMMENTARY: Prohibits a city, county, special district, school district, community redevelopment agency, or community development commission or joint powers agency from exercising the power of eminent domain to acquire any real property if ownership of the property will be transferred to a private party or private entity. Provides exceptions.</p> <p>Position: Monitor</p>
AB 2025	<p>AUTHOR: Niello [R] TITLE: Design Build Contracts INTRODUCED: 02/14/2006 LOCATION: Assembly Transportation Committee STATUS: 04/17/2006 <i>In ASSEMBLY Committee on TRANSPORTATION: Heard, remains in Committee.</i></p> <p>COMMENTARY: Authorizes the Department of Transportation to contract using the design-build process for the design and construction of transportation projects. Requires the director of the department to establish a prequalification and selection process.</p> <p>Position: Monitor</p>
AB 2028	<p>AUTHOR: Huff [R] TITLE: Transportation Funding INTRODUCED: 02/14/2006 LOCATION: ASSEMBLY STATUS: 02/14/2006 INTRODUCED</p> <p>COMMENTARY: States the intent of the Legislature to provide an appropriation in the Budget Act of 2007 or in related legislation during the 2007-08 fiscal year to repay fully all funds that would have been transferred to the Transportation Investment Fund in previous fiscal years, but for the enactment of statutes providing for the suspension of those transfers.</p> <p>Position: Monitor</p>
► AB 2128	<p>AUTHOR: Torrico [D] TITLE: Tax: Credits: Commuter Benefits LAST AMEND: 05/03/2006 LOCATION: Assembly Revenue and Taxation Committee STATUS: 05/08/2006 <i>In ASSEMBLY Committee on REVENUE AND TAXATION: Failed passage</i></p> <p>COMMENTARY: Relates to the Personal Income Tax and Corporation Tax laws. Authorizes a credit against those taxes for the costs incurred by a qualified taxpayer to provide commuter benefits to its employees.</p> <p>Position: Monitor</p>

- AB 2210 **AUTHOR:** Goldberg [D]
TITLE: Tow Trucks: Regulating
LAST AMEND: 05/08/2006
LOCATION: Assembly Appropriations Committee
STATUS:
05/08/2006 *From ASSEMBLY Committee on APPROPRIATIONS with author's amendments.*
05/08/2006 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*
- COMMENTARY:**
Allows local authorities to license and regulate tow truck service companies and their operators. Requires a towing company to provide a photo copy of the written authorization to a vehicle owner or an agent of that owner.
Position: Monitor
- AB 2286 **AUTHOR:** Torrico [D]
TITLE: Infrastructure Financing Districts in Housing Zones
LAST AMEND: 05/04/2006
LOCATION: Assembly Second Reading File
STATUS:
05/04/2006 *From ASSEMBLY Committee on LOCAL GOVERNMENT: Do pass as amended to Committee on APPROPRIATIONS.*
- COMMENTARY:**
Authorizes the legislative body of a city or county to designate one or more proposed infrastructure financing districts in housing opportunity zones to be financed by tax increment financing.
Position: Monitor
- AB 2290 **AUTHOR:** DeVore [R]
TITLE: State Highway Facilities Designated for Trucks: Fees
LAST AMEND: 04/04/2006
LOCATION: Assembly Transportation Committee
STATUS:
04/24/2006 *In ASSEMBLY Committee on TRANSPORTATION: Failed passage.*
- COMMENTARY:**
Authorizes the Department of Transportation or regional transportation agencies to enter into comprehensive development franchise agreements with public and private entities for the construction of transportation projects on state highways designated for exclusive use of commercial trucks. Authorizes user fees to be collected during the franchise agreement period, and authorizes the Transportation Commission to approve continuation of those fees after termination of the agreement.
Position: Monitor
- AB 2295 **AUTHOR:** Arambula [D]
TITLE: Transportation Capital Improvement Projects
INTRODUCED: 02/22/2006
LOCATION: Senate Transportation and Housing Committee
STATUS:
05/04/2006 *To SENATE Committee on TRANSPORTATION AND HOUSING.*
- COMMENTARY:**
States that local road rehabilitation projects are eligible for funds allocated for transportation capital improvement funds.
Position: Monitor

► AB 3047	<p>AUTHOR: Canciamilla [D] TITLE: Toll Road Agreements LAST AMEND: 04/26/2006 LOCATION: Assembly Appropriations Committee STATUS: 04/26/2006 <i>In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.</i></p> <p>COMMENTARY: Authorize the Department of Transportation to enter into no more than 20 comprehensive toll road development franchise agreements with public and private entities for specified types of transportation projects. Authorizes tolls to be collected after the termination of a franchise agreement period. Requires a franchise agreement to allow the department to open a competitive state facility in the same corridor and to construct and operate high-occupancy vehicle and other preferential lanes as toll facilities. Position: Monitor</p>
ACA X1 4	<p>AUTHOR: Keene [R] TITLE: State Finances LAST AMEND: 04/11/2005 LOCATION: Assembly Budget Process Committee STATUS: 04/11/2005 From ASSEMBLY Committee on BUDGET PROCESS with author's amendments. 04/11/2005 In ASSEMBLY. Read second time and amended. Re-referred to ASSEMBLY Committee on BUDGET PROCESS.</p> <p>COMMENTARY: Administration's budget report proposal which includes Proposition 98 reform and Proposition 42 protections. Position: Monitor</p>
ACA 5	<p>AUTHOR: Richman [R] TITLE: Public Retirement Systems INTRODUCED: 12/06/2004 LOCATION: Assembly Public Employees, Retirement and Social Security Committee STATUS: 04/14/2005 To ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT, AND SOCIAL SECURITY</p> <p>COMMENTARY: Proposes a constitutional amendment that would prohibit new employees, hired after July 1, 2007, from participating in a defined benefit plan. These employees would be limited to a defined contribution plan or retirement system. Position: Monitor</p>
ACA 7	<p>AUTHOR: Nation [D] TITLE: Local Governmental Taxation LOCATION: Assembly Appropriations Committee STATUS: 05/25/2005 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.</p> <p>COMMENTARY: Lowers voter threshold to 55% for special tax measures. Position: Monitor</p>

ACA 9	<p>AUTHOR: Bogh [R] TITLE: Motor Vehicle Fuel Sales Tax Revenue LOCATION: Assembly Appropriations Committee STATUS: 01/09/2006 From ASSEMBLY Committees on TRANSPORTATION: Be adopted to the Committee on APPROPRIATIONS.</p> <p>COMMENTARY: Would amend Prop 42 to require 4/5ths of the legislature to suspend transfer instead of the current 2/3rds. Position: Monitor</p>
► ACA 22	<p>AUTHOR: La Malfa [R] TITLE: Eminent Domain: Condemnation Proceedings LAST AMEND: 01/26/2006 LOCATION: Assembly Housing and Community Development Committee STATUS: 05/10/2006 <i>In ASSEMBLY Committees on HOUSING AND COMMUNITY DEVELOPMENT: Failed passage.</i></p> <p>COMMENTARY: Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use. Position: Monitor</p>
ACA 27	<p>AUTHOR: McCarthy [R] TITLE: State Budget: Capital Outlay LOCATION: ASSEMBLY STATUS: 01/25/2006 INTRODUCED</p> <p>COMMENTARY: Requires that the budget submitted to the Legislature by the Governor allocate, and that the Budget Bill as passed by the Legislature and as signed by the Governor appropriate, General Fund revenues to fund capital outlay projects of statewide significance and interest in an annual amount determined pursuant to a specified schedule. Position: Monitor</p>
SB 53	<p>AUTHOR: Kehoe [D] TITLE: Redevelopment LAST AMEND: 08/15/2005 LOCATION: Assembly Local Government Committee STATUS: 08/15/2005 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments. 08/15/2005 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.</p> <p>COMMENTARY: Requires redevelopment plans to contain a description of the agency's program to acquire real property by eminent domain, including prohibitions, if any, on the use of eminent domain, and a time limit for the commencement of eminent domain proceedings. Position: Monitor</p>

SB 153	<p>AUTHOR: Chesbro [D] TITLE: Clean Water, Safe Parks, Coastal Protection LAST AMEND: 09/02/2005 LOCATION: Assembly Appropriations Committee STATUS: 09/02/2005 From ASSEMBLY Committee on APPROPRIATIONS with author's amendments. 09/02/2005 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.</p> <p>COMMENTARY: General Obligation Bond for water, parks and open space. Position: Monitor</p>
SB 172	<p>AUTHOR: Torlakson [D] TITLE: Bay Area State-Owned Toll Bridge: Financing LAST AMEND: 05/27/2005 LOCATION: Assembly Transportation Committee STATUS: 06/13/2005 To ASSEMBLY Committee on TRANSPORTATION.</p> <p>COMMENTARY: Gives the Bay Area Toll Authority more control over Caltrans construction of toll bridge seismic retrofits in the Bay Area. Requires quarterly reports by Caltrans the projects. Position: Monitor</p>
SB 371	<p>AUTHOR: Torlakson [D] TITLE: Public Contracts: Design-Build: Transportation LAST AMEND: 01/23/2006 LOCATION: ASSEMBLY STATUS: 01/30/2006 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.</p> <p>COMMENTARY: Design-build spot bill to be jointly authored by Senators Torlakson and Runner. Position: Monitor</p>
SB 427	<p>AUTHOR: Hollingsworth [R] TITLE: Environmental Quality Act: Scoping Meetings LAST AMEND: 01/04/2006 LOCATION: Assembly Natural Resources Committee STATUS: 02/16/2006 To ASSEMBLY Committee on NATURAL RESOURCES</p> <p>COMMENTARY: Requires at least one scoping meeting for a project and requires the lead agency to consult with transportation planning agencies that could be affected by a project. Requires notice of at least one scoping meeting be provided to those agencies required to be consulted concerning the project and to require, in the consultation, the project's effect on overpasses, on-ramps, and off-ramps. Position: Monitor</p>

SB 459 **AUTHOR:** Romero [D]
TITLE: Air Pollution: South Coast District: Locomotives
LAST AMEND: 04/12/2005
LOCATION: Assembly Transportation Committee
STATUS:
06/27/2005 In ASSEMBLY Committee on TRANSPORTATION: Heard,
remains in Committee.
COMMENTARY:
Authorizes SCAQMD to collect a fee associated with locomotive air pollution and to
expend it for specified mitigation purposes including railroad grade crossings.
Position: Monitor

SB 760 **AUTHOR:** Lowenthal [D]
TITLE: Ports: Congestion Relief: Security Enhancement
LAST AMEND: 05/27/2005
LOCATION: Assembly Appropriations Committee
STATUS:
06/27/2005 From ASSEMBLY Committee on NATURAL RESOURCES:
Do pass to Committee on APPROPRIATIONS.
COMMENTARY:
Authorizes the Ports of Los Angeles and Long Beach to impose a \$30 fee on each
Twenty foot Equivalent Unit (TEU). The Port would retain \$10 for improvements
and would forward \$10 to AQMD for air quality mitigation, and \$10 to the CTC to
use on railroad improvement projects in Orange and other counties.
Position: Monitor

SB 832 **AUTHOR:** Perata [D]
TITLE: CEQA: Infill Development
LAST AMEND: 05/04/2005
LOCATION: Assembly Inactive File
STATUS:
03/02/2006 In ASSEMBLY. To Inactive File.
COMMENTARY:
Relates to infill development under the California Environmental Quality Act.
Provides an alternative to infill criteria if the site is located in a city with a population
of more than 200,000 persons, the site is not more than 10 acres, and the project
does not have less than 200 or more than 300 residential units, as adopted by a
resolution of the city council. Bill intended to be linked to SB 1024 Infrastructure
Bond.
Position: Monitor

SB 1024 **AUTHOR:** Perata [D]
TITLE: Public Works and Improvements: Bond Measure
LAST AMEND: 01/26/2006
LOCATION: ASSEMBLY
STATUS:
01/30/2006 In SENATE. Read third time. Passed SENATE. *****To
ASSEMBLY.
COMMENTARY:
Enacts the Essential Facilities Seismic Retrofit Bond Act of 2005 to place a \$10.3
billion general obligation bond before voters to funds seismic retrofit of essential
facilities, including the Bay Bridge, repay Proposition 42 loans, and to facilitate
goods movement.
Position: Monitor

- SB 1161 **AUTHOR:** Alarcon [D]
TITLE: State Highways: Design-Sequencing Contracts
LAST AMEND: 05/02/2006
LOCATION: Senate Second Reading File
STATUS:
05/02/2006 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*
- COMMENTARY:**
Relates to existing law authorizing the Department of Transportation, to conduct a pilot project to award design-sequencing contracts for the design and construction of not more than 12 transportation projects. Authorizes the department to award contracts for projects using the design-sequencing contract method, certain requirements are met.
Position: Monitor
- SB 1165 **AUTHOR:** Dutton [R]
TITLE: Transportation Bond Acts of 2006, 2008, and 2012
INTRODUCED: 01/10/2006
LOCATION: Senate Transportation and Housing Committee
STATUS:
01/19/2006 To SENATE Committees on TRANSPORTATION AND HOUSING and ENVIRONMENTAL QUALITY.
- COMMENTARY:**
This bill would authorize general obligation bonds for various transportation purposes, pledges a percentage of existing fuel excise taxes and truck weight fees to offset the cost of the bond debt service, and authorizes transportation entities to use a design-build process for contracting on transportation projects. This is the Administrations Infrastructure Bond Proposal. Identical to AB 1838.
Position: Monitor
- SB 1431 **AUTHOR:** Cox [R]
TITLE: Public Contracts: Design-Build Contracting: Cities
LAST AMEND: 04/18/2006
LOCATION: Senate Appropriations Committee
STATUS:
05/08/2006 *In SENATE Committee on APPROPRIATIONS: To Suspense File.*
- COMMENTARY:**
Permits any city with the approval of the city council, county boards of supervisors, and special districts to enter into specified design-build contracts in accordance with specified provisions. Requires that contracts costing more than a specified amount by those cities, counties or districts to be awarded to the lowest responsible bidder. Requires the Legislative Analyst's Office to report to the Legislature regarding the effectiveness of the design-build program.
Position: Monitor

► SB 1593	<p>AUTHOR: Runner G [R] TITLE: Vehicles: Removal: Storage LAST AMEND: 04/27/2006 LOCATION: Senate Judiciary Committee STATUS: 05/04/2006 <i>In SENATE. Read second time. To third reading.</i> COMMENTARY: Revises provisions of existing law that requires as part of the conditions under which a vehicle may be removed from private property that a sign of specified dimensions and specified size for lettering conveying specified information be posted on the property. Also requires a towing company to post a \$25,000 bond, to hold a valid motor carrier permit, and to provide copies of the bond and permit to the owner, owner's agent, or person in lawful possession of the private property. Provides for tow company liability. Position: Monitor</p>
SCA 15	<p>AUTHOR: McClintock [R] TITLE: Eminent Domain: Condemnation Proceedings LAST AMEND: 08/23/2005 LOCATION: Senate Judiciary Committee STATUS: 08/30/2005 <i>In SENATE Committee on JUDICIARY: Failed passage.</i> 08/30/2005 <i>In SENATE Committee on JUDICIARY: Reconsideration granted.</i> COMMENTARY: Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use. Position: Monitor</p>
SCA 20	<p>AUTHOR: McClintock [R] TITLE: Eminent Domain: Condemnation Proceedings INTRODUCED: 01/11/2006 LOCATION: Senate Judiciary Committee STATUS: 04/25/2006 <i>In SENATE Committee on JUDICIARY: Failed passage.</i> 04/25/2006 <i>In SENATE Committee on JUDICIARY: Reconsideration granted.</i> COMMENTARY: Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use. Position: Monitor</p>
SCA 21	<p>AUTHOR: Runner G [R] TITLE: State Budget INTRODUCED: 01/11/2006 LOCATION: Senate Budget and Fiscal Review Committee STATUS: 03/02/2006 <i>In SENATE Committee on BUDGET AND FISCAL REVIEW: Heard, remains in Committee</i> COMMENTARY: Administration's General Fund GO Bond 6% Debt Cap Proposal Position: Monitor</p>



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{OK} Wendy Knowles, Clerk of the Board
Subject Review of the Santa Ana Base Construction Project, Contract Change Orders

Finance and Administration Committee

May 10, 2006

Present: Directors Wilson, Duvall, Campbell, Correa and Cavecche
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the Santa Ana Base Construction Audit, Review of Contract Change Orders for Contract C-3-0022 with Swinerton Builders from July 2004 through September 2005, Internal Audit Report No. 05-031.



May 10, 2006

To: Finance and Administration Committee
From: Arthur T. Leahy, ^{rw}Chief Executive Officer
Subject: Review of the Santa Ana Base Construction Project, Contract Change Orders

Overview

The Internal Audit Department has completed a review of the Santa Ana Base Construction Project, contract change orders for Contract C-30022 with Swinerton Builders. The report included a recommendation that management consider a procedure for reporting a minimum of quarterly the status of all unilateral change orders to Orange County Transportation Authority senior management and the Board of Directors. Management believes the current reporting process is reasonable.

Recommendation

Receive and file the Santa Ana Base Construction Audit, Review of Contract Change Orders for Contract C-3-0022 with Swinerton Builders from July 2004 through September 2005, Internal Audit Report No. 05-031.

Background

In April 2003, the Orange County Transportation Authority (OCTA) Board of Directors approved a contract with Swinerton Builders (Swinerton) for construction of the base in the City of Santa Ana. The base was opened as the new location for 212 buses on May 15, 2005.

Final acceptance of the completed project is still outstanding because of miscellaneous items that need to be completed on the project. OCTA and Swinerton have an escrow account in lieu of retention with a balance of \$3,754,002 as of October 12, 2005. This balance is payable to Swinerton from the escrow account holder when OCTA certifies that the contract is final and complete and that Swinerton has complied with all requirements and procedures applicable to the contract.

The contract with MARRS Services (MARRS) has been extended to December 31, 2006, in order to provide construction management services to OCTA for the completion of offsite work and to address potential construction claims.

Discussion

The Internal Audit Department reviewed change order numbers 26 through 49 that covered the period July 2004, through September 2005, for a total dollar value of \$1,421,022. A judgmental sample of these change orders totaling \$472,429, or approximately 33 percent of these change orders, was selected for testing. The testing included review of adequate supporting documentation and required approvals.

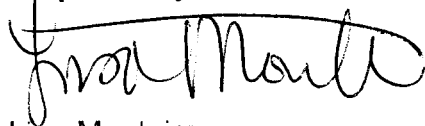
Summary

Based on Internal Audit's review, management has followed existing policies and procedures regarding the issuing of contract change orders. OCTA senior management is satisfied with the existing reporting requirements for unilateral change orders.

Attachments

- A. Santa Ana Bus Base Construction Audit, Review of Contract Change Orders for Contract C-3-0022 with Swinerton Builders, Internal Audit Report No. 05-031
- B. Response to Internal Audit Report No. 05-031
- C. Limited Review of the Santa Ana Base Construction Project, Close-out Memo, Internal Audit Report No. 05-031

Prepared by:



Lisa Monteiro
Acting Manager, Internal Audit
(714) 560-5669

Approved by:



Richard J. Badigalupo
Deputy Chief Executive Officer
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INTEROFFICE MEMO

March 15, 2006

To: Stan Phernambucq, Executive Director
Construction and Engineering

From: Gerry Dunning, Senior Internal Auditor *GD*
Internal Audit

Subject: **Santa Ana Bus Base Construction Audit, Review of Contract Change Orders for Contract C-3-0022 with Swinerton Builders from July 2004, through September 2005, Internal Audit Report No. 05-031**

Conclusion

The Internal Audit Department has completed a review of controls over the approval of contract change orders during the construction of the Santa Ana Bus Base. **In Internal Audit's opinion**, management has followed existing Board policy in issuing contract change orders. Internal Audit is recommending that management now consider additional reporting procedures regarding unilateral change orders.

Background

In April 2003, the Board of Directors approved a contract for \$35,653,000 with Swinerton Builders (Swinerton) for the construction of a new bus base in the City of Santa Ana. The base was opened as the new location for 212 buses on May 15, 2005.

Final acceptance of the completed project is still outstanding because of miscellaneous items that need to be completed on the project. Orange County Transportation Authority (OCTA) and Swinerton have an escrow account in lieu of retention with a balance of \$3,754,002 as of October 12, 2005. This balance is payable to Swinerton from the escrow account holder when OCTA certifies that the contract is final and complete, and that Swinerton has complied with all requirements and procedures applicable to the contract.

A contract with MARRS Services (MARRS) to provide construction management services for OCTA has been extended to June 30, 2006, for the completion of offsite work and to address potential construction claims.

Purpose and Scope

The audit objective was to review the contract change orders (CCO's) that have been added since the last audit titled Santa Ana Bus Base Construction Audit, Internal Audit Report No. 04.052. The scope of the CCO's reviewed for this audit were CCO's numbered 26 through 49 that covered the period July 2004, through September 2005, for a total dollar value of \$1,421,022. A judgmental sample of CCO's totaling \$472,429, or approximately 33 percent of the CCO's, was selected for testing. The testing included review of selected CCO's for adequate supporting documentation and required approvals. The audit work also included review of the agreement and interviews with key personnel.

The audit was performed as part of the continuing work of Internal Audit to assist management in the discharge of their responsibilities and to protect the integrity of OCTA operations and assets.

Contract Change Orders Summary

The CCO process provided by OCTA's construction contract with Swinerton is as follows:

1. OCTA submits a Request for Information to Swinerton Builders for a potential CCO.
2. Swinerton Builders prepares a Change Order Request with the scope of work and the cost estimate for the change.
3. Swinerton sends the Change Order Request to OCTA for approval.
4. If OCTA agrees with the terms of the Change Order Request, then the Senior Project Manager, Construction and Engineering, processes the request.

OCTA then prepares a Contract Change Order that is forwarded to Swinerton Builder's representative for signature to accept the terms of the change.

The CCO is then forwarded to the following representatives of OCTA for recommendation of approval by receiving signatures from:

- Architect-Engineer, Boyle Engineering
- Senior Project Manager, Construction and Engineering
- Executive Director, Construction and Engineering

- Manager of Contracts Administration and Materials Management

Final approval of the change order becomes effective after receiving signatures from:

- Chief Executive Officer
- Board of Directors if the change exceeds \$100,000

OCTA's contract with Swinerton also provides for a unilateral change order process if necessary. A unilateral change order is created when OCTA does not agree with the terms of the Change Order Request prepared by Swinerton. When this happens, the unilateral change order is created by OCTA reflecting a fair and reasonable cost estimate for the extra work or credit due and signed by the OCTA representatives listed above.

Change Order Background

As of October 12, 2005, there have been 49 CCO's authorized by OCTA totaling \$2,396,668, or approximately 7 percent of the original contract value of \$35,653,000. Based on standard industry practice it is reasonable for CCO's on a project of this size to approach 10 percent of the cost according to project staff. OCTA expects to have additional CCO's that will be requested for approval in the next few months prior to completion of the project. The CCO's can either increase or decrease the scope of work.

Unilateral change orders are defined as "a contract modification that is signed only by the contracting official to make unilateral changes to the scope of work". Unilateral change orders are standard industry practice when the two parties cannot agree on all of the specific terms and conditions. OCTA follows the same evaluation procedures as standard change orders for the unilateral change orders. A cost/price analysis is conducted to determine that the price proposed is fair and reasonable.

The use of the unilateral change order allows the project to continue forward without delays as well as allows payment to the contractor for the work performed.

Change Order Summary			
Swinerton			
Contract C-3-0022			
		#	amount
No. 1-25 at first audit prior to 7/1/2004	unilateral	6	\$ 163,208.07
No. 1-25 at first audit prior to 7/1/2004	agreed to	19	\$ 812,438.04
Total first audit			\$ 975,646.11
No. 26-49 at current audit after 7/1/2004	unilateral	21	\$1,091,843.00
No. 26-49 at current audit after 7/1/2004	agreed to	3	\$ 329,179.00
Total this audit			\$1,421,022.00
Total Change orders as of 10/12/2005		unilateral	\$1,255,051.07
Total Change orders as of 10/12/2005		agreed to	\$1,141,617.04
Total Change orders as of 10/12/2005		49	\$2,396,668.11

Based on the review, there appears to be a well-controlled and documented authorization and approval process over CCO's. The change order documentation indicated that all CCO's have been reviewed and approved by Boyle Engineering, Contract & Materials Management (Camm), Construction and Engineering and the Chief Executive Officer, and was considered fair and reasonable. However, Internal Audit does have the following observation.

Observation

As of October 12, 2005, \$1,255,051, or approximately 52 percent of CCO dollars have been unilateral change orders. OCTA has agreed to pay this amount based on what OCTA thinks is fair and reasonable. The contractor has not agreed to these CCO's, and the final resolution of these changes has not yet been determined. The work on these CCO's has been completed by the contractor. As with any construction contract, the contractor would now have to file a claim detailing any reasons or justification for adjustments to the contract pricing. Any claims filed would need to be reviewed and negotiated by OCTA.

Based on discussions with OCTA representatives, the contractor has refused to approve most of the unilateral change orders without adding a time extension to the contract completion date and the contractor has provided no

evidence to justify a time extension. The Swinerton Change Order Requests state that the extension of time is "To Be Determined."

Recommendation

Internal Audit recommends for future projects that management include a requirement to report to Senior Management and the Board, on a minimum of a quarterly basis, the status of all unilateral change orders issued on a project.

Summary

Management has followed existing policies and procedures regarding the issuing of CCO's. We are recommending additional reporting requirements to improve internal controls on future projects.

Internal Audit requests that the Executive Director, Construction and Engineering, respond to our recommendation by March 24, 2006. Responses should be directed to Gerry Dunning, Senior Internal Auditor.

Internal Audit appreciates the cooperation provided by the Construction and Engineering Department, CAMM, and Finance and Accounting staff.

Audit performed by: Gerry Dunning, In-Charge Auditor
 Maria Robledo

c: Rick Bacigalupo
 Jim Kenan
 Virginia Abadessa
 Charlie Clark
 Bob Duffy
 Charlie Guess
 Jim Kramer
 Kathleen Perez



INTEROFFICE MEMO

March 22, 2006

To: Gerry Dunning, Senior Internal Auditor, Internal Audit

From: Stanley Phernambucq, Executive Director,
Construction & Engineering

Subject: **Response to Internal Audit Report No. 05-031**

The Construction & Engineering Division has reviewed the Santa Ana Bus Base Construction Audit, Review of Contract Change Orders for Contract C-3-0022 with Swinerton Builders from July 2004, through September 2005, Internal Audit Report No. 05-031. This memorandum responds to recommendation included in the report.

The internal audit report states that the project and change orders are in conformance with the requirements of the agreement. However, the Internal Audit department is recommending additional reporting to executive management and to the Board of Directors.

Recommendation

"Internal Audit recommends for future projects that management include a requirement to report to Senior Management and the Board, on a minimum of a quarterly basis, the status of all unilateral change orders issued on a project."

Response


Current OCTA policies and procedures address the issue of Change Order reports. The Construction & Engineering Division does not believe there is a need for additional reporting requirements.



INTEROFFICE MEMO

March 29, 2006

To: Stan Phernambucq, Executive Director,
Construction & Engineering

From: Gerry Dunning, Senior Internal Auditor 
Internal Audit

Subject: **Limited Review of the Santa Ana Base Construction Project,
Close-out Memo, Internal Audit Report No. 05-031**

Internal Audit has received and concurs with management's response to the recommendation issued in the review of the Santa Ana Base Construction Project, Internal Audit Report No. 05-031.

OCTA management has considered the recommendation for additional reporting requirements on the status of unilateral change orders and feels that there is not a need for additional reporting. Internal Audit appreciates the response and cooperation received during the audit.

Attachment: Management Response Memo Dated March 22, 2006

Cc: Rick Bacigalupo
Jim Kenan
Virginia Abadessa
Bob Duffy
Charlie Guess
Charlie Clark
Jim Kramer
Kathleen Perez



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Audit Report on Third Quarter Parts Inventory Count

Finance and Administration Committee

May 10, 2006

Present: Directors Wilson, Duvall, Campbell, Correa and Cavecche
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the Third Quarter Parts Inventory Count, Internal Audit Report No. 06-028.



May 10, 2006

To: Finance and Administration Committee
From: ^{ATL/ER} Arthur T. Leahy, Chief Executive Officer
Subject: Audit Report on Third Quarter Parts Inventory Count

Overview

The Internal Audit Department has completed the parts inventory count for the third quarter. A response to the report was not required.

Recommendation

Receive and file the Third Quarter Parts Inventory Count, Internal Audit Report No. 06-028.

Background

Results from quarterly inventory counts conducted by the Internal Audit Department assist the Contracts Administration and Materials Management Department in monitoring the accuracy of the parts inventory.

Discussion

Internal Audit conducted unannounced parts inventory counts at the three bases on February 7, 2006. The total inventory value for the Santa Ana Operating Base, the Garden Grove Base, and the Anaheim Base was \$3,661,472 as of February 7, 2006.

A statistically valid sample of 443 part records was selected from the part records. The sample error rate was 2.03 percent, which indicated with a 95 percent confidence level that the error rate in the total parts population on that day fell between 1.8 percent and 4.8 percent.

The Orange County Transportation Authority's performance measure goal for inventory accuracy is 95 percent.

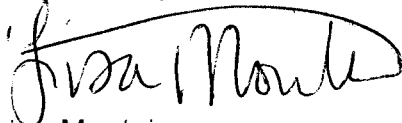
Summary

The sample error rate for the unannounced count of parts inventory was 2.03 percent on February 7, 2006.

Attachment

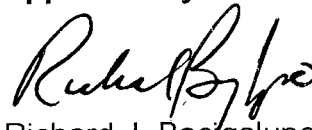
- A. Third Quarter Parts Inventory Count, Internal Audit Report No. 06-028

Prepared by:



Lisa Monteiro
Acting Manager, Internal Audit
(714) 560-5669

Approved by:



Richard J. Bacigalupo
Deputy Chief Executive Officer
(714) 560-5901



INTEROFFICE MEMO

March 16, 2006

To: Jim Kenan, Executive Director
Finance, Administration and Human Resources

From: Joseph Dudley, Senior Internal Auditor *JD*
Internal Audit

Subject: **Third Quarter Parts Inventory Count, Internal Audit
Report No. 06-028**

Conclusion

Internal Audit conducted a parts inventory count on February 7, 2006. In the sample of 443 part numbers, nine errors were identified. The resulting 2.03 percent sample error rate indicated with a 95 percent confidence level that the error rate in the total parts inventory population on that day fell between 1.8 percent and 4.8 percent.¹

Purpose and Scope

The purpose of the parts inventory count was to determine if the parts inventory records per the Maintenance, Accounting and Procurement System (MAPS) reflected the actual inventory locations and quantities on hand. Internal Audit's objective was to determine the differences in counts and bin locations between the actual physical inventory population and the inventory as recorded in MAPS. Statistical sampling tables were used in evaluating the results. Due to the narrowly focused purpose, Internal Audit did not test the overall inventory process.

Background

The total inventory value for the Santa Ana Operating Base (Base 1), the Garden Grove Base (Base 4), and the Anaheim Base (Base 6), was \$3,661,472 as of February 7, 2006.

¹ In determining the sample size, the confidence level was 95 percent with an expected rate of occurrence not over five percent. From the appropriate statistical sampling table, Internal Audit determined the sample size to be drawn and evaluated was 443 part records.



Discussion

Unannounced inventory counts were conducted at the Santa Ana Operating Base, the Garden Grove Base, and the Anaheim Base, on February 7, 2006, by the staff of the Internal Audit Department.

A statistically valid sample of 443 part records was randomly selected for testing. Of the 443 part records randomly selected, nine part counts deviated from the quantities reported on MAPS; of these differences, two were instances of the parts being found in bin locations other than those shown on MAPS or in incorrect bin slots. The nine total errors resulted in a sample error rate of 2.03 percent. The following table shows the sample error rates in this inventory count compared to sample error rates in previous counts.

Base	Sample Error Rate in Current Count	Sample Error Rate in Previous Count ²
Santa Ana	2.45 percent	5.24 percent
Garden Grove	1.74 percent	1.80 percent
Anaheim	1.61 percent	0.71 percent

Based on the 2.03 percent sample error rate, Internal Audit is 95 percent confident that the true error rate in the total parts inventory population for the three bases on February 7, 2006, fell between 1.8 percent and 4.8 percent.³ Detail differences for the random selection are shown in Exhibit A.

Internal Audit also judgmentally selected 10 part numbers from the storeroom floor at each base. Without a random selection, the differences noted in this test could not be combined with the others to yield a statistically valid conclusion. However, the one difference noted for the judgment sample might otherwise be useful and is shown in Exhibit B.

Summary

The random sample parts inventory error rate on February 7, 2006, was 2.03 percent.

Please contact Joseph Dudley at extension 5384 if you have any questions.

² The date of the previous parts inventory count was November 3, 2005.

³ The nine errors in the 443 inventory part records counted (with a total valuation of \$89,872) resulted in a sample error rate of 2.03 percent. The 2.03 sample error rate indicated with a 95 percent confidence level that the error rate in the total parts population was between 1.8 percent and 4.8 percent on February 7, 2006. There is a five percent sampling risk that the actual total parts population error rate varied outside of the 1.8 percent to 4.8 percent range.



Audit performed by: Joseph Dudley, In-Charge Auditor
Gerry Dunning
Lisa Monteiro
Serena Ng
Teri Lepe
Maria Robledo

Attachments: Exhibit A - Differences Identified in Parts Inventory Count as
of February 7, 2006, for Part Numbers Randomly Selected
Exhibit B - Differences Identified in Parts Inventory Count as
of February 7, 2006, for Part Numbers Judgmentally Selected

c: Richard Bacigalupo
Virginia Abadessa
Wendy Hebein
Robert Duffy

Exhibit A

Differences Identified in Parts Inventory Count as of February 7, 2006,
for Part Numbers Randomly Selected

Part No.	Description	Bin Location	Quantity		Per Count	Per MAPS	Diff.	Average Unit		Absolute Cost Diff.	Description of Variance	Notes
			Cost	Cost								
<u>Santa Ana Operating Base (Base 1)</u>												
5088	Filter, Water	1D10B	94	93	1	\$	5.25290	\$	5.25290		Quantity difference	
12168	Screw, Drum	1G11D	218	329	-111	\$	1.12379	\$	124.74069		Quantity difference	
19172	Plate, C3 Friction	1P03A	35	36	-1	\$	25.52600	\$	25.52600		Quantity difference	
15321	Spacer, Rod End	1V03AE	11	15	-4	\$	2.20500	\$	8.82000		Quantity difference	
14623	Plate, C1 Reaction	1P03E	0	64	-64	\$	3.68690	\$	-		Bin location difference	(A)
Subtotal (5 errors / 204 part records in sample = 2.45% error rate)								\$	164.33959		4 quantity errors and 1 bin location error	
<u>Garden Grove Base (Base 4)</u>												
18947	Contact, Horn	4B06FB	1	2	-1	\$	5.73286	\$	5.73286		Quantity difference	
3976	Ty-Bar, Window	Unassigned	0	1	-1	\$	23.73000	\$	23.73000		Quantity difference	
Subtotal (2 errors / 115 part records in sample = 1.74 % error rate)								\$	29.46286		2 quantity errors	
<u>Anaheim Base (Base 6)</u>												
13989	Bar, Window	6103TOP	5	2	3	\$	6.84670	\$	20.54010		Quantity difference	
4271	Dipstick, Oil Level	6H20B	0	3	-3	\$	17.21750	\$	-		Bin location difference	(B)
Subtotal (2 errors / 124 part records in sample = 1.61 % error rate)								\$	20.5401		1 quantity error and 1 bin location error	
Total for Three Bases (9 errors / 443 part records = 2.03 % error rate)								\$	214.34255		7 quantity errors and 2 bin location errors	

Legend:

(A) - Part #14623 was found in location 1P03A, instead of location 1P03E as shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(B) - Part #4271 found in a location other than 6H20B as shown in MAPS. A cost difference is not shown since it is considered a bin location error.

Exhibit B

Differences Identified in Parts Inventory Count as of February 7, 2006,
for Part Numbers Judgmentally Selected

Part No.	Description	Bin Location	Quantity		Average Unit Cost	Absolute Cost Diff.	Description of Variance
			Per Count	Per MAPS			
<u>Santa Ana Operating Base (Base 1)</u>							
2102	O-Ring, High Pressure	1V08C	119	108	\$ 0.39670	\$ 4.36370	Quantity difference
Subtotal (1 error / 10 part records in sample =10.00% error rate)						\$ 4.36370	1 quantity difference error
<u>Garden Grove Base (Base 4)</u>							
Subtotal (0 errors / 10 part records in sample = 0.00% error rate)						\$ -	No errors noted in judgment sample
							No errors noted
<u>Anaheim Base (Base 6)</u>							
Subtotal (0 error / 10 part records in sample = 0.00% error rate)						\$ -	No errors noted in judgment sample
							No errors noted
Total for Three Bases (1 error / 30 part records in sample = 3.33 % error rate)						\$ 4.36370	1 quantity difference error



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Agreement with California State University, Fullerton for the Center for Demographic Research for Fiscal Year 2006-07

Regional Planning and Highways Committee

May 15, 2006

Present: Directors Correa, Cavecche, Green, Norby, and Pringle
Absent: Directors Dixon, Monahan, Ritschel, and Rosen

Committee Vote

This item was passed by all Committee Members present.

Director Green abstained from voting on this matter.

Committee Recommendation

Authorize the Chief Executive Officer to negotiate and execute an agreement, in an amount not to exceed \$110,003, for fiscal year 2006-07 with the California State University, Fullerton for the Center for Demographic Research.



May 15, 2006

To: Regional Planning and Highways Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreement with California State University, Fullerton for the Center for Demographic Research for Fiscal Year 2006-07

Overview

Orange County demographic data for use in transportation planning is developed by the Center for Demographic Research at California State University, Fullerton. A recommendation to continue this effort through a multi-agency funding agreement is provided for review and approval.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute an agreement, in an amount not to exceed \$110,003, for fiscal year 2006-07 with the California State University, Fullerton for the Center for Demographic Research.

Background

Since 1996, the Orange County Transportation Authority (OCTA) and other agencies have jointly funded the Center for Demographic Research (CDR) at California State University, Fullerton for the preparation of demographic projections for use in various planning activities. Agencies use the demographic projections prepared by CDR as input into the Southern California Association of Government's (SCAG) Regional Transportation Plan process, infrastructure planning, travel demand forecasting, and other applications.

CDR is sponsored primarily by OCTA, County of Orange, Orange County Division of the League of California Cities, Transportation Corridor Agencies, Orange County Sanitation District, Municipal Water District of Orange County, Orange County Water District, and County of Orange Clerk-Recorder. Each agency contributes funding toward a series of on-going demographic data deliverables including Orange County Projections, a critical data source used by OCTA and others for travel demand forecasting. For example, the current

2006 Long-Range Transportation Plan uses the demographic forecasts (population, housing, and employment) developed by CDR and subsequently adopted by the Orange County Council of Governments (OCCOG). Each local agency is directly involved in demographic data development with CDR, and this "bottoms up" approach has worked well in addressing issues early in the process. The OCCOG-adopted demographics also become Orange County's growth forecasts for the SCAG Regional Transportation Plan.

Discussion

The proposed agreement with CDR and other agencies continues this cooperative effort for fiscal year 2006-07. The overall CDR budget for this effort is \$495,013, and OCTA's funding share is about 22 percent, consistent with prior year agreements. CDR's proposed fiscal year 2006-07 budget for this agreement has increased by approximately \$86,000 over the prior year due to increased benefits and insurance rates, revised salary structures to match market median rates, and conversion of several part-time positions to nearly (three-fourths time) full-time positions. This proposed budget increase has been discussed with the agencies included in the proposed agreement, and there is a general consensus that CDR's salary structure has not kept pace with market conditions over the past five years.

OCTA's financial commitment in this agreement would be \$110,003, for fiscal year 2006-07. OCTA funds will be used to prepare demographic projects at the detailed traffic zone level for travel demand forecasting in addition to supporting other CDR activities. For the detailed effort, the basic population, housing, and employment variables will be expanded to 14 travel demand forecasting variables covering almost 2000 traffic zones. The proposed agreement also includes two-option years for fiscal years 2007-08 and 2008-09. However, each of these options will be presented to the Board of Directors for approval at the appropriate time.

Funding for this agreement is included in the OCTA Fiscal Year 2005-06 Budget, Strategic Planning Division, Account No. 0010-7519-A4333-AQ9.

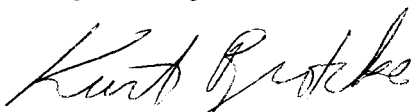
Summary

A recommendation for a proposed agreement with the California State University, Fullerton for the Center for Demographic Research activities is presented for review and approval. With approval, staff will finalize and execute the agreement covering fiscal year 2006-07 demographic forecasting activities.

Attachment

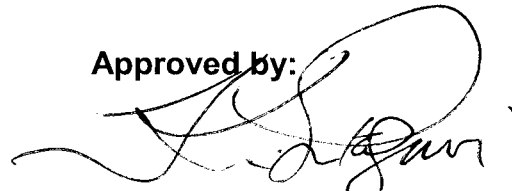
None.

Prepared by:



Kurt Brotcke
Manager, Planning and Analysis
(714) 560-5742

Approved by:



Paul C. Taylor, P.E.
Executive Director, Planning,
Development, and Commuter Services
(714) 560-5431



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject Approve the Fiscal Year 2006-07 Local Transportation Fund Claim for Public Transportation and Community Transit Services

Finance and Administration Committee

May 10, 2006

Present: Directors Wilson, Duvall, Campbell, Correa and Cavecche
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Approve the Orange County Transit District Fiscal Year 2006-07 Local Transportation Fund Claim for public transportation services in the amount of \$97,105,558, and for community transit services, in the amount of \$5,168,243, for a total claim amount of \$102,273,801, and authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.



May 10, 2006

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Approve the Fiscal Year 2006-07 Local Transportation Fund Claim for Public Transportation and Community Transit Services

Overview

The Orange County Transit District is eligible to receive funding from the Local Transportation Fund for providing public transportation and community transit services throughout Orange County. To receive the funds, the Orange County Transit District must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

Recommendation

Approve the Orange County Transit District Fiscal Year 2006-07 Local Transportation Fund Claim for public transportation services in the amount of \$97,105,558, and for community transit services, in the amount of \$5,168,243, for a total claim amount of \$102,273,801, and authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to public transit and transit-related projects. The TDA created in each county a Local Transportation Fund (LTF) for transportation purposes specified in the TDA. Revenues are derived from 1/4 cent of the current retail sales tax.

The LTF revenues are collected by the State Board of Equalization and returned to local jurisdictions based on the volume of sales during each month. As required by the TDA, LTF receipts are deposited with the Orange County Treasury (fund 182) and are administered by the Orange County Auditor-Controller. The Orange County Transportation Authority (OCTA) is the transportation planning agency responsible for the allocation of the LTF. Upon

instructions from OCTA, LTF receipts are distributed by the Auditor-Controller among the various administrative, planning, public transportation, bicycle and pedestrian facilities, and bus stop accessibility improvement program apportionments, as specified in the TDA.

On March 13, 2006, the OCTA Board of Directors approved the LTF fiscal year (FY) 2006-07 apportionments. A total of \$102,273,801 was approved for Orange County Transit District (OCTD), consisting of \$97,105,558 for Article 4 public transportation services and \$5,168,243 for Article 4.5 community transit services. On March 13, 2006, the OCTD Board of Directors adopted a resolution authorizing the filing of a LTF claim for a total of \$102,273,801, for funding public transportation and community transit services during FY 2006-07.

Discussion

Section 6630 of the California Code of Regulations requires OCTD to file a claim with OCTA in order to receive an allocation from the LTF for providing public transportation and community transit services under Articles 4 and 4.5 of the TDA. The amount being claimed for FY 2006-07 equals \$102,273,801, and consists of \$97,105,558 for Article 4 transit services and \$5,168,243 for Article 4.5 transit services.

TDA regulations limit the allocation of LTF sales taxes to claimants to the lower of the amount of the apportionment or the amount the claimant is eligible to receive, based on the claims, budgets, financial statements, audits, and other information available to the transportation planning agency. Unallocated apportionments are retained in the LTF for later allocation only to claimants in the same area under terms and conditions determined by the transportation planning agency.

As the transportation planning agency for Orange County, the OCTA is authorized to approve claims and to make payments from the Orange County LTF through written instructions to the Auditor-Controller.

Summary

The Orange County Transportation Authority's approval of Orange County Transit District claim against the Local Transportation Fund, in the amount of \$102,273,801, will enable the Orange County Transit District to continue providing public transportation and community transit services throughout Orange County in fiscal year 2006-07.

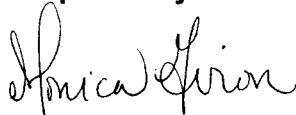
**Approve the Fiscal Year 2006-07 Local Transportation Fund
Claim for Public Transportation and Community Transit
Services**

Page 3

Attachment

None.

Prepared by:



Monica Giron
Associate Financial Analyst
Financial Planning & Analysis
(714) 560-5905

Approved by:



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



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board ^{WK}

Subject Approval of the Fiscal Year 2006-07 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

Finance and Administration Committee

May 10, 2006

Present: Directors Wilson, Duvall, Campbell, Correa and Cavecche
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2006-07 Local Transportation Fund Claim for public transportation services, in the amount of \$2,609,795, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.



May 10, 2006

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Approval of the Fiscal Year 2006-07 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

Overview

The Laguna Beach Municipal Transit Lines, a department within the City of Laguna Beach, is eligible to receive funding from the Local Transportation Fund in Orange County for providing public transportation services throughout the city. To receive the funds, the Laguna Beach Municipal Transit Lines must file a claim against the Local Transportation Fund with the Orange County Transportation Authority .

Recommendation

Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2006-07 Local Transportation Fund Claim for public transportation services, in the amount of \$2,609,795, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

Background

The Transportation Development Act (TDA) of 1971 established a state funding source dedicated to public transit and transit-related projects. The TDA created in each county a Local Transportation Fund (LTF) for transportation purposes specified in the Act. Revenues are derived from $\frac{1}{4}$ cent of the current $7\frac{3}{4}$ cent retail sales tax in Orange County. The distribution of the $7\frac{3}{4}$ sales tax in Orange County is as follows:

- 1 cent to cities and the County of Orange in unincorporated areas;
- 6 cents to the State of California;
- $\frac{1}{4}$ cent to the State of California and transferred to the Orange County Local Transportation Fund with \$38 million diverted annually through 2011 to the County of Orange for bankruptcy relief; and

- ½ cent locally approved tax (Measure M) to the Orange County Transportation Authority (OCTA)

The LTF revenues are collected by the State Board of Equalization and returned to the local jurisdictions based on the volume of sales during each month. As required under provisions of the TDA, in Orange County the LTF receipts are deposited in the Orange County Local Transportation Fund (OCLTF) account (fund 182) in the Orange County Treasury and are administered by the Orange County Auditor-Controller.

In Orange County, the OCTA is the transportation planning agency responsible for the allocation of the LTF within its jurisdiction. Upon instructions from OCTA, LTF receipts are distributed by the Auditor-Controller among the various administrative, planning, public transportation, bicycle and pedestrian, and bus stop facilities program apportionments as specified in the TDA. The Orange County Transit District (OCTD) and the Laguna Beach Municipal Transit Lines (LBMTL) are the only public transit operators in Orange County eligible to receive allocations from the LTF under Article 4 of the Transportation Development Act. Section 6630 of the California Code of Regulations requires the City of Laguna Beach to file a claim with OCTA in order to receive an allocation from the Local Transportation Fund for providing public transportation throughout the city.

Discussion

On March 13, 2006, the OCTA Board of Directors approved the Local Transportation Fund fiscal year (FY) 2006-07 apportionments. The total apportionment approved for LBMTL equaled \$1,091,061. On March 28, 2006, the Laguna Beach City Council adopted a resolution authorizing the filing of a LTF claim with OCTA for public transportation services. Laguna Beach has submitted its FY 2006-07 claim against the LTF in the amount of \$2,609,795. Of this amount, \$663,795 is needed by the city to meet operating expenses in FY 2006-07 and \$1,946,000 is to be drawn down in FY 2006-07 from previously established reserves for capital projects. Approximately \$1,886,000 is anticipated to be disbursed for the corporate yard project and \$60,000 for the rehabilitation of two trolleys.

The OCTA, as the transportation planning agency for Orange County, is authorized to approve claims and to make payments from the LTF through written instructions to the Auditor-Controller.

Summary

The Orange County Transportation Authority's approval of the City of Laguna Beach claim against the Orange County Local Transportation Fund, in the amount of \$2,609,795, will enable the Laguna Beach Municipal Transit Lines to continue providing public transportation services throughout the City of Laguna Beach during fiscal year 2006-07.

Attachment

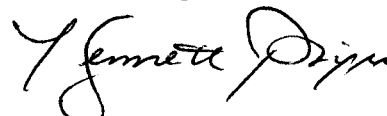
None.

Prepared by:



Monica Giron
Associate Financial Analyst
Financial Planning & Analysis
(714) 560-5905

Approved by:



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



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject Laidlaw Transit Services Agreements Review

Finance and Administration Committee

Present: Directors Wilson, Duvall, Campbell, Correa and Cavecche
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (Reflects change from staff recommendation)

- A. Direct staff to address the findings of the audit report with Laidlaw Transit Service by withholding the \$563,171 in questioned costs, negotiating with them regarding the withheld amounts and reporting back to the Committee regarding the resolution of these negotiations.
- B. Direct staff to ensure that the findings of this report are addressed and resolved with new language in the next ACCESS contract with Veolia, specifically that:
 - 1. The Orange County Transportation Authority (OCTA) require the contractor to reconcile cash collected, as described in the farebox reports, to the actual cash deposited, prior to submitting the monthly invoices to the Orange County Transportation Authority; and
 - 2. The Orange County Transportation Authority define vehicle service hours to address availability for service prior to and after lunches and breaks, and to clarify what is considered "excessive stand-by time".
- C. Receive and file.



May 10, 2006

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Laidlaw Transit Services Agreements Review

Overview

A review of invoicing compliance with contract terms by Laidlaw Transit Services has been completed by the firm formerly known as Conrad and Associates, L.L.P., now doing business as Mayer Hoffman McCann P.C. The results of the audit concluded that \$563,171 was due to the Orange County Transportation Authority from Laidlaw Transit Services. Other recommendations were made to help improve the reporting of farebox income, improve the reporting of vehicle service hours, and improve compliance with procurement procedures.

Recommendation

Receive and file the Review of Agreements C-9-9236 and C-4-0301 between Orange County Transportation Authority and Laidlaw Transit Services, Internal Audit Report No. 05-030.

Background

The Orange County Transportation Authority (OCTA) contracts with Laidlaw Transit Services (Laidlaw) to provide management, operations, training, and maintenance services for the Americans with Disabilities Act (ADA) ACCESS paratransit services and Contracted Fixed Route Services in Orange County. Conrad and Associates, L.L.P., has completed a review of Agreements C-9-9236 and C-4-0301 between Laidlaw and OCTA for the 24-month period ending March 31, 2005. The audit work was completed in August of 2005; however, the Internal Audit report was not issued until after the procurement of services for a new ACCESS and Contracted Fixed Route Services contractor was completed. This was to avoid any conflicts or distractions from a fair and equitable procurement process.

Discussion

Internal Audit made recommendations to adjust future invoices for questioned costs, that Laidlaw establish procedures to report cash collected according to the GFI application, that Laidlaw increase oversight over the preparation of monthly invoices, and that OCTA not authorize any service that is not supported by the contract or contract amendments.

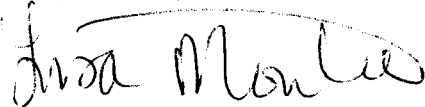
Summary

Based on the review, Internal Audit offered some recommendations, which management staff indicated would be implemented.

Attachments

- A. Review of Agreements C-9-9236 and C-4-0301 between Orange County Transportation Authority and Laidlaw Transit Services, Internal Audit Report No. 05-030
- B. Review of Laidlaw Agreements Close-out Memo, Internal Audit Report No. 05-030

Prepared by:



Lisa Monteiro
Acting Manager, Internal Audit
(714) 560-5669

Approved by:



Richard J. Bacigalupo
Deputy Chief Executive Officer
(714) 560-5901



INTEROFFICE MEMO

March 29, 2006

To: William Foster, General Manager
Operations

From: Gerry Dunning, Senior Internal Auditor *GD*
Internal Audit

Subject: **Review of Agreements C-9-9236 and C-4-0301 between
Orange County Transportation Authority and Laidlaw
Transit Services, Internal Audit Report No. 05-030**

Conclusion

The findings contained in this report, based on the work done by Conrad and Associates, Inc. (Conrad), indicate that invoiced amounts were adequately supported and in compliance with the contract terms for 98.9 percent of the dollars invoiced. **Internal Audit recommends** that the Orange County Transportation Authority (OCTA) collect the net amount of \$563,171 due from Laidlaw Transit Services (Laidlaw) by making an adjustment on the monthly invoice to correct the amount that has been paid to Laidlaw. Details of these questioned costs are contained in the attached report by Conrad.

Other recommendations are made to help improve the reporting of farebox income, improve the reporting of vehicle service hours and improve compliance with procurement procedures. Details of these findings and recommendations are in the attached Conrad report.

Background

Conrad has completed a review of Agreements C-9-9236 and C-4-0301 between Laidlaw and OCTA for the 24 month period ending March 31, 2005. These contracts provide management, operations, training and maintenance services for the Americans with Disabilities Act (ADA) ACCESS Paratransit Services and Contracted Fixed Route Services in Orange County.

The original agreement C-9-9236 was issued for the period November 1, 1999, through June 30, 2004, and had a total value of \$93,329,484. The contract was amended and the total contract value was increased to \$107,390,219. The second contract was effective July 1, 2004, through June 30, 2005, and had an original value of \$31,733,223. The second contract was amended to extend the term of the contract through November 30, 2005, and to increase the value of the second contract to \$47,444,407. This brings the total value of both contracts to approximately \$154,834,626.

Scope

The primary focus of this review was compliance with contract terms in invoicing OCTA for the monthly service performed. The period reviewed for this audit was the 24 month period between April 1, 2003, through March 31, 2005. The total dollars invoiced OCTA by Laidlaw for this 24 month period was \$59,510,341, or an average of approximately \$2,479,598 per month. Reviews of individual driver trip sheets were the primary source documents used for this review. The driver trip sheets were compared to the invoices sent to OCTA on a monthly basis.

Findings and Recommendations

1. Questioned costs invoiced to OCTA

The audit identified \$647,811 in questioned costs that have been invoiced by Laidlaw and paid by OCTA. Of this total, \$84,640 was authorized by OCTA; however, it was not included in the contract or amendments. The net amount due from Laidlaw is \$563,171. The majority (approximately \$460,836) of these questioned costs are related to ACCESS service. One of the areas that contributed to some of the questioned costs was the observation that vehicle service hours are not always reported correctly. Details of various types of questioned costs are included in the attached detailed Conrad report.

Recommendation

Internal Audit recommends that the \$563,171 in questioned costs be collected from Laidlaw by making adjustments on future invoices of the current contract prior to the final payment on C-4-0301.

2. Reporting of Fares Collected

OCTA staff discovered that not all fares collected by Laidlaw have been credited to OCTA. A total of \$142,467 of cash collected by Laidlaw was not reported on the monthly invoices as required by the contract. This was determined when OCTA staff compared the GFI farebox revenue reports to the farebox revenue reported by Laidlaw on the monthly reports. OCTA management recovered the \$142,467 during the course of the audit by adjusting the July 14, 2005, payment to Laidlaw.

Recommendation

Internal Audit recommends that Laidlaw Transit Services be required to establish procedures to report and reconcile cash collected per the electronic farebox reports to the actual cash deposited prior to submitting the monthly invoice to OCTA.

3. Reporting of Vehicle Service Hours

Laidlaw was inconsistent in their calculation of vehicle service hours. The calculation of vehicle service hours was not always within the contract terms. Details of various types of errors are included in the attached Conrad report.

Recommendation

Internal Audit recommends that Laidlaw be required to calculate the vehicle service hours in accordance with the terms of the contract for all future invoices. This may require more oversight and review of the invoices on a monthly basis by a combination of OCTA and Laidlaw staff.

4. Contract terms for Late Night ACCESS

OCTA authorized two months of Late Night ACCESS without the proper contract terms being in place to support the months of September and October of 2004.

Internal Audit recommends that in the future that OCTA should not authorize any service not supported by the contract or contract amendments.

Summary

We appreciate the cooperation that was provided during the course of this audit by both OCTA and Laidlaw staff. The detailed scope, objectives,

findings and conclusions resulting from the audit are included in the attached report prepared by Conrad

Management Response

We would appreciate a response from management on findings and recommendations 1 through 4 by April 13, 2006. Please address your responses to Gerry Dunning, Senior Internal Auditor.

OCTA Project Lead: Gerry Dunning
Assisted by: Maria Robledo

Audit performed by: Conrad and Associates, Inc.

Attachment: Conrad Audit Report, August 10, 2005

c: Rick Bacigalupo
Jim Kenan
Virginia Abadessa
Curt Burlingame
Bob Duffy
Erin Rogers

LIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred
Under Agreements With the
Orange County Transportation Authority

For the Period
April 1, 2003 through March 31, 2005

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

For the Period April 1, 2003 through March 31, 2005

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LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

For the Period April 1, 2003 through March 31, 2005

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LAIDLAW TRANSIT SERVICES, INC.

**Interim Report on Costs Incurred Under Agreements With the
Orange County Transportation Authority**

For the Period April 1, 2003 through March 31, 2005

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Orange County Transportation Authority
Internal Audit
Orange, California

INDEPENDENT AUDITORS' REPORT

We have audited the invoices submitted by Laidlaw Transit Services, Inc. for the period April 1, 2003 through March 31, 2005 under Agreement Numbers C-9-9236 and C-4-0301 with the Orange County Transportation Authority (OCTA) to provide management, operations, training and maintenance services related to various transportation programs within the County of Orange. The costs as presented in the Schedules of Costs Claimed (Schedules A through E) are the responsibility of Laidlaw Transit Services, Inc. Our responsibility is to express an opinion on the accompanying financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinions.

The accompanying financial schedules were prepared to present only the costs incurred by Laidlaw Transit Services, Inc. for the period April 1, 2003 through March 31, 2005 under two agreements with OCTA as described in Note 1, and are not intended to be a complete presentation of their financial position in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 2, the financial schedules were prepared from invoices submitted by Laidlaw Transit Services, Inc. The accounting practices used to prepare the financial schedules may differ in some respects from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedules are not intended to present the financial position and results of operations of Laidlaw Transit Services, Inc. in conformity with accounting principles generally accepted in the United States of America.

Orange County Transportation Authority
Internal Audit
Orange, California

In our opinion, the financial schedules referred to above present fairly, in all material respects, the costs incurred by Laidlaw Transit Services, Inc. for the period April 1, 2003 through March 31, 2005 under two agreements with OCTA in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2005 on our consideration of Laidlaw Transit Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial schedules related to costs incurred by Laidlaw Transit Services, Inc. for the period April 1, 2003 through March 31, 2005 under two agreements with OCTA. The supplemental information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial schedules. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial schedules and, in our opinion, is fairly stated in all material respects in relation to the financial schedules taken as a whole.

This report is intended solely for the information of the Orange County Transportation Authority and Laidlaw Transit Services, Inc. management and is not intended to be and should not be used by anyone other than those specified parties.

Comac and Associates, L.L.P.

August 10, 2005

SCHEDULE A

LAIDLAW TRANSIT SERVICES, INC.

Calculation of Amount Due To/From OCTA
ADA ACCESS Paratransit Services

For the Period April 1, 2003 through March 31, 2005

Period Ended	Vehicle Service Hours	Variable Cost (1)	Fixed Cost (1)	Fares Collected	Total Payable	Total Paid	Amount Due To (From) OCTA (3)
April 30, 2003	42,853.50	\$ 1,736,424	\$ 119,634	\$ 31,765	\$ 1,824,293	\$ 1,841,756	\$ 17,463
May 31, 2003	42,221.24	1,710,805	120,091	32,694	1,798,202	1,815,409	17,207
June 30, 2003	40,955.26	1,659,507	119,530	30,269	1,748,768	1,765,457	16,689
July 31, 2003	43,580.20	1,822,960	123,448	33,662	1,912,746	1,927,907	15,161
August 31, 2003	42,540.00	1,779,448	123,799	32,474	1,870,773	1,898,455	27,682
September 30, 2003	45,782.33	1,915,075	124,974	35,508	2,004,541	2,023,800	19,259
October 31, 2003	50,519.36	2,113,225	124,810	38,886	2,199,149	2,220,396	21,247
November 30, 2003	44,223.17	1,849,855	125,529	32,843	1,942,541	1,961,152	18,611
December 31, 2003	45,266.00	1,893,477	123,759	34,173	1,983,063	2,010,405	27,342
January 31, 2004	46,262.82	1,935,174	125,670	34,513	2,026,331	2,044,784	18,453
February 29, 2004	45,160.44	1,889,061	125,331	34,739	1,979,653	1,998,619	18,966
March 31, 2004	52,078.77	2,178,455	125,523	38,974	2,265,004	2,291,862	26,858
April 30, 2004	48,596.85	2,032,806	124,955	37,846	2,119,915	2,140,349	20,434
May 31, 2004	47,039.29	1,967,654	125,838	36,900	2,056,592	2,069,185	12,593
June 30, 2004	47,732.92	1,996,668	124,744	37,014	2,084,398	2,091,821	7,423
July 31, 2004	49,286.85	2,119,335	144,130	36,488	2,226,977	2,250,571	23,594
August 31, 2004	49,888.16	2,145,191	143,757	37,054	2,251,894	2,275,751	23,857
September 30, 2004 (2)	49,585.41	2,132,173	144,513	40,057	2,236,629	2,234,843	(1,786)
October 31, 2004	49,954.29	2,148,034	144,454	39,602	2,252,886	2,272,681	19,795
November 30, 2004	47,671.53	2,049,876	143,818	39,666	2,154,028	2,172,347	18,319
December 31, 2004	46,911.89	2,017,211	142,104	37,173	2,122,142	2,144,601	22,459
January 31, 2005	46,965.03	2,019,496	143,234	49,801	2,112,929	2,136,441	23,512
February 28, 2005	44,038.08	1,893,637	143,274	47,562	1,989,349	2,010,404	21,055
March 31, 2005	50,894.49	2,188,463	143,513	53,061	2,278,915	2,303,558	24,643
	<u>1,120,007.88</u>	<u>\$ 47,194,010</u>	<u>\$ 3,150,432</u>	<u>\$ 902,724</u>	<u>\$ 49,441,718</u>	<u>\$ 49,902,554</u>	<u>\$ 460,836</u>

(1) Variable costs are calculated per vehicle service hour. Fixed costs are allocated between ADA ACCESS paratransit services, special agency transportation or stationLink depending upon the Agreement, and contracted fixed route services based upon a percent of vehicles service hours for the service category to total vehicle service hours. Fixed and variable costs per Agreement period is as follows:

Period	Monthly Fixed Cost	Variable Cost
04/01/03 - 06/30/03	\$ 146,236	\$ 40.52
07/01/03 - 06/30/04	150,844	41.83
07/01/04 - 03/31/05	169,800	43.00

(2) The amount paid includes adjustments made by OCTA for cash variances noted between Laidlaw data and the invoice amount.

(3) See Note 5 for explanation of amounts due to (from) OCTA.

See accompanying notes to financial schedules

SCHEDULE B

LIDLAW TRANSIT SERVICES, INC.

Calculation of Amount Due To/From OCTA
Special Agency Transportation

For the Period April 1, 2003 through March 31, 2005

Period Ended	Vehicle Service Hours	Variable Cost (1)	Fixed Cost (1)	Fares Collected	Total Payable	Total Paid	Amount Due To (From) OCTA (2)
April 30, 2003	1,060.65	\$ 42,978	\$ 2,961	\$ 18	\$ 45,921	\$ 48,008	\$ 2,087
May 31, 2003	1,032.33	41,830	2,936	24	44,742	46,781	2,039
June 30, 2003	1,034.91	41,935	3,020	90	44,865	46,958	2,093
July 31, 2003	1,132.87	47,388	3,209	8	50,589	51,265	676
August 31, 2003	1,068.85	44,710	3,111	117	47,704	47,243	(461)
September 30, 2003	1,017.87	42,578	2,779	22	45,335	47,400	2,065
October 31, 2003	1,129.54	47,249	2,791	75	49,965	52,282	2,317
November 30, 2003	861.71	36,045	2,446	56	38,435	40,214	1,779
December 31, 2003	867.30	36,279	2,371	-	38,650	40,571	1,921
January 31, 2004	981.20	41,044	2,665	6	43,703	45,660	1,957
February 29, 2004	959.70	40,144	2,663	6	42,801	44,769	1,968
March 31, 2004	1,163.32	48,662	2,804	-	51,466	54,002	2,536
April 30, 2004	1,144.31	47,866	2,942	48	50,760	53,093	2,333
May 31, 2004	950.74	39,769	2,543	20	42,292	45,263	2,971
June 30, 2004	1,036.71	43,366	2,709	6	46,069	50,235	4,166
	<u>15,442.01</u>	<u>\$ 641,843</u>	<u>\$ 41,950</u>	<u>\$ 496</u>	<u>\$ 683,297</u>	<u>\$ 713,744</u>	<u>\$ 30,447</u>

- (1) Variable costs are calculated per vehicle service hour. Fixed costs are allocated between ADA ACCESS paratransit services, special agency transportation or stationLink depending upon the Agreement, and contracted fixed route services based upon a percent of vehicles service hours for the service category to total vehicle service hours. Fixed and variable costs per Agreement period is as follows:

Period	Monthly Fixed Cost	Variable Cost
04/01/03 - 06/30/03	\$ 146,236	\$ 40.52
07/01/03 - 06/30/04	150,844	41.83

- (2) See Note 5 for explanation of amounts due to (from) OCTA.

See accompanying notes to financial schedules

SCHEDULE C

LAIDLAW TRANSIT SERVICES, INC.

Calculation of Amount Due To/From OCTA
Contracted Fixed Route

For the Period April 1, 2003 through March 31, 2005

Period Ended	Vehicle Service Hours	Variable Cost (1)	Fixed Cost (1)	Fares Collected (2)	Total Payable	Total Paid	Amount Due To (From) OCTA (4)
April 30, 2003	8,468.21	\$ 343,132	\$ 23,641	\$ 30,028	\$ 336,745	\$ 343,404	\$ 6,659
May 31, 2003	8,159.81	330,636	23,209	28,177	325,668	329,860	4,192
June 30, 2003	8,115.71	328,849	23,686	27,002	325,533	332,253	6,720
July 31, 2003	8,538.63	357,171	24,187	27,949	353,409	362,202	8,793
August 31, 2003	8,224.38	344,026	23,934	27,842	340,118	348,885	8,767
September 30, 2003	8,459.36	353,855	23,092	31,224	345,723	355,570	9,847
October 31, 2003	9,408.03	393,538	23,243	35,983	380,798	391,059	10,261
November 30, 2003	8,056.71	337,012	22,869	28,033	331,848	341,162	9,314
December 31, 2003	9,039.29	378,114	24,714	33,139	369,689	381,322	11,633
January 31, 2004 (3)	8,285.94	346,601	22,508	30,833	338,276	326,350	(11,926)
February 29, 2004	8,233.25	344,397	22,849	28,963	338,283	345,527	7,244
March 31, 2004 (3)	9,342.17	390,783	22,517	35,866	377,434	366,381	(11,053)
April 30, 2004 (3)	8,924.28	373,303	22,947	32,584	363,666	356,193	(7,473)
May 31, 2004 (3)	8,396.81	351,239	22,463	33,499	340,203	256,288	(83,915)
June 30, 2004 (3)	8,950.59	374,403	23,391	33,979	363,815	319,416	(44,399)
July 31, 2004	7,013.41	301,577	20,509	34,641	287,445	303,617	16,172
August 31, 2004	7,189.99	309,169	20,719	36,312	293,576	309,307	15,731
September 30, 2004	6,905.41	296,933	20,125	37,873	279,185	298,445	19,260
October 31, 2004	7,017.65	301,759	20,293	34,895	287,157	305,663	18,506
November 30, 2004	6,895.40	296,502	20,802	33,814	283,490	302,400	18,910
December 31, 2004	7,425.49	319,296	22,493	33,142	308,647	327,209	18,562
January 31, 2005	6,991.92	300,653	21,324	39,118	282,859	315,274	32,415
February 28, 2005	6,537.26	281,102	21,268	37,488	264,882	267,662	2,780
March 31, 2005	7,442.61	320,032	20,987	45,259	295,760	297,948	2,188
	<u>192,022.31</u>	<u>\$ 8,074,082</u>	<u>\$ 537,770</u>	<u>\$ 797,643</u>	<u>\$ 7,814,209</u>	<u>\$ 7,883,397</u>	<u>\$ 69,188</u>

- (1) Variable costs are calculated per vehicle service hour. Fixed costs are allocated between ADA ACCESS paratransit services, special agency transportation or stationLink depending upon the Agreement, and contracted fixed route services based upon a percent of vehicles service hours for the service category to total vehicle service hours. Fixed and variable costs per Agreement period is as follows:

Period	Monthly Fixed Cost	Variable Cost
04/01/03 - 06/30/03	\$ 146,236	\$ 40.52
07/01/03 - 06/30/04	150,844	41.83
07/01/04 - 06/30/05	169,800	43.00

- (2) Variance noted between cash per the Laidlaw data and cash per the GFI. Cash per the GFI was used for audit purposes.
- (3) The amount paid for this month includes adjustments made by OCTA which were not adequately supported.
- (4) See Note 5 for explanation of amounts due to (from) OCTA.

See accompanying notes to financial schedules

SCHEDULE D

LAIDLAW TRANSIT SERVICES, INC.

Calculation of Amount Due To/From OCTA
StationLink Route

For the Period April 1, 2003 through March 31, 2005

Period Ended	Vehicle Service Hours	Variable Cost (1)	Fixed Cost (1)	Fares Collected	Total Payable	Total Paid	Amount Due To (From) OCTA (2)
July 31, 2004	1,764.59	\$ 81,189	\$ 5,160	\$ 72	\$ 86,277	\$ 86,804	\$ 527
August 31, 2004	1,847.71	85,013	5,324	41	90,296	89,826	(470)
September 30, 2004	1,770.99	81,483	5,161	52	86,592	87,108	516
October 31, 2004	1,747.54	80,404	5,053	85	85,372	85,033	(339)
November 30, 2004	1,716.72	78,986	5,179	127	84,038	84,772	734
December 31, 2004	1,717.57	79,025	5,203	74	84,154	84,670	516
January 31, 2005	1,718.82	79,083	5,242	40	84,285	84,545	260
February 28, 2005	1,616.07	74,355	5,258	33	79,580	80,039	459
March 31, 2005	1,879.78	86,489	5,301	34	91,756	92,256	500
	<u>15,779.79</u>	<u>\$ 726,027</u>	<u>\$ 46,881</u>	<u>\$ 558</u>	<u>\$ 772,350</u>	<u>\$ 775,053</u>	<u>\$ 2,703</u>

- (1) Variable costs are calculated per vehicle service hour. Fixed costs are allocated between ADA ACCESS paratransit services, special agency transportation or stationLink depending upon the Agreement, and contracted fixed route services based upon a percent of vehicles service hours for the service category to total vehicle service hours. Fixed and variable costs per Agreement period is as follows:

Period	Monthly Fixed Cost	Variable Cost
07/01/04 - 06/30/05	\$ 169,800	\$ 46.01

- (2) See Note 5 for explanation of amounts due to (from) OCTA.

See accompanying notes to financial schedules

SCHEDULE E

LIDLAW TRANSIT SERVICES, INC.

Calculation of Amount Due To/From OCTA
Late Night ACCESS Service

For the Period April 1, 2003 through March 31, 2005

Period Ended	Number of Passengers	Number of No Shows	Trip Cost (1)	No Show Cost (2)	Fares Collected	Total Payable	Total Paid	Amount Due To (From) OCTA (4)
July 31, 2004	1,160	184	\$ 38,732	\$ 920	\$ 696	\$ 38,956	\$ 40,151	\$ 1,195
August 31, 2004	1,099	157	36,696	785	354	37,127	38,306	1,179
September 30, 2004 (3)	1,261	91	-	-	-	-	44,210	44,210
October 31, 2004 (3)	1,096	77	-	-	-	-	38,056	38,056
	<u>4,616</u>	<u>509</u>	<u>\$ 75,428</u>	<u>\$ 1,705</u>	<u>\$ 1,050</u>	<u>\$ 76,083</u>	<u>\$ 160,723</u>	<u>\$ 84,640</u>

(1) Calculated at \$33.39 per trip.

(2) Calculated at \$5.00 per no show.

(3) Amendment Number 2 to Agreement Number C-4-0301 added the late night ACCESS service for the period July 1, 2004 through August 31, 2004. There was no provision in the Agreement to provide this service after August 31, 2004.

(4) See Note 5 for explanation of amounts due to (from) OCTA.

See accompanying notes to financial schedules

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

Notes to Financial Schedules

For the Period April 1, 2003 through March 31, 2005

(1) General Information

On November 1, 1999, the Orange County Transportation Authority (OCTA) entered into Agreement Number C-9-9236 (First Agreement) with Laidlaw Transit Services, Inc. (Laidlaw) to provide management, operations, training and maintenance services for the Americans with Disabilities (ADA) Act ACCESS paratransit services, special agency transportation and contracted fixed route services within the County of Orange. The initial term of the First Agreement was from November 1, 1999 through June 30, 2004. The First Agreement was been amended six (6) times as follows.

- Amendment Number 1, dated July 27, 2000, extended the date of transition of operations to Laidlaw's new facility from July 1, 2000 to August 19, 2000.
- Amendment Number 2, dated October 9, 2000, changed Laidlaw's key personnel, adjusted the billing rates, increased the number of vehicles from 253 to 263 and modified the insurance requirements.
- Amendment Number 3, dated April 16, 2003, amended Article 6 of the agreement to add a paragraph to reimburse OCTA \$600,000 as a settlement of audit findings that resulted from a prior audit conducted covering the period November 1, 1999 through April 1, 2003. In addition it revised the definitions section of the contract.
- Amendment Number 4, dated June 3, 2003, changed Laidlaw's key personnel, increased the number of vehicles from 263 to 300 and increased the maximum payment obligation to \$2,041,284.
- Amendment Number 5, dated February 19, 2004, increased the maximum payment obligation to \$3,338,014.
- Amendment Number 6, dated June 21, 2004, increased the maximum payment obligation to \$7,390,219.

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

Notes to Financial Schedules (Continued)

For the Period April 1, 2003 through March 31, 2005

(1) General Information (Continued)

At the conclusion of the First Agreement, OCTA entered into Agreement Number C-4-0301 (Second Agreement) with Laidlaw to provide management, operations, training and maintenance services for the ADA ACCESS paratransit services and contracted fixed route services within the County of Orange. The term of the Second Agreement was from July 1, 2004 through June 30, 2005. The Second Agreement was amended three times as follows.

- Amendment Number 1, dated June 30, 2004, changed the scope of work to add purchasing, overseeing the installation, vendor coordination and field testing of data communication mobile data terminals and automatic vehicle locator systems. In addition, the Second Agreement maximum was increased from \$31,733,233 to \$33,032,773.
- Amendment Number 2, dated July 1, 2004, added late night ACCESS service for sixty (60) days beginning July 1, 2004 through August 31, 2004. The total obligation for this service was set at \$79,250, thus increasing the maximum obligation for the Second Agreement to \$33,112,023.
- Amendment Number 3, dated February 23, 2005 extended the term of the Second Agreement for one month to July 31, 2005. In addition, the maximum obligation was increased to \$36,104,723.

(2) Summary of Significant Accounting Policies

The accompanying financial schedules were prepared from documentation submitted by Laidlaw to OCTA in accordance with the terms of the First and Second Agreements. The cash basis of accounting, which differs from generally accepted accounting principles, was utilized in the preparation of the financial schedules.

LAIDLAW TRANSIT SERVICES, INC.

**Interim Report on Costs Incurred Under Agreements With the
Orange County Transportation Authority**

Notes to Financial Schedules (Continued)

For the Period April 1, 2003 through March 31, 2005

(3) Summary of Amount Due to/From OCTA

As a result of the closeout audit of costs claimed, the following represents a summary of the questioned costs, by type. The questioned costs are documented in more detail in Findings 1 through 5 in the Findings and Recommendations section of this Report.

<u>Service</u>	<u>Amount Due To/From OCTA</u>
ADA ACCESS paratransit	\$460,836
Special agency transportation	30,447
Contracted fixed route	69,188
StationLink routes	2,703
Late night ACCESS routes (a)	<u>84,640</u>
Total questioned costs	<u>\$647,814</u>

- (a) The late night ACCESS routes were originally approved for a test period of July 1, 2004 through August 31, 2004. This service continued to be billed without an authorized contract amendment for the months of September 2004 and October 2004.

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

Notes to Financial Schedules (Continued)

For the Period April 1, 2003 through March 31, 2005

(4) Objectives, Scope and Methodology

The objectives of our audit were to determine whether:

- Laidlaw is in compliance with the financial and reporting terms of the contract;
- Internal controls surrounding cash collection and financial reporting were adequate; and
- The invoices submitted by Laidlaw were properly chargeable to the contract, reasonable in amount and supported by documented evidence.

The audit scope included the testing of invoices for the period April 1, 2003 through March 31, 2005. The invoices within the audit period were statistically selected for testing. Our sampling methodology was as follows:

- The audit period was divided into two strata. The two strata coincided with the two Agreements which cover the audit period. The first stratum included the period April 1, 2003 through June 30, 2004. The second stratum included the period July 1, 2004 through March 31, 2005. The number of months and value of each strata was as follows:

<u>Strata Description</u>	<u>No. of Months</u>	<u>Value of Strata</u>
April 1, 2003 through June 30, 2004	15	\$35,850,131
July 1, 2004 to March 31, 2005	9	23,660,210
Total	24	\$59,510,341

- The sample size was determined using a 95% confidence level with an anticipated error rate of 5%. This resulted in a sample size of ten months. The individual items sampled were randomly selected from each strata and distributed as follows:

<u>Strata Description</u>	<u>No. of Months</u>	<u>Value of Sample</u>
April 1, 2003 through June 30, 2004	6	\$14,771,296
July 1, 2004 to March 31, 2005	4	10,410,032
Total	10	\$25,181,328

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

Notes to Financial Schedules (Continued)

For the Period April 1, 2003 through March 31, 2005

(4) Objectives, Scope and Methodology (Continued)

- The testing of the sampled periods consisted of reviewing 100% of the Tripsheets and Driver's Manifests for each period selected from the first stratum for the period April 1, 2003 through June 30, 2004. The hours and cash collected per the Tripsheets and Driver's Manifests were compared to the summary schedules prepared by Laidlaw that accompany each invoice. Six days within each of the months sampled in the second stratum for the period July 1, 2004 through March 31, 2005 and 100% of the Tripsheets and Driver's Manifests were reviewed.

(5) Results of Testing

The accompanying Calculation of Amount Due To/From OCTA, as presented in Schedules A through E, represents calculations of excess billings from Laidlaw to OCTA based upon the projection of the results of our sampled periods to the entire audit period. For the periods sampled, we identified \$216,192 of excess billings. These excess billings were converted to an error rate by category of service (ADA ACCESS paratransit, special agency transportation, contracted fixed route, stationlink and late night ACCESS routes) as documented below. These error rates were then applied to the months not tested. This resulted in a total amount due to OCTA of \$647,814 for the period April 1, 2003 through March 31, 2005.

<u>Category of Service</u>	Error Rate			
	Vehicle Service Hours		Fares Collected	
	4/1/03 through 6/30/04	7/1/04 through 3/31/05	4/1/03 through 6/30/04	7/1/04 through 3/31/05
ADA ACCESS paratransit	(0.99)%	(1.09)%	0.19%	0.13%
Special agency transportation	(2.32)%	n/a	247.59%	n/a
Contracted fixed route	(0.34)%	(0.25)%	514.80%	1,227.32%
Stationlink	n/a	(0.61)%	n/a	218.57%
Late night ACCESS routes	n/a	(4.93)%	n/a	167.00%

Orange County Transportation Authority
Internal Audit
Orange, California

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL SCHEDULES
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial schedules (Calculation of Amount Due To/From OCTA), as presented in Schedules A through E, which summarizes the amounts paid to Laidlaw Transit Services, Inc. (Laidlaw) for the period April 1, 2003 through March 31, 2005 under Agreement Numbers C-9-9236 and C-4-0301 with the Orange County Transportation Authority (OCTA) to provide management, operations, training and maintenance services for the Americans with Disabilities Act ACCESS paratransit services, special agency transportation, contracted fixed route services, stationlink services and late night ACCESS services in the County of Orange, and have issued our report thereon dated August 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Laidlaw's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules, and not to provide an opinion on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Laidlaw's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial schedules. The reportable condition is described in the accompanying Findings and Recommendations as item 1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing

their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described as item 1 in the accompanying Findings and Recommendations is not a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Findings and Recommendations as items 2 and 3.

This report is intended solely for the information of management of the Orange County Transportation Authority and Laidlaw Transit Services, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Conrad and Associates, C.L.L.

August 10, 2005

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

Findings and Recommendations

For the Period April 1, 2003 through March 31, 2005

(1) Need to Strengthen Internal Controls over the Reporting of Fares Collected

During our review of internal controls over the reporting of fares collected, we noted that Laidlaw generally uses the cash reported by the drivers on the Tripsheets as fares collected on the invoice. As many of their vehicles are equipped with electronic fareboxes, Laidlaw should report the cash received per the electronic farebox reports. Additionally, we noted that during the audit period, OCTA conducted a comparison of the electronic farebox revenue collected with that reported by Laidlaw for the period July 1, 2004 through April 30, 2005. The result of this comparison identified additional cash collected that was not reported to OCTA in the amount of \$142,467. OCTA is in the process of collecting the additional cash collected per the electronic fareboxes from Laidlaw.

Recommendation

We recommend that Laidlaw establish procedures to report cash collected per the electronic farebox reports on its monthly invoices to OCTA.

(2) Need to Report Vehicle Service Hours in Accordance with the Terms of the Contract

During our comparison of Tripsheets with the supporting data submitted with the monthly invoices by Laidlaw Transit Services, Inc. (Laidlaw), we noted that Laidlaw was inconsistent in their calculation of vehicle service hours. Specifically, we noted the following:

- Key errors existed when Laidlaw employees transcribed hours from the Tripsheets to their database used to support their billings to OCTA. On occasion, we noted that the pull out time was input as the in-service time in their database.
- Excess standby time as a result of cancellations immediately prior to or after lunch, during the period April 1, 2003 through June 30, 2004 was not consistently excluded from the calculation of vehicle service hours.
- On occasion, Laidlaw charged time in excess of the allowable five minutes prior to the scheduled first pickup as vehicle service hours.

LIDLAW TRANSIT SERVICES, INC.

**Interim Report on Costs Incurred Under Agreements With the
Orange County Transportation Authority**

Findings and Recommendations (Continued)

For the Period April 1, 2003 through March 31, 2005

**(2) Need to Report Vehicle Service Hours in Accordance with the Terms of the Contract
(Continued)**

- No supporting Tripsheets were provided for some of the routes in which vehicle service hours were claimed.

Article 6, Paragraph A of Agreement Numbers C-9-9236 and C-4-0301 states, in part:

“For each approved vehicle service hour provided by CONTRACTOR during the billing period, AUTHORITY shall pay CONTRACTOR at the fixed and variable service hour (VSH) billing rates...”

Section IV – Definitions, Vehicle Service Hour, of Exhibit A of Agreement C-9-9236 states, in part:

“1. Definition for Paratransit Services: A Vehicle Service Hour shall be defined as any sixty minute increment of time a vehicle is available for passenger transport within the Contractor’s established hours of service. A vehicle is available for passenger transport from the time it arrives at its first pick-up address and ends when it has completed its last drop-off and is released from service by the dispatcher, excluding any meal breaks, service breaks, mechanical breakdowns and time a vehicle is down due to an accident...”

“2. Definition for Contracted Fixed Route Services: A Vehicle Service Hour shall be defined as any sixty minute increment of time a vehicle is available for passenger transport within the pre-established schedules approved by OCTA. A vehicle is available for passenger transport from the time it arrives at the starting terminal point of the first scheduled trip and ends at the final terminal point of the last scheduled trip, excluding deadhead time required between trips, any meal breaks, service breaks, mechanical breakdowns and time a vehicle is down due to an accident...”

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the Orange County Transportation Authority

Findings and Recommendations (Continued)

For the Period April 1, 2003 through March 31, 2005

(2) Need to Report Vehicle Service Hours in Accordance with the Terms of the Contract (Continued)

Section IV – Definitions, Vehicle Service Hour, of Exhibit A of Agreement C-4-0301 states, in part:

“1. Definition for Paratransit Services: A Vehicle Service Hour shall be defined as any sixty minute increment of time a vehicle is available for passenger transport within the Contractor’s established hours of service. A vehicle is available for passenger transport from the time it arrives at its first pick-up address and ends when it has completed its last passenger drop-off (or when the last passenger is declared a no show at the origination address) and is released from service by the dispatcher, excluding any meal breaks, service breaks, mechanical breakdowns and time a vehicle is down due to an accident...”

Section IV – Definitions, On-Time Pickup, of Exhibit A of Agreement C-9-9236 states:

“For paratransit services, a vehicle shall be on time if it arrives at the designated pickup location no more than 5 minutes prior to the scheduled pickup time or no more than 15 minutes after that time...”

Section IV – Definitions, On-Time Pickup, of Exhibit A of Agreement C-4-0301 states:

“For paratransit services, a vehicle shall be on time if it arrives at the designated pickup location no more than 10 minutes prior to the scheduled pickup time or no more than 10 minutes after that time...”

According to the terms of the contract, Laidlaw should calculate vehicle service hours from the time the driver arrives at the first passenger pick-up location and continue until released from service by dispatch. Furthermore, the driver cannot arrive at the first pick-up location more than five minutes prior to the scheduled pickup time during the period April 1, 2003 through June 30, 2004, and ten minutes prior to the scheduled pick up time during the period July 1, 2004 through June 30, 2005.

LAIDLAW TRANSIT SERVICES, INC.

Interim Report on Costs Incurred Under Agreements With the
Orange County Transportation Authority

Findings and Recommendations (Continued)

For the Period April 1, 2003 through March 31, 2005

(2) Need to Report Vehicle Service Hours in Accordance with the Terms of the Contract (Continued)

Recommendation

We recommend that Laidlaw calculate the vehicle service hours in accordance with the terms of the contract for all future invoices.

(3) Need to Comply With Contract Terms for Late Night ACCESS Routes

During our review of the late night ACCESS routes, we noted that Laidlaw billed for this service for the period July 1, 2004 through October 31, 2004. The total amount billed for the period September 1, 2004 through October 31, 2004 was \$82,266.

Paragraph 1 of Amendment Number 2 to Agreement Number C-4-0301 states, in part:

“...the addition of late night ACCESS services during the hours of 9:00 p.m. through 5.00 a.m. for the period of sixty (60) days beginning July 1, 2004 through August 31, 2004...”

Recommendation

We recommend that OCTA recover all payments made for services provided beyond the period in which the late night ACCESS services were required to be provided per the Agreement.

Supplemental Data

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected ADA ACCESS Paratransit Services

July 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
July 1, 2003	1,757.15	1,770.48	(13.33)	\$ 1,222.00	\$ 1,218.60	\$ 3.40
July 2, 2003	1,739.07	1,759.62	(20.55)	1,370.91	1,355.56	15.35
July 3, 2003	1,818.27	1,840.04	(21.77)	1,381.70	1,373.15	8.55
July 4, 2003	522.05	536.85	(14.80)	489.95	496.15	(6.20)
July 5, 2003	563.63	567.35	(3.72)	533.65	527.85	5.80
July 6, 2003	507.13	516.80	(9.67)	447.85	442.05	5.80
July 7, 2003	1,612.63	1,632.49	(19.86)	1,179.00	1,179.45	(0.45)
July 8, 2003	1,748.78	1,746.57	2.21	1,283.45	1,289.15	(5.70)
July 9, 2003	1,778.12	1,779.93	(1.81)	1,445.95	1,431.35	14.60
July 10, 2003	1,794.12	1,801.70	(7.58)	1,338.51	1,331.98	6.53
July 11, 2003	1,716.77	1,717.42	(0.65)	1,300.05	1,304.15	(4.10)
July 12, 2003	606.53	621.20	(14.67)	624.54	596.44	28.10
July 13, 2003	545.00	567.41	(22.41)	468.55	480.45	(11.90)
July 14, 2003	1,638.27	1,664.37	(26.10)	1,121.36	1,120.46	0.90
July 15, 2003	1,806.50	1,815.64	(9.14)	1,472.34	1,475.84	(3.50)
July 16, 2003	1,785.65	1,798.89	(13.24)	1,353.95	1,353.95	-
July 17, 2003	1,828.15	1,847.67	(19.52)	1,448.54	1,450.24	(1.70)
July 18, 2003	1,670.12	1,682.92	(12.80)	1,169.55	1,167.85	1.70
July 19, 2003	640.52	654.04	(13.52)	590.70	595.80	(5.10)
July 20, 2003	602.30	605.85	(3.55)	500.40	500.40	-
July 21, 2003	1,651.47	1,657.80	(6.33)	1,148.45	1,148.45	-
July 22, 2003	1,762.10	1,770.70	(8.60)	1,254.69	1,256.39	(1.70)
July 23, 2003	1,788.90	1,796.38	(7.48)	1,473.37	1,473.37	-
July 24, 2003	1,830.17	1,843.63	(13.46)	1,554.19	1,555.89	(1.70)
July 25, 2003	1,701.43	1,704.26	(2.83)	1,182.65	1,182.65	-
July 26, 2003	633.65	646.55	(12.90)	613.75	618.85	(5.10)
July 27, 2003	577.40	586.23	(8.83)	525.20	525.20	-
July 28, 2003	1,659.22	1,672.95	(13.73)	1,187.60	1,194.10	(6.50)
July 29, 2003	1,744.62	1,759.84	(15.22)	1,317.65	1,319.35	(1.70)
July 30, 2003	1,769.37	1,774.96	(5.59)	1,321.40	1,319.03	2.37
July 31, 2003	1,781.13	1,798.87	(17.74)	1,340.00	1,342.40	(2.40)
Totals	<u>43,580.22</u>	<u>43,939.41</u>	<u>(359.19)</u>	<u>\$ 33,661.90</u>	<u>\$ 33,626.55</u>	<u>\$ 35.35</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Special Agency Transportation

July 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
July 1, 2003	52.78	52.72	0.06	\$ -	\$ -	\$ -
July 2, 2003	52.38	53.45	(1.07)	-	-	-
July 3, 2003	50.70	52.64	(1.94)	-	-	-
July 4, 2003	-	-	-	-	-	-
July 5, 2003	-	-	-	-	-	-
July 6, 2003	-	-	-	-	-	-
July 7, 2003	53.42	55.35	(1.93)	1.70	1.70	-
July 8, 2003	53.60	53.77	(0.17)	1.40	1.40	-
July 9, 2003	53.30	53.55	(0.25)	1.70	1.70	-
July 10, 2003	52.22	52.25	(0.03)	-	-	-
July 11, 2003	52.12	52.65	(0.53)	-	-	-
July 12, 2003	-	-	-	-	-	-
July 13, 2003	-	-	-	-	-	-
July 14, 2003	51.17	51.50	(0.33)	-	-	-
July 15, 2003	52.72	53.88	(1.16)	-	-	-
July 16, 2003	53.27	54.40	(1.13)	1.70	3.40	(1.70)
July 17, 2003	52.62	53.48	(0.86)	-	-	-
July 18, 2003	44.62	45.57	(0.95)	-	-	-
July 19, 2003	-	-	-	-	-	-
July 20, 2003	-	-	-	-	-	-
July 21, 2003	52.70	53.48	(0.78)	-	-	-
July 22, 2003	51.95	52.00	(0.05)	-	-	-
July 23, 2003	54.58	54.57	0.01	-	1.70	(1.70)
July 24, 2003	46.90	48.90	(2.00)	-	-	-
July 25, 2003	47.93	48.60	(0.67)	-	-	-
July 26, 2003	-	-	-	-	-	-
July 27, 2003	-	-	-	-	-	-
July 28, 2003	51.43	51.35	0.08	-	-	-
July 29, 2003	51.93	51.94	(0.01)	1.70	-	1.70
July 30, 2003	51.18	53.18	(2.00)	-	-	-
July 31, 2003	49.35	49.37	(0.02)	-	-	-
Totals	<u>1,132.87</u>	<u>1,148.60</u>	<u>(15.73)</u>	<u>\$ 8.20</u>	<u>\$ 9.90</u>	<u>\$ (1.70)</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Contracted Fixed Route

July 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
July 1, 2003	368.17	367.51	0.66	\$ 229.75	\$ 70.25	\$ 159.50
July 2, 2003	368.15	369.95	(1.80)	296.00	25.25	270.75
July 3, 2003	366.10	366.77	(0.67)	184.00	4.00	180.00
July 4, 2003	45.85	45.85	-	112.00	-	112.00
July 5, 2003	47.20	47.20	-	28.00	-	28.00
July 6, 2003	46.87	46.03	0.84	31.25	-	31.25
July 7, 2003	363.59	364.62	(1.03)	294.25	42.00	252.25
July 8, 2003	366.65	365.00	1.65	255.25	22.00	233.25
July 9, 2003	368.40	368.83	(0.43)	284.75	12.50	272.25
July 10, 2003	368.37	367.95	0.42	256.25	23.25	233.00
July 11, 2003	364.29	369.78	(5.49)	181.25	6.00	175.25
July 12, 2003	47.30	47.37	(0.07)	49.50	-	49.50
July 13, 2003	45.61	45.70	(0.09)	20.00	-	20.00
July 14, 2003	362.66	366.10	(3.44)	170.75	2.00	168.75
July 15, 2003	371.47	372.32	(0.85)	245.75	6.00	239.75
July 16, 2003	366.05	368.05	(2.00)	294.50	37.75	256.75
July 17, 2003	370.03	370.48	(0.45)	273.25	89.25	184.00
July 18, 2003	366.00	367.00	(1.00)	151.25	2.00	149.25
July 19, 2003	47.30	47.30	-	37.50	-	37.50
July 20, 2003	46.11	46.13	(0.02)	-	-	-
July 21, 2003	365.35	367.97	(2.62)	210.75	41.50	169.25
July 22, 2003	370.56	371.63	(1.07)	131.50	20.00	111.50
July 23, 2003	367.05	368.40	(1.35)	151.50	37.75	113.75
July 24, 2003	367.97	368.05	(0.08)	78.00	17.00	61.00
July 25, 2003	367.07	370.21	(3.14)	99.65	7.00	92.65
July 26, 2003	47.08	47.18	(0.10)	28.50	-	28.50
July 27, 2003	46.39	46.40	(0.01)	-	-	-
July 28, 2003	365.24	367.42	(2.18)	110.00	37.25	72.75
July 29, 2003	367.31	368.25	(0.94)	166.00	42.25	123.75
July 30, 2003	393.42	389.77	3.65	177.50	57.50	120.00
July 31, 2003	385.02	383.99	1.03	178.75	54.50	124.25
Totals (1)	<u>8,538.63</u>	<u>8,559.21</u>	<u>(20.58)</u>	<u>\$ 4,727.40</u>	<u>\$ 657.00</u>	<u>4,070.40</u>

(1) Cash reported on the invoice was \$19,986.00. Cash per the GFI was \$27,949.00.

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected ADA ACCESS Paratransit Services

August 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
August 1, 2003	1,709.80	1,729.56	(19.76)	\$ 1,270.42	\$ 1,251.37	\$ 19.05
August 2, 2003	640.30	650.95	(10.65)	538.80	538.80	-
August 3, 2003	551.72	568.68	(16.96)	537.65	537.65	-
August 4, 2003	1,625.08	1,649.12	(24.04)	1,107.25	1,108.70	(1.45)
August 5, 2003	1,752.03	1,769.64	(17.61)	1,193.63	1,202.95	(9.32)
August 6, 2003	1,754.45	1,790.99	(36.54)	1,325.25	1,326.40	(1.15)
August 7, 2003	1,767.82	1,797.11	(29.29)	1,294.85	1,294.85	-
August 8, 2003	1,727.03	1,762.94	(35.91)	1,281.43	1,291.63	(10.20)
August 9, 2003	600.02	620.52	(20.50)	506.45	506.45	-
August 10, 2003	547.10	570.37	(23.27)	528.72	528.72	-
August 11, 2003	1,630.53	1,661.58	(31.05)	1,073.36	1,073.36	-
August 12, 2003	1,737.20	1,766.77	(29.57)	1,225.95	1,225.95	-
August 13, 2003	1,786.60	1,816.95	(30.35)	1,389.55	1,389.55	-
August 14, 2003	1,748.78	1,781.71	(32.93)	1,266.10	1,266.10	-
August 15, 2003	1,735.47	1,757.69	(22.22)	1,319.64	1,294.20	25.44
August 16, 2003	652.83	666.07	(13.24)	611.90	604.90	7.00
August 17, 2003	577.92	587.21	(9.29)	483.70	490.30	(6.60)
August 18, 2003	1,635.92	1,655.87	(19.95)	1,064.25	1,062.85	1.40
August 19, 2003	1,722.15	1,752.40	(30.25)	1,208.80	1,221.95	(13.15)
August 20, 2003	1,837.05	1,854.85	(17.80)	1,543.05	1,537.20	5.85
August 21, 2003	1,737.78	1,763.64	(25.86)	1,266.70	1,259.10	7.60
August 22, 2003	1,658.20	1,685.75	(27.55)	1,227.40	1,215.50	11.90
August 23, 2003	668.80	680.07	(11.27)	613.00	585.30	27.70
August 24, 2003	578.95	603.37	(24.42)	565.75	569.15	(3.40)
August 25, 2003	1,688.28	1,719.58	(31.30)	1,217.18	1,206.55	10.63
August 26, 2003	1,774.35	1,784.52	(10.17)	1,360.30	1,355.70	4.60
August 27, 2003	1,851.80	1,864.15	(12.35)	1,476.56	1,480.26	(3.70)
August 28, 2003	1,841.50	1,851.55	(10.05)	1,534.18	1,522.61	11.57
August 29, 2003	1,741.98	1,752.72	(10.74)	1,241.10	1,236.00	5.10
August 30, 2003	689.73	694.33	(4.60)	653.50	653.50	-
August 31, 2003	568.63	582.46	(13.83)	547.20	545.50	1.70
Totals	<u>42,539.80</u>	<u>43,193.12</u>	<u>(653.32)</u>	<u>\$ 32,473.62</u>	<u>\$ 32,383.05</u>	<u>\$ 90.57</u>

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Special Agency Transportation

August 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
August 1, 2003	48.12	48.52	(0.40)	\$ -	\$ -	\$ -
August 2, 2003	-	-	-	-	-	-
August 3, 2003	-	-	-	-	-	-
August 4, 2003	50.03	49.62	0.41	-	-	-
August 5, 2003	50.15	49.88	0.27	3.40	3.40	-
August 6, 2003	47.37	46.27	1.10	1.70	1.70	-
August 7, 2003	50.60	49.93	0.67	-	-	-
August 8, 2003	52.57	48.27	4.30	2.50	2.50	-
August 9, 2003	-	-	-	-	-	-
August 10, 2003	-	-	-	-	-	-
August 11, 2003	49.90	49.77	0.13	1.70	1.70	-
August 12, 2003	52.65	52.22	0.43	1.70	1.70	-
August 13, 2003	53.60	52.78	0.82	-	-	-
August 14, 2003	53.00	52.42	0.58	-	-	-
August 15, 2003	47.22	48.87	(1.65)	-	-	-
August 16, 2003	-	-	-	-	-	-
August 17, 2003	-	-	-	-	-	-
August 18, 2003	53.92	53.32	0.60	-	-	-
August 19, 2003	51.83	51.80	0.03	-	-	-
August 20, 2003	52.32	50.60	1.72	3.40	3.40	-
August 21, 2003	52.13	50.58	1.55	4.80	-	4.80
August 22, 2003	49.38	49.23	0.15	36.20	-	36.20
August 23, 2003	-	-	-	-	-	-
August 24, 2003	-	-	-	-	-	-
August 25, 2003	49.00	49.30	(0.30)	10.20	-	10.20
August 26, 2003	49.92	50.23	(0.31)	8.40	-	8.40
August 27, 2003	52.70	51.70	1.00	32.00	-	32.00
August 28, 2003	51.52	51.17	0.35	3.30	1.70	1.60
August 29, 2003	50.92	50.75	0.17	8.20	1.70	6.50
August 30, 2003	-	-	-	-	-	-
August 31, 2003	-	-	-	-	-	-
Totals	<u>1,068.85</u>	<u>1,057.23</u>	<u>11.62</u>	<u>\$ 117.50</u>	<u>\$ 17.80</u>	<u>\$ 99.70</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Contracted Fixed Route

August 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
August 1, 2003	383.49	387.40	(3.91)	\$ 123.00	\$ 31.75	\$ 91.25
August 2, 2003	61.11	64.87	(3.76)	52.25	-	52.25
August 3, 2003	58.22	61.65	(3.43)	24.00	-	24.00
August 4, 2003	364.28	366.02	(1.74)	65.25	19.00	46.25
August 5, 2003	365.51	368.82	(3.31)	155.50	22.25	133.25
August 6, 2003	369.84	370.65	(0.81)	84.50	30.00	54.50
August 7, 2003	371.75	376.40	(4.65)	57.25	4.00	53.25
August 8, 2003	362.12	365.35	(3.23)	53.50	21.00	32.50
August 9, 2003	47.02	47.02	-	30.50	-	30.50
August 10, 2003	45.79	45.80	(0.01)	16.50	-	16.50
August 11, 2003	362.98	364.52	(1.54)	102.25	36.25	66.00
August 12, 2003	368.60	368.88	(0.28)	95.50	5.00	90.50
August 13, 2003	373.96	377.65	(3.69)	106.50	26.00	80.50
August 14, 2003	369.83	370.07	(0.24)	59.00	7.00	52.00
August 15, 2003	363.97	363.27	0.70	106.75	6.00	100.75
August 16, 2003	47.79	47.78	0.01	-	-	-
August 17, 2003	46.15	46.08	0.07	-	-	-
August 18, 2003	366.19	367.55	(1.36)	81.00	7.25	73.75
August 19, 2003	368.30	368.29	0.01	96.50	9.25	87.25
August 20, 2003	368.15	368.52	(0.37)	90.50	37.25	53.25
August 21, 2003	368.52	368.65	(0.13)	42.75	1.00	41.75
August 22, 2003	369.90	369.80	0.10	78.00	3.50	74.50
August 23, 2003	47.51	47.72	(0.21)	-	-	-
August 24, 2003	46.08	46.08	-	-	-	-
August 25, 2003	362.45	366.08	(3.63)	101.75	3.00	98.75
August 26, 2003	367.06	368.44	(1.38)	117.50	5.00	112.50
August 27, 2003	367.43	368.72	(1.29)	111.25	13.00	98.25
August 28, 2003	368.70	369.12	(0.42)	101.50	5.00	96.50
August 29, 2003	368.82	369.28	(0.46)	98.00	8.00	90.00
August 30, 2003	46.96	47.08	(0.12)	75.00	-	75.00
August 31, 2003	45.90	45.90	-	28.50	-	28.50
Totals (1)	<u>8,224.38</u>	<u>8,263.46</u>	<u>(39.08)</u>	<u>\$ 2,154.50</u>	<u>\$ 300.50</u>	<u>\$ 1,854.00</u>

(1) Cash reported on the invoice was \$20,514.00. Cash per the GFI was \$27,842.00.

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected ADA ACCESS Paratransit Services

December 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
December 1, 2003	1,930.70	1,986.94	(56.24)	\$ 1,280.14	\$ 1,296.24	\$ (16.10)
December 2, 2003	2,077.63	2,098.42	(20.79)	1,656.20	1,659.30	(3.10)
December 3, 2003	2,194.52	2,219.27	(24.75)	1,683.85	1,681.45	2.40
December 4, 2003	2,082.58	2,109.90	(27.32)	1,517.20	1,503.70	13.50
December 5, 2003	2,014.05	2,020.27	(6.22)	1,462.26	1,440.95	21.31
December 6, 2003	746.35	753.60	(7.25)	670.50	658.60	11.90
December 7, 2003	592.62	615.62	(23.00)	491.15	491.15	-
December 8, 2003	1,967.10	1,974.80	(7.70)	1,282.30	1,280.10	2.20
December 9, 2003	2,087.83	2,099.42	(11.59)	1,535.40	1,536.65	(1.25)
December 10, 2003	2,167.32	2,180.58	(13.26)	1,607.25	1,608.95	(1.70)
December 11, 2003	2,033.33	2,056.54	(23.21)	1,495.45	1,495.45	-
December 12, 2003	1,947.50	1,983.30	(35.80)	1,388.85	1,388.85	-
December 13, 2003	775.33	792.93	(17.60)	790.75	790.75	-
December 14, 2003	615.53	632.87	(17.34)	507.00	507.00	-
December 15, 2003	1,871.52	1,892.70	(21.18)	1,370.35	1,370.35	-
December 16, 2003	1,959.35	1,980.25	(20.90)	1,469.63	1,469.63	-
December 17, 2003	2,038.97	2,059.02	(20.05)	1,655.53	1,649.53	6.00
December 18, 2003	2,042.35	2,057.70	(15.35)	1,555.43	1,550.23	5.20
December 19, 2003	1,954.65	1,974.84	(20.19)	1,308.15	1,306.45	1.70
December 20, 2003	696.08	722.17	(26.09)	672.50	672.50	-
December 21, 2003	630.72	641.30	(10.58)	520.70	525.80	(5.10)
December 22, 2003	1,483.37	1,500.45	(17.08)	1,120.08	1,120.08	-
December 23, 2003	1,590.47	1,611.45	(20.98)	1,260.68	1,262.28	(1.60)
December 24, 2003	1,276.77	1,296.83	(20.06)	885.05	882.35	2.70
December 25, 2003	498.32	521.72	(23.40)	457.70	461.10	(3.40)
December 26, 2003	780.45	814.54	(34.09)	537.40	537.40	-
December 27, 2003	601.82	619.39	(17.57)	571.50	571.50	-
December 28, 2003	545.90	562.54	(16.64)	478.80	478.80	-
December 29, 2003	1,364.08	1,381.00	(16.92)	1,001.45	999.45	2.00
December 30, 2003	1,371.32	1,399.27	(27.95)	1,043.45	1,035.95	7.50
December 31, 2003	1,328.00	1,366.40	(38.40)	895.86	898.16	(2.30)
Totals (1)	<u>45,266.53</u>	<u>45,926.03</u>	<u>(659.50)</u>	<u>\$ 34,172.56</u>	<u>\$ 34,130.70</u>	<u>\$ 41.86</u>

(1) Laidlaw reported 45,915.36 hours and cash of \$34,122.21 on the invoice.

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
Special Agency Transportation

December 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
December 1, 2003	43.77	44.02	(0.25)	\$ -	\$ -	\$ -
December 2, 2003	47.58	47.67	(0.09)	-	-	-
December 3, 2003	45.65	45.82	(0.17)	-	-	-
December 4, 2003	46.58	46.70	(0.12)	-	-	-
December 5, 2003	44.87	44.87	-	-	-	-
December 6, 2003	-	-	-	-	-	-
December 7, 2003	-	-	-	-	-	-
December 8, 2003	45.75	46.05	(0.30)	-	1.70	(1.70)
December 9, 2003	48.27	48.27	-	-	-	-
December 10, 2003	46.73	47.07	(0.34)	-	-	-
December 11, 2003	47.27	47.57	(0.30)	-	-	-
December 12, 2003	43.98	44.23	(0.25)	-	-	-
December 13, 2003	-	-	-	-	-	-
December 14, 2003	-	-	-	-	-	-
December 15, 2003	44.57	44.57	-	-	-	-
December 16, 2003	49.22	53.48	(4.26)	-	-	-
December 17, 2003	46.82	51.98	(5.16)	-	-	-
December 18, 2003	45.98	46.78	(0.80)	-	-	-
December 19, 2003	46.67	46.67	-	-	-	-
December 20, 2003	-	-	-	-	-	-
December 21, 2003	-	-	-	-	-	-
December 22, 2003	42.85	49.30	(6.45)	-	-	-
December 23, 2003	49.02	45.22	3.80	-	-	-
December 24, 2003	18.42	18.42	-	-	-	-
December 25, 2003	-	-	-	-	-	-
December 26, 2003	2.42	2.42	-	-	-	-
December 27, 2003	-	-	-	-	-	-
December 28, 2003	-	-	-	-	-	-
December 29, 2003	38.33	38.55	(0.22)	-	-	-
December 30, 2003	8.00	43.60	(35.60)	-	-	-
December 31, 2003	14.55	23.53	(8.98)	-	-	-
Totals	<u>867.30</u>	<u>926.79</u>	<u>(59.49)</u>	<u>\$ -</u>	<u>\$ 1.70</u>	<u>\$ (1.70)</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Contracted Fixed Route

December 2003

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
December 1, 2003	377.34	383.72	(6.38)	\$ 82.50	\$ 1.00	\$ 81.50
December 2, 2003	384.97	386.25	(1.28)	54.25	10.00	44.25
December 3, 2003	382.37	382.53	(0.16)	87.50	21.00	66.50
December 4, 2003	386.53	385.85	0.68	41.50	18.00	23.50
December 5, 2003	386.19	386.60	(0.41)	57.00	17.25	39.75
December 6, 2003	74.95	74.03	0.92	25.00	-	25.00
December 7, 2003	64.81	64.82	(0.01)	21.00	-	21.00
December 8, 2003	384.14	384.37	(0.23)	106.00	17.00	89.00
December 9, 2003	383.78	384.49	(0.71)	27.75	3.00	24.75
December 10, 2003	384.97	386.12	(1.15)	54.25	33.25	21.00
December 11, 2003	385.14	386.02	(0.88)	35.50	-	35.50
December 12, 2003	383.90	383.32	0.58	45.00	11.00	34.00
December 13, 2003	59.46	73.22	(13.76)	42.00	-	42.00
December 14, 2003	65.19	65.37	(0.18)	28.75	-	28.75
December 15, 2003	381.73	382.23	(0.50)	86.25	15.00	71.25
December 16, 2003	381.14	387.93	(6.79)	16.00	12.25	3.75
December 17, 2003	388.90	388.42	0.48	12.00	-	12.00
December 18, 2003	384.85	385.12	(0.27)	40.00	17.00	23.00
December 19, 2003	383.47	386.63	(3.16)	59.50	21.00	38.50
December 20, 2003	73.98	74.23	(0.25)	19.75	-	19.75
December 21, 2003	64.78	64.88	(0.10)	27.25	-	27.25
December 22, 2003	380.93	384.35	(3.42)	74.75	1.00	73.75
December 23, 2003	387.63	387.77	(0.14)	10.00	1.25	8.75
December 24, 2003	382.84	383.37	(0.53)	11.00	4.00	7.00
December 25, 2003	64.75	64.87	(0.12)	2.00	-	2.00
December 26, 2003	379.01	379.35	(0.34)	33.50	-	33.50
December 27, 2003	73.41	73.73	(0.32)	41.25	-	41.25
December 28, 2003	64.87	64.57	0.30	3.25	-	3.25
December 29, 2003	379.75	378.13	1.62	87.25	7.00	80.25
December 30, 2003	382.32	382.38	(0.06)	40.50	-	40.50
December 31, 2003	381.19	384.85	(3.66)	9.00	-	9.00
Totals (1)	<u>9,039.29</u>	<u>9,079.52</u>	<u>(40.23)</u>	<u>\$ 1,281.25</u>	<u>\$ 210.00</u>	<u>\$ 1,071.25</u>

(1) Cash reported on the invoice was \$22,971.00. Cash per the GFI was \$33,139.00.

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected ADA ACCESS Paratransit Services

March 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
March 1, 2004	1,978.10	2,001.65	(23.55)	\$ 1,256.75	\$ 1,247.20	\$ 9.55
March 2, 2004	2,054.43	2,072.41	(17.98)	1,477.00	1,481.75	(4.75)
March 3, 2004	2,142.05	2,148.09	(6.04)	1,512.32	1,505.35	6.97
March 4, 2004	2,112.48	2,122.52	(10.04)	1,586.80	1,570.80	16.00
March 5, 2004	1,967.47	1,972.66	(5.19)	1,394.20	1,387.00	7.20
March 6, 2004	700.77	707.32	(6.55)	656.20	654.50	1.70
March 7, 2004	607.93	618.44	(10.51)	538.35	536.65	1.70
March 8, 2004	2,033.75	2,035.89	(2.14)	1,362.85	1,342.20	20.65
March 9, 2004	2,078.87	2,093.18	(14.31)	1,443.38	1,452.60	(9.22)
March 10, 2004	2,139.90	2,155.12	(15.22)	1,595.35	1,586.60	8.75
March 11, 2004	2,123.97	2,135.64	(11.67)	1,640.29	1,634.84	5.45
March 12, 2004	1,974.12	1,985.72	(11.60)	1,460.05	1,455.15	4.90
March 13, 2004	719.88	727.32	(7.44)	651.06	651.06	-
March 14, 2004	621.23	633.68	(12.45)	601.50	601.15	0.35
March 15, 2004	1,938.38	1,954.21	(15.83)	1,193.40	1,191.70	1.70
March 16, 2004	2,038.23	2,081.66	(43.43)	1,575.75	1,567.85	7.90
March 17, 2004	2,096.15	2,137.33	(41.18)	1,521.11	1,517.31	3.80
March 18, 2004	2,016.80	2,064.33	(47.53)	1,572.71	1,564.21	8.50
March 19, 2004	1,939.08	1,970.95	(31.87)	1,477.60	1,474.20	3.40
March 20, 2004	715.07	725.79	(10.72)	715.90	691.70	24.20
March 21, 2004	589.87	603.62	(13.75)	567.60	567.60	-
March 22, 2004	1,942.00	1,982.52	(40.52)	1,376.60	1,367.75	8.85
March 23, 2004	2,068.25	2,109.12	(40.87)	1,521.60	1,506.20	15.40
March 24, 2004	2,110.13	2,165.19	(55.06)	1,599.50	1,593.10	6.40
March 25, 2004	2,075.25	2,126.64	(51.39)	1,648.88	1,643.38	5.50
March 26, 2004	1,984.42	2,016.67	(32.25)	1,546.26	1,544.56	1.70
March 27, 2004	688.13	692.82	(4.69)	567.30	565.60	1.70
March 28, 2004	621.70	634.32	(12.62)	625.35	625.35	-
March 29, 2004	1,909.47	1,928.18	(18.71)	1,335.85	1,334.15	1.70
March 30, 2004	2,018.37	2,031.03	(12.66)	1,477.20	1,464.00	13.20
March 31, 2004	2,072.52	2,086.84	(14.32)	1,475.51	1,441.80	33.71
Totals (1)	<u>52,078.77</u>	<u>52,720.86</u>	<u>(642.09)</u>	<u>\$ 38,974.22</u>	<u>\$ 38,767.31</u>	<u>\$ 206.91</u>

(1) Laidlaw reported 52,714.44 hours on the invoice.

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Special Agency Transportation

March 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
March 1, 2004	45.55	47.92	(2.37)	\$ -	\$ -	\$ -
March 2, 2004	51.78	54.27	(2.49)	-	-	-
March 3, 2004	53.72	55.32	(1.60)	-	-	-
March 4, 2004	51.12	53.17	(2.05)	-	-	-
March 5, 2004	52.15	50.62	1.53	-	-	-
March 6, 2004	-	-	-	-	-	-
March 7, 2004	-	-	-	-	-	-
March 8, 2004	49.25	52.02	(2.77)	-	-	-
March 9, 2004	51.27	53.85	(2.58)	-	-	-
March 10, 2004	49.33	52.13	(2.80)	-	-	-
March 11, 2004	50.60	52.47	(1.87)	-	-	-
March 12, 2004	50.63	53.28	(2.65)	-	-	-
March 13, 2004	-	-	-	-	-	-
March 14, 2004	-	-	-	-	-	-
March 15, 2004	46.70	53.02	(6.32)	-	-	-
March 16, 2004	52.00	58.75	(6.75)	-	-	-
March 17, 2004	51.27	53.50	(2.23)	-	-	-
March 18, 2004	54.73	56.73	(2.00)	-	-	-
March 19, 2004	48.62	52.77	(4.15)	-	-	-
March 20, 2004	-	-	-	-	-	-
March 21, 2004	-	-	-	-	-	-
March 22, 2004	50.20	51.50	(1.30)	-	-	-
March 23, 2004	53.47	56.53	(3.06)	-	-	-
March 24, 2004	51.15	52.87	(1.72)	-	-	-
March 25, 2004	53.97	55.23	(1.26)	-	-	-
March 26, 2004	48.77	51.83	(3.06)	-	-	-
March 27, 2004	-	-	-	-	-	-
March 28, 2004	-	-	-	-	-	-
March 29, 2004	50.57	49.82	0.75	-	-	-
March 30, 2004	47.27	51.37	(4.10)	-	-	-
March 31, 2004	49.20	52.48	(3.28)	-	-	-
Totals	<u>1,163.32</u>	<u>1,221.45</u>	<u>(58.13)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Contracted Fixed Route

March 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
March 1, 2004	380.58	383.63	(3.05)	\$ 50.30	\$ 3.25	\$ 47.05
March 2, 2004	382.65	383.37	(0.72)	75.50	8.00	67.50
March 3, 2004	384.67	385.72	(1.05)	73.75	23.25	50.50
March 4, 2004	382.83	383.33	(0.50)	23.00	1.00	22.00
March 5, 2004	382.52	383.30	(0.78)	26.25	10.00	16.25
March 6, 2004	73.59	73.72	(0.13)	18.50	-	18.50
March 7, 2004	64.74	64.75	(0.01)	-	-	-
March 8, 2004	380.57	381.61	(1.04)	52.00	15.00	37.00
March 9, 2004	384.54	385.68	(1.14)	47.00	22.00	25.00
March 10, 2004	380.56	384.27	(3.71)	75.25	12.50	62.75
March 11, 2004	381.42	382.13	(0.71)	73.75	16.00	57.75
March 12, 2004	383.02	383.87	(0.85)	33.50	8.00	25.50
March 13, 2004	73.93	73.93	-	-	-	-
March 14, 2004	65.06	65.07	(0.01)	-	-	-
March 15, 2004	382.13	384.75	(2.62)	40.00	5.00	35.00
March 16, 2004	387.41	389.39	(1.98)	59.00	14.00	45.00
March 17, 2004	377.94	383.76	(5.82)	67.25	10.25	57.00
March 18, 2004	382.42	383.25	(0.83)	47.50	9.00	38.50
March 19, 2004	381.83	382.25	(0.42)	112.75	11.00	101.75
March 20, 2004	74.16	74.17	(0.01)	-	-	-
March 21, 2004	64.83	64.83	-	18.25	-	18.25
March 22, 2004	382.33	383.05	(0.72)	51.25	3.00	48.25
March 23, 2004	381.88	383.40	(1.52)	21.50	12.00	9.50
March 24, 2004	382.46	384.21	(1.75)	54.00	1.00	53.00
March 25, 2004	378.31	381.08	(2.77)	19.50	3.00	16.50
March 26, 2004	382.60	383.59	(0.99)	73.25	12.00	61.25
March 27, 2004	73.83	73.95	(0.12)	-	-	-
March 28, 2004	65.06	65.07	(0.01)	34.50	-	34.50
March 29, 2004	383.72	385.11	(1.39)	58.25	37.00	21.25
March 30, 2004	381.23	382.65	(1.42)	59.00	25.00	34.00
March 31, 2004	379.35	382.46	(3.11)	32.75	10.00	22.75
Totals (1)	<u>9,342.17</u>	<u>9,381.35</u>	<u>(39.18)</u>	<u>\$ 1,297.55</u>	<u>\$ 271.25</u>	<u>\$ 1,026.30</u>

(1) Cash reported on the invoice was \$27,686.00. Cash per the GFI was \$35,866.00.

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected ADA ACCESS Paratransit Services

May 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
May 1, 2004	726.42	743.32	(16.90)	\$ 747.15	\$ 743.55	\$ 3.60
May 2, 2004	551.28	568.00	(16.72)	559.25	559.25	-
May 3, 2004	1,964.93	1,987.01	(22.08)	1,446.40	1,445.60	0.80
May 4, 2004	2,079.92	2,094.22	(14.30)	1,515.10	1,515.26	(0.16)
May 5, 2004	2,080.52	2,094.52	(14.00)	1,588.29	1,591.39	(3.10)
May 6, 2004	2,089.98	2,101.76	(11.78)	1,632.60	1,626.60	6.00
May 7, 2004	1,921.57	1,927.93	(6.36)	1,401.46	1,403.16	(1.70)
May 8, 2004	711.78	723.77	(11.99)	717.80	717.80	-
May 9, 2004	596.07	601.03	(4.96)	628.25	628.25	-
May 10, 2004	1,894.45	1,906.78	(12.33)	1,299.46	1,294.36	5.10
May 11, 2004	2,050.98	2,061.35	(10.37)	1,662.54	1,659.34	3.20
May 12, 2004	2,096.60	2,107.43	(10.83)	1,698.40	1,693.66	4.74
May 13, 2004	2,067.35	2,077.02	(9.67)	1,615.24	1,618.64	(3.40)
May 14, 2004	1,940.47	1,941.93	(1.46)	1,378.57	1,378.57	-
May 15, 2004	679.33	692.62	(13.29)	703.15	703.22	(0.07)
May 16, 2004	581.20	598.75	(17.55)	595.85	595.85	-
May 17, 2004	1,891.77	1,915.89	(24.12)	1,296.05	1,290.05	6.00
May 18, 2004	2,033.27	2,043.25	(9.98)	1,610.26	1,605.96	4.30
May 19, 2004	2,101.50	2,103.52	(2.02)	1,669.46	1,668.71	0.75
May 20, 2004	2,105.82	2,128.36	(22.54)	1,639.82	1,646.62	(6.80)
May 21, 2004	1,938.50	1,952.28	(13.78)	1,466.70	1,484.90	(18.20)
May 22, 2004	686.22	693.95	(7.73)	633.00	633.00	-
May 23, 2004	583.75	592.65	(8.90)	528.05	529.75	(1.70)
May 24, 2004	1,893.37	1,904.99	(11.62)	1,317.64	1,320.14	(2.50)
May 25, 2004	1,987.80	1,995.82	(8.02)	1,402.10	1,397.95	4.15
May 26, 2004	2,024.50	2,032.90	(8.40)	1,512.35	1,512.35	-
May 27, 2004	2,044.65	2,050.40	(5.75)	1,607.90	1,601.10	6.80
May 28, 2004	1,886.82	1,893.65	(6.83)	1,399.39	1,396.20	3.19
May 29, 2004	693.67	697.89	(4.22)	650.19	650.19	-
May 30, 2004	558.00	564.75	(6.75)	525.80	519.00	6.80
May 31, 2004	576.80	547.16	29.64	451.30	451.30	-
Totals (1)	<u>47,039.29</u>	<u>47,344.90</u>	<u>(305.61)</u>	<u>\$ 36,899.52</u>	<u>\$ 36,881.72</u>	<u>\$ 17.80</u>

(1) Laidlaw report 47,342.14 hours and cash of \$36,880.02 on the invoice.

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Special Agency Transportation

May 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
May 1, 2004	-	-	-	\$ -	\$ -	\$ -
May 2, 2004	-	-	-	-	-	-
May 3, 2004	46.57	51.63	(5.06)	-	-	-
May 4, 2004	43.13	55.07	(11.94)	-	-	-
May 5, 2004	53.00	55.29	(2.29)	2.50	2.50	-
May 6, 2004	45.03	49.10	(4.07)	-	-	-
May 7, 2004	47.93	52.00	(4.07)	-	-	-
May 8, 2004						
May 9, 2004						
May 10, 2004	43.75	49.90	(6.15)	-	-	-
May 11, 2004	48.43	52.19	(3.76)	2.90	-	2.90
May 12, 2004	50.00	53.94	(3.94)	-	-	-
May 13, 2004	52.25	56.20	(3.95)	3.40	3.40	-
May 14, 2004	45.87	52.25	(6.38)	3.40	3.40	-
May 15, 2004						
May 16, 2004						
May 17, 2004	45.80	50.15	(4.35)	-	-	-
May 18, 2004	47.47	53.33	(5.86)	-	-	-
May 19, 2004	50.15	54.05	(3.90)	-	-	-
May 20, 2004	50.95	50.73	0.22	-	-	-
May 21, 2004	44.78	46.77	(1.99)	8.00	-	8.00
May 22, 2004						
May 23, 2004						
May 24, 2004	45.12	50.15	(5.03)	-	-	-
May 25, 2004	49.12	54.22	(5.10)	-	-	-
May 26, 2004	48.05	51.48	(3.43)	-	-	-
May 27, 2004	49.27	53.48	(4.21)	-	-	-
May 28, 2004	44.07	48.42	(4.35)	-	-	-
May 29, 2004						
May 30, 2004						
May 31, 2004	-	(20.75)	20.75	-	-	-
Totals	<u>950.74</u>	<u>1,019.60</u>	<u>(68.86)</u>	<u>\$ 20.20</u>	<u>\$ 9.30</u>	<u>\$ 10.90</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
Contracted Fixed Route

May 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
May 1, 2004	73.63	73.68	(0.05)	\$ -	\$ -	\$ -
May 2, 2004	64.86	64.88	(0.02)	-	-	-
May 3, 2004	380.77	383.78	(3.01)	63.25	-	63.25
May 4, 2004	383.77	383.53	0.24	19.00	2.00	17.00
May 5, 2004	382.13	383.10	(0.97)	55.75	14.50	41.25
May 6, 2004	380.52	381.30	(0.78)	55.50	4.00	51.50
May 7, 2004	380.60	382.95	(2.35)	71.50	3.00	68.50
May 8, 2004	73.59	73.70	(0.11)	20.50	-	20.50
May 9, 2004	65.06	65.07	(0.01)	-	-	-
May 10, 2004	381.90	382.00	(0.10)	28.25	-	28.25
May 11, 2004	382.79	384.07	(1.28)	29.25	1.00	28.25
May 12, 2004	381.75	382.88	(1.13)	85.75	40.25	45.50
May 13, 2004	383.36	385.60	(2.24)	8.00	2.00	6.00
May 14, 2004	382.50	383.03	(0.53)	82.00	5.00	77.00
May 15, 2004	73.55	73.55	-	-	-	-
May 16, 2004	64.94	64.88	0.06	-	-	-
May 17, 2004	382.41	382.80	(0.39)	42.00	4.00	38.00
May 18, 2004	382.20	383.19	(0.99)	48.50	8.00	40.50
May 19, 2004	380.87	382.11	(1.24)	25.50	7.50	18.00
May 20, 2004	379.90	380.74	(0.84)	21.50	-	21.50
May 21, 2004	380.68	381.00	(0.32)	42.50	3.00	39.50
May 22, 2004	73.54	73.68	(0.14)	-	-	-
May 23, 2004	64.77	64.78	(0.01)	-	-	-
May 24, 2004	379.70	380.55	(0.85)	20.00	4.00	16.00
May 25, 2004	386.19	386.88	(0.69)	33.25	2.00	31.25
May 26, 2004	382.09	384.33	(2.24)	36.00	11.00	25.00
May 27, 2004	383.50	383.77	(0.27)	8.50	2.00	6.50
May 28, 2004	381.09	381.65	(0.56)	40.75	15.50	25.25
May 29, 2004	73.89	73.72	0.17	17.50	-	17.50
May 30, 2004	65.12	65.15	(0.03)	19.00	-	19.00
May 31, 2004	65.14	65.07	0.07	-	-	-
Totals (1)	<u>8,396.81</u>	<u>8,417.42</u>	<u>(20.61)</u>	<u>\$ 873.75</u>	<u>\$ 128.75</u>	<u>\$ 745.00</u>

(1) Cash reported on the invoice was \$20,929.00. Cash per the GFI was \$33,499.00.

Laidlaw Transit Services, Inc.

Summary of Vehicle Service Hours and Fares Collected ADA ACCESS Paratransit Services

June 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
June 1, 2004	1,955.45	1,963.74	(8.29)	\$ 1,356.35	\$ 1,347.35	\$ 9.00
June 2, 2004	2,012.83	2,018.81	(5.98)	1,475.36	1,475.36	-
June 3, 2004	2,023.35	2,029.67	(6.32)	1,643.16	1,643.16	-
June 4, 2004	1,877.77	1,885.41	(7.64)	1,344.52	1,346.22	(1.70)
June 5, 2004	717.68	718.40	(0.72)	689.85	689.85	-
June 6, 2004	595.45	599.89	(4.44)	627.70	627.70	-
June 7, 2004	1,897.02	1,905.62	(8.60)	1,347.91	1,347.91	-
June 8, 2004	1,981.05	1,987.89	(6.84)	1,482.46	1,482.46	-
June 9, 2004	2,050.87	2,055.31	(4.44)	1,591.40	1,591.40	-
June 10, 2004	1,977.15	1,977.43	(0.28)	1,444.95	1,444.95	-
June 11, 2004	1,929.73	1,944.21	(14.48)	1,427.89	1,427.89	-
June 12, 2004	700.78	699.55	1.23	687.70	679.20	8.50
June 13, 2004	588.58	593.02	(4.44)	595.45	595.45	-
June 14, 2004	1,862.83	1,866.67	(3.84)	1,311.95	1,310.15	1.80
June 15, 2004	1,953.70	1,950.45	3.25	1,400.30	1,393.50	6.80
June 16, 2004	1,980.25	1,992.76	(12.51)	1,876.01	1,876.01	-
June 17, 2004	1,961.08	1,977.86	(16.78)	1,552.85	1,574.85	(22.00)
June 18, 2004	1,891.02	1,893.96	(2.94)	1,560.29	1,560.29	-
June 19, 2004	691.88	694.18	(2.30)	646.79	646.79	-
June 20, 2004	577.40	580.82	(3.42)	569.95	569.95	-
June 21, 2004	1,829.82	1,839.84	(10.02)	1,257.50	1,257.50	-
June 22, 2004	1,879.55	1,884.67	(5.12)	1,277.37	1,277.37	-
June 23, 2004	1,968.93	1,971.94	(3.01)	1,524.34	1,531.14	(6.80)
June 24, 2004	1,950.97	1,955.96	(4.99)	1,424.40	1,424.40	-
June 25, 2004	1,887.00	1,889.08	(2.08)	1,452.54	1,452.54	-
June 26, 2004	671.90	676.18	(4.28)	691.35	691.35	-
June 27, 2004	583.97	578.63	5.34	612.20	612.20	-
June 28, 2004	1,836.85	1,847.15	(10.30)	1,325.80	1,325.80	-
June 29, 2004	1,922.18	1,945.37	(23.19)	1,362.27	1,366.37	(4.10)
June 30, 2004	1,975.88	1,999.41	(23.53)	1,453.84	1,463.24	(9.40)
Totals (1)	<u>47,732.92</u>	<u>47,923.88</u>	<u>(190.96)</u>	<u>\$ 37,014.45</u>	<u>\$ 37,032.35</u>	<u>\$ (17.90)</u>

(1) Laidlaw reported 47,914.37 hours and cash of \$37,022.25 on the invoice.

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Special Agency Transportation

June 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
June 1, 2004	49.17	53.55	(4.38)	\$ -	\$ -	\$ -
June 2, 2004	46.18	51.12	(4.94)	-	-	-
June 3, 2004	47.92	53.43	(5.51)	-	-	-
June 4, 2004	44.20	49.42	(5.22)	-	-	-
June 5, 2004	-	-	-	-	-	-
June 6, 2004	-	-	-	-	-	-
June 7, 2004	46.53	49.68	(3.15)	-	-	-
June 8, 2004	51.55	55.73	(4.18)	-	-	-
June 9, 2004	48.65	52.17	(3.52)	0.75	-	0.75
June 10, 2004	49.77	54.70	(4.93)	-	-	-
June 11, 2004	45.55	45.03	0.52	-	-	-
June 12, 2004	-	-	-	-	-	-
June 13, 2004	-	-	-	-	-	-
June 14, 2004	42.77	46.77	(4.00)	-	-	-
June 15, 2004	46.33	50.92	(4.59)	-	-	-
June 16, 2004	48.60	51.93	(3.33)	-	-	-
June 17, 2004	47.30	52.17	(4.87)	3.20	3.20	-
June 18, 2004	44.65	49.92	(5.27)	-	-	-
June 19, 2004	-	-	-	-	-	-
June 20, 2004	-	-	-	-	-	-
June 21, 2004	47.88	50.83	(2.95)	-	-	-
June 22, 2004	49.22	54.55	(5.33)	-	-	-
June 23, 2004	42.68	47.33	(4.65)	-	-	-
June 24, 2004	48.38	53.64	(5.26)	-	-	-
June 25, 2004	46.68	51.62	(4.94)	-	-	-
June 26, 2004	-	-	-	-	-	-
June 27, 2004	-	-	-	-	-	-
June 28, 2004	43.80	48.32	(4.52)	-	-	-
June 29, 2004	48.32	53.48	(5.16)	-	-	-
June 30, 2004	50.58	54.45	(3.87)	1.70	1.70	-
Totals	<u>1,036.71</u>	<u>1,130.76</u>	<u>(94.05)</u>	<u>\$ 5.65</u>	<u>\$ 4.90</u>	<u>\$ 0.75</u>

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Contracted Fixed Route

June 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
June 1, 2004	383.10	383.25	(0.15)	\$ 35.25	\$ 6.00	\$ 29.25
June 2, 2004	381.73	382.23	(0.50)	12.25	7.25	5.00
June 3, 2004	380.46	380.60	(0.14)	9.00	-	9.00
June 4, 2004	383.02	383.48	(0.46)	34.00	6.00	28.00
June 5, 2004	73.78	73.78	-	-	-	-
June 6, 2004	64.71	64.70	0.01	-	-	-
June 7, 2004	381.96	382.50	(0.54)	40.25	-	40.25
June 8, 2004	382.23	383.38	(1.15)	48.75	18.50	30.25
June 9, 2004	380.50	382.20	(1.70)	45.00	38.25	6.75
June 10, 2004	381.31	381.53	(0.22)	9.00	3.00	6.00
June 11, 2004	382.37	382.86	(0.49)	75.25	49.75	25.50
June 12, 2004	73.75	73.75	-	-	-	-
June 13, 2004	65.42	65.42	-	-	-	-
June 14, 2004	387.05	389.18	(2.13)	9.00	2.00	7.00
June 15, 2004	383.12	383.65	(0.53)	53.25	6.00	47.25
June 16, 2004	381.11	382.00	(0.89)	30.25	6.75	23.50
June 17, 2004	384.26	385.04	(0.78)	11.00	5.00	6.00
June 18, 2004	380.37	381.63	(1.26)	39.00	20.25	18.75
June 19, 2004	73.39	73.40	(0.01)	-	-	-
June 20, 2004	64.60	64.60	-	-	-	-
June 21, 2004	379.61	380.30	(0.69)	25.00	6.00	19.00
June 22, 2004	382.43	383.08	(0.65)	31.25	2.00	29.25
June 23, 2004	381.38	382.07	(0.69)	47.50	10.00	37.50
June 24, 2004	379.06	381.59	(2.53)	60.00	28.25	31.75
June 25, 2004	381.13	381.68	(0.55)	18.00	3.00	15.00
June 26, 2004	73.85	73.85	-	10.25	-	10.25
June 27, 2004	64.83	64.85	(0.02)	-	-	-
June 28, 2004	381.10	381.50	(0.40)	34.00	10.00	24.00
June 29, 2004	380.59	380.93	(0.34)	27.50	2.00	25.50
June 30, 2004	378.37	379.06	(0.69)	48.75	6.00	42.75
Totals (1)	<u>8,950.59</u>	<u>8,968.09</u>	<u>(17.50)</u>	<u>\$ 753.50</u>	<u>\$ 236.00</u>	<u>\$ 517.50</u>

(1) Cash reported on the invoice was \$22,326.00. Cash per the GFI was \$33,979.00.

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
ADA ACCESS Paratransit Services

October 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
October 4, 2004	2,052.42	2,071.19	(18.77)	\$ 1,417.69	\$ 1,417.69	\$ -
October 7, 2004	2,156.08	2,173.55	(17.47)	1,665.15	1,665.15	-
October 9, 2004	620.02	634.35	(14.33)	680.95	680.95	-
October 17, 2004	459.77	494.85	(35.08)	445.25	445.25	-
October 21, 2004	2,155.95	2,164.58	(8.63)	1,672.10	1,672.10	-
October 31, 2004	550.17	558.62	(8.45)	613.45	613.45	-
Totals	<u>7,994.41</u>	<u>8,097.14</u>	<u>(102.73)</u>	<u>\$ 6,494.59</u>	<u>\$ 6,494.59</u>	<u>\$ -</u>

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
Station Link Route

October 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
October 4, 2004	104.73	105.02	(0.29)	\$ 1.00	\$ -	\$ 1.00
October 7, 2004	103.51	106.58	(3.07)	6.00	-	6.00
October 12, 2004	104.98	105.07	(0.09)	4.00	1.00	3.00
October 21, 2004	106.04	107.12	(1.08)	4.00	-	4.00
October 22, 2004	100.60	100.67	(0.07)	-	-	-
October 29, 2004	103.17	103.18	(0.01)	2.00	2.00	-
Totals	<u>623.03</u>	<u>627.64</u>	<u>(4.61)</u>	<u>\$ 17.00</u>	<u>\$ 3.00</u>	<u>\$ 14.00</u>

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
Contracted Fixed Route

October 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
October 4, 2004	295.92	294.60	1.32	\$ 32.75	\$ 7.00	\$ 25.75
October 7, 2004	293.52	293.93	(0.41)	25.00	-	25.00
October 9, 2004	84.36	84.42	(0.06)	-	-	-
October 17, 2004	77.23	77.33	(0.10)	-	-	-
October 21, 2004	294.31	295.89	(1.58)	28.50	-	28.50
October 31, 2004	<u>77.79</u>	<u>77.85</u>	<u>(0.06)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals (1)	<u>1,123.13</u>	<u>1,124.02</u>	<u>(0.89)</u>	<u>\$ 86.25</u>	<u>\$ 7.00</u>	<u>\$ 79.25</u>

(1) Cash reported on the invoice was \$16,481. Cash per the electronic files provided by Laidlaw was \$46.75.

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Night Service Route

October 2004

Date	Number of Passengers			Number of No Shows			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
October 4, 2004	42	43	(1)	1	1	-	\$	-	\$
October 7, 2004	45	46	(1)	2	1	1	-	-	-
October 9, 2004	21	26	(5)	-	-	-	-	-	-
October 17, 2004	18	17	1	1	1	-	-	-	-
October 21, 2004	47	50	(3)	1	-	1	-	-	-
October 31, 2004	23	23	-	3	-	3	-	-	-
Totals	196	205	(9)	8	3	5	\$	-	\$

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
ADA ACCESS Paratransit Services

November 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
November 11, 2004	1,872.80	1,904.49	(31.69)	\$ 1,361.65	\$ 1,353.40	\$ 8.25
November 14, 2004	560.23	565.31	(5.08)	533.45	531.75	1.70
November 15, 2004	2,085.62	2,099.03	(13.41)	1,402.43	1,402.43	-
November 17, 2004	2,183.80	2,202.43	(18.63)	1,724.20	1,722.50	1.70
November 20, 2004	642.32	650.02	(7.70)	728.70	728.70	-
November 24, 2004	2,089.98	2,097.20	(7.22)	1,562.64	1,562.64	-
Totals	<u>9,434.75</u>	<u>9,518.48</u>	<u>(83.73)</u>	<u>\$ 7,313.07</u>	<u>\$ 7,301.42</u>	<u>\$ 11.65</u>

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected Station Link Route

November 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
November 3, 2004	104.92	105.02	(0.10)	\$ -	\$ -	\$ -
November 11, 2004	102.44	103.55	(1.11)	2.50	-	2.50
November 15, 2004	105.76	106.52	(0.76)	6.00	1.00	5.00
November 17, 2004	104.49	104.89	(0.40)	3.00	1.00	2.00
November 23, 2004	101.13	103.28	(2.15)	3.00	2.00	1.00
November 24, 2004	103.84	104.25	(0.41)	3.00	-	3.00
Totals	<u>622.58</u>	<u>627.51</u>	<u>(4.93)</u>	<u>\$ 17.50</u>	<u>\$ 4.00</u>	<u>\$ 13.50</u>

LAIDLAW TRANSIT SERVICES, INC.

**Summary of Vehicle Service Hours and Fares Collected
Contracted Fixed Route**

November 2004

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
November 11, 2004	294.76	294.25	0.51	\$ 6.00	\$ 3.00	\$ 3.00
November 14, 2004	77.59	77.65	(0.06)	6.00	-	6.00
November 15, 2004	291.41	295.48	(4.07)	-	-	-
November 17, 2004	294.21	294.67	(0.46)	4.20	-	4.20
November 20, 2004	85.84	84.88	0.96	33.75	-	33.75
November 24, 2004	290.87	295.12	(4.25)	32.50	-	32.50
Totals (1)	<u>1,334.68</u>	<u>1,342.05</u>	<u>(7.37)</u>	<u>\$ 82.45</u>	<u>\$ 3.00</u>	<u>\$ 79.45</u>

(1) Cash reported on the invoice was \$16,357.82. Cash per the electronic files provided by Laidlaw was \$39.50.

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
ADA ACCESS Paratransit Services

January 2005

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
January 2, 2005	470.27	481.46	(11.19)	\$ 746.65	\$ 746.65	\$ -
January 6, 2005	2,056.00	2,079.56	(23.56)	2,128.45	2,123.85	4.60
January 8, 2005	526.90	533.12	(6.22)	781.00	776.70	4.30
January 9, 2005	426.03	437.58	(11.55)	532.50	532.50	-
January 14, 2005	1,972.93	1,995.79	(22.86)	2,001.05	2,000.30	0.75
January 28, 2005	1,993.73	2,004.16	(10.43)	1,932.93	1,932.88	0.05
Totals	<u>7,445.86</u>	<u>7,531.67</u>	<u>(85.81)</u>	<u>\$ 8,122.58</u>	<u>\$ 8,112.88</u>	<u>\$ 9.70</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
Station Link Route

January 2005

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
January 6, 2005	103.10	103.29	(0.19)	\$ -	\$ -	\$ -
January 12, 2005	104.12	104.10	0.02	-	1.25	(1.25)
January 14, 2005	104.40	105.55	(1.15)	4.25	1.25	3.00
January 19, 2005	104.82	105.07	(0.25)	1.25	1.25	-
January 25, 2005	103.31	103.61	(0.30)	4.25	-	4.25
January 28, 2005	104.08	104.33	(0.25)	1.25	-	1.25
Totals	<u>623.83</u>	<u>625.95</u>	<u>(2.12)</u>	<u>\$ 11.00</u>	<u>\$ 3.75</u>	<u>\$ 7.25</u>

LAIDLAW TRANSIT SERVICES, INC.

**Summary of Vehicle Service Hours and Fares Collected
Contracted Fixed Route**

January 2005

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
January 2, 2005	77.42	77.50	(0.08)	\$ -	\$ -	\$ -
January 6, 2005	294.32	295.46	(1.14)	50.25	8.75	41.50
January 8, 2005	86.07	86.08	(0.01)	-	-	-
January 9, 2005	77.06	77.13	(0.07)	-	-	-
January 14, 2005	294.58	296.54	(1.96)	-	-	-
January 28, 2005	292.80	293.25	(0.45)	1.25	-	1.25
Totals (1)	<u>1,122.25</u>	<u>1,125.96</u>	<u>(3.71)</u>	<u>\$ 51.50</u>	<u>\$ 8.75</u>	<u>\$ 42.75</u>

(1) Cash reported on the invoice was \$7,550.24. Cash per the electronic files provided by Laidlaw was \$40.65.

LIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
ADA ACCESS Paratransit Services

March 2005

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
March 1, 2005	2,028.08	2,050.80	(22.72)	\$ 2,087.04	\$ 2,076.99	\$ 10.05
March 3, 2005	2,027.25	2,042.32	(15.07)	2,265.13	2,265.13	-
March 7, 2005	2,058.23	2,086.98	(28.75)	1,952.50	1,946.10	6.40
March 15, 2005	2,071.78	2,090.66	(18.88)	2,047.45	2,043.50	3.95
March 17, 2005	2,039.93	2,067.05	(27.12)	2,188.25	2,187.75	0.50
March 31, 2005	1,978.72	2,002.09	(23.37)	1,830.35	1,826.70	3.65
Totals	<u>12,203.99</u>	<u>12,339.90</u>	<u>(135.91)</u>	<u>\$ 12,370.72</u>	<u>\$ 12,346.17</u>	<u>\$ 24.55</u>

LAIDLAW TRANSIT SERVICES, INC.

Summary of Vehicle Service Hours and Fares Collected
Station Link Route

March 2005

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
March 1, 2005	101.82	102.11	(0.29)	\$ 3.25	\$ 3.25	\$ -
March 3, 2005	103.30	103.58	(0.28)	1.00	-	1.00
March 7, 2005	107.17	106.95	0.22	1.25	-	1.25
March 15, 2005	104.44	105.00	(0.56)	1.00	1.00	-
March 17, 2005	104.01	104.35	(0.34)	2.50	2.50	-
March 31, 2005	101.05	103.48	(2.43)	1.25	1.25	-
Totals	<u>621.79</u>	<u>625.47</u>	<u>(3.68)</u>	<u>\$ 10.25</u>	<u>\$ 8.00</u>	<u>\$ 2.25</u>

LAIDLAW TRANSIT SERVICES, INC.

**Summary of Vehicle Service Hours and Fares Collected
Contracted Fixed Route**

March 2005

Date	Vehicle Service Hours			Fares Collected		
	Per Audit	As Reported	Variance	Per Audit	As Reported	Variance
March 1, 2005	295.84	296.09	(0.25)	\$ 43.50	\$ -	\$ 43.50
March 3, 2005	296.17	296.73	(0.56)	41.00	2.50	38.50
March 7, 2005	295.16	295.37	(0.21)	58.25	-	58.25
March 15, 2005	296.08	296.30	(0.22)	85.00	19.75	65.25
March 17, 2005	295.21	295.20	0.01	46.00	-	46.00
March 31, 2005	295.07	295.07	-	50.25	-	50.25
Totals (1)	<u>1,773.53</u>	<u>1,774.76</u>	<u>(1.23)</u>	<u>\$ 324.00</u>	<u>\$ 22.25</u>	<u>\$ 301.75</u>

(1) Cash reported on the invoice was \$43,106.31. Cash per the electronic files provided by Laidlaw was \$64.75.



INTEROFFICE MEMO

April 28, 2006

To: John Byrd, General Manager
Transit Operations

From: Gerry Dunning, Senior Internal Auditor *GD*
Internal Audit

Subject: **Review of Laidlaw Agreements Close-out Memo, Internal
Audit Report No. 05-030**

Internal Audit has received and concurs with management's response to the recommendations issued in the review of the Laidlaw agreements, Internal Audit Report No. 05-030.

OCTA management has reviewed the recommendations and made the following comments. They plan to refine the definition of the vehicle service hour for the new contract effective July 1, 2006. The new Mobile Data Terminals that are being installed and tested should improve accounting for cash. Increased oversight will be added by the Community Transportation Services staff of the monthly billing information to help mitigate differences in reporting of vehicle service hours. OCTA will withhold \$563,171 from future payments to Laidlaw while additional information is gathered by OCTA and Laidlaw on the disputed amounts.

Internal Audit will do a follow-up on these areas in the contract closeout audit of contract C-4-0301, which will be started in the fourth quarter of fiscal year 2005-06. Internal Audit appreciates the responses and cooperation received during the audit.

Attachment: Management Response Memo Dated April 28, 2006.

c: Rick Bacigalupo
Jim Kenan
Virginia Abadessa
Curt Burlingame
Lisa Monteiro
Erin Rogers



INTEROFFICE MEMO

April 28, 2006

To: Gerry Dunning, Senior Internal Auditor
Internal Audit

From: *Al Prime for John Byrd*
John Byrd, General Manager
Transit Operations

Subject: **Review of Agreements C-9-9236 and C-4-0301 between
Orange County Transportation Authority and Laidlaw
Transit Services, Internal Audit Report No. 05-030**

Background

An audit has been conducted of the contract with Laidlaw Transit Services for the provision of ACCESS and Contract Fixed Route Service. The audit covered the period from April 1, 2003 through March 31, 2005. The audit recommendations and management response to each item is provided below:

Findings and Recommendations

1. Questioned costs invoiced to OCTA

The findings of the audit indicate that there were \$647,811 in questioned costs that have been billed by Laidlaw and paid by OCTA. Of these costs, \$84,640 was authorized by OCTA but did not have the required contract in place to support the payment. These costs were associated with late night ACCESS service. A procurement was conducted for these services and a contract was awarded to A Taxi. A Taxi was unable to perform and Laidlaw was asked to provide the service. However, there was not a contract amendment in place to reflect this change in scope. Therefore, the \$84,640 that was billed by Laidlaw and paid by OCTA was for service provided and has been deducted from the total amount due.

After deducting the \$84,640 from the total amount due, the net amount reported to be due from Laidlaw is \$563,171. Of this amount approximately \$460,836 of these costs are related to ACCESS service.

Management Response

The majority of the questioned costs billed by Laidlaw and paid by OCTA relate to the reporting of vehicle service hours for ACCESS service. The definition of the vehicle service has evolved and changed over the term of the Laidlaw contract.

Laidlaw Transit Services compiles the reporting and billing data for the ACCESS service by inputting the data off paper trip manifests into an Excel spreadsheet. The number of trip manifests each weekday day ranges from 300-350 and averages 80 on the weekend. The magnitude of the data and the unsophisticated method used to compile it creates a large margin for error. The ACCESS fleet has recently been equipped with Mobile Data Terminals (MDT) that will provide automation of this function. The driver will enter route start and end time that will automatically compile the vehicle service hour data. It is anticipated that this will greatly improve the accuracy and reliability of this data in the future.

Another issue that affected the reporting of the vehicle service hours for ACCESS was "excessive stand-by time" due to cancellations immediately prior and after driver lunch breaks. The audit contends that this time should have been excluded from the billable vehicle service hour. This issue is difficult to quantify because the current definition of the vehicle service hour does not define what is considered "excessive". During the period that this audit encompasses, the definition of the vehicle service hour was amended to include language that addresses passenger "no-shows", however "excessive" remains undefined. The Conrad report, pages 15-18, outlines the language that is in effect in detail.

Laidlaw management and staff have had an opportunity to review the findings of the audit and contend that they have billed in accordance with the terms of the contract. However, OCTA management believes that Laidlaw did not provide consistent management oversight in this area. Despite the fact that "excessive" is not clearly defined, it is certainly not the intent of the contract that OCTA be billed for hours of in-service time when no passengers are being picked up.

To address this issue, the vehicle service hour definition has been further refined to include language that addresses this issue. The language that has been included reads "time that the vehicle is available for passenger transport, *and there is an expectation of carrying passengers...*" This will go into effect with the new contract beginning July 1, 2006.

2. Reporting of Fares Collected

The audit report discovered not all fares collected had been reported by Laidlaw. A total of \$142,467 of cash collected by Laidlaw was not reported on the monthly invoices and has since been recovered by OCTA.

Management Response

Fare collection and reporting procedures have been reviewed and revised by OCTA staff. Laidlaw is required to report and reconcile all fares collected with the GFI electronic fare box report to the actual cash deposited. The contracted fixed route buses use the electronic GFI fare boxes and the ACCESS fleet has had to rely on the data reported on the trip sheets and an accounting of the actual fares collected. The installation of the Mobile Data Terminals (MDT) will improve the reliability of accounting for the fares collected on the ACCESS buses. The addition of electronic tracking of the fares collected, and close oversight by Community Transportation Services staff, will remedy this issue in the future.

In transitioning to a new contractor in July 2006, OCTA staff will ensure that the method used for collecting and reporting fares is in accordance with the procedures that have been developed.

3. Reporting of Vehicle Service Hours

As previously discussed, the reporting of vehicle service hours accounts for the majority of the questioned costs billed by Laidlaw. Detail of the various types of errors are outlined in detail on pages 15-18 of the Conrad report.

Management Response

The magnitude of this contract warrants diligent oversight and audit. Community Transportation Services department staff perform data integrity checks each month of the billing information and back-up data provided by Laidlaw. Conducting an audit more frequently would provide increased oversight and mitigate issues such as these in the future.

4. Contract terms for Late Night ACCESS

OCTA authorized two months of Late Night ACCESS without the proper contract being in place for the months of September and October 2004.

Management Response

It is recognized that the appropriate contract must be in place prior to authorizing services to be provided. In this case, service started on an emergency basis and time did not allow for this. This was an oversight on the part of the Community Transportation Services department staff. Should this need arise in the future; every effort will be made to expedite the appropriate contract documents in a timely manner.

Management Recommendation- Summary

The audit report recommends that the \$563,171 in questioned costs be collected from Laidlaw by making adjustments on future invoices of the current contract prior to its end date June 30, 2006.

Laidlaw provided a response to this audit dated January 11, 2006. In this response, Laidlaw contends that they have billed in accordance with the contract and are agreeable to pay an amount, \$69,111, identified as transcribing errors. This amount was arrived at without obtaining a statistically valid sample, therefore, OCTA Internal Audit Department staff has deemed it invalid.

Both OCTA and Laidlaw staff agree that over billing as a result of transcribing errors should be credited to OCTA. Internal Audit department staff is currently working with Conrad and Associates staff to identify the errors that can be attributed to transcribing errors. The remaining amount is in dispute. While further information is gathered, OCTA will withhold the amount of \$563,171 from future payments to Laidlaw. This amount will be deducted in three increments from the March, April and May invoices. Laidlaw management has been notified and has indicated that they will conduct another audit to disprove the findings.

c. Rick Bacigalupo
Jim Kenan
Erin Rogers
Curt Burlingame



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Agreement for HASTUS Version 2006 Upgrade and HASTINFO-Web

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green, and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-6-0213 between the Orange County Transportation Authority and Giro, Inc., in an amount not to exceed \$265,000, for the purchase of the HASTUS version 2006 bus scheduling software upgrade and the HASTINFO-Web trip planner.



May 11, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreement for HASTUS Version 2006 Upgrade and HASTINFO-Web

Overview

The Orange County Transportation Authority originally purchased the HASTUS bus scheduling software from Giro, Inc., in 1999. The current software version was purchased in 2001. Staff is now seeking to upgrade to HASTUS version 2006 and purchase the HASTINFO-Web trip planner.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-6-0213 between the Orange County Transportation Authority and Giro, Inc., in an amount not to exceed \$265,000, for the purchase of the HASTUS version 2006 bus scheduling software upgrade and the HASTINFO-Web trip planner.

Background

The Orange County Transportation Authority (OCTA) implements four service changes per year and major service change work is done using the bus scheduling software, HASTUS. Major scheduling products generated from HASTUS include writing schedules, blocking (cycling trips into blocks of work), run cutting (cutting the blocks into daily operator work assignments), and rostering (combining the daily work assignments into weekly work assignments).

Data and information generated from HASTUS is used to support various programs and projects related to the execution and provision of bus service to our customers. Examples include bus scheduling information for the Bus Book and bus stop cassette inserts, data exported to the Automated Vehicle Locator (AVL), the Automated Coach Operator Reporting System (ACORS), the data warehouse, and radio communications.

OCTA last purchased a HASTUS version upgrade in 2001. The HASTUS version 2006 upgrade includes approximately 150 individual enhancements to the software that have been made since our last upgrade. The benefits of the upgrade would allow for improved export functionalities, streamlined scheduling tasks, and inclusion of the Metrolink schedules.

In conjunction with the version upgrade, OCTA will be purchasing the HASTINFO-Web module to replace OCTA's own web trip planner with a more reliable product that is supported by Giro, Inc. (Giro). The benefits of this purchase are more reliable and simpler web access, and because it can accommodate Metrolink schedules, the public can plan trips across OCTA and Metrolink service.

Discussion

This procurement was handled in accordance with OCTA's procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services.

The HASTUS upgrade is a sole source purchase and is a product of Giro, Inc. Giro is the only company which can provide the HASTUS version upgrade.

Fiscal Impact

In order to fund this project in the OCTA Fiscal Year 2005-06 Budget, funds have been transferred from Account 2131-9027-G1004-AF, ACCESS Radio Replacement Project to Account 2128-9026-D4106-F30, Capital Expense Tools and Support Equipment.

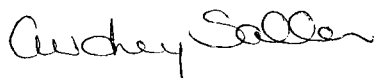
Summary

Staff recommends award of Agreement C-6-0213 to Giro, Inc., in an amount not to exceed \$265,000, for the HASTUS version 2006 upgrade and the HASTINFO-Web trip planner.

Attachment

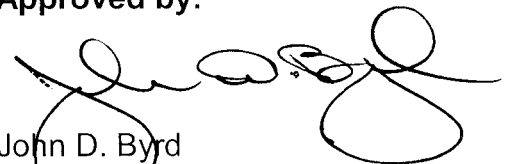
None.

Prepared by:



Audrey Saller
Senior Schedule Analyst
(714) 560-5864

Approved by:



John D. Byrd
General Manager, Transit Operations
(714) 560-5341



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Agreement for Towing Services

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green, and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-6-0016 between the Orange County Transportation Authority and Hadley Tow, in an amount not to exceed \$140,000, for towing services for one year with two option years.



May 11, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreement for Towing Services

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved the contracting of towing services for the revenue and non-revenue fleet.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-6-0016 between the Orange County Transportation Authority and Hadley Tow, in an amount not to exceed \$140,000, for towing services for one year with two option years .

Background

The Orange County Transportation Authority (Authority) requires the services of a qualified towing contractor to provide retrieval of disabled buses and service vehicles for the Authority's revenue and non-revenue fleet. This towing service requires specially trained persons and equipment available around the clock to cover Orange County on an as-needed basis.

Discussion

This procurement was handled in accordance with the Authority's procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services. Therefore, the requirement was handled as a competitive negotiated procurement.

The project was advertised on February 7, 2006, and February 14, 2006, in a newspaper of general circulation and on CAMMNET. A pre-proposal meeting was held on February 14, 2006, with no firms attending.

On March 7, 2006, two offers were received. An evaluation committee composed of staff from Technical Support Services, Maintenance Base Management, Safety and Environmental Compliance, Facilities Maintenance, and Contracts Administration and Materials Management was established to review all offers submitted. The offers were evaluated on the basis of qualifications of the firm, staffing and project organization, work plan, and cost effectiveness. Based on their findings, the evaluation committee recommends the following firm for consideration of an award:

Firm and Location

Hadley Tow
Whittier, California

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2005-06 Budget, Operations Division, Maintenance Department, Account 7612, and is funded through the Local Transportation Fund.

Summary

Staff recommends award of Agreement C-6-0016 to Hadley Tow, in an amount not to exceed \$140,000, for towing services.

Attachment

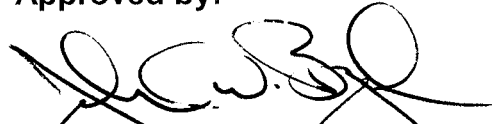
None.

Prepared by:



Al Pierce
Manager, Maintenance
714-560-5975

Approved by:



John D. Byrd
General Manager, Transit Operations
714-560-5341



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: Wendy ^{WK} Knowles, Clerk of the Board
Subject: Agreement for Americans with Disabilities Act ACCESS Eligibility Determination Services

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green, and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-5-3039 between the Orange County Transportation Authority and Comprehensive Assessments Restorative Evaluation, in an amount not to exceed \$897,000, for ACCESS eligibility determination services.



May 11, 2006

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, [✓]Chief Executive Officer

Subject: Agreement for Americans with Disabilities Act ACCESS Eligibility Determination Services

Overview

The Orange County Transportation Authority is required to provide an eligibility determination process for Americans with Disabilities Act complementary paratransit services. The current contract is scheduled to expire on September 30, 2006. A competitive procurement has been conducted and offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-5-3039 between the Orange County Transportation Authority and Comprehensive Assessments Restorative Evaluation, in an amount not to exceed \$897,000, for ACCESS eligibility determination services.

Background

Section 223 of the Americans with Disabilities Act (ADA) requires that public entities operating fixed route transit services also provide complementary paratransit services for individuals unable to use fixed route. The regulations issued by the United States Department of Transportation (USDOT) specify to whom and under what circumstances service is to be provided. In addition, regulations require that public providers of complementary paratransit services develop and administer an eligibility process to determine whether individuals who request the service meet the regulatory criteria for eligibility.

In October 2004 the Orange County Transportation Authority (Authority) Board of Directors approved the Paratransit Growth Management Plan, which

included changes in the Authority's ADA eligibility determination procedures, requiring all applicants to participate in an in-person functional assessment.

As of July 1, 2005, all individuals who apply for ADA eligibility certification, including all those who are being recertified for eligibility, are required to participate in an in-person functional assessment. This assessment evaluates an individual's physical and/or cognitive disability that may prevent them from using fixed route bus services. Conducting an in-person assessment provides an opportunity to clarify information on the application and better determine a person's eligibility for the services based on ADA guidelines.

The Authority's ACCESS program currently receives an average of 400 applications each month.. Of these, approximately 70 percent are new and 30 percent are for recertification. All ACCESS eligible customers must be evaluated every five years. In 2004 the Authority received a total of 8,232 applications for ACCESS service. In 2005 the number of applications decreased to 7,964, and current year projections indicate that this number will further decrease to 7,210. There are currently approximately 33,699 individuals who are eligible to use the ADA ACCESS service, and there are 26,000 active riders.

Discussion

A competitive procurement was conducted and handled in accordance with the Authority's procedures for professional and technical services. In addition to cost; many other factors are considered in an award for professional and technical services. Award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the requirement, and technical expertise in the field.

The project was advertised on February 8, 2006, and February 9, 2006, in a newspaper of general circulation, and on CAMMNET. A pre-proposal meeting was held on February 21, 2006, and was attended by four consultants. On March 22, 2006, four offers were received for the initial two-year term plus one two-year option term and a single twelve month option term.

The offers were evaluated by an evaluation committee comprised of both Authority staff and participants from outside agencies: Community Transportation Services, External Affairs Division, Contracts Administration and Materials Management, the Chair of the Authority's Special Needs in Transit Advisory Committee, the Executive Director of the Orange County Advocacy Respect Commitment (OCARC), Riverside Transportation, and ACCESS Services, Inc.,(ASI).

The top two ranked firms, Magnolia Physical Therapy and Comprehensive Assessments Restorative Evaluation, LLC (C.A.R.E.) were interviewed by the evaluation committee on April 11, 2006. The firm that received the highest overall ranking and lowest proposed price is C.A.R.E. C.A.R.E.'s superior score is attributed to ten successful years of performing paratransit eligibility assessments, a highly qualified staff, with extensive knowledge of ADA complementary paratransit regulations and ADA paratransit eligibility process.

C.A.R.E. currently provides eligibility assessment services to ASI in Los Angeles. In addition, C.A.R.E. proposed a computer-based, paperless eligibility certification process which will greatly improve staff efficiency.

Based on the information provided, the evaluation committee recommends contract award to:

Firm and Location

Comprehensive Assessments Restorative Evaluation, LLC
Los Angeles, California

Fiscal Impact

This project was approved in the Authority's Fiscal Year 2006-07 Budget, Transit Operations Division/Community Transportation Services, Account 2131-7519-D1208-8T7, and is funded through the Local Transportation Fund.

Summary

Staff recommends award of Agreement C-5-3039 to Comprehensive Assessments Restorative Evaluation, LLC, in an amount not to exceed \$897,000, for the initial term from September 1, 2006, through June 30, 2008, to provide ACCESS eligibility determination services.

Attachment

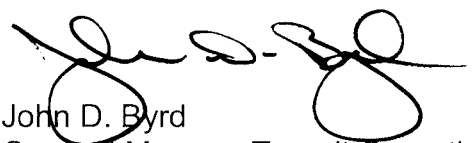
None.

Prepared by:



Gracie A. Davis
ADA Eligibility Administrator
(714) 560-5641

Approved by:



John D. Byrd
General Manager, Transit Operations
(714) 560-5341



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Amendment to Cooperative Agreement with Regional Center of Orange County

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Cooperative Agreement C-3-0185 between the Orange County Transportation Authority and Regional Center of Orange County, exercising the third option year, to share the cost of ACCESS transportation provided to Regional Center consumers.



May 11, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Amendment to Cooperative Agreement with Regional Center of Orange County

Overview

On April 28, 2003, the Orange County Transportation Authority entered into a cooperative agreement with the Regional Center of Orange County formalizing an arrangement to share the cost of providing ACCESS services to Regional Center consumers. The current agreement expires on June 30, 2006.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Cooperative Agreement C-3-0185 between the Orange County Transportation Authority and Regional Center of Orange County, exercising the third option year, to share the cost of ACCESS transportation provided to Regional Center consumers.

Background

The Regional Center of Orange County (RCOC) is responsible under the Lanterman Act, to assist people with developmental disabilities and their families in securing services and support which maximize opportunities for quality living and integration into the community. As part of these services, the RCOC is also responsible for arranging and purchasing transportation for their consumers. The RCOC purchases a variety of transportation for consumers including Orange County Transportation Authority (Authority) fixed route passes, Americans with Disabilities Act (ADA) complementary paratransit service (ACCESS), and privately contracted paratransit services. Currently, almost 800 RCOC consumers receive ACCESS service, which accounts for approximately one-third of all ACCESS trips provided.

Discussion

Under the ADA, the Authority can charge a higher fare to social service agencies or other organizations for trips guaranteed to the organization. Initially, the RCOC and the Authority agreed on a rate of \$4.50 per trip with an annual Consumer Price Index (CPI) adjustment. This agreement has been amended previously (Attachment A). Using the CPI increase from March 2005 to March 2006, the new trip rate for service provided to RCOC consumers during fiscal year 2006-07 will be \$4.99.

Fiscal Impact

The estimated revenue associated with Amendment No. 3 to Cooperative Agreement C-3-0185 will be included in the Authority's revenue projections for the proposed fiscal year 2006-07 budget, Operations Division/Community Transportation Services, Account 2131-5246-A1004-APC.

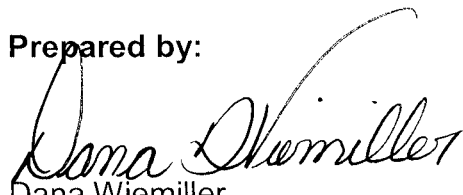
Summary

The Authority has a cooperative agreement with the Regional Center of Orange County to provide ACCESS trips to Regional Center consumers. The current agreement expires June 30, 2006. Staff recommends approval of Amendment No. 3, to Cooperative Agreement C-3-0185 with the Regional Center of Orange County.

Attachment

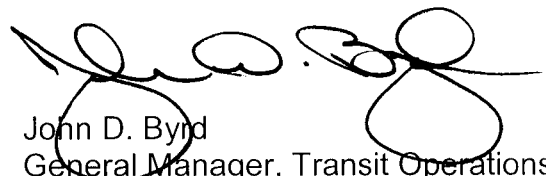
- A. Regional Center of Orange County Cooperative Agreement C-3-0185
Fact Sheet

Prepared by:



Dana Wiemiller
Community Transportation Coordinator
(714) 560-5718

Approved by:



John D. Byrd
General Manager, Transit Operations
(714) 560-5341

ATTACHMENT A

REGIONAL CENTER OF ORANGE COUNTY Cooperative Agreement C-3-0185 Fact Sheet

1. April 28, 2003, Cooperative Agreement C-3-0185, approved by Board of Directors.
 - Provision of ACCESS transportation to Regional Center of Orange County consumers traveling to and from day programs.
 - Under this cooperative agreement, the Authority provides approved Regional Center consumers with a premium paratransit service in return for a higher one-way fare.
 - The one-way fare for fiscal year 2003-04 will be \$4.50 for each trip provided or valid no show.
 - No maximum obligation for the reimbursement to Authority since all trips will be reimbursed if properly approved in advance by Regional Center for each consumer/passenger carried; estimated revenue to Authority is \$1,242,000.
2. April 26, 2004, Amendment No. 1 to Cooperative Agreement C-3-0185, approved by Board of Directors.
 - Exercise the first option year, extending the term through June 30, 2005.
 - The one-way fare for fiscal year 2004-05 increased 2.6 percent, or \$.12, to \$4.62 for each trip provided for valid no show based on the change in Consumer Price Index from 2002 to 2003.
 - No maximum obligation for the reimbursement to Authority since all trips will be reimbursed if properly approved in advance by Regional Center for each consumer/passenger carried; estimated revenue to Authority is \$1,617,000
3. March 28, 2005, Amendment No. 2 to Cooperative Agreement C-3-0185, approved by Board of Directors.
 - Exercised the second option year, extending the term through June 30, 2006.
 - The one-way fare for fiscal year 2005-06 will increase 3.3%, or \$.15 to \$4.77 for each trip provided or valid no show based on the change in the Consumer Price Index from 2003 to 2004.
 - No maximum obligation for the reimbursement to Authority since all trips will be reimbursed if properly approved in advance by Regional Center for each consumer/passenger carried; estimated revenue to Authority is \$1,721,000.
4. May 11, 2006, Amendment No. 3 to Cooperative Agreement C-3-0185, pending approval by Board of Directors.
 - Exercises the third option year, extending the term through June 30, 2007.

- The one-way fare for Fiscal Year 2006-07 will increase 4.7% or \$.22 to \$4.99 for each trip provided or valid no show based on the change in the Consumer Price Index from March 2005 to March 2006.
- No maximum obligation for the reimbursement to Authority since all trips will be reimbursed if properly approved in advance by Regional Center for each consumer/passenger carried; estimated revenue to Authority is \$1,400,000.

Total estimated reimbursement to the Authority from Regional Center of Orange County, Cooperative Agreement C-3-0185: \$5,980,000.



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Agreement for Building Modifications at Laguna Hills Transportation Center

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green, and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-5-2743 between the Orange County Transportation Authority and Allied Industrial Systems, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$759,000, for building modifications at the Laguna Hills Transportation Center



May 11, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, ^{ML}Chief Executive Officer
Subject: Agreement for Building Modifications at Laguna Hills Transportation Center

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved building modifications at the Laguna Hills Transportation Center. Bids were received in accordance with the Orange County Transportation Authority's public works procurement procedures. Board approval is requested to execute the agreement.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-5-2743 between the Orange County Transportation Authority and Allied Industrial Systems, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$759,000, for building modifications at the Laguna Hills Transportation Center.

Background

The Orange County Transportation Authority (Authority), acting on behalf of the Orange County Transit District, completed construction of the Laguna Hills Transportation Center in 1988. During the maintenance of the roof gutters, it was discovered that the deterioration of the gutters allowed water to leak into the building stucco and masonry walls. Temporary repairs were performed, but permanent repairs are required to maintain the integrity of the building structure. A Building Assessment Report, dated November 10, 2004, was prepared by Miralles Associates. The project scope consists of a new standing seam metal roof, gutters, downspouts, and plaster soffit along the south and east elevations.

Discussion

This procurement was handled in accordance with the Authority's procedures for public works and construction projects which conform to state requirements. Public works projects are handled as sealed bids and award is

made to the lowest responsive, responsible bidder. On March 9, 2006, Invitation for Bids 5-2743 was released and posted on CAMMNET, and an electronic notification was sent to 406 firms. The project was advertised on March 10 and March 13, 2006, in a newspaper of general circulation. A pre-bid conference and job walk was held on March 15, 2006, and was attended by three firms. Addendum Nos. 1 and 2 were issued on March 15 and March 28, 2006, respectively, to address administrative issues, respond to questions, and provide clarifications to the drawings. On April 6, 2006, three bids were received. All bids were reviewed by staff from Construction & Engineering and Contracts Administration and Materials Management departments to ensure compliance with the terms and conditions, specifications, and drawings. Listed below are the three low bids received. State law requires award to the lowest responsive, responsible bidder.

<u>Firm and Location</u>	<u>Bid Price</u>
Allied Industrial Systems, Inc. Anaheim, California	\$759,000
A-Beam construction, Inc. Covina, California	\$778,000
Newman Midland Corp. Los Alamitos, California	\$924,890

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2005-06 Budget, Construction & Engineering, Account 1722-9022-D3127-A1X, and is funded through the Orange County Transit District.

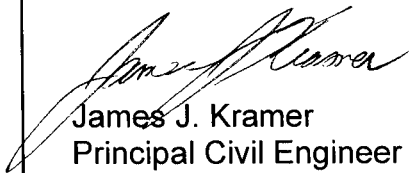
Summary

Staff has reviewed all bids received and recommends approval of Agreement C-5-2743, in amount of \$759,000, with Allied Industrial Systems, Inc., the lowest responsive, responsible bidder, for building modifications at the Laguna Hills Transportation Center.

Attachment

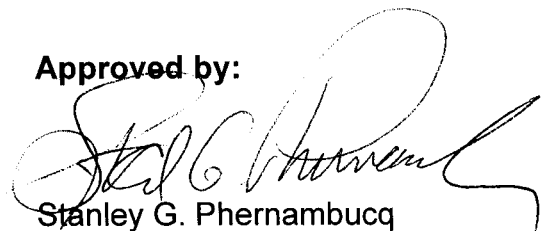
None.

Prepared by:



James J. Kramer
Principal Civil Engineer
(714) 560-5866

Approved by:



Stanley G. Phernambucq
Executive Director,
Construction & Engineering
(714) 560-5440



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Short-Term Bus Facilities Requirements

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to begin site search and enter into preliminary negotiations for additional bus base.



May 11, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Short Term Bus Facilities Requirements

Overview

Based on the existing fleet size and projected growth in fixed route and ACCESS operations, it is necessary to purchase additional bus facilities property.

Recommendation

Authorize the Chief Executive Officer to begin site search and enter into preliminary negotiations for additional bus base.

Background

The Orange County Transportation Authority's (Authority) fixed route and ACCESS bus fleet has grown to nearly 900 buses, a 30 percent increase during the past 8 years. In May 2005 the Authority opened Santa Ana Base, moving all operations and maintenance activities from the Irvine Base.

Discussion

Community Transportation Services (CTS) will manage contractor operations, ACCESS and contracted fixed route's 332 buses at the Irvine Base beginning July 1, 2006. The projected growth for contracted fixed route will increase 41 percent by 2009.

The Authority's fixed route group is operating 565 buses from three bases, namely Anaheim, Garden Grove and Santa Ana. Based on projected growth of fixed route identified in the Comprehensive Business Plan, each base will be at capacity by 2011.

The City of Irvine's master plan stipulates realignment of Marine Way through a portion of the Irvine Base. Realignment of Marine Way will take approximately 25 percent of the 12-acre site.

Growth of contracted services over the next two years will necessitate additional space beyond that available at the Irvine Base. Space constraints may be compounded by realignment of Marine Way.

Summary

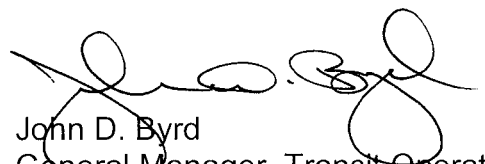
Due to growth in contracted services and space constraints at the Irvine Base, staff recommends the purchase of additional bus facilities property.

Attachment

None.

Prepared by:

Al Pierce
Manager, Maintenance
(714) 560-5975

Approved by:

John D. Byrd
General Manager, Transit Operations
(714) 560-5341

Short-Term Bus Facilities Requirements

Board of Directors Meeting
May 22, 2006



Background

Fleet Growth

- 897 Buses (30 percent growth in eight years)
 - Directly Operated Fixed Route: 565
 - Contracted Fixed Route: 85
 - ACCESS Services: 247
- Directly Operated Fixed Route Projected Growth: 30 percent by 2011
- Contracted Fixed Route Projected Growth: 41 percent by 2009

Base Capacity

- Anaheim, Garden Grove and Santa Ana directly operated fixed route at full capacity by 2011
- Community Transportation Services (CTS) contractor operations will operate 332 buses at Irvine Base beginning July 1, 2006
- Irvine Base at capacity by July 1, 2006

Irvine Base Future

- City of Irvine Master Plan includes realignment of Marine Way
- Potential loss of 25% of Irvine Base
- Irvine Base unable to support additional fleet growth, without City of Irvine property take

Next Steps

- Authorize the Chief Executive Officer to begin site search and enter into preliminary negotiations for additional bus base
- Staff to provide long range facility plan to support continued fleet growth through 2020



BOARD COMMITTEE TRANSMITTAL

May 22, 2006

To: Members of the Board of Directors
From: Wendy Knowles^{WK}, Clerk of the Board
Subject: On-Board Video Surveillance System Installation on 50 Large Buses and 32 Paratransit Buses

Transit Planning and Operations Committee

May 11, 2006

Present: Directors Winterbottom, Brown, Silva, Green, and Norby
Absent: Directors Pulido and Duvall

Committee Vote

This item was passed by all Committee Members present.

Director Norby abstained from voting on this item.

Committee Recommendations

- A. Authorize the Contacts Administration and Materials Management Department to complete negotiations with each of the bus manufacturers, New Flyer and Creative Bus Sales, and amend current agreements in an amount not to exceed \$246,000.
- B. Authorize the Chief Executive Officer to execute Agreement C-6-0142 between the Orange County Transportation Authority and March Networks Corporation, in an amount not to exceed \$494,646, for hardware, system maintenance and support services.



May 11, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: On-Board Video Surveillance System Installation on 50 Large Buses and 32 Paratransit Buses

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved funds for the production of 50 large fixed route buses and 32 paratransit buses, to include installation of on-board video surveillance systems. This is a request for approval for the selection of the camera supplier and the necessary infrastructure to conduct an on-board video surveillance demonstration project. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute an agreement.

Recommendations

- A. Authorize the Contacts Administration and Materials Management Department to complete negotiations with each of the bus manufacturers, New Flyer and Creative Bus Sales, and amend current agreements in an amount not to exceed \$246,000.
- B. Authorize the Chief Executive Officer to execute Agreement C-6-0142 between the Orange County Transportation Authority and March Networks Corporation, in an amount not to exceed \$494,646, for hardware, system maintenance and support services.

Background

The Orange County Transportation Authority's (Authority) interest in on-board video surveillance systems was prompted by an incident on a paratransit bus and increasing consideration in light of threats to mass transit, vandalism, and an overall means of enhancing passenger security. Over the past two years a variety of supportive tasks were completed in an effort to better our experience

and knowledge, such that proceeding with a test of moderate fleet size should result in minimal risk.

Discussion

A video surveillance system consists of three main components: on-board equipment (recorders and cameras on buses), hardware to download video (at operating bases), and support services for system maintenance and video storage and retrieval (provided by vendor). The Authority is looking to bifurcate the process once a surveillance equipment vendor is approved; first, the vendor will work directly with the bus manufacturers to install on-board equipment (and invoice through the bus procurement), and, second, for the Authority to work directly with the vendor to install hardware and provide system maintenance and support. This report will outline this process.

I. Camera Option in Bus Procurements

On June 13, 2005, and March 13, 2006, the Board of Directors approved the purchase of 50 large buses and 32 paratransit buses from New Flyer and Creative Bus Sales respectively. Included in each procurement was the option for on-board camera equipment estimated at \$8,000 per vehicle (\$656,000 for all 82 buses). The \$8,000 per vehicle for on-board equipment was as a placeholder. Federal grant funds and local matching funds have been set aside to cover the cost of this equipment.

II. In-Service Testing and Procurement Process

To date, staff has pursued and completed a variety of items in support of proceeding with the subject test deployment, including:

- Conducting a consultant study to assess the state of camera systems, legal considerations, review surveillance system experience of other transit agencies, and develop a specification for conducting a test of the available systems best meeting our requirements;
- Conducted an in-service test of five different supplier's systems, with each of the five systems installed on three buses over a period of months;
- Developed specifications including camera systems as options on future new bus acquisitions, with this option being exercised on two recent bus awards for 50 large bus and 32 paratransit bus purchases;

- The results of the in-service test and staff's gained operational experience provided the basis for issuing a Request for Proposals (RFP) and short listing to the three highest ranked suppliers. The RFP included a variety of options and features to include the on-board camera system, infrastructure at multiple Authority sites, close proximity wireless communication between the buses and sites, warranties, maintenance service agreements, and an overall means of system administration.

This procurement was handled in accordance with the Authority's procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services. Therefore, the requirement was handled as a competitive negotiated procurement. Award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the requirement, and technical expertise in the field.

The project was sent via electronic notification on February 22, 2005, to the three firms that were short-listed from the Authority's on-board surveillance system test. March Networks Corporation is the recommended vendor for on-board equipment, hardware and system maintenance and support activities.

Firm and Location

March Networks Corporation
Ottawa, Canada

III. Negotiation Between Bus Manufacturer and March Networks Corporation
(March Networks)

Once approved as the vendor of choice, negotiations between the bus manufacturers and March Networks will commence. The Authority will look to the bus manufacturer to work directly with March Networks to purchase and install on-board equipment with the cost of the equipment and installation invoiced as part of the bus procurement.

As previously mentioned, the on-board equipment was an option in the 50 large bus and 32 paratransit bus procurements. An \$8,000 estimate per bus was used as a placeholder (\$656,000 for 82 buses). In-service testing of surveillance equipment ran concurrent with both bus procurements. Better project definition, technology capability, and best fit became apparent because of testing, requiring an adjustment to the initial cost estimate. A cost differential of up to \$3,000 per bus, or an additional \$246,000 for all 82 buses, is anticipated.

Grants staff have secured federal Homeland Security funds (no matching funds required) to reimburse the Authority for the cost differential between the initial estimate of \$8,000 per bus and up to \$11,000 per bus for on-board equipment.

The Contacts Administration and Materials Management Department will amend the existing contracts with the bus manufacturers to reflect the change in cost of on-board equipment.

IV. Hardware Installation and System Maintenance and Support

The Authority will contract directly with March Networks for hardware and installation and support services in an amount not to exceed \$494,646. A breakdown of these costs is as follows:

Item	Total
Hardware	
Hardware and installation	\$ 183,492
Docking stations	1,980
Diagnostic equipment	34,650
Subtotal	\$ 220,122
Support services	
On-board equipment maintenance support	\$ 121,644
I.T. support, video storage and retrieval	152,880
Subtotal	\$ 274,524
Total	\$ 494,646

V. Demonstration Project Evaluation Criteria

System reliability, equipment durability, and effective and responsive system administration will be closely monitored and measured against the technical specifications detailed in the Scope of Work to determine the viability of moving beyond a demonstration project to a wider deployment of an on-board video surveillance system.

Fiscal Impact

The cost of on-board surveillance equipment has been accommodated within the Authority's Fiscal Year 2005-06 Budget, Operations Division/Transit Technical Services Section and funded through a combination of federal grant funds and Local Transportation Funds. The cost differential for on-board equipment,

hardware and installation, and support services will be accommodated within the fiscal year 2006-07 budget, Operations Division/Transit Technical Services Section and funded through a combination of federal Homeland Security grant funds and Local Transportation Funds.

Summary

Authorize the Contracts Administration and Materials Management Department to complete negotiations with each of the bus manufacturers, New Flyer and Creative Bus Sales, and amend current agreements to accommodate a price differential of up to \$3,000 per bus for on-board surveillance equipment. Staff recommends award of Agreement C-6-0142 to March Networks Corporation, in an amount not to exceed \$494,646, for the purchase and installation of system hardware and support services.

Attachment

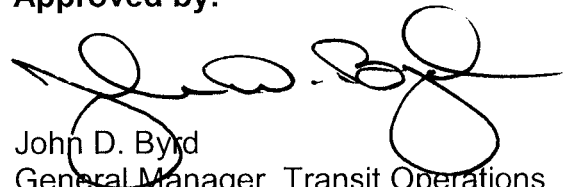
None.

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DIRECTORS' MEETING REPORTS
 May 6 through May 21, 2006
 Report for Board Meeting of May 22, 2006

DIRECTOR	DATE	DESCRIPTION OF MEETING
Chairman Art Brown and Bill Campbell	May 11, 2006	KOCE-TV live discussion regarding Orange County transportation issues.
Chairman Art Brown Vice Chair Carolyn Cavecche Bill Campbell, Lou Correa, Chris Norby, Mark Rosen, and Greg Winterbottom	May 12, 2006	Interstate 5 Gateway Project event
Chairman Art Brown	May 15, 2006	Measure M update and plan consideration meeting for the City of La Habra
	May 16, 2006	Measure M update and plan consideration meeting for the City of Placentia
Chairman Art Brown Vice Chair Carolyn Cavecche Lou Correa, and Mark Rosen	May 19, 2006	State Route 22 connector opening event
Vice Chair Carolyn Cavecche and Cathy Green	May 10, 2006	Measure M Super Committee Steering Committee meeting
Vice Chair Carolyn Cavecche	May 8, 2006	Comparison of engine company on LNG replacement engines meeting
	May 17, 2006	Meeting with the City of Irvine regarding Irvine transportation issues
Peter Buffa	May 11, 2006	Measure M update meeting for the Costa Mesa Lions Club
Bill Campbell, Lou Correa, and Cathy Green	May 8, 2006	Governor Schwarzenegger releases the infrastructure bond initiative event
Bill Campbell	May 18, 2006	Senior non-emergency medical discussion with the CTS staff

DIRECTORS' MEETING REPORTS
May 6 through May 21, 2006
Report for Board Meeting of May 22, 2006

DIRECTOR	DATE	DESCRIPTION OF MEETING
Lou Correa	May 11, 2006	State Route 22 multicultural community outreach meeting
	May 18, 2006	State Route 22 multicultural community outreach meeting
Richard Dixon	May 17, 2006	Measure M update and plan consideration meeting for the City of Laguna Woods
Chris Norby and Greg Winterbottom	May 11, 2006	Commuter race from the Fullerton station to the OCTA – Headquarters
Chris Norby	May 16, 2006	Measure M update and plan consideration meeting for the City of Fullerton
Susan Ritschel	May 16, 2006	Meeting with Councilman Knoblock (City of San Clemente) and OCTA staff to discuss transportation issues
Greg Winterbottom	May 11, 2006	<ul style="list-style-type: none"> • Meeting to discuss questions regarding complaints per 1,000,000 through CTS • Monthly business lunch meeting with the OCTA CEO