



BOARD AGENDA

Orange County Transportation Authority Board Meeting
Orange County Transportation Authority Headquarters
First Floor - Room 154
600 South Main Street, Orange, California
Monday, March 22, 2010, at 9:00 a.m.

REVISED **(updated 3/18/10)**

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

Agenda Descriptions

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

Public Comments on Agenda Items

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

Public Availability of Agenda Materials

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

Call to Order

Invocation

Director Nguyen

Pledge of Allegiance

Director Winterbottom



BOARD AGENDA

Special Matters

1. **[Presentation of Resolutions of Appreciation to Senator Lou Correa, Senator Bob Huff, and Assembly Member Jose Solorio](#)**

Present Orange County Transportation Authority Resolutions of Appreciation No. 2010-23, 2010-24, and 2010-22 to Senator Lou Correa, Senator Bob Huff, and Assembly Member Jose Solorio, respectively, in recognition of the advocacy of ABX8 11, which extends letter of no prejudice authority to projects funded by Proposition 116, thereby allowing the projects to meet strict deadlines and provide stimulus to the economy.

2. **Presentation of Resolution of Appreciation to Retiring Deputy Chief Executive Officer, James S. Kenan**

3. **Special Recognition for Thirty Years of Safe Driving**

Present an award to Coach Operator Stephen White for achieving thirty years of safe driving.

4. **[Presentation of Resolutions of Appreciation for Employees of the Month for March 2010](#)**

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2010-17, 2010-18, 2010-19 to Forest Long, Coach Operator; Alan Phillips, Jr., Maintenance; and Sandy Boyle, Administration, as Employees of the Month for March 2010.

5. **[Presentation of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter](#)**

Present Orange County Transportation Authority Resolution of Appreciation No. 2010-20 to Orange County Sheriff's Deputy Chet Parker.



BOARD AGENDA

Consent Calendar (Items 6 through 28)

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

Orange County Transportation Authority Consent Calendar Matters

6. [Approval of Minutes](#)

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of March 8, 2010.

7. [Recruitment and Employment Practices Limited Scope Review](#)

Kathleen O'Connell

Overview

Internal Audit has completed an investigation of two complaints received through the Orange County Transportation Authority's Fraud Hotline. While Internal Audit did not substantiate allegations of preferential hiring, policies and procedures related to recruitment and employment practices should be strengthened. As a result of this limited scope review and investigation, Internal Audit is making recommendations to update and enhance policies and procedures for the recruitment and candidate selection process; to develop and document procedures for deviations from procedures; and to update OCTA's Employment of Relatives policy.

Recommendation

Direct staff to implement recommendations in the Recruitment and Employment Practices Limited Scope Review, Internal Audit Report No. 10 106.

8. [Fiscal Year 2009-10 Internal Audit Plan, Second Quarter Update](#)

Kathleen O'Connell

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2009-10 Internal Audit Plan on August 12, 2009. This update is for the second quarter of the fiscal year.



BOARD AGENDA

8. (Continued)

Recommendation

Receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2009-10 Internal Audit Plan.

9. Independent Auditor Inquiries Regarding Fraud

Kathleen O'Connell

Overview

Independent auditor, Mayer Hoffman McCann P.C. has begun planning for its audit of the Orange County Transportation Authority for the fiscal year ending June 30, 2010. Professional standards require that the independent auditor make inquiries of those charged with governance concerning knowledge of fraud, and controls in place to prevent or detect fraud. The Internal Audit Department has drafted responses on behalf of the Finance and Administration Committee acting as the audit committee for the Orange County Transportation Authority.

Recommendation

Approve draft responses to fraud inquiries made by independent auditor Mayer Hoffman McCann P.C.

10. State Legislative Status Report

Manny Leon/Kristine Murray

Overview

The State Legislative Status Report includes an update on the developing state budget negotiations. An overview of sponsor bill activities that have occurred to date is given and approval is requested for modifications to proposed sponsor legislation for 2010.



BOARD AGENDA

10. (Continued)

Committee Recommendations

- A. Support SB 1446 (Correa, D-Santa Ana), which provides for an additional mechanism to fund project mitigation measures required by the California Department of Fish and Game pursuant to the California Endangered Species Act.
- B. Approve revisions as proposed to the 2010 Orange County Transportation Authority State Legislative Platform related to proposed sponsor legislation with the exception of the following:

Co-sponsor a bill with Southern California Association of Governments to extend California Environmental Quality Act streamlining provisions to transportation projects that are part of a sustainable communities strategy which meets the prescribed greenhouse gas emission reduction targets, clarify Proposition 1B and sales tax exemptions, and other regional timing adjustments.

11. Federal Legislative Status Report Richard J. Bacigalupo/Kristine Murray

Overview

This Federal Legislative Status Report provides information on United States House and Senate consideration of economic stimulus legislation and the impact of economic stimulus legislation on extensions of the present transportation authorization act, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: a Legacy for Users.

Recommendation

Receive and file as an information item.



BOARD AGENDA

12. [Fiscal Year 2009-10 Second Quarter Budget Status Report](#)

Victor Velasquez/Kenneth Phipps

Overview

The Orange County Transportation Authority's staff has implemented the fiscal year 2009-10 budget. This report summarizes the material variances between the budget plan and actual revenues and expenses.

Recommendation

Receive and file as an information item.

13. [Second Quarter Fiscal Year 2009-10 Grant Status Report](#)

Anthony Baruch/Kenneth Phipps

Overview

The Quarterly Grant Status Report summarizes grant activities for information purposes for the Orange County Transportation Authority Board of Directors. This report focuses on significant activity for the period of October through December 2009. The Quarterly Grant Status Report summarizes future and pending grant applications, awarded/executed and current grant agreements, as well as closed-out grant agreements.

Recommendation

Receive and file as an information item.

14. [Approval of Local Transportation Fund Fiscal Year 2010-11 Apportionment Estimates](#)

James L. Cook, Jr./Kenneth Phipps

Overview

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2010-11 be determined and prospective claimants be advised of the amounts.



BOARD AGENDA

14. (Continued)

Recommendation

Approve the Local Transportation Fund fiscal year 2010-11 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund.

15. Letter of No Prejudice for Orange Freeway (State Route 57) Improvements

Adriann Cardoso/Kia Mortazavi

Overview

In an effort to improve traffic flow, the Orange County Transportation Authority, in cooperation with the California Department of Transportation District 12, is adding a lane to the northbound Orange Freeway (State Route 57) from Orangethorpe Avenue in Placentia to Lambert Road in Brea. The project is construction-ready but state Proposition 1B general obligation bond funds for the improvements are not immediately available. A recommendation to evaluate the use of Measure M2 funds in advance of receiving the state funds is presented for Board of Directors' review and approval.

Committee Recommendations

- A. Authorize staff to submit a Letter of No Prejudice request to the California Department of Transportation and the California Transportation Commission for adding a lane to the northbound Orange Freeway (State Route 57) from Orangethorpe Avenue in Placentia to Lambert Road in Brea.
- B. Direct staff to return within 90 days with a financing plan for the overall project.



BOARD AGENDA

16. [Letter of No Prejudice and Amendment for Proposition 116 Program of Projects](#)

Abbe McClenahan/Kia Mortazavi

Overview

In February 2009, the California Transportation Commission approved the Orange County Transportation Authority's funding application for \$121.3 million of Proposition 116 bond-funded projects. The projects must be delivered for allocation before July 1, 2010. Unfortunately, the California Transportation Commission has been unable to allocate most of these funds given the economic crisis in California. Recent state legislation allows approval of a Letter of No Prejudice for Proposition 116 projects. Recommendations are presented related to Letters of No Prejudice and a future multi-agency plan of finance.

Recommendations

- A. Authorize staff to submit a Letter of No Prejudice request to the California Department of Transportation and the California Transportation Commission for the Metrolink Service Expansion and Grade Crossing Improvement Program, the Orange County Metrolink Fiber Optics Installation, and Positive Train Control.
- B. Direct staff to work with the cities of Tustin, Fullerton, and Irvine to explore the possibility of a Letter of No Prejudice for the Tustin Rail Station Parking Expansion, the Fullerton Transportation Center Parking Structure, and the Sand Canyon Grade Separation.
- C. Direct staff to return within 90 days with a financing plan for the program of projects.
- D. Authorize staff to amend the Proposition 116 program of projects as necessary upon enactment of ABX8 11 and contingent on administrative procedures set forth by the California Transportation Commission.
- E. Approve the use of up to \$29 million of Measure M, high-technology transit funds for the Metrolink Service Expansion and Grade Crossing Improvement Program.



BOARD AGENDA

17. [91 Express Lanes' Anaheim Facility Lease Renewal and Data Center Improvements](#)

Christina Runge Haidl/Kenneth Phipps

Overview

The current lease for the 91 Express Lanes' office in Anaheim expires June 30, 2010. The leased space accommodates the traffic operations center, data center, and administrative office. Staff has been in negotiations with the landlord, FKC Properties, Inc., for a proposed two-year lease extension. In addition, expansion to the existing data center is required to accommodate several 91 Express Lanes' equipment and systems replacement projects. The terms of the proposed lease amendment will include the two-year lease extension, in addition to the data center expansion.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-0-1412, with FKC Properties, Inc., to cover the data center expansion and the two-year lease extension for the 91 Express Lanes' Anaheim office, in an amount not to exceed \$917,052. The estimated cost of the lease extension is \$259,200 for year one and \$264,852 for year two, and \$393,000 for the data center improvements.

18. [Amendment to Agreement for Insurance Brokerage Services](#)

Al Gorski/Patrick J. Gough

Overview

On May 29, 2007, the Board of Directors approved an agreement with Marsh Risk and Insurance Services, Inc., in the amount of \$335,000, for marketing and placement of insurance. This procurement was handled in accordance with the Orange County Transportation Authority's procedures for professional services. This agreement expires on June 30, 2010.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to exercise the First Option Year to Agreement C-7-0632 between the Orange County Transportation Authority and Marsh Risk and Insurance Services, Inc., for an amount not to exceed \$110,000 to provide insurance marketing and placement services for a period from July 1, 2010 through June 30, 2011, bringing the total contract value to \$445,000.



BOARD AGENDA

Orange County Local Transportation Authority Consent Calendar Matters

19. [Financial and Compliance Audit of Costs Claimed Under Combined Transportation Funding Program Project Number 99 STAN-SIP-1192, City of Stanton](#)
Kathleen O'Connell

Overview

An audit has been completed of a project funded through the Combined Transportation Funding Program of Measure M for the City of Stanton by audit firm Mayer Hoffman McCann P.C. Auditors concluded that the City of Stanton was in compliance with the Combined Transportation Funding Program Guidelines.

Recommendation

Receive and file the financial and compliance audit of Combined Transportation Funding Program Project Number 99-STAN-SIP-1192, City of Stanton.

20. [Metrolink Ridership and Revenue Quarterly Report](#)
Megan Taylor/Darrell Johnson

Overview

The Southern California Regional Rail Authority is a five-member joint powers authority that operates the 400-mile commuter rail system known as Metrolink. A report on Metrolink ridership and revenue for service in Orange County covering the second quarter of fiscal year 2009-10 is provided for Board of Directors' review.

Recommendation

Receive and file as an information item.



BOARD AGENDA

21. [Selection of a Consultant for Preparation of a Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement](#)
Dan Phu/Kia Mortazavi

Overview

The Orange County Transportation Authority has accepted proposals to retain a consultant team to prepare the Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement along with a Joint Programmatic Environmental Impact Report/Environmental Impact Statement. Proposals and statements of qualifications were solicited in accordance with the Orange County Transportation Authority's procurement procedures for the retention of consultants to perform architectural and engineering work.

Recommendations

- A. Select ICF Jones and Stokes as the highest qualified firm to prepare the Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement and Joint Programmatic Environmental Impact Report/Environmental Impact Statement.
- B. Authorize the Chief Executive Officer, or his designee, to request a cost proposal from ICF Jones and Stokes and negotiate an agreement for services.
- C. Authorize the Chief Executive Officer, or his designee, to negotiate and execute the final agreement.

22. [Cooperative Agreement with City of Orange and Orange Redevelopment Agency for the Expansion of Parking Capacity at the Orange Transportation Center](#)
Lora Cross/Darrell Johnson

Overview

The Orange City Council has chosen a preferred alternative for expanding the parking capacity at the Orange Transportation Center. The project is now ready to move into the design phase and a cooperative agreement is needed to define roles, responsibilities, and funding for the project.



BOARD AGENDA

22. (Continued)

Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0901 between the Orange County Transportation Authority, City of Orange, and Orange Redevelopment Agency, in an amount not to exceed \$1,650,000, for the design of two mixed-use parking structures at the Orange Transportation Center.

Orange County Transit District Consent Calendar Matters

23. [Buy America Review](#)

Kathleen O'Connell

Overview

The Internal Audit Department has conducted a post-delivery Buy America review for an Orange County Transportation Authority agreement to purchase 33 paratransit gasoline cutaway transit vehicles.

Recommendation

Receive and file ElDorado National, Inc. Post-Delivery Buy America Review, Internal Audit Report No. 10-301.

24. [Amendment to Agreement to Develop Technical Specifications for the Fare Collection System Upgrade](#)

Jorge Duran/Beth McCormick

Overview

The Orange County Transportation Authority completed a fare integration study to explore ways to improve existing fare collection processes and to prepare for the integration of future transit services, such as the Metrolink Service Expansion Program and the Go Local city-initiated transit projects. The study also explored fare integration strategies to improve connectivity with other regional transit operators. On August 25, 2008, the Board of Directors approved the selection of TranSystems to conduct this study. On September 14, 2009, the results of the Fare Integration Study were presented to the Board of Directors. Staff was directed to return to the Board of Directors for approval to proceed with the development of the technical specifications for an upgrade to the fare collection system.



BOARD AGENDA

24. (Continued)

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-8-0877 between the Orange County Transportation Authority and TranSystems, to exercise the optional task to develop technical specifications for the fare collection system upgrade, in an amount not to exceed \$147,639, bringing the total contract value to \$387,295.

25. Amendment to Agreement with Alta Resources for Customer Information Center Services

Marlon Perry/Ellen S. Burton

Overview

The Orange County Transportation Authority provides telephone call center operations 365 days a year using a contractor, Alta Resources. Given the substantial scale of bus service changes, the proliferation of cell phones, and the reduction of on-street and printed public information, call volumes have grown to record levels. This has impacted the call center budget. Staff is requesting Board of Directors' approval to amend Agreement No. C-6-0461 with Alta Resources to modify the terms of the agreement and increase the maximum cumulative obligation.

Recommendations

- A. Approve the transfer of \$98,482 to the External Affairs Fiscal Year 2009-10 budget to accommodate approximately 276,600 calls from March through June 2010. Staff has identified funds required within the existing Orange County Transportation Authority Fiscal Year 2009-10 Budget.
- B. Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-6-0461 with Alta Resources to modify the terms of the agreement effective May 1, 2010, to change from a time and materials contract to a firm-fixed price contract, and to increase the maximum cumulative obligation from \$6,917,366 to \$7,518,679.



BOARD AGENDA

26. [Amendment to Cooperative Agreements for Provision of Senior Transportation to Congregate Meal Sites](#)

Donna Berger/Beth McCormick

Overview

On April 12, 2008, the Board of Directors approved cooperative agreements with the Orange County Office on Aging and cities participating in the Special Agency Transportation program to provide senior transportation to congregate meal sites. Contract amendments are required to extend these agreements through June 30, 2011.

Recommendations

- A. Authorize the Chief Executive officer to execute Amendment No. 2 to Cooperative Agreement No. C-8-0224 between the Orange County Transportation Authority and the Orange County Office on Aging for its share of the program expense for the provision of senior transportation to congregate meal sites, in an amount not to exceed \$334,060, through June 30, 2011.
- B. Authorize the Chief Executive Officer to execute amendments to agreements with nine participating cities for the cities' share of the program expense through June 30, 2011, based on the Orange County Office on Aging allocation, for a total amount not to exceed \$67,000.

27. [Customer Relations Second Quarter Report Fiscal Year 2009-10](#)

Adam D. Raley/Ellen S. Burton

Overview

The Customer Relations report is submitted to the Orange County Transportation Authority Board of Directors on a quarterly basis. The report provides an overview of customer communications received during the period of October 2009 through December 2009, as well as a review of the performance of Alta Resources, the contracted provider of the Customer Information Center.

Recommendation

Receive and file as an information item.



BOARD AGENDA

28. [Agreement for the Lease and Full Service of Bus Tires](#)

Connie Raya/Beth McCormick

Overview

On November 23, 2009, the Board of Directors approved the release of Invitation for Bids 9-0766 for the lease and full service of bus tires. Bids were received in accordance with the Orange County Transportation Authority's procurement procedures.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-9-0766 between the Orange County Transportation Authority and Bridgestone Americas North American Tire, LLC, in an amount not to exceed \$10,649,375, for the lease and full service of bus tires for a five-year period.

Regular Calendar

Orange County Local Transportation Authority Regular Calendar Matters

29. [Measure M2 Freeway Environmental Mitigation Program Acquisition Property Evaluation Results - Biological Criteria](#)

Dan Phu/Kia Mortazavi

Overview

This is a summary report on the status of the Measure M2 Environmental Mitigation Program. Properties for potential acquisition have been identified based on biological values. Additional work is needed to assess non-biological factors prior to acquisition. Staff will return to the Transportation 2020 Committee and the Board of Directors with preliminary results of the evaluation of the restoration proposals.



BOARD AGENDA

29. (Continued)

Committee Recommendations

- A. Approve the Acquisition Property Evaluation Results based on the Property Acquisition/Restoration/Management Criteria Matrices - Biological Criteria.
- B. Authorize staff to proceed with the appraisal process with a subset of the Group 1 acquisition proposals.
- C. Direct staff to notify Newport Banning Ranch and Shell-Aera that these properties are removed from the list of potential acquisitions unless they respond in writing that they are willing sellers.
- D. Direct staff to restrict the appraisal process of acquisition to property within the County of Orange.

30. Measure M2 Comprehensive Transportation Funding Program Guidelines

Roger M. Lopez/Kia Mortazavi

Overview

Measure M2 allocates net revenues for the development of various competitive programs which will provide funding for local streets and roads projects including the countywide Regional Capacity Program. Measure M2 also includes competitive transit programs such as Transit Extensions to Metrolink, Metrolink Gateways, and Community-Based Circulators. Staff has worked with the members of the Technical Advisory Committee to develop a comprehensive set of guidelines for the local streets and roads competitive programs. The Measure M2 Comprehensive Transportation Funding Program guidelines are being presented for Board of Directors' review and approval.

Committee Recommendations

- A. Approve the guidelines for the Comprehensive Transportation Funding Program.
- B. Direct staff to develop detailed revenue estimates and return for authorization to issue the first Measure M2 Regional Capacity Program annual call for projects.



BOARD AGENDA

30. (Continued)

- C. Approve the grant payment distribution split of 75/25 percent (for the initial/final payment), with the final payment retention not to exceed \$500,000, but not less than 10 percent of the grant allocation.

Discussion Items

31. March 2010 Service Change Recap

Beth McCormick

On March 14, 2010, the Orange County Transportation Authority implemented a service change that resulted in the reduction of approximately 150,000 annual revenue vehicle hours, or 8 percent, of bus service in response to state budget cuts, a drop in sales tax revenue, and declining ridership. This service change was approved by the Board of Directors in November 2009 and included a combination of eliminating routes, reducing bus frequency, restructuring routes, and reducing trips. The service reductions will save the Orange County Transportation Authority approximately \$13 million as it faces a more than \$30 million budget shortfall this year. The reductions are necessary to make up for major cuts in state funding and significant drops in sales tax revenue and fare revenue. Because of the magnitude of the March 2010 service change, an extensive public outreach program was conducted in conjunction with implementing the logistics of the service change. This report will highlight the significant elements that supported the implementation of the March 2010 service change.

32. 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.



BOARD AGENDA

33. Chief Executive Officer's Report

34. Directors' Reports

35. Closed Session

Pursuant to Government Code Section 54956.9 (a) to discuss Amir Didehvar v. Orange County Transportation Authority; OCSC Case No. 30-00107755.

36. Adjournment

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, April 12, 2010**, at Orange County Transportation Authority Headquarters.



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

HONORABLE JOSE SOLORIO
MEMBER, CALIFORNIA STATE ASSEMBLY

WHEREAS, Assembly Member Jose Solorio, on behalf of the Orange County Transportation Authority (OCTA), was a key advocate for Assembly Bill (AB) X8 11, signed by the Governor on March 8, 2010, to allow local agencies to apply to the California Transportation Commission for a Letter of No Prejudice (LONP) for projects funded pursuant to Proposition 116; and

WHEREAS, the State's ongoing fiscal crisis and resulting slowdown in bond sales is impacting project delivery schedules for many critical infrastructure projects; and

WHEREAS, the use of an LONP would give local agencies the flexibility to use local funds for a project approved for funding by Proposition 116, and then be reimbursed by the state when the applicable bonds are sold; and

WHEREAS, an LONP will allow these projects to be implemented on schedule, thereby meeting the voter's intent when they originally passed Proposition 116; and

WHEREAS, OCTA has \$121.3 million in Proposition 116 projects ready for implementation, including grade separation and intercity rail projects that provide not only environmental benefits and improvements to the region's multi-modal transportation system, but will also spur economic growth, including 6,000 jobs within Orange County.

NOW, THEREFORE, BE IT RESOLVED that the Orange County Transportation Authority Board of Directors commends Assembly Member Jose Solorio for his leadership as a champion of alternative funding mechanisms to deliver multi-modal transportation enhancements benefitting commuters countywide, as well as the economy and the environment; and

BE IT FURTHER RESOLVED that the time, effort, and dedication of Assembly Member Jose Solorio and his staff in steering AB8X 11 through a difficult special session, achieving broad consensus and defusing opposition was truly remarkable, and for that Assembly Member Jose Solorio has the respect and appreciation of the OCTA Board of Directors.

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2010-22





ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

HONORABLE LOU CORREA
MEMBER, CALIFORNIA STATE SENATE

WHEREAS, Senator Lou Correa, on behalf of the Orange County Transportation Authority (OCTA), was a key advocate for Assembly Bill (AB) X8 11, signed by the Governor on March 8, 2010, to allow local agencies to apply to the California Transportation Commission for a Letter of No Prejudice (LONP) for projects funded pursuant to Proposition 116; and

WHEREAS, the State's ongoing fiscal crisis and resulting slowdown in bond sales is impacting project delivery schedules for many critical infrastructure projects; and

WHEREAS, the use of an LONP would give local agencies the flexibility to use local funds for a project approved for funding by Proposition 116, and then be reimbursed by the state when the applicable bonds are sold; and

WHEREAS, an LONP will allow these projects to be implemented on schedule, thereby meeting the voter's intent when they originally passed Proposition 116; and

WHEREAS, OCTA has \$121.3 million in Proposition 116 projects ready for implementation, including grade separation and intercity rail projects that provide not only environmental benefits and improvements to the region's multi-modal transportation system, but will also spur economic growth, including 6,000 jobs within Orange County.

NOW, THEREFORE, BE IT RESOLVED that the Orange County Transportation Authority Board of Directors commends Senator Lou Correa for his leadership as a champion of alternative funding mechanisms to deliver multi-modal transportation enhancements benefitting commuters countywide, as well as the economy and the environment; and

BE IT FURTHER RESOLVED that the time, effort, and dedication of Senator Lou Correa and his staff in steering AB8X 11 through a difficult special session, achieving broad consensus and defusing opposition was truly remarkable, and for that Senator Lou Correa has the respect and appreciation of the OCTA Board of Directors.

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2010-23





ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

HONORABLE BOB HUFF
MEMBER, CALIFORNIA STATE SENATE

WHEREAS, Senator Bob Huff, on behalf of the Orange County Transportation Authority (OCTA), was a key advocate for Assembly Bill (AB) X8 11, signed by the Governor on March 8, 2010, to allow local agencies to apply to the California Transportation Commission for a Letter of No Prejudice (LONP) for projects funded pursuant to Proposition 116; and

WHEREAS, the State's ongoing fiscal crisis and resulting slowdown in bond sales is impacting project delivery schedules for many critical infrastructure projects; and

WHEREAS, the use of an LONP would give local agencies the flexibility to use local funds for a project approved for funding by Proposition 116, and then be reimbursed by the state when the applicable bonds are sold; and

WHEREAS, an LONP will allow these projects to be implemented on schedule, thereby meeting the voter's intent when they originally passed Proposition 116; and

WHEREAS, OCTA has \$121.3 million in Proposition 116 projects ready for implementation, including grade separation and intercity rail projects that provide not only environmental benefits and improvements to the region's multi-modal transportation system, but will also spur economic growth, including 6,000 jobs within Orange County.

NOW, THEREFORE, BE IT RESOLVED that the Orange County Transportation Authority Board of Directors commends Senator Bob Huff for his leadership as a champion of alternative funding mechanisms to deliver multi-modal transportation enhancements benefitting commuters countywide, as well as the economy and the environment; and

BE IT FURTHER RESOLVED that the time, effort, and dedication of Senator Bob Huff and his staff in steering AB8X 11 through a difficult special session, achieving broad consensus and defusing opposition was truly remarkable, and for that Senator Bob Huff has the respect and appreciation of the OCTA Board of Directors.

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2010-24





ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

FOREST LONG

WHEREAS, the Orange County Transportation Authority recognizes and commends Forest Long; and

WHEREAS, let it be known that Forest Long has demonstrated outstanding customer service skills, and has been with the Authority since February, 1979. He has distinguished himself by maintaining an outstanding record for safety and customer relations; and

WHEREAS, Forest'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 Forest Long has been a principal player at the OCTA and has performed his responsibilities as a Coach Operator in a professional, courteous and reliable manner.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Forest Long as the Orange County Transportation Authority Coach Operator of the Month for March 2010; and

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

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2010-017





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

ALAN PHILLIPS, JR.

WHEREAS, the Orange County Transportation Authority recognizes and commends Alan Phillips, Jr.; and

WHEREAS, be it known that Alan has performed his duties as OCTA's Senior Facilities Technician with the highest level of professionalism and integrity. He is an expert on troubleshooting and maintenance of all facilities equipment including Liquefied Natural Gas systems and;

WHEREAS, be it known that Alan's communication skills are demonstrated in his methodical attitude and open communication with OCTA contractors. He has also developed an organized filing system for facility records and;

WHEREAS, Alan's Integrity, Teamwork, Communication, Customer Focus and Can-Do Spirit make him a valuable asset to both the Facilities Maintenance Section and the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Alan Phillips, Jr. as the Orange County Transportation Authority Maintenance Employee of the Month for March, 2010; and

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

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2010-018





ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

SANDY BOYLE

WHEREAS, the Orange County Transportation Authority recognizes and commends Sandy Boyle; and

WHEREAS, be it known that Sandy has performed her duties as OCTA's Vanpool and Pass Sales Administrator for the Authority's Marketing Department, demonstrating the highest level of professionalism; and

WHEREAS, Sandy's contributions to developing and implementing OCTA's vanpool program has helped provide a viable transportation alternative for Orange County commuters while at the same time has facilitated Orange County's ability to generate additional federal Section 5307 transit funding; and

WHEREAS, Sandy has demonstrated she has extensive knowledge and organizational skills to understand and manage a start-up program; and

WHEREAS, Sandy's awareness of OCTA projects and services, coupled with her ability to communicate with a variety of internal audiences and external customers, allows for greater opportunities to complete projects on-time and within budget; and

WHEREAS, Sandy's superior teamwork, can-do attitude and dedication to her work help create a productive working environment which reflects the high standards and values of the Orange County Transportation Authority.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Sandy Boyle as the Orange County Transportation Authority Administration Employee of the Month for March 2010; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Sandy Boyle's outstanding service.

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2010-019





ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

DEPUTY CHET PARKER

WHEREAS, the Orange County Transportation Authority recognizes and commends Deputy Chet Parker; and

WHEREAS, Deputy Parker has been assigned to Transit Police Services, Fixed Operations since November 2005. He routinely visits with Coach Operators at the bases, transit centers and layover points throughout Orange County. His meet and greet style is very effective for information sharing and the quick identification of problems impacting bus routes; and

WHEREAS, Deputy Parker is commended for his role as the master "Annual Required Training" instructor for Transit Police Services. He has taught over 100 training sessions to Coach Operators, covering a variety of security topics; and

WHEREAS, Deputy Parker has taken on the role as the School Problems Liaison Deputy. He has been instrumental in developing working relationships with OCTA Coach Operators, students, school district officials, teachers and school resource officers. This partnership has enabled Deputy Parker to identify problematic customers and seek solutions to reduce the number of student related disturbances on the buses. He has a "can-do" attitude and is always seeking ways to improve the way we do business.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Deputy Chet Parker as the Orange County Transportation Authority Transit Police Services Employees of the Quarter for March 2010; and

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

Dated: March 22, 2010

Jerry Amante, Chairman
Orange County Transportation Authority

Will Kempton, CEO
Orange County Transportation Authority

OCTA Resolution No. 2010-020



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
March 8, 2010

Call to Order

The March 8, 2010, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Amante at 9:04 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present: Jerry Amante, Chairman
Patricia Bates, Vice Chair
Peter Buffa
Bill Campbell
Carolyn Cavecche
William J. Dalton
Richard Dixon
Paul Glaab
Don Hansen
John Moorlach
Curt Pringle
Miguel Pulido
Gregory T. Winterbottom
Cindy Quon, Governor's Ex-Officio Member

Also Present: Will Kempton, Chief Executive Officer
James S. Kenan, 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: Arthur C. Brown
Janet Nguyen
Allan Mansoor

Invocation

Vice Chair Bates gave the invocation.

Pledge of Allegiance

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

Public Comments on Agenda Items

Chairman Amante 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. Measure M Taxpayers' Oversight Committee Annual Public Hearing and Compliance Findings

Alice Rogan, Staff Liaison to the Measure M Taxpayers' Oversight Committee (TOC), provided opening comments and introduced David Sundstrom, Chairman of the TOC, and County Auditor-Controller, who reviewed the annual findings from the February 2010 public hearing and the Committee activities.

Mr. Sundstrom stated that OCTA was found to be in compliance with the Measure M Ordinances for the 19th year in a row. He further stated that this finding is based on the results of Locally-Preferred Alternative report, the public hearing, and all information received by the Committee to date. He further stated that this is the second year the TOC made findings on both Measure M1 and M2 Ordinances.

No action was taken on this receive and file item.

2. Public Hearing to Amend the Measure M Expenditure Plan for the Freeway Program

Andrew Oftelie, Manager of Financial Planning and Analysis, provided the Board with background information on the Early Action Plan and prior amendments, as well as the proposed amendment of the Measure Expenditure Plan for the freeway program.

Chairman Amante opened the Public Hearing portion of the meeting and Wendy Knowles, Clerk of the Board, read into the record the required noticing of this public hearing.

2. (Continued)

Chairman Amante inquired if anyone in the audience wished to provide public comment at this time, and hearing no requests to speak, a motion was made by Director Winterbottom, seconded by Director Glaab, and declared passed by those present, to close the Public Hearing.

A motion was made by Director Buffa, seconded by Director Glaab, and following a roll call vote, declared passed unanimously by those present, to:

- A. Conduct a public hearing to amend the Measure M Expenditure Plan.
- B. Amend the Measure M Expenditure Plan by decreasing the funding amount by \$22 million (\$16 million in 1988 dollars) to reflect projected available revenues.
- C. Direct staff to provide written notice of the amendment to local agencies.

Consent Calendar (Items 3 through 11)

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

Orange County Transportation Authority Consent Calendar Matters

3. Approval of Minutes

A motion was made by Director Winterbottom, 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 February 22, 2010.

4. Approval of Board Member Travel

A motion was made by Director Winterbottom, seconded by Director Buffa, and declared passed by those present, to approve travel for Director Buffa to Washington, D.C., from March 13 - 17, 2010, to attend the Orange County Business Council Advocacy Trip and the American Public Transportation Association Legislative Conference.

5. Approval of Board Member Travel

A motion was made by Director Winterbottom, seconded by Director Buffa, and declared passed by those present, to approve travel for Chairman Amante, Vice Chair Bates, and Directors Buffa, Campbell, and Cavecche to New York, NY, from June 22 - 25, 2010, to attend the Annual Rating Agency Trip.

6. Final Feasibility Evaluation Report for the Irvine Corona Expressway Project

Director Moorlach pulled this item and inquired if OCTA is looking at commercial opportunities or public/private partnerships for this project.

Chairman Amante responded that sufficient geo-tech work and engineering have been done to understand there is feasibility and that it is understood what needs to be done for the Federal government with respect to the Forestry Service's request for water studies, etc. Now, in order for OCTA to be able to find out if there is a marketable way to construct it, this next step of a final feasibility evaluation report is necessary.

Chief Executive Officer (CEO), Will Kempton, offered that a group of potential private sector investors would be asked to take a look at this report and hold a discussion relative to their interest.

Kurt Brotcke, Director of Strategic Planning, added that a workshop would be held, and the intent of that would be to evaluate the feasibility study and seek comments from the private sector if the assumptions are reasonable and to provide a "roadmap" for future decision-making.

A motion was made by Director Moorlach, seconded by Director Cavecche, and declared passed by those present, to:

- A. Receive and file the feasibility evaluation report for Irvine Corona Expressway tunnels.
- B. Direct staff to conduct a financial assessment of the revenues needed to fund the proposed Irvine Corona Expressway tunnels and return to the Riverside Orange Corridor Authority Committee with this information in April 2010, and to the Orange County Transportation Authority Board of Directors in May 2010.

7. High-Occupancy Vehicle Lane Continuous Access

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

- A. Direct staff to implement the proposed program to convert the remaining high-occupancy vehicle system in Orange County to continuous access.
- B. Approve the use of \$2.8 million in Orange County Unified Transportation Trust funds to prepare planning and design documents for the conversion of the remaining high-occupancy vehicle system to continuous access.
- C. Amend the Orange County Transportation Authority's Fiscal Year 2009-10 Budget by \$700,000 to begin implementation of the program.

8. Consultant Selection for Construction Management Support Services for the Measure M2 Orange Freeway (State Route 57) Northbound Widening Project

Director Cavecche pulled this item and inquired if the Highways Committee would look at the funding, the use of Caltrans for this work, and to entertain policy discussions regarding the funds management. She added that she would like to see in future reports the percentage of construction management services being contracted out.

A motion was made by Director Cavecche, seconded by Director Pulido, and declared passed by those present, to:

- A. Select Athalye Consulting Engineering Services, Inc., as the top-ranked firm to provide construction management support services for the northbound Orange Freeway (State Route 57) widening between Orangethorpe Avenue and Yorba Linda Boulevard (Segment I).
- B. Select HDR Construction Control Corporation as the top-ranked firm to provide construction management support services for the construction contract on northbound Orange Freeway (State Route 57) between Yorba Linda Boulevard and Lambert Road (Segment II).
- C. Authorize the Chief Executive Officer to request cost proposals from Athalye Consulting Engineering Services, Inc., and HDR Construction Control Corporation and negotiate agreements for services.
- D. Authorize the Chief Executive Officer to execute Agreement No. C-9-0592 between the Orange County Transportation Authority and Athalye Consulting Engineering Services, Inc., to perform construction management support services for the northbound Orange Freeway (State Route 57) widening between Orangethorpe Avenue and Yorba Linda Boulevard, in an amount not to exceed \$2,990,000.
- E. Authorize the Chief Executive Officer to execute Agreement No. C-0-1348 between the Orange County Transportation Authority and HDR Construction Control Corporation to perform construction management support services for the northbound Orange Freeway (State Route 57) widening between Yorba Linda Boulevard and Lambert Road, in an amount not to exceed \$3,220,000.
- F. Direct staff to present the Highways Committee an opportunity for policy discussions to begin regarding funds management and also to develop a status of construction management services.

Vice Chair Bates left the room during the discussion and abstained from participating in the vote on this item.

9. Costa Mesa Freeway (State Route 55) Project Study Report/Project Development Support Request for Proposals 0-1297

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

- A. Approve release of Request for Proposals 0-1297 Costa Mesa Freeway (State Route 55) extension project study report/project development support.
- B. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-9-0385 between the Orange County Transportation Authority and City of Costa Mesa to define roles and responsibilities for managing the Costa Mesa Freeway (State Route 55) project study report/project development support.
- C. Authorize the Chief Executive Officer, or his designee, to negotiate and execute Memorandum of Understanding No. C-0-1306 between the Orange County Transportation Authority and the California Department of Transportation, and the cities of Costa Mesa, Huntington Beach, and Newport Beach specifying participating agencies' roles and responsibilities for study participation.
- D. Direct staff to make all necessary amendments to the State Transportation Improvement Program and the Federal Transportation Improvement Program, and execute any needed agreements to facilitate the above actions.

10. Adopt Resolutions Authorizing the Executive Director, Development Division, or Designee, to Execute Right-of-Way Documents

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

- A. Adopt a resolution authorizing the Executive Director, Development Division, or designee, to execute right-of-way certifications.
- B. Adopt a resolution authorizing the Executive Director, Development Division, or designee, to execute certificates of acceptance.
- C. Adopt a resolution authorizing the Executive Director, Development Division, or designee, to execute quitclaim deeds.
- D. Direct staff to incorporate the above actions into the Orange County Transportation Authority Right-of-Way Policies and Procedures Manual.

Orange County Service Authority for Freeway Emergencies Consent Calendar Matters

11. Agreement for Freeway Service Patrol for the West County Connectors Construction Project

A motion was made by Director Winterbottom, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-9-0763 between the Orange County Transportation Authority and ExperTow Inc., in an amount not to exceed \$1,086,316 to provide Freeway Service Patrol services during non-peak hours for the West County Connectors construction project from June 1, 2010 through May 31, 2013, and designate California Coach Orange, Inc. as the back-up vendor in the event the recommended firm is unable to perform.

Regular Calendar

Orange County Local Transportation Authority Regular Calendar Matters

12. Measure M Combined Transportation Funding Program - Semi-Annual Review

Executive Director of Development, Kia Mortazavi, presented this review.

Mr. Mortazavi reported that if funds are not contracted by the date required, the issue would come to the Board for an opportunity to cancel said project(s).

Discussion followed regarding the importance of funds being contracted by March 31, 2010, and where the funds would go in the event a city's funds were not contracted by that date.

Director Campbell asked that when a recommendation to terminate uncontracted projects comes before the Board for a decision, that all "history" be provided: when that project first appeared on the list of approved projects, what the date changes were, as well as the anticipated matching funds sources for the project. Director Campbell stated that his ongoing concern has been that agencies may have blocked off money early which kept others from access to those funds for their projects.

A motion was made by Director Glaab, seconded by Director Campbell, and declared passed by those present, to approve adjustments to the Measure M Combined Transportation Funding Program project allocations as presented, as referenced in Attachment A.

13. Accelerated Implementation Plan for the Orangethorpe Corridor Railroad Grade Separation Projects

Kia Mortazavi, Executive Director of Development, presented this plan for the Board's consideration and explained the timeline involved with the acceleration of projects. A discussion followed which included comments related to street closures involved with the accelerated implementation plan.

Public comments were heard from:

Jerry Hodson, resident of the Del Cerro Mobile Estates in Placentia, stated that he is supportive of this accelerated timeline and was previously concerned for delays with the closures which were originally proposed.

Linda Lucio, resident of the Del Cerro Mobile Estates in Placentia, thanked Tresa Oliveri, External Affairs Liaison, who has provided outreach to the residents at the mobile home estates and presented information relative to the residents' questions and concerns. She further stated that she supports the accelerated plan.

Natalie Meeks, Public Works Director for the City of Anaheim, stated that the City supports the accelerated schedule for this project and feels there is an excellent balance between getting the projects done as quickly as possible and also protecting circulation in the area.

Extensive discussion followed regarding the proposed amended language for staff's recommendation "D" and incorporating considerations for contracting incentives.

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

- A. Direct staff to implement the proposed accelerated implementation plan for the Orangethorpe corridor railroad grade separation projects to accelerate the completion of the projects while staging closures to allow adequate traffic movement on local roadways. Any future amendment to the street closure plan shown in the accelerated schedule involving adjacent arterials will require notification and coordination with the immediately adjacent local cities.
- B. Direct staff to file a Notice of Exemption, finding that the project is exempt from compliance with the California Environmental Quality Act pursuant to Public Resources Code Section 21080.13; and further indicating that the Board of Directors has reviewed and considered the environmental impact report certified by the City of Placentia.

13. (Continued)

- C. In the alternative, adopt by reference the findings set forth in City of Placentia Resolution No. R-2008-94, including the Findings of Facts in Support of Findings for the Orange County Gateway Project and Statement of Overriding Considerations attached thereto.
- D. Direct staff to maximize contracting incentives to expedite completion of overall project.

Directors Dalton and Glaab were not present to vote on this item.

Director Cavecche stated that the City of Orange has formed a committee where two council members meet on a regular basis with OCTA staff and technical staff, and she encouraged the cities involved to put something together so that their council members are involved in the process. She suggested that OCTA reach out to the City Managers and councils during the years of construction to allow the residents in the cities to have someone “at the table” getting the information.

Director Pringle commented that residents deserve input on design issues and encouraged OCTA to be active as the lead on community outreach and would like to be included in meetings which impact residents in the City of Anaheim.

14. Sand Canyon Grade Separation Project Funding Agreement with City of Irvine

Monte Ward, Principal, Monte Ward and Associates, presented this item for the Board and provided background and an update on the discussions which have taken place on the development of the funding agreement.

Mr. Ward stated that staff is recommending approval of this funding agreement between the City of Irvine and OCTA for the Sand Canyon Project so that it can be submitted to the California Transportation Commission this month and meet the impending deadline and highlighted attachments to the staff report which were pertinent to this discussion.

A motion was made by Director Campbell, seconded by Director Dixon, and declared passed by those present, to approve the term sheet for the Sand Canyon Grade Separation Project and the resulting cooperative agreement by the City of Irvine, which satisfies the conditions imposed by OCTA on April 27, 2009, for allocation of \$2.66 million for the Irvine station work.

Director Buffa left the room during the discussion and abstained from participating in the vote on this item.

Directors Dalton and Glaab were not present for this vote.

Discussion Items

15. Public Comments

Chairman Amante 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.

No public comments were offered at this time.

16. Chief Executive Officer's Report

CEO, Will Kempton:

- Apologized for the agenda materials issues which arose today and stated discussions will be held to insure materials are distributed to all Members;
- Reported he was in Sacramento with various Board Members last week for the annual visit to Members of the State Legislature for discussions relative to legislation pertinent to OCTA at this time. He stated that while they were there, two pieces of legislation (AB8X6 and AB8X8) were moved out;
- Reported that Kris Murray, Executive Director of Government Relations, was being honored today in Sacramento as Assemblyman Van Tran's 'Woman of the Year for the 68th Assembly District';
- Reported that a transit partnership with Disneyland Resort is being developed in which Disney will lease approximately 20 unused OCTA buses and potentially hire some of the Coach Operators whose employment has been impacted by the service cuts. This service will provide Disney employees and park visitors service to the resort's new parking facility;
- Reported that he and Chairman Amante will hold a press conference to communicate information regarding the March 14 service changes;
- Reported that Butch Waidlich, California Division Administrator for the Federal Highways Administration, suffered a heart attack and is in critical condition. Mr. Waidlich has been a tremendous help with California's obligation of American Recovery and Reinvestment Act monies;
- Presented a gift of a Yankees' desk lamp to Immediate Past Chair Buffa as a belated gift to honor his Chairmanship in 2009;
- Reported upcoming meetings and events.

17. Directors' Reports

Director Moorlach reported that the Bolsa Chica/Warner Channel bridge is now completely installed at the corner of Pacific Coast Highway and Warner Avenue in Huntington Beach and thanked Caltrans for their assistance in getting the bridge transported from Arizona to Huntington Beach and special permits were necessary.

Director Moorlach mentioned the container fee issue and suggested that the Board be cautious in encouraging a fee for containers.

Director Pringle reported that he was in Sacramento last week and expressed his appreciation for the work done by Wendy Villa, Kris Murray, and CEO Kempton for an excellent array of meetings and coordination of attendance by transportation leadership. Directors Buffa and Cavecche also expressed their appreciation, as well.

Chairman Amante congratulated staff for a rail safety conference recently, and commended Ted Nguyen and Sarah Swensson for their excellent work on the conference.

18. Closed Session

A Closed Session was not held.

19. Adjournment

The meeting adjourned at 11:07 a.m. The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, March 22, 2010**, at Orange County Transportation Authority Headquarters.

ATTEST

Wendy Knowles
Clerk of the Board

Jerry Amante
OCTA Chairman



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer
Subject: Recruitment and Employment Practices Limited Scope Review

Overview

Internal Audit has completed an investigation of two complaints received through the Orange County Transportation Authority's Fraud Hotline. While Internal Audit did not substantiate allegations of preferential hiring, policies and procedures related to recruitment and employment practices should be strengthened. As a result of this limited scope review and investigation, Internal Audit is making recommendations to update and enhance policies and procedures for the recruitment and candidate selection process; to develop and document procedures for deviations from procedures; and to update OCTA's Employment of Relatives policy.

Recommendation

Direct staff to implement recommendations in the Recruitment and Employment Practices Limited Scope Review, Internal Audit Report No. 10-106.

Background

In early December 2009, the Internal Audit Department (Internal Audit) received two anonymous complaints related to the employment of a relative of an Orange County Transportation Authority (OCTA) employee. Internal Audit reviewed documentation related to the recruitment and employment process and interviewed Human Resources Department personnel as well as the hiring manager.

Discussion

While conducting an investigation into allegations of preferential hiring, Internal Audit found incomplete written policies and procedures related to the roles, responsibilities, and procedures for the recruitment and employment process. This condition may contribute to an inconsistent application of procedures for

candidate evaluation and reference checks. Internal Audit has recommended that the Human Resources Department update and enhance procedures for reviewing and verifying employment applications, screening applicants, establishing interview panels, performing reference checks, and for the retention of recruitment and employment related documents.

Internal Audit also noted deviations from the Human Resources Department's normal practices in conducting professional reference checks. Internal Audit recommended that procedures be developed to both document reference checks as well as address requirements for deviations from stated procedures for performing these checks.

Finally, Internal Audit noted that OCTA's Employment of Relatives policy is both outdated and unsigned by the Chief Executive Officer. Internal Audit recommended that Human Resource Department management draft an updated policy and make it available to all staff and employment candidates.

Summary

Based on the results of an investigation and limited scope review, Internal Audit was unable to substantiate allegations of preferential hiring. However, Internal Audit has offered three recommendations. Management concurred with the recommendations and has proposed corrective action.

Attachment

- A. Recruitment and Employment Practices Limited Scope Review, Internal Audit Report No. 10-106

Prepared by:



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

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Recruitment and Employment Practices Limited Scope Review

INTERNAL AUDIT REPORT NO. 10-106
March 5, 2010



Internal Audit Team:

Kathleen M. O'Connell, CPA, Internal Audit, Executive Director
Janet Sutter, CIA, Internal Audit, Section Manager

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<i>Procedures for the Recruitment and Employment Process Should be Updated and Enhanced</i>	<i>3</i>
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CONCLUSION

Internal Audit has completed an investigation of complaints received through the Orange County Transportation Authority's (OCTA's) Fraud Hotline. While Internal Audit did not substantiate the allegations of preferential hiring, we noted that policies and procedures related to recruitment and employment practices should be strengthened. As a result of this limited scope review and investigation, Internal Audit is making recommendations to update and enhance procedures for the recruitment and candidate selection process and to update OCTA's Employment of Relatives policy.

BACKGROUND

In October 2009, Internal Audit launched the OCTA Fraud Hotline (Hotline). The Hotline is operated by a third party and provides both a toll free phone number and an internet site for filing anonymous complaints of fraud, waste or abuse. As of December 2009, nine complaints were received through the Hotline.

Complaints received through the Hotline are reviewed by Internal Audit to determine whether an investigation can be performed and, if so, by whom. When appropriate, Internal Audit will investigate and determine whether the allegation can be substantiated. In the course of conducting these investigations, Internal Audit may identify control weaknesses or opportunities to enhance existing policies and procedures. Findings and recommendations resulting from these investigations will be incorporated into limited scope review reports and will include management corrective action. Like any other Internal Audit report, recommendations will be tracked through implementation.

In early December 2009, the Internal Audit Department received two anonymous complaints related to the employment of a relative of an OCTA employee. Internal Audit reviewed documentation related to the recruitment and employment process and interviewed relevant Human Resources Department (Human Resources) personnel as well as the hiring manager. While the allegations were not substantiated, Internal Audit identified documentation and procedural weaknesses and has made recommendations to improve controls.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of the investigation was to determine if a fair and unbiased recruitment and selection process was conducted for a recent hiring. The scope of the investigation was initially a single recruitment that included review of certain employment procedures and practices.

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In conducting the investigation and limited scope review, Internal Audit employed the following methodology:

- Interviewed Human Resources personnel responsible for recruiting and hiring employees;
- Reviewed documentation related to the recruitment and employment of one position;
- Interviewed the hiring manager;
- Interviewed the client services manager of the third party service provider used by OCTA to verify candidate backgrounds;
- Reviewed OCTA's Employment of Relatives policy, dated November 2, 1992.

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OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Procedures for the Recruitment and Employment Process Should be Updated and Enhanced

Through interview with Human Resources personnel, Internal Audit noted that written procedures governing OCTA's recruitment and employment process are incomplete. While Human Resources has an Employment and Staffing Manual from 1998 and desk procedures for each employee position, these procedures do not include all policies, requirements, responsibilities, and procedures performed in the employment process.

Through interview, Internal Audit identified inconsistencies in recruitment and selection practices. Two Human Resources Employment Section personnel indicated during interviews that applications received by Human Resources are screened by Human Resources staff; however, they also indicated that hiring managers may be provided applications for review and screening if requested. Employment interviews are conducted by an interview panel that includes the hiring manager, a Human Resources staff person, and one other person. At the conclusion of interviews, the panel discusses the results of interviews and interview scoring sheets are typically collected by the Human Resources staff person. However, staff indicated that in some cases, if panel members request more time to review their notes, they may not be collected. Human Resources staff stated that the candidates are selected according to their final score on the interview scoring sheets; however, scoring sheets need not be collected and on file until the file is closed (after hiring the individual). Written procedures should include allowable variations from policy.

Internal Audit also noted through interviews that additional steps are taken when background information cannot be verified by the third party vendor, such as obtaining copies of candidate performance reviews from previous employment, or obtaining tax returns reflecting self employment. Minimum requirements for verifying candidate application information and additional steps to be taken in the event the third party vendor cannot verify information should be included in written policies and procedures.

In order to ensure that procedures are consistently performed and are sufficient and appropriate, all recruitment and employment process procedures should be documented.

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Recommendation:

Human Resources management should update and enhance policies and procedures for the recruitment and employment process, including:

1. The process for obtaining, reviewing, and verifying applications and by whom this is performed
2. The process of selection of candidates for interview and by who this is performed
3. The process of selecting interview panel members and the protocols for conducting interviews
4. Documentation, scoring, and retention of documents related to the employment decision
5. The process for documentation of verbal offers of employment, background checks, counteroffers, and candidate acceptance or rejection of offers
6. The authority and responsibilities of the parties involved in the recruitment and employment process including the hiring manager, Human Resources staff, and Accurate Background, Inc. (Accurate), the third party vendor that performs background and reference checks on behalf of OCTA
7. Procedures that must be performed in the event Accurate is unable to verify information, obtains information that is not in agreement with candidate information or the information is negative

Management Response:

The Human Resources Department has drafted an updated Employment and Staffing Manual outlining the recruitment, selection, and hiring processes for review, approval, and publication. It is anticipated that the final approved publication will be available June 2010.

Procedures for Performing Reference Checks, and Results Thereof, Should be Documented

According to Human Resources Employment section personnel, after a candidate is selected for hire, Human Resources will request background and reference checks from Accurate and, once completed, will make a conditional offer of employment to the candidate.

For the recruitment investigated by Internal Audit, the position was first offered to the highest ranked candidate. When the candidate declined, Human Resources agreed to allow the hiring manager to perform "informal reference checks" with professional colleagues regarding the next two highest ranked candidates. The hiring manager obtained "off-the-record" information on the two candidates and verbally informed Human Resources that, based on the results, the third candidate should be offered the

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position. Human Resources acknowledged that this is a deviation from normal practice. Despite this, and without obtaining documentation of these informal reference checks, Human Resources offered the position to the third ranked candidate.

Recommendation:

Internal Audit recommends that Human Resources consider the circumstances under which deviations from policy will be permitted and how the approvals for deviations should be obtained and documented. All information considered in candidate ranking should be documented.

Management Response:

The Human Resources Department has drafted an updated Employment and Staffing Manual outlining the recruitment, selection, and hiring processes for review, approval, and publication. Processes, procedures, and policies along with circumstances and approvals for deviation from standard practices will be included in the Employment and Staffing Manual. It is anticipated that the final approved publication will be available June 2010.

Employment of Relatives Policy Should be Updated

OCTA's Employment of Relatives policy is both outdated and unsigned by the Chief Executive Officer. The policy indicates that relatives of employees will not be eligible for employment where potential or actual problems of supervision, safety, security, or conflicts of interest will exist.

Policies related to ethical recruitment and employment behavior and conduct, in order to be effective and embraced by all employees, should be developed and endorsed by the Chief Executive Officer.

Recommendation:

Internal Audit recommends that Human Resources management draft an updated policy and obtain approval of the Chief Executive Officer. The policy should be published and made available to all employees and employment candidates.

Management Response:

The OCTA policy for employment of relatives has been updated and was submitted to legal counsel for review. The policy will be presented to the Chief Executive Officer for signature and publication. It is anticipated that this policy will be published in April 2010.



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board


Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer 
Subject: Fiscal Year 2009-10 Internal Audit Plan, Second Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2009-10 Internal Audit Plan on August 12, 2009. This update is for the second quarter of the fiscal year.

Recommendation

Receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2009-10 Internal Audit Plan.

Background

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

Internal Audit performs a wide range of auditing services that include overseeing the annual financial and compliance audits, and conducting operational and contract compliance reviews, internal control assessments, investigations, pre-award price reviews, and Buy America reviews. All audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The OCTA Internal Audit Department FY 2009-10 Internal Audit Plan (Plan) (Attachment A) reflects the status of each project. As indicated, numerous projects were completed or are underway.

During the quarter, the annual financial audit of OCTA was completed by independent auditors Mayer Hoffman McCann P.C. (MHM). The annual financial audit consists of OCTA's Comprehensive Annual Financial

Report (CAFR), audits of related entity financial statements, and certain other special purpose reports required by the State of California or other parties.

In relation to its annual financial audit, MHM issued a management letter which identified a deficiency related to implementation of a Code of Conduct. While a Code of Conduct was approved by the Board of Directors on July 13, 2009, audit standards require that it be reported as a deficiency if the condition existed at June 30, 2009.

The auditors also had numerous findings related to other reports for the fiscal year ended June 30, 2009. These can be found on page 7 of Attachment B. Management concurred with the recommendations and provided corrective action plans.

In addition to the annual financial reports, audits of eight Measure M Combined Transportation Funding Program (CTFP) projects were completed as part of the fiscal year 2009-10 Internal Audit Plan. Several cities were found to have not filed final reports within 180 days of project completion, as required by the CTFP guidelines. Auditors recommended that OCTA develop procedures to ensure that all jurisdictions submit final reports in a timely manner. Management of OCTA's Development Division indicated that the CTFP guidelines offer no punitive remedies, but that the guidelines under the Measure M2 Comprehensive Transportation Program (CTP) will include procedures and penalties for delinquent final reports.

The CTFP project audits also resulted in a recommendation that OCTA provide clarification to jurisdictions on allowable overhead costs. OCTA's Development Division indicated that the Measure M2 CTFP guidelines will also include this clarification. One of the project audits resulted in a recommendation that OCTA monitor possible excess right-of-way for CTFP projects. OCTA's Development Division had identified this right-of-way issue and Internal Audit will follow-up with the Development Division to ensure this monitoring process continues.

During the quarter, Internal Audit also completed a biennial review of the Treasury function and had no findings or recommendations. Internal Audit also completed a review of Metrolink's audit activities and made eight recommendations for consideration by Metrolink's Board of Directors to improve the independence of the function and ensure that it is compliant with Government Auditing Standards.

There are several external reviews of OCTA underway or planned for calendar year 2010 and Internal Audit is serving as coordinator for most. First, Booz Allen Hamilton is conducting the state-mandated triennial performance review of OCTA and expects to have a draft report by April 2010.

The Federal Transportation Administration (FTA) is currently conducting a review of OCTA's procurement practices. The review began March 1, 2010, and a draft report of any findings is expected within 90 days. The FTA has also advised OCTA that its triennial review of OCTA will begin on July 27, 2010.

The Government Accountability Office (GAO) has contacted OCTA in recent months concerning American Reinvestment and Recovery Act (ARRA) expenditures. OCTA has participated in several meetings and conference calls with the GAO, providing information on ARRA spending and jobs creation. According to the GAO representatives, this information is being sought nationwide in its effort to keep Congress apprised of ARRA activities

Finally, the California Department of Finance (DOF) has notified OCTA of its plans to conduct a review of several projects funded by Proposition 1B during March 2010. Specifically, the DOF will be reviewing three projects funded through the Transit System Safety, Security, and Disaster Response Account.

All reports produced by external parties will be provided to the OCTA Board of Directors.

Internal Audit Initiatives

Fraud Hotline

OCTA's fraud hotline became functional in October 2009 and since its launch, 10 reports have been filed. All ten were submitted through internet site www.ethicspoint.com. One of the 10 reports was a duplicate so OCTA has received nine formal complaints. Eight of the nine were from anonymous sources. Three of the nine were from employees with the balance identified only as non-employees.

Three of the nine reports involve broad allegations of conflicts of interest, gifts, inappropriate relationships with vendors, and other procurement misconduct; however, none of the three included detail necessary to investigate. In all three cases, Internal Audit requested additional detail from the reporters but has not yet received such information.

Two of the nine reports involved a single procurement action. The matter was referred to OCTA's Contracts Administration and Materials Management Department for further investigation and resolution. Two of the nine reports alleged favoritism in an employment action. Internal Audit conducted an investigation and was unable to substantiate the allegations. Finally, one complaint identified an OCTA lessee out of compliance with certain lease terms. The matter has been referred to OCTA's Right-of-Way Department.

Quality Assurance and Self-Assessment

As required by Government Auditing Standards (Standards), Internal Audit underwent its first quality assurance, or peer review, in February 2010. The peer review found that Internal Audit's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the Standards for the year ended December 31, 2009. The peer review team provided three recommendations in a management letter and Internal Audit expects to implement them by June 30, 2010. The next peer review of Internal Audit will be scheduled for early 2013.

Taxpayers Oversight Committee

Internal Audit provides assistance to the Audit Subcommittee (Subcommittee) of the Measure M Taxpayers Oversight Committee. The Subcommittee designs procedures for audits of Orange County jurisdictions receiving Measure M turnback funding and annually selects a sample of those cities for audit. The Subcommittee also designs procedures relative to the Measure M Status Report which is the year-to-date and inception-to-date report on Measure M expenditures. In addition to assisting the Subcommittee with these duties, Internal Audit also recently assisted the Subcommittee in drafting and adopting an audit charter to guide its activities as it seeks to augment the audit committee roles and responsibilities of OCTA's Finance and Administration Committee.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee, unresolved audit recommendations are included with the quarterly updates to the Plan as Attachment B. Internal Audit includes both findings and recommendations generated internally, as well as those provided by regulatory auditors and OCTA's independent financial statement auditors.

On occasion, while performing follow-up procedures, auditors will identify additional opportunities for improvement that were not included in the audit report. Internal Audit has recently adopted a policy whereby these must be communicated to management in writing, with a response requested, unless the recommendation is clearly inconsequential. To ensure compliance with Government Auditing Standards, quarterly updates to the annual audit plan will include these findings and recommendations.

Summary

OCTA's Internal Audit Department will continue to implement the Orange County Transportation Authority Fiscal Year 2009-10 Internal Audit Plan and report on a quarterly basis the status.

Attachments

- A. Orange County Transportation Authority Internal Audit Department
FY 2009-10 Internal Audit Plan Second Quarter Update
- B. Unresolved Audit Findings and Recommendations (Audit Reports Through
February 17, 2010)

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Orange County Transportation Authority
Internal Audit Department
FY 2009-10 Internal Audit Plan
Second Quarter Update

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date to F&A)	External Auditor(s)	Notes
Mandatory External Independent Audits									
Annual Financial Audit	FY10-000	Annual financial and compliance audit for fiscal year 2008-09.	Financial	455	342	113	Complete (01/27/10)	Mayer Hoffman McCann	
Annual Transportation Development Act Audits	FY10-014	Coordination of legally required annual audits of the recipients of Local Transportation Funds for fiscal year 2008-09.	Compliance	80	90	(10)	Complete (01/27/10)	Mayer Hoffman McCann	
Triennial Performance Audit - State	FY09-021	Finalize procurement of external auditors and manage audit contract for the state triennial performance audit for fiscal years 2007, 2008, and 2009.	Compliance	150	64	87	In Process	Booz Allen Hamilton	
Triennial Performance Audit - Renewed Measure M	FY10-020	Participate in procurement of external consultant to conduct performance assessment of the Measure M2 program for the triennial period November 7, 2006 through June 30, 2009.	Performance	25		25		Orange County Business Council	
Orange County Council of Governments (OCCOG) Financial Statement Audit	FY10-011	Management of external audit of OCCOG financial statements.	Financial	15		15			
Internal Audit Initiatives									
Risk Assessment and Annual Audit Plan	FY10-100	Annual preparation of the audit plan for next fiscal year; periodic assessment of risk throughout the year.	Risk Assessment	125	86	39			
Quality Assurance and Self-Assessment	FY10-101	Update of Internal Audit Policies & Procedures. Self assessment of Internal Audit's compliance with Government Auditing Standards.	Quality Assurance	200	105	96	Peer Review Complete (02/17/10)	Association of Local Government Auditors	
Peer Review Participation	FY10-102	Participation as review committee members for reciprocal credit. City of Los Angeles Auditor/Controller (July 2009), City of Stockton Auditor's Office (September 2009).	Peer Review	80	87	(7)	Complete	Cities of Stockton and Los Angeles	
Service Efforts & Accomplishments	FY10-103	Evaluation and summarization of the value of Internal Audit activities.	Service Efforts Report	100		100			
Fraud Hotline	FY10-104	Implementation of an outsourced fraud hotline.	Fraud Hotline	120	129	(9)			10 reports received as of 02/28/10
Audit Leverage Implementation	FY10-105	Continuing implementation of internal audit software.	Audit Leverage	120	41	80			
Internal Audits									
Human Resources and Organizational Development									
Safety Monitoring	FY08-031	Review and follow-up on any American Public Transportation Association (APTA) Safety Review conducted in FY 2008. Most recommendations have been implemented.	Internal Controls	100		100			
Planning and Development									
American Recovery and Reinvestment Act (ARRA)	FY10-502	Review of Authority's compliance with ARRA reporting requirements.	Compliance	175	8	167			

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SR-22 Contract Close-out	FY08-022	Close-out audit to ensure contract stipulations were met. Audit hours are for review of contractor labor compliance documentation.	Compliance	10	15	(5)	Complete (8/12/09)	GCAP Services	
I-5 Gateway Contract	FY08-014	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	50	342	(292)	Report in Draft	Wang Accountancy Corporation	Some testing being conducted by Internal Audit
CTFP Project Audits/CTFP System	FY08-019	Evaluation of program process and review of a sample of projects funded by the CTFP.	Compliance	50	34	17	Complete (01/27/10)	Mayer Hoffman McCann	
On-Call Service Contracts	FY09-012	Review of on-call contracts for contract compliance and 2008 compliance with procurement policies and procedures.	Compliance	275	291	(16)	In Process		
Real Estate and Right-of-Way Administration	FY09-015	Review of right-of-way and other real estate operations and contracts.	Operational	300		300			
Rail Projects and Programs									
Metrolink Audit Activities	FY08-010	Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	Operational	50	135	(85)	Complete (02/17/10)		
Buena Park Metrolink Station Closeout Audit	FY08-007	Closeout audit of construction of Metrolink station.	Compliance	15	3	12	Report in Draft	Mayer Hoffman McCann	
Irvine Transportation Center	FY09-013	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	75		75			
Transit Operations									
Buy America	FY10-300	Pre-award and post-delivery reviews to ensure vendors and OCTA are in compliance with federal Buy America requirements.	Compliance	200		200	1 complete (3/17/10)		
Contracted Operations	FY10-503	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	175		175			
Vehicle Maintenance	FY08-020	Review of policies, procedures, management reporting, and regulatory compliance.	Operational	150	117	33	In Process		
Government Relations									
Grant Close-outs	FY10-400	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	Compliance	75	14	61	1 Complete (9/23/09)	TCBA	
Finance									
Treasury	FY10-504	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	Compliance	250	164	86	2 Complete (9/23/09) (02/17/10)		
Cost Allocation Plan	FY10-506	Review of OCTA's methodology for, and application of, cost allocation.	Financial	175		175			
Revenue Accounting	FY08-024	Review of controls over the collection and processing of sales tax receipts.	Operational	50	70	(20)	Complete (11/18/09)		

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91 Express Lanes Collections	FY08-016	Review of contractual compliance and performance of collections contractor L.E.S.	Compliance	75	43	32	In Process		
Investment Management & Service Fees	FY09-011	Review of services and invoices for investment and debt advisory and management services.	Compliance	250		250			
Contracts & Materials									
Price Reviews	PR-000	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	800	375	426	12 Complete 2 In process	TCBA, KNL Services, Mayer Hoffman McCann,	
Procurement Activities - Proposal Evaluations	FY08-015	Review of policies, procedures, protocols and best practices for the empanelment of procurement selection teams.	Operational	250		250			
Revenue and Revenue Sharing Contracts	FY10-501	Review of revenue generating/sharing agreements to determine adequate controls exist to ensure collection.	Operational	300	142	158	In Process		
Bridgestone/Firestone Tire Lease	FY09-014	Review of lease of bus tires.	Compliance	175	49	126	In Process		
Maintenance Inventory Management	FY09-022	Review of inventory management policies, procedures, controls, operational efficiency, and analytic tools.	Operational	175		175			
Warranty Administration	FY09-023	Review of internal controls over warranted equipment.	Internal Control	175		175			
Fuel Controls	FY09-024	Review of controls over dispensing of petroleum products.	Internal Control	150	24	126	In Process		
Information Systems									
Information Systems Change Management Controls	FY10-508	Review of information systems change management policies, procedures and controls.	Operational	225		225			
Telecommunications Equipment	FY09-020	Review of telecommunications equipment usage and internal controls.	Internal Control	175		175			
External Affairs									
Customer Information Center (Alta Resources)	FY09-018	Review of contractually required service levels and contractor billing.	Contract Compliance	50	276	(226)	In process		
Vanpool Program	FY08-023	The review of this program has been completed. Budgeted hours are for final workpaper review and close-out.	Operational	35	18	17	Complete (07/22/09)		
Authority-Wide									
Unscheduled Reviews and Special Requests	FY10-200	Time allowed for unplanned audits and requests from the Board of Directors and management.	Varies	250	35	215			

Orange County Transportation Authority
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Audit Activity		Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date to F&A)	External Auditor(s)	Notes
Monitoring Activities										
Measure M Taxpayers Oversight Committee		FY09-401	Coordination of audit activities with the Audit Committee of the Measure M Taxpayers Oversight Committee.	Monitoring	75	43	32			
	BRT	FY09-405	On-going monitoring to keep apprised of activities and significant issues.	Monitoring	25	2	23			
	Radio Upgrade	FY10-602	Monitoring of upgrade to radio system contemplated in FY 2010.	Monitoring	25		25			
	Records Management	FY09-406	On going participation with contractor on information classification - document collection project.	Monitoring	25		25			
	Highway Projects	FY10-402	On-going monitoring of highway projects.	Monitoring	50	6	44			
Bus Base Inspections & Inventory Testing		FY10-603	Participation on base inspection teams and periodic testing of base inventory records.	Monitoring	40	19.5	21	2 Complete		
Follow-up Reviews										
Follow-up reviews and reporting		FY09-200	Follow-up on audit findings and recommendations.		300	324	(24)			
					7,270	3,491	3,779			

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued Through February 17, 2010)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
6/15/2007	07-032	Finance and Administration	Liquefied Natural Gas (LNG) Contract Review	ContractS Administration and Materials Management (CMM) should revise its policies and procedures to require formal Chief Executive Officer (CEO) approval for substantial changes to terms of inventory contracts.	Mar-10	CMM agrees to review the procurement policies and procedures as they relate to inventory and to update the Procurement Manual as needed. Funds have been budgeted in the fiscal year 2008 budget for this activity. It is anticipated that this effort will start in the September time frame and will include a procedure for handling inventory purchases as well as amendments to inventory contracts.	Bonelli	Internal Audit is surveying other agencies for procurement policies and procedures related to fuel inventory. Internal Audit will present findings to CMM management in March 2010.
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should develop a plan for the implementation of a comprehensive program to manage records organization-wide. Policies and procedures for the systematic and orderly accumulation and storage of active records should be developed to provide a foundation upon which better records retention and destruction can be controlled.	Mar-10	Audit findings for this assessment were referred to the Deputy CEO and a Records Management Task Force.	O'Connell	A consultant (Strativa) is under contract to review OCTA's records management process. Internal Audit will monitor progress through completion.
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	Employee awareness of their roles and responsibilities with regard to records management should be strengthened. A formal training program should be developed to drive greater accountability.	Mar-10	Audit findings for this assessment were referred to the Deputy CEO and a Records Management Task Force.	O'Connell	A consultant (Strativa) is under contract to review OCTA's records management process. Internal Audit will monitor progress through completion.
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should provide the technological resources necessary to allow consistent, organization-wide records retention, management, and retrieval. Electronic data and mail should be consistently classified, filed, sorted, and purged.	Mar-10	Audit findings for this assessment were referred to the Deputy CEO and a Records Management Task Force.	O'Connell	A consultant (Strativa) is under contract to review OCTA's records management process. Internal Audit will monitor progress through completion.
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	The current policy and records retention schedules should be updated to include security, third party, and electronic document considerations.	Mar-10	Audit findings for this assessment were referred to the Deputy CEO and a Records Management Task Force.	O'Connell	A consultant (Strativa) is under contract to review OCTA's records management process. Internal Audit will monitor progress through completion.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/27/2007	07-024	Human Resources and Organizational Development	Summary Report of Findings, Health Insurance Portability and Accountability Act (HIPAA) Privacy and Data Security Compliance Assessment	OCTA should finalize and implement HIPAA record retention policies for the Human Resources Department.	Mar-10	Management agrees with the recommendation. We will finalize and implement the HIPAA record retention policies after review with legal counsel. OCTA, under the guidance of the Information Systems (IS) Department manager and Deputy CEO, is in the process of developing an enterprise-wide data retention and classification process, that will ensure that any protected health information (PHI) is properly protected and archived.	Dunning and Aon Consulting (Aon)	A consultant (Strativa) is under contract to review OCTA's records management process. Data classification will be included as part of that project. Internal Audit will monitor progress through completion.
10/27/2007	07-024	Human Resources and Organizational Development	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In future negotiations with the unions, OCTA should consider obtaining certification that the unions are in compliance with HIPAA's rules and regulations.	Mar-10	Management agrees with the recommendation. We will address this recommendation with the Employee Relations Department and legal counsel.	Dunning and Aon	The next coach operator agreement (4/30/10) and maintenance agreement (9/30/10) will address this.
10/30/2008	08-026	CAMM	Southern Counties Oil Company Contract Compliance Review	Procurement policies and procedures should be enhanced to require independent verification of inconsistencies in bids. They should also require CAMM management review and approval for awards of contracts of this magnitude and nature.	Apr-10	CAMM agrees to strengthen the procurement procedures for all types of purchases to require independent verification of all bids received to ensure that there are no inconsistencies in the bids and that the lowest responsive bidder has met all requirements. Currently a CAMM section manager is required to review the invitation for bid (IFB) package before it is released. CAMM will formalize this procedure.	Bonelli	New CAMM Policies and Procedures Manual was issued on November 4, 2009. Internal Audit will verify that the issue is addressed.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should develop and implement password administration controls to address weaknesses.	May-10	Information Systems (IS) staff is recommending that we bind passwords to the Lightweight Directory Access Protocol (LDAP) with our Windows Active Directory, requiring the implementation of Lawson's new security model. The project is currently not scheduled but will be considered in next fiscal year's budget request.	Bonelli and Thompson Cobb Bazilio and Associates (TCBA)	Recommendation implemented. Close-out memorandum being prepared.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should prioritize the development of a comprehensive business continuity plan.	May-10	OCTA's business continuity plan will be updated in 2009.	Bonelli and TCBA	Recommendation implemented. Close-out memorandum being prepared.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
2/9/2009	09-029	CAMM	Purchasing Card Program Review	Internal Audit recommends that the purchasing card administrator develop procedures to review selected transaction and examine related documentation in an effort to determine whether transactions are valid, allowable, and properly supported.	Mar-10	CAMM will revise the current policies and procedures relative to reviewing monthly transactions, selecting only a sample of transactions for in-depth audit. A form will be developed that requires the cardholder's manager to sign confirming the transaction being approved are consistent with policy. The revised policies will also address action to be taken in the event of non-compliance.	Sutter	CAMM to initiate reviews of selected transactions in November 2009 and purchasing card policies and procedures will be issued in February 2010. Internal Audit will review in March 2010.
2/9/2009	09-029	CAMM	Purchasing Card Program Review	CAMM management should review the due dates assigned for submitting monthly purchasing card packages to determine whether additional time is required or take appropriate action to enforce due dates.	Mar-10	CAMM will review the due date requirement and determine if enough time is being given to submit purchasing card packages on time and will revise the current policies and procedures along with enforcing appropriate action.	Sutter	CAMM to initiate reviews of selected transactions in November 2009 and purchasing card policies and procedures will be issued in February 2010. Internal Audit will review in March 2010.
2/9/2009	09-029	CAMM	Purchasing Card Program Review	Internal Audit recommends that management enhance procedures to include a specific review of cardholder activity so that cards that are not used or needed can be closed. The purchasing card administrator should forward activity reports on a periodic basis to department managers for their review. The purchasing card administrator should require positive confirmation from department managers that cardholder assignments are appropriate and necessary.	Mar-10	CAMM will revise the policies and procedures to include a semi-annual review of cardholder activity so that cards that are not used or needed can be closed. The purchasing card administrator will forward activity reports on a periodic basis to department managers for their review and will require positive confirmation from department managers that cardholder assignments are appropriate and necessary.	Sutter	CAMM to initiate reviews of selected transactions in November 2009 and purchasing card policies and procedures will be issued in February 2010. Internal Audit will review in March 2010.
2/9/2009	09-029	CAMM	Purchasing Card Program Review	Internal Audit recommends that management revise procedures to include a semi-annual inventory or cards.	Mar-10	CAMM has been performing card inventory informally. CAMM will revise the current procedure to allow for a formal written review of cardholder activity levels and assignments.	Sutter	Purchasing card policies and procedures will be issued in February 2010. Internal Audit will review in March 2010.

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
3/25/2009		Special Projects	Measure M Agreed-Upon Procedures Reports, year ended 06/30/08	Staff should clarify, through an ordinance amendment, the requirement that Measure M projects be included in cities' Capital Improvement Program plans, and additional clarification on lending activity related to Measure M turnback funds.	Mar-10	The Board of Directors has directed staff to clarify the ordinance through amendment.	Sutter	Staff is currently working on revisions to the Guidelines.
7/6/2009	08-018	FP&A	Grants Management and Accounting Review	Internal Audit recommends that the reporting log be updated on a timely basis.	Jan-10	The Financial Planning and Analysis (FP&A) Department concurs with the recommendation. The responsible section manager will review the reporting log and have it updated in a timely manner.	Ng	Follow-up is underway.
7/6/2009	08-018	Grants	Grants Management and Accounting Review	Internal Audit recommends that the Grants Administrator reconcile and resolve discrepancies in supporting documentation prior to submittal of reimbursement requests to the funding agency.	Jan-10	FP&A concurs with the recommendation. The responsible section manager will require the grant administrator to reconcile and resolve discrepancies in supporting documentation prior to submittal of reimbursement requests to the funding agency.	Ng	Follow-up is underway.
7/6/2009	08-018	Grants	Grants Management and Accounting Review	Internal Audit recommends that the Grant Desktop Procedures and Policy Manual (Manual) be reviewed, revised and finalized.	Jan-10	FP&A concurs with the recommendation. The responsible section manager will review the manual and have it revised and finalized as deemed appropriate.	Ng	Follow-up is underway.
6/26/2009	08-023	External Affairs	Review of Vanpool Program	Internal Audit recommends that the system be enhanced to include the capability to have unique user identifications and passwords for all administrative users. The system should comply with the Access Control Security Policy #900-07.	Jun-10	Management concurs. The vanpool on-line reporting tool was created by a consultant. During the development of the system, staff requested that multiple user names and passwords be established. The consultant informed staff that it was not possible for the system to have multiple administrators. Staff is currently working with the OCTA Information Systems Department staff who believe it is possible to set up multiple administrators. However, implementing this recommendation will require changes to program source coding provided by the contractor. IS would like us to defer implementation of this request until they have developed competencies in manipulating the source code. Expected timeline for implementation is less than 12 months.	Dunning	This is final remaining open audit finding. Management estimates implementation by June 2010.

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
	08-022	Accounting	2008 Audit of Agreement No. C-1-2069 Between OCTA and Parsons Transportation Group for Project Management of the SR-22	GCAP Services, Inc. found that the Accounting Department verification was sufficient. However, it would be significantly improved if Accounting performed additional math checks according to contract terms and compliance. This would serve as an added internal control measure in the event that Project Controls misses an issue or error. Although there is low turnover within the Accounting Department, a written invoice review procedure/checklist should be developed.	Feb-10	A procedure/checklist detailing invoice review expectations has been developed and distributed to staff. Among other things, the procedure includes random mathematical checks and verification of charge rates to ensure contract compliance	O'Connell	Follow-up is underway.
10/20/2009	08-024	Accounting	Sales Tax Revenue Accounting Review	Internal Audit recommends that security guidelines be established for all OCTA vaults and safes that contain cash and checks.	Apr-10	Management agrees with the recommendation. A policy will be proposed establishing security guidelines for safes and vaults. The policy will establish standards for storing and changing combinations and keys. The policy is expected to be finalized before the end of 2009.	Ng	
10/20/2009	08-024	Accounting	Sales Tax Revenue Accounting Review	Internal Audit recommends that Accounting request the State Board of Equalization send its notifications of administrative cost assessment to the attention of the Accounting Department. Upon receipt, Accounting should reconcile the quarterly administrative costs to the assessment notifications.	Apr-10	The Accounting Department has contacted the Board of Equalization requesting that the quarterly notices of administrative costs be sent to the Accounting Department. Effective immediately, staff will reconcile the notice to actual deposits as they are received and recorded.	Ng	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/20/2009	08-024	Accounting	Sales Tax Revenue Accounting Review	Internal Audit recommends that OCTA departments that regularly receive checks restrictively endorse them upon receipt, that the daily mail deposit log be signed by the preparer, that OCTA invoices include instructions that payment should be sent to Accounting, and that recent changes agreed to by the armored car service be monitored.	Apr-10	The Accounting Department has delivered endorsement stamps to Risk Management and Orange County Taxi Administration Program (OCTAP) staff with instructions to endorse all checks upon receipt. Additionally, a signature line has been added to the daily mail deposit log. Staff is working with a third party vendor to modify remittance addresses on invoices. Staff anticipates the completion of modifications by the end of 2009. Revenue staff has worked with the armored service provider to arrange a later pick-up time so that deposits are available for pickup when the courier arrives and delivered to the bank same day.	Ng	
1/12/2010	08-019	Development	Combined Transportation Funding Program (CTFP) Project Audits	OCTA should establish procedures to ensure that all jurisdictions receiving funds under the CTFP Program submit a final report within 180 days of project completion.	Jul-10	The current CTFP guidelines offer no punitive actions for delinquent final reports. Reminder letters have been sent. The Comprehensive Transportation Guidelines will include specific language on the procedures to be followed in the event of a delinquent final report. These include punitive actions which ultimately culminate in the cancellation of the project and an invoice being sent to the agency for all monies reimbursed	Sutter	
1/12/2010	08-019	Development	Combined Transportation Funding Program (CTFP) Project Audits	OCTA should provide written clarification to jurisdictions receiving funding under the CTFP program clarifying that the allowable overhead rate is the jurisdiction's actual overhead rate, not to exceed 30% of salaries and fringe benefits.	Jul-10	The CTFP guidelines state that overhead is allowable at a rate "up to 30%" of the specific agency's payroll and fringe benefits. Some agencies, due to size, cannot calculate their specific overhead rate. In such cases, the Cost Accounting Policies and Procedures Manual of the California Uniform Public Construction Cost Accounting Commission allows for a fixed overhead rate billing dependant on city size. The Measure M2 CTFP guidelines, currently scheduled to be approved by the Board in January 2010, includes the word "actual" to now state "actual overhead at allowable rate up to 30% of payroll and fringe benefits."	Sutter	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued Through February 17, 2010)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
1/12/2010	08-019	Development	Combined Transportation Funding Program (CTFP) Project Audits	Internal Audit recommends, based on findings from contract auditor MHM's audit of the City of Lake Forest's CTFP project, that OCTA's Development Division develop enhanced procedures for ongoing monitoring of possible excess right-of-way.	Jul-10		Sutter	Internal Audit will request update from the Development Division.
12/17/2009	10-006	Development	Measure M Agreed-Upon Procedures Reports, year ended 06/30/09	Amended Seven-Year Capital Improvement Program (CIP)'s are required from the cities of Orange, Aliso Viejo, Garden Grove and Seal Beach. The City of Garden Grove should request an extension of the three-year expenditure requirement and the City of Newport Beach should update its cost allocation process.	Jul-10	Internal Audit will request updates from the Development Division.	Sutter	
10/15/2009	10-007	Community Transportation Services	National Transit Database (NTD) Agreed-Upon-Procedures	OCTA should require vendor project managements to document supervisory review by signing or initialing the tripsheets prior to forwarding the tripsheets to the OCTA NTD Analyst.	Oct-10	By the December 2009 service change, OCTA's in-house schedule checking lead person will also be required to document their pre-check review by signing or initialing the tripsheets prior to submitting the paperwork to the contracted vendor. After the schedule check assignment has been completed, OCTA will require the contracted vendor's project manager to document their post-check review by signing the completed tripsheets prior to forwarding the paperwork to OCTA. As a last post-check review, the OCTA NTD Motor Bus Analyst will be required to sign or initial the tripsheets after receiving the completed documents from the contractor.	Mayer Hoffman McCann PC (MHM)	MHM will test tripsheets again during FY 2010-2011 Agreed Upon Procedures.
11/11/2009	10-019	Treasury	Treasury Department Agreed-Upon-Procedures	OCTA should formally document monthly investment manager monitoring reviews.	Jun-10	OCTA concurs with the recommendation. On a go-forward basis, OCTA will work with Sperry Capital to document the monthly investment manager monitoring reviews.	Ng / MHM	Internal Audit will test the implementation of this recommendation during the next Treasury Department review.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Through February 17, 2010)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/28/2009	10-008	Finance and Administration	Appropriations Limitations Worksheets Agreed-Upon-Procedures	OCTA should correct an error in the calculation of the appropriations limitation and seek approval by the Board of Directors. The calculation should undergo a secondary review and approval.	Oct-10	Management concurs with the above recommendation. The responsible Section Manager will review, on an annual basis, the calculation and document the review with a signature. Additionally, Finance Planning and Administration corrected the OCTA Gann Appropriation Limitation factor during the annual budget process.	MHM	MHM will review the calculation and controls during the FY 2010 annual financial audit.
12/21/2009	10-014	Finance and Administration	Annual Transportation Development Act (TDA) Audits for FY 2008-09	OCTA should develop a coordinated approach between the TDA Program Manager and the Accounting Department when preparing the TDA financial reports.	Oct-10	Management concurs with this recommendation and will implement a coordinated approach for reporting TDA financial information on a go forward basis.	MHM	MHM will review the annual financial reports for the TDA during the FY 2010 financial audit.
2/5/2010	08-010	Internal Audit	Review of Metrolink Activities	OCTA Internal Audit provided seven recommendations for improvements in Metrolink's internal audit function. Metrolink's Board of Directors will consider the report in March 2010.	Jun-10	Metrolink management concurred with all recommendations and proposed implementing action. Once the matter is reviewed by the Metrolink Board of Directors, OCTA Internal Audit will report outcomes to OCTA's Finance and Administration Committee, as directed.	Bonelli	
2/5/2010	10-101	Internal Audit	Peer Review of OCTA's Internal Audit Department	OCTA Internal Audit should investigate whether services provided to OCTA's Contracts Administration and Materials Management Department could be classified as non-audit services.	Aug-10	Internal Audit agrees with the recommendation and will investigate appropriate classification of the Department's work with respect to pre-award price reviews and Buy America reviews. In conducting the investigation, we will contract the Government Accountability Office for guidance.	Sutter/ O'Connell	
2/5/2010	10-101	Internal Audit	Peer Review of OCTA's Internal Audit Department	OCTA's Internal Audit Department should continue to utilize the Quality Control Checklist for audit work; however, in order to enhance controls, should consider developing a Quality Control Checklist specific to price review work.	Aug-10	The Department agrees with the recommendation and will implement new quality control checklists by June 30, 2010.	Sutter/ O'Connell	
2/5/2010	10-101	Internal Audit	Peer Review of OCTA's Internal Audit Department	OCTA Internal Audit should develop formal development finding worksheets that clearly identify each of the elements of a finding, as prescribed in <i>Government Auditing Standards</i> which would facilitate supervisory review, quality control and report writing.	Aug-10	The Department agrees with the recommendation. Rather than develop a checklist, however, we will use the Department's recently implemented software package and create tabs in the "Findings" module for each of the elements. We will amend our policies and procedures accordingly. We expect to complete these modifications by June 30, 2010.	Sutter/ O'Connell	



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

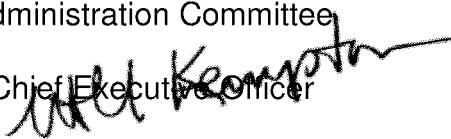
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer 
Subject: Independent Auditor Inquiries Regarding Fraud

Overview

Independent auditor, Mayer Hoffman McCann P.C., has begun planning for its audit of the Orange County Transportation Authority for the fiscal year ending June 30, 2010. Professional standards require that the independent auditor make inquiries of those charged with governance concerning knowledge of fraud, and controls in place to prevent or detect fraud. The Internal Audit Department has drafted responses on behalf of the Finance and Administration Committee acting as the audit committee for the Orange County Transportation Authority.

Recommendations

Approve draft responses to fraud inquiries made by independent auditor Mayer Hoffman McCann P.C.

Discussion

The Finance and Administration Committee (Committee) of the Board of Directors functions as the audit committee of the Orange County Transportation Authority (OCTA). In that capacity, the Committee interacts with OCTA's independent financial auditors, currently Mayer Hoffman McCann P.C. (MHM).

As in prior years, MHM has begun its planning for the financial audit of OCTA many months before the fiscal year ends. Part of the planning effort includes assessing fraud risk. Statements on Auditing Standards, issued by the American Institute of Certified Public Accountants, require that independent financial auditors communicate with those charged with governance regarding knowledge of fraud and controls to prevent and detect fraud. This information is used by the independent auditor in determining audit scope and the nature and timing of audit procedures.

For the fiscal year ending June 30, 2010, MHM has requested that OCTA management, the Internal Audit Department (Internal Audit), the Finance Department, and the Committee complete questionnaires concerning fraud risk. Internal Audit has prepared draft responses for the Committee's consideration and will revise the responses should Committee members have additional observations or concerns.

Summary

Independent auditor MHM has made inquiries of the Committee with regard to fraud. Draft responses have been prepared by Internal Audit for the Committee's consideration.

Attachment

- A. Draft Fraud Risk Inquiries Form Those Charged With Governance

Prepared by:



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

DRAFT

FRAUD RISK INQUIRIES FORM THOSE CHARGED WITH GOVERNANCE
--

Client: _____ Balance Sheet Date: _____

1. Has the audit committee discussed and addressed the risk of fraud during the year under audit?

The Finance and Administration Committee (Committee) regularly engages in discussions related to internal controls to prevent fraud. Recently, the Board of Directors approved a Code of Conduct (Code) for all OCTA employees, Board members, and agents. The Code was adopted by the Board in July 2009. To further augment controls for identifying fraud, a fraud hotline was implemented in September 2009. As a means of ensuring independent review of complaints received through the hotline, the Committee Chairman is designated to receive certain complaints. The Committee was actively involved in both of these initiatives.

2. Does the audit committee have knowledge of any fraud or suspected fraud affecting the entity that we should consider? ☐ Yes ☒ No
If yes, please describe:

The Committee is not aware of any fraud or suspected fraud

3. Does the audit committee play an active role in oversight of the entity's assessment of the risks of fraud and the programs and controls established to mitigate those risks? ☒ Yes ☐ No
If yes, please describe how the committee exercises such oversight:

The Committee is responsible for oversight of the internal audit function. As part of this responsibility, the Committee reviews an annual risk assessment and audit plan, which is developed using risk criteria, including fraud. The Committee is also actively engaged with regard to internal controls and the results of internal audits. Audit reports that indicate significant control deficiencies are often discussed by the Committee members and resolution of findings and recommendations are monitored by the Committee via a quarterly internal audit status report.

When the fraud hotline was implemented, a hierarchy of responsible individuals was identified to receive, investigate, and resolve complaints. Most complaints are reviewed by Internal Audit; however, the system includes controls to ensure that any complaints that identify the Internal Audit Department or Internal Audit staff are

DRAFT

routed to the Chief Executive Officer and the Committee Chairman. Complaints about Executive Management are also routed to the Committee Chairman. These controls are designed to ensure proper handling of such reports.

To the best of my knowledge, the answers provided above are true and correct.

Signature:

Printed Name:

Title:

Date:



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 18, 2010

To: Legislative and Communications Committee

From: Will Kempton, Chief Executive Officer

Subject: State Legislative Status Report

Overview

The State Legislative Status Report includes an update on the developing state budget negotiations. An overview of sponsor bill activities that have occurred to date is given and approval is requested for modifications to proposed sponsor legislation for 2010.

Recommendation

Approve revisions as proposed to the 2010 Orange County Transportation Authority State Legislative Platform related to proposed sponsor legislation.

Background

State Budget Update

Under Proposition 58, the State Legislature is required to address the budget shortfalls within 45-days of the Governor declaring a fiscal emergency. On January 8, 2010, Governor Schwarzenegger exercised Proposition 58 authority to declare a fiscal emergency thus starting the 45-day clock for the Legislature to address the \$20 billion General Fund deficit for the current and upcoming fiscal years. As the 45-day window came to a close, the Legislature continued to work on an alternative proposal to the Governor's proposed "gas tax swap" measure, which would eliminate the state sales tax on gasoline and increase the state gas excise tax (gas tax) in order to provide General Fund relief.

At the time of the writing of this report, ABX8 6 and ABX8 9 (Committee on Budget) had passed out of the Legislature on March 4, 2010, and were currently awaiting the Governor's action. Similar to the Governor's proposal, ABX8 6 and ABX8 9 would eliminate the state sales tax on gasoline (currently 6 percent) while simultaneously raising the gas tax by 17.3 cents to a total of 35.3 cents per gallon on July 2010. Under the new transportation finance

structure, transportation debt service would receive the first cut of gas tax revenues, approximately \$54.1 million would be banked on a monthly basis and subject to future appropriations by the Legislature, and the remaining funds are then allocated for transportation programs in the following manner:

State Transportation Improvement Program (STIP): 44 percent
State Highway Operation and Protection Program (SHOPP): 12 percent
Local Streets and Roads: 44 percent

The abovementioned disbursements will commence in fiscal year (FY) 2011-12. For FY 2010-11, 50 percent of increased gas tax revenue will be disbursed to the STIP and 50 percent disbursed to local streets and roads.

However, contrary to the Governor's proposal, the state sales tax on diesel fuel would continue to be levied and serve as the sole funding source for the Public Transportation Account (PTA). ABX8 6 would also increase the state sales tax on diesel by 1.75 percent beginning on July 1, 2011, and simultaneously reduce the diesel excise tax from 18 cents to 13.6 cents in order to provide greater funding to the PTA while providing "revenue neutrality". Under this measure, the suspension on the State Transit Assistance (STA) Program would be lifted and a new allocation formula would continuously appropriate 75 percent of PTA revenues to the STA and 25 percent to all other PTA expenditures including intercity rail. Furthermore, a \$400 million infusion from the PTA balance to the STA is provided for FY 2009-10 and FY 2010-11.

During budget deliberations, ABX8 6 initially included a provision which would authorize metropolitan planning organizations (MPO) to levy a "light-duty vehicle mitigation fee" (fee) upon approval by a majority of voters within the MPO's jurisdiction to be used for transit, bicycle, and pedestrian programs identified in the MPO's regional transportation plan, consistent with AB 32 (Chapter 488, Statutes of 2006) and SB 375 (Chapter 728, Statutes of 2008) mandates. This provision also specified that regional transportation planning agencies (RTPA) in the Southern California Association of Governments (SCAG) region would be provided with the option to levy the fee rather than the MPO with jurisdiction over the region. The final version of ABX8 6 that was passed by the Legislature did not include the fee and at this point, it is not clear whether the fee will be a component of future special or regular session legislation.

Impact on Orange County

While not meeting funding levels consistent with current statutory and constitutional requirements, the approved transportation financing package does restore some revenues for transit operators. This measure would result in approximately \$350 million annually for the STA. As a result, if enacted, the Orange County Transportation Authority (OCTA) would receive approximately \$21.3 million for transit operations over the next 16-month period from the \$400 million infusion from the PTA. OCTA would receive approximately \$18.6 million in STA revenue in FY 2011-12 and going forward.

ABX8 6 would also provide 44 percent of remaining gas tax revenue after debt service payments to be disbursed to the STIP. As mentioned, specifically for FY 2010-11, 50 percent of remaining gas tax revenue will be allocated to the STIP. As this measure assumes the gas tax will be indexed according to funding levels consistent with Proposition 42 disbursements, the current budget proposal assumes an estimated \$629 million for the STIP program. Funding at this level would provide OCTA with an estimated \$30.6 million in STIP revenue in FY 2010-11.

Also as of the writing of this report, the Legislature had passed ABX8 5 (Committee on Budget), but it had not yet been acted on by the Governor. ABX8 5 is a bill designed to address the state's cash flow deficiencies. One provision in the bill would defer gas tax disbursements from the Highway Users Tax Account (HUTA) to local agencies for 10 months starting July 2010, with repayment in April 2011. Under this provision, the first \$50 million in monthly HUTA revenue would be deferred to provide the Pooled Money Investment Account (PMIA) with sufficient cash resources to meet daily obligations and also to provide the State Treasurer with the resources needed to sell infrastructure bonds. Remaining HUTA revenues would be distributed to local agencies based on current formula allocations as stipulated under the State Streets and Highways Code.

Under the 1994 Orange County Bankruptcy Agreement, OCTA receives \$23 million in gas tax revenues from the County of Orange in return for \$38 million in OCTA local transit revenues, which is dedicated to pay down county obligations. While a short-term HUTA deferment was enacted in the FY 2009-10 state budget, ABX8 5 extends the deferment period and includes additional provisions, which will require OCTA staff to evaluate the overall agency impacts for FY 2010-11 and determine an effective strategy to manage cash resources over the 10-month deferment period.

Staff will continue to evaluate budget details as information becomes available and provide a verbal update to the Legislative and Communications Committee (Committee) meeting.

Sponsor Bill Update

The 2010 OCTA State Legislative Platform contained direction for OCTA to sponsor, or co-sponsor, the following three bills:

- Extend the current letter of no prejudice (LONP) authority currently applied to Proposition 1B projects to Proposition 116 projects.
- Work with affected stakeholders to evaluate the current priorities for bond sales to ensure that transportation projects and projects in Orange County are a high priority.
- Co-sponsor a bill with SCAG to extend California Environmental Quality Act (CEQA) streamlining provisions to transportation projects that are part of a sustainable communities strategy which meets the proscribed greenhouse gas emission reduction targets, clarify Proposition 1B and sales tax exemptions, and other regional timing adjustments.

For the first bill related to Proposition 116, several vehicles were pursued to achieve the goal of acquiring LONP authority for those projects. Two vehicles were introduced in a special session, ABX8 11 and ABX8 39. The strong efforts of three of Orange County's delegation members, Assembly Member Jose Solorio (D-Anaheim), and Senators Lou Correa (D-Santa Ana) and Bob Huff (R-Diamond Bar), ABX8 11 was successfully passed by both houses of the Legislature and has been signed by the Governor.

Assembly Member Solorio also introduced AB 2520 in regular session to accomplish this task. If the Governor signs ABX8 11, this bill will no longer be necessary.

On February 22, 2010, the OCTA Board of Directors also approved a "Support with Amendments" position for SB 901 (Ashburn, R-Bakersfield), which included a request to amend the bill to include LONP authority for Proposition 116, as well as the Highway-Railroad Crossing Safety Account (HRCSA) program within Proposition 1B. If the Governor signs ABX8 11, the Proposition 116 amendment will also no longer be necessary. However, OCTA would still need the bill to include an urgency clause so that it can take effect immediately upon signature to provide the maximum effectiveness for the HRCSA program.

For the legislative proposal to work with stakeholders on establishing priorities for future bond sales, the possibility of introducing a sponsor bill by OCTA was discouraged by state officials in favor of working with members and stakeholders administratively. Some of these strategies could include requests for additional information on the current prioritization process, working closely with the Department of Finance and the State Treasurer on future bond sale needs as they arise, and possible future legislative audits of the bond sale process.

Lastly, SCAG recently informed OCTA that they elected not to pursue a sponsor bill for SB 375 clean-up items as outlined above. Instead, they are seeking to negotiate directly with Senate pro Tempore Darrell Steinberg (D-Sacramento) on any possible clean-up items. Thus, there will be no bill for OCTA to co-sponsor this legislative year, but OCTA will work to actively support SCAG in the negotiations as they progress.

Summary

An update is provided on state budget negotiations and an overview of sponsor bill activities that have occurred to date is given. Approval is requested for modifications to proposed sponsor legislation for 2010.

Attachment

- A. Orange County Transportation Authority Legislative Matrix

Prepared by:

Manny Leon
Senior Government Relations
Representative
(714) 560-5393

Approved by:

Kristine Murray
Executive Director, Government Relations
(714) 560-5908



Orange County Transportation Authority Legislative Matrix

2010 State Legislation Session
March 18, 2010

BILLS WITH POSITIONS			
BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SB 901 (Ashburn – R) Transportation: Bond Funded Projects: No Prejudice	Authorizes regional and local agencies to apply for a letter of no prejudice for grade separation and railroad crossing projects funded pursuant to the Proposition 1B Highway-Railroad Crossing Safety Account.	INTRODUCED: 01/26/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/11/2010 To SENATE Committee on TRANSPORTATION AND HOUSING	SUPPORT WITH AMENDMENT

BILLS BEING MONITORED			
BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 153 (Ma - D) High Speed Rail Authority	Specifies that the California High-Speed Rail Authority (CHSRA) constitutes a governing body for the purpose of adopting a resolution of necessity. Excludes the authority with respect to property acquired for the construction of a high-speed rail system from the requirement that the property be acquired by the State Public Works Board.	INTRODUCED: 01/23/2009 LOCATION: Senate Transportation and Housing Committee STATUS: 06/23/2009 In SENATE Committee on TRANSPORTATION AND HOUSING: Not heard	Sponsor: CHSRA Support: California State Association of Counties (CSAC), State Building and Construction Trades Council
AB 231 (Huffman – D) Global Warming Solutions Act of 2006: Trust Fund	Requires the State Air Resources Board (ARB) to adopt a schedule of fees to be paid by the sources of greenhouse emissions which would be deposited in the Climate Protection Trust Fund for purposes of carrying out AB 32 - Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006). Requires federal climate change funds to be deposited into the fund.	INTRODUCED: 02/05/2009 LAST AMENDED: 06/26/2009 LOCATION: Senate Environmental Quality Committee STATUS: 06/26/2009 From SENATE Committee on ENVIRONMENTAL QUALITY with author's amendments 06/26/2009 In SENATE. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL QUALITY	(partial list) Support: Environmental Defense Fund, The Trust for Public Land, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), Natural Resources Defense Council (NRDC) Oppose: California Chamber of Commerce, California Taxpayers Association, California Retailers Association

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 266 (Carter – D) Transportation Needs Assessment	Requires the California Transportation Commission (CTC) to develop an assessment of the unfunded costs of programmed state projects and federally earmarked projects in the state, as well as an assessment of available funding for transportation purposes and unmet transportation needs on a statewide basis.	INTRODUCED: 02/11/2009 LAST AMENDED: 04/20/2009 LOCATION: Senate Rules Committee STATUS: 06/11/2009 To SENATE Committee on RULES	Support: California Transit Association (CTA), AFL-CIO, American Federation of State, County and Municipal Employees (AFSCME), Santa Clara Valley Transportation Authority
AB 289 (Galgiani – D) High-Speed Rail	Requires the CHSRA to use the proceeds of bonds from the Safe, Reliable High Speed Passenger Train Bond Act for the 21st Century to match federal funds made available from the American Recovery and Reinvestment Act of 2009. Authorizes the Governor to appoint up to five authority deputy directors exempt from civil service who would serve at the pleasure of the Executive Director.	INTRODUCED: 02/13/2009 LAST AMENDED: 01/25/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/11/2010 Withdrawn from SENATE Committee on RULES 02/11/2010 To SENATE Committee on TRANSPORTATION AND HOUSING	None Listed
AB 619 (Blumenfield – D) Transportation Projects: Federal Funds	Requires the California Department of Transportation (Caltrans) to notify the Legislature when it is determined that a project, including a project designated in the National Corridor Infrastructure Improvement Program, will be delayed beyond its scheduled completion date due to state cash flow or other funding issues, if it places federal funds at risk.	INTRODUCED: 02/25/2009 LOCATION: Senate Transportation and Housing Committee STATUS: 05/21/2009 To SENATE Committee on TRANSPORTATION AND HOUSING	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 726 (Nielson – R) Transportation Capital Improvement Projects	States that local road rehabilitation projects are eligible for transportation capital improvement funds pursuant to the State Transportation Improvement Program.	INTRODUCED: 02/26/2009 LOCATION: Senate Transportation and Housing Committee STATUS: 06/16/2009 In SENATE Committee on TRANSPORTATION AND HOUSING: Not heard	Sponsor: CSAC, Regional Council of Rural Counties Support: League of California Cities
AB 744 (Torrico – D) Transportation: Toll Lanes: Express Lane Network	Authorizes the Bay Area Toll Authority to develop and maintain a Bay Area Express Lane Network within the bay area counties and to establish a related fee structure. Prohibits the conversion of nontolled lanes to express lanes. Authorizes related bonds. Requires certain entities to transfer their rights to high occupancy toll lane projects to the authority. Authorizes the authority to receive bridge toll revenue. Relates to cash-based toll opportunities for users. Authorizes an increase in vehicle occupancy on such lanes.	INTRODUCED: 02/26/2009 LAST AMENDED: 07/15/2009 LOCATION: Senate Appropriations Committee STATUS: 08/27/2009 In SENATE Committee on APPROPRIATIONS: Not heard.	(partial list) Sponsor: Metropolitan Transportation Commission (MTC) Support: CTA, Automobile Club of Northern California (AAA), California Alliance for Jobs Oppose: San Francisco Bicycle Coalition, Sierra Club, West Contra Costa County Transportation Advisory Committee

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 815 (Ma – D) Public Contracts: Bidding Procedures	Relates to existing law which prohibits a local public entity, charter city, or charter county from requiring a bidder to assume responsibility for the completeness and accuracy of architectural or engineering plans and specifications on public works projects, except on clearly designated design-build projects. Provides that the prohibition shall not be construed to prohibit a local public entity, charter city, or charter county from requiring a bidder to review all relevant bid documents provided.	INTRODUCED: 02/26/2009 LAST AMENDED: 06/01/2009 LOCATION: Senate Local Government Committee STATUS: 06/18/2009 To SENATE Committee on LOCAL GOVERNMENT	<p>(partial list)</p> Support: Associated General Contractors of California, Construction Employers' Association, State Building and Construction Trades Council of California Oppose: City of Costa Mesa, Governor's Office of Planning and Research, League of California Cities
AB 1097 (Eng – D) Vehicles: License Plates	Requires that the placement of motor vehicle license plates be parallel with the ground so that the characters are upright.	INTRODUCED: 02/27/2009 LAST AMENDED: 01/04/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/11/2010 To SENATE Committee on TRANSPORTATION AND HOUSING	Sponsor: MTC

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 1375 (Galgiani – D) High-speed Rail	Revises and recasts provisions by repealing and reenacting the California High-Speed Train Act. Continues the CHSRA. Would also create the Department of High-Speed Trains within the Business, Transportation and Housing Agency (BT&H) to implement policies related to Proposition 1A (2008) and specifies its duties in relation to the CHSRA. Requires the newly formed department to have control over the annual submission of a six-year high-speed train capital improvement program and progress report to the Legislature.	INTRODUCED: 02/27/2009 LAST AMENDED: 01/15/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/11/2010 To SENATE Committees on TRANSPORTATION AND HOUSING and RULES	None Listed
AB 1500 (Lieu – D) High Occupancy Lanes: Single Occupancy Vehicles	Existing law authorizes Caltrans to designate certain lanes for the exclusive use of high-occupancy vehicles, which may also be used by low-emission and hybrid vehicles. AB 1500 extends the date from January 1, 2011 to January 1, 2014 that these specified vehicles can use high-occupancy lanes, and declares that illegal use of a Caltrans issued decal on a low-emission vehicle is considered a misdemeanor.	INTRODUCED: 02/27/2009 LAST AMENDED: 07/14/2009 LOCATION: Senate Inactive File STATUS: 09/11/2009 In SENATE. From third reading. To Inactive File.	Support: California Natural Gas Vehicle Coalition Oppose: Alameda County Congestion Management Agency
AB 1645 (Nestande – R) State Budget: Key Liabilities	Requires the Governor, at the same time the Governor's Budget is submitted to the Legislature, to submit a report to the Legislature, setting forth a list of the state's key liabilities, in the nature of debt, deferred payments, and other liabilities that will affect the state's financial health in the future.	INTRODUCED: 01/12/2010 LOCATION: Assembly STATUS: 01/12/2010 INTRODUCED	None Listed
AB 1659 (Huber – D) State Government: Agency Repeals	Creates the Joint Sunset Review Committee to identify and eliminate waste, duplication, and inefficiency in government agencies, and conduct a comprehensive analysis of every agency to determine if that agency is still necessary and cost effective. Requires each agency scheduled for repeal to submit a report to the committee containing specified information. Requires public testimony.	INTRODUCED: 01/19/2010 LOCATION: Assembly Business and Professions Committee STATUS: 02/04/2010 To ASSEMBLY Committee on BUSINESS AND PROFESSIONS	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 1671 (Jeffries – R) County Board of Supervisors: Vacancy: Appointment	Authorizes a quorum of a board of supervisors to appoint an individual to fill a vacancy, and, if the board does not, would require the Governor to make such appointment.	INTRODUCED: 01/20/2010 LOCATION: Assembly Local Government Committee STATUS: 01/27/2010 To ASSEMBLY Committee on LOCAL GOVERNMENT	None Listed
AB 1672 (Jeffries – R) State Air Resources Board: Election of Members	Provides that commencing with the 2012 statewide general election, members of the ARB would be required to be elected by district voters. Requires the ARB, to draw district boundaries in accordance with prescribed criteria, for the purpose of such election. Prescribes requirements for election of members of the ARB.	INTRODUCED: 01/20/2010 LOCATION: Assembly Natural Resources Committee STATUS: 01/27/2010 To ASSEMBLY Committees on NATURAL RESOURCES and ELECTIONS AND REDISTRICTING	None Listed
AB 1674 (Saldana – D) Hazardous Substances: Underground Storage Tanks	Deletes the requirement that the State Water Resources Control Board not object to a local agency's determination that an underground storage tank meet the criteria to qualify for an exemption from existing requirements for underground storage tanks. Provides that these underground storage tanks are not required to meet the requirements for tanks installed on or after July 1, 2003, or after July 1, 2004. Defines "tank facility" under the Aboveground Petroleum Storage Act.	INTRODUCED: 01/20/2010 LOCATION: Assembly Environmental Safety and Toxic Materials Committee STATUS: 01/27/2010 To ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS	None Listed
AB 1692 (Berryhill – R) General Fund: Fines	Requires that any fine or penalty imposed by the Department of Toxic Substances Control, the Division of Occupational Safety and Health in the department of Industrial Relations, the ARB, or the State Water Resources Control Board for violations of a regulation adopted by that state agency be deposited into the General Fund.	INTRODUCED: 01/27/2010 LOCATION: Assembly Natural Resources Committee STATUS: 02/11/2010 To ASSEMBLY Committee on NATURAL RESOURCES	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 1700 (Gaines – R) Sales and Use Taxes: Vehicle License Fee: Income Taxes	Repeals the additional 1 percent state sales and use tax rate under the Vehicle License Fee Law. Repeals the additional 0.35 percent and 0.15 percent rates under that law. Decreases the amount allowable as a credit for personal exemption for dependents under the Personal Income Tax Law. Repeals the provisions increasing the tax rate applicable to taxable income and increases the alternative minimum tax rate.	INTRODUCED: 02/01/2010 LOCATION: Assembly Revenue and Taxation Committee STATUS: 02/11/2010 To ASSEMBLY Committee on REVENUE AND TAXATION	None Listed
AB 1704 (Jeffries – R) Environment: CEQA: Exemption	Exempts a project under the California Environmental Quality Act (CEQA) for the installation of a new pipeline for the distribution of recycled water within an improved public street, highway, or right-of-way. Exempts a project for the replacement of an existing pipeline for the distribution of water within an improved public street, highway, or right-of-way.	INTRODUCED: 02/01/2010 LOCATION: Assembly Natural Resource Committee STATUS: 02/11/2010 To ASSEMBLY Committee on NATURAL RESOURCES	None Listed
AB 1719 (Harkey – R) Sales and Use Taxes: Exemption: Business Equipment	Exempts from the Sales and Use Tax Law the sale of and the storage, use or other consumption of business equipment purchased for business use in the state, of tangible personal property purchased for use by a qualified person primarily in any stage of manufacturing, processing, refining, fabricating, or recycling of property, in research and development, to maintain, repair, measure, or test specified property, and for use by a contractor for the contractor's own account or use in a construction contract.	INTRODUCED: 02/02/2010 LAST AMENDED: 02/22/2010 LOCATION: Assembly Revenue and Taxation Committee STATUS: 02/22/2010 From ASSEMBLY Committee on REVENUE AND TAXATION with author's amendments. 02/22/2010 In ASSEMBLY. Read second time and amended. Re-referred to Committee on REVENUE AND TAXATION. HEARING: 03/22/2010 1:30 p.m.	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AB 1747 (Galgiani – D) High-Speed Rail Authority	Authorizes the CHSRA to consider, to the extent permitted by federal and state law, the creation of jobs in California when awarding major contracts or purchasing high-speed trains.	INTRODUCED: 02/08/2010 LOCATION: Assembly Transportation Committee STATUS: 02/18/2010 To ASSEMBLY Committee on TRANSPORTATION	None Listed
AB 1760 (Blumenfield - D) Design-Sequencing Contracts	Amends existing law that authorizes Caltrans conduct a pilot project to let design-sequencing contracts for design and construction of not more than 12 transportation projects. Reenacts similar provisions, applicable to up to 10 transportation projects. Requires a report to the Legislature describing and evaluating the outcome of the contracts undertaken pursuant to these provisions.	INTRODUCED: 02/08/2010 LOCATION: Assembly Transportation Committee STATUS: 02/18/2010 To ASSEMBLY Committee on TRANSPORTATION	None Listed
ACA 1 (Silva – R) Legislature	Proposes an amendment to the Constitution to provide that no bill that would result in more than \$150,000 of annual expenditure by the state may be passed unless, by roll call vote entered in the journal, two thirds of the membership of each house concurs.	INTRODUCED: 12/01/2008 LOCATION: Assembly Appropriations Committee STATUS: 05/28/2009 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee	None Listed
ACA 3 (Blakeslee – R) Initiatives: Bond Funding Source	Requires an initiative measure that would authorize the issuance of state general obligation bonds in a total amount exceeding \$1 billion to either provide additional tax or fee revenues, the elimination of existing programs, or both, as necessary to fully fund the bonds, as determined by the Legislative Analyst, in order to be submitted to the voters or take effect.	INTRODUCED: 12/01/2008 LAST AMENDED: 06/16/2009 LOCATION: Assembly Third Reading File STATUS: 08/31/2009 In ASSEMBLY. Read second time. To third reading.	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
ACA 5 (Calderon – D) Initiatives: State General Obligation Bonds	Proposes an amendment to the Constitution to specify that an initiative measure authorizing the issuance of state general obligation bonds would require approval of 55 percent of the voters.	INTRODUCED: 12/15/2008 LAST AMENDED: 07/14/2009 LOCATION: Assembly Third Reading File STATUS: 08/31/2009 In ASSEMBLY. Read second time. To third reading.	None Listed
ACA 9 (Huffman – D) Local Government Bonds: Special Taxes: Voter Approval	Changes the two-thirds voter-approval requirement for special taxes to, instead, authorize a city, county, or special district to impose a special tax with the approval of 55 percent of its voters voting on the tax. Lowers the voter-approval threshold for a city, county, or city and county to incur general obligation bonded indebtedness for amounts exceeding in one year the income and revenue provided in that year to 55 percent.	INTRODUCED: 02/06/2009 LAST AMENDED: 06/26/2009 LOCATION: Assembly Inactive File STATUS: 01/14/2010 In ASSEMBLY. From third reading. To Inactive File.	(partial list) Support: League of California Cities, CSAC, California Councils of Governments (CALCOG) Oppose: Cal-Tax, California Association of Realtors, Howard Jarvis Taxpayers Association
ACA 28 (Nestande – R) State Budget: Certification	Requires the Treasurer, within three days after a budget bill submitted to the Governor, to certify that it does not appropriate from the General Fund a total amount that, when combined with various appropriations and transfers, exceeds the General Fund revenues for the year. Prohibits either house of the Legislature from adjourning for a recess after sending a budget bill to the Governor until the Treasurer has certified the above.	INTRODUCED: 01/12/2010 LOCATION: Assembly STATUS: 01/12/2010 INTRODUCED	None Listed
ACA 29 (Jeffries – R) Revised Biennial Session	Requires the Legislature to convene in regular biennial session, but would require that the sessions held in odd-numbered years be budget session, and sessions held in even-numbered years be general sessions. Provides that at general sessions the Legislature may consider any legislation other than Budget Bills. Requires that in each odd-numbered calendar year that the Governor submit proposed budgets for the two subsequent fiscal years.	INTRODUCED: 01/20/2010 LOCATION: Assembly STATUS: 01/20/2010 INTRODUCED	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
ACA 30 (Jeffries – R) Lieutenant Governor: Elimination of Office	Eliminates the position of Lieutenant Governor and transfers the specified duties of the office to the Secretary of State. Provides that the Secretary of State is the President of the Senate, but votes in that body only for tie-breaking situations. Requires the Secretary of State to become Governor, should that position become vacant.	INTRODUCED: 01/20/2010 LOCATION: Assembly STATUS: 01/20/2010 INTRODUCED	None Listed
ACA 31 (Jeffries – R) Floor Sessions: Appropriate Hours	Prohibits a house of the Legislature from meeting in floor session other than between the hours of 9 a.m. to 9 p.m. unless doing so is necessary to consider legislation relating to an emergency created by a natural disaster. Provides that any legislation passed by a house during a floor session occurring outside of those hours that is not emergency-based would have no effect.	INTRODUCED: 01/20/2010 LOCATION: Assembly STATUS: 01/20/2010 INTRODUCED	None Listed
ACR 14 (Niello – R) State Global Warming Solutions Act of 2006	Calls upon the ARB, prior to any regulatory action being taken consistent with the scoping plan for the implementation of the Global Warming Solutions act of 2006, to perform an economic analysis that will give the State a more complete picture of costs and benefits of the implementation. Calls upon the Governor to use the authority granted by the act to adjust any applicable deadlines.	INTRODUCED: 01/27/2009 LAST AMENDED: 03/27/2009 LOCATION: Assembly Natural Resources Committee STATUS: 04/27/2009 In ASSEMBLY Committee on NATURAL RESOURCES: Failed passage	Support: California Grocers Association, California Council for Environmental and Economic Balance, California Manufacturers and Technology Association, California Dump Truck Owners Association Oppose: Planning and Conservation League (PCL)
ACR 16 (Silva – R) Joint Rules: Fiscal Committee	Provides that whenever a bill that would result in net costs for a program is referred or re-referred to the fiscal committee of either house, the bill shall not be heard or acted upon by the committee or either house until the bill either provides for an appropriation or other funding source in an amount that meets or exceeds the net costs.	INTRODUCED: 02/02/2009 LOCATION: Assembly STATUS: 02/02/2009 INTRODUCED	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
AJR 26 (Chesbro – D) Climate Change	Requests the Congress to establish a comprehensive framework, including funding, for adapting our nation's wildlife, habitats, coasts, watersheds, rivers, and other natural resources and ecosystems to the impacts of climate change.	INTRODUCED: 09/09/2009 LAST AMENDED: 01/25/2010 LOCATION: Senate Natural Resources and Water Committee STATUS: 02/11/2010 Withdrawn from SENATE Committee on RULES 02/11/2010 To SENATE Committees on NATURAL RESOURCES AND WATER and ENVIRONMENTAL QUALITY	Support: Audubon California, Defenders of Wildlife, Nature Conservancy
SB 409 (Ducheny – D) Department of Railroads	Places the CHSRA within BT&H. Requires five authority members to be appointed by the Governor to be appointed with the advice and consent of the Senate. Requires the authority to annually submit a funding plan to the CTC. Requires the agency to prepare a Strategic Rail Connectivity Plan for the state with emphasis on passenger rail system improvements and linkages.	INTRODUCED: 02/26/2009 LAST AMENDED: 01/26/2010 LOCATION: Assembly Transportation Committee STATUS: 02/11/2010 To ASSEMBLY Committee on TRANSPORTATION	Support: PCL Oppose: California Public Utilities Commission, American Council of Engineering Companies, CHSRA
SB 414 (Correa – D) County Employee Retirement: Boards	Deletes the authority of a county board of retirement to prohibit, by resolution or regulation, a member from having certain rights, privileges, responsibilities, and access to closed sessions. Requires such board to appoint a replacement alternate member, in the same manner as prescribed for the initial appointment of an alternate retired member, who shall serve until the expiration of the current term of the current member.	INTRODUCED: 02/26/2009 LAST AMENDED: 01/15/2010 LOCATION: Assembly Public Employees, Retirement and Social Security Committee STATUS: 02/18/2010 To ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY	Support: California Retired County Employees Association, California Professional Firefighters (CPF)

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SB 455 (Lowenthal – D) High Speed Rail	Would require the Governor's appointments to the CHSRA to be based on the advice and consent of the Senate. Requires the Authority to ensure the selected projects, including right-of-way acquisition are consistent with the criteria as specified in the approved high speed rail bond. Waives specific state approval processes for capital outlay purchases by the Authority.	INTRODUCED: 02/26/2009 LAST AMENDED: 04/16/2009 LOCATION: Assembly Inactive File STATUS: 07/24/2009 In ASSEMBLY. To Inactive File.	None Listed
SB 476 (Correa – D) Environmental Quality Act: Noncompliance Allegations	Prohibits an action for noncompliance under CEQA from being brought forward unless the alleged grounds for noncompliance were raised either orally or in writing during the public comment period, prior to the close of the public hearing on the project, before the filing, rather than issuance, of the notice of determination.	INTRODUCED: 02/26/2009 LAST AMENDED: 04/30/2009 LOCATION: Assembly Natural Resources Committee STATUS: 05/28/2009 To ASSEMBLY Committees on NATURAL RESOURCES and JUDICIARY	Sponsor: California Business Properties Association Support: California Chamber of Commerce Oppose: PCL
SB 518 (Lowenthal – D) Vehicles: Parking Services and Fees	Requires the listing of parking space cost in a contract for the lease of real property by a state entity. Authorizes a city or county to reduce or eliminate subsidies for parking to ensure management of its parking so the actual cost of a parking space equals its full cost. Creates incentives through carbon reduction credits for cities and counties, and related loan or grant programs. Allows revenue from parking to be used for transportation demand management measures.	INTRODUCED: 02/26/2009 LAST AMENDED: 01/21/2010 LOCATION: Assembly STATUS: 01/28/2010 In SENATE. Read third time. Passed SENATE. To ASSEMBLY.	(partial list) Sponsor: NRDC Support: American Lung Association, California League of Conservation Voters, Genentech Oppose: California Building Industry Association, CSAC, League of California Cities

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SB 632 (Lowenthal – D) Ports: Congestion Relief: Air Pollution Mitigation	Requires the Ports of Los Angeles, Long Beach, and Oakland beginning January 1, 2010, to assess their infrastructure and air quality improvement needs, including but not limited to, projects that improve the efficiency of the movement of cargo, reduce congestion impacts associated with movement of cargo, and reduce pollution associated with the movement of cargo. Requires the Ports to provide this assessment to the Legislature by July 1, 2010 and to include in the assessment the total costs of infrastructure and air quality improvements, possible funding options for these projects, and estimated timelines for implementation.	INTRODUCED: 02/27/2009 LAST AMENDED: 04/30/2009 LOCATION: Assembly Inactive File STATUS: 07/13/2009 In ASSEMBLY. To Inactive File.	Support: Bay Area Air Quality Management District, Breathe California
SB 810 (Leno – D) Single-Payer Health Care Coverage	Establishes the State Healthcare System to be administered by the newly created State Healthcare Agency under the control of a Healthcare Commissioner appointed by the Governor. Makes all residents eligible for specified health care benefits under the system, which would, on a single-payer basis, negotiate for or set fees for health care services provided through the system and pay claims for them. Extends the application of insurance fraud laws to providers of services and products under the system.	INTRODUCED: 02/27/2009 LAST AMENDED: 01/13/2010 LOCATION: Assembly STATUS: 01/28/2010 In SENATE. Read third time. Passed SENATE. To ASSEMBLY.	<p>(partial list)</p> Support: California Nurses Association (CNA), California Teachers Association, Alameda-Contra Costa Transit District, League of Women Voters, AFSCME, American Civil Liberties Union of Southern California Oppose: California Chamber of Commerce, Cal-Tax, California Association of Health Plans, Health Net

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SB 835 (Strickland – R) Government Reorganization: Realignment or Closure	Enacts the Bureaucracy Realignment and Closure Act of 2011. Establishes the Bureaucracy Realignment and Closure Commission to evaluate recommendations for the closure or realignment of state bureaucracies for consideration, and report to the Governor and Legislature on its findings. If the Governor approves the findings, it is to be submitted to the Legislature as part of the Governor's reorganization plan.	INTRODUCED: 01/04/2010 LOCATION: Senate Governmental Organization Committee STATUS: 01/21/2010 To SENATE Committee on GOVERNMENTAL ORGANIZATION	None Listed
SB 879 (Cox – R) Construction Projects: Alternative Bidding Procedures	Repeals provisions concerning county reporting requirements for design-build contracts. Eliminates the repeal date of existing law authorizing design-build contracts for county construction projects.	INTRODUCED: 01/12/2010 LOCATION: Senate Local Government Committee STATUS: 01/21/2010 To SENATE Committee LOCAL GOVERNMENT	None Listed
SB 907 (Liu – D) Office of Federal Funding Information and Assistance	Establishes the Office of Federal Funding Information and Assistance within the Office of Planning and Research to increase the capacity of eligible entities in the state to successfully apply for federal funds. Requires that office to submit an annual report on its activities to the Governor and the Legislature, and authorizes it to seek Federal funding, charge fees, and enter into partnerships.	INTRODUCED: 01/27/2010 LOCATION: Senate Governmental Organization Committee STATUS: 02/11/2010 To SENATE Committee on GOVERNMENTAL ORGANIZATION	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SB 942 (Dutton – R) State Auditor: Analysis of Regulations	Requires the State Auditor to survey and perform a cost-benefit analysis of various existing regulations that impose a cost on private persons or business, and consider public comment on them. Allows for a response from the respective regulatory agency. If the State Auditor finds the costs exceed the benefits it is to make recommendations to the Legislature to repeal or amend the regulation. Requires all regulations be repealed 10 years after their effective date unless the State Auditor determines that the benefits of the regulation to private persons or businesses exceed its costs.	INTRODUCED: 02/03/2010 LOCATION: Senate Governmental Organization Committee STATUS: 02/18/2010 To SENATE Committee on GOVERNMENTAL ORGANIZATION	None Listed
SB 952 (Wyland – R) Sales and Use Taxes: Vehicle License Fee: Income Taxes	Repeals the additional one percent sales and use tax rate. Repeals the additional 0.35 percent and 0.15 percent rates on annual vehicle licenses. Decreases the amount allowable as a credit for personal exemption for dependents under the Personal Income Tax Act. Eliminates the requirement that wage withholding tables produce a sum that is equal to 10 percent more than the sum specified prior to November 1, 2009. Decreases withholding rates for supplemental wages.	INTRODUCED: 02/04/2010 LOCATION: Senate Revenue and Taxation Committee STATUS: 02/18/2010 To SENATE Committee on REVENUE AND TAXATION	None Listed
SB 954 (Harman – R) Legislative Procedure: Committee Referrals	Enacts the Jobs Protection Act. Creates a new legislative procedure with regard to any bill having a statewide economic impact affecting business. Requires the Assembly and Senate Committees on Rules to refer any bill that may have a statewide economic impact affecting business to the renamed Joint Committee on Boards, Commissions, and Consumer or Business Protection for the preparation of an economic impact analysis and a hearing and approval. Includes provisions for small businesses.	INTRODUCED: 02/04/2010 LOCATION: Senate Rules Committee STATUS: 02/18/2010 To SENATE Committee on RULES and APPROPRIATIONS	None Listed
SB 960 (Dutton – R) Air Resources: Regulations	Amends existing law that imposes various functions and duties on the California Air Resources Board (ARB). Requires the ARB to submit a major regulation to the Legislative Analyst's Office. Requires the Legislative Analyst's Office to prepare an analysis of such regulation.	INTRODUCED: 02/05/2010 LOCATION: Senate Environmental Quality Committee STATUS: 02/18/2010 To SENATE Committee on ENVIRONMENTAL QUALITY	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SB 964 (Alquist – D) Public Utilities: Workforce Training	Requires the High-Speed Rail Authority to contract with the California Community Colleges Chancellor's office to develop a labor market assessment of the workforce and workforce training and certification plan pertaining to the construction of a high-speed train system.	INTRODUCED: 02/05/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/18/2010 To SENATE Committee on TRANSPORTATION AND HOUSING and EDUCATION	None Listed
SB 965 (DeSaulnier – D) Public Utilities: Transportation: Federal Funds	Authorizes the CHSRA to receive and expend any federal funds awarded to the authority. Requires the authority to submit to the Legislature an expenditure plan for such federal funds.	INTRODUCED: 02/05/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/18/2010 To SENATE Committee on TRANSPORTATION AND HOUSING	None Listed
SB 967 (Correa – D) Public Contracts: Recovery and Reinvestment Act	Requires a state agency that accepts bids or proposals for contracts for goods or services, or for the distribution of funds pursuant to the federal American Recovery and Reinvestment Act of 2009, to provide a credit of five percent of the bid price or quotation to a business that directly provides the goods or services when 90 percent of the employees of the business performing work on the project reside in the state.	INTRODUCED: 02/05/2010 LOCATION: Senate Governmental Organization Committee STATUS: 02/18/2010 To SENATE Committee on GOVERNMENTAL ORGANIZATION	None Listed

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SCA 1 (Walters – R) State Budget	Provides, that if the total amount of General Fund appropriations in a Budget Bill for the ensuing fiscal year combined with all other General Fund appropriations for that fiscal year on the date of passage does not exceed by five percent or more the amount of the General Fund appropriations for the immediately preceding fiscal year, the budget bill may be passed by a simple majority.	INTRODUCED: 12/01/2008 LOCATION: Senate Rules Committee STATUS: 01/29/2009 To SENATE Committees on RULES and ELECTIONS, REAPPORTIONMENT AND CONSTITUTIONAL AMENDMENTS	None Listed
SCA 3 (Wyland – R) Transportation Investment Fund	Deletes current provisions authorizing the transfer of revenues to the Transportation Investment Fund to be suspended during a fiscal emergency. Prohibits a loan of fund revenues under any circumstances. Prohibits any statute that would reduce the extent to which these tax revenues are deposited into the General Fund for transfer to the fund for transportation purposes.	INTRODUCED: 12/01/2008 LOCATION: Senate Revenue and Taxation Committee STATUS: 01/29/2009 To SENATE Committees on REVENUE AND TAXATION; ELECTIONS, REAPPORTIONMENT AND COSTITUTIONAL AMENDMENTS; and APPROPRIATIONS	None Listed
SCA 5 (Hancock – D) State Budget	Exempts General Fund appropriations in the Budget Bill from the two-thirds vote requirement.	INTRODUCED: 12/02/2008 LOCATION: Senate Third Reading File STATUS: 09/01/2009 In SENATE. Read second time. To third reading.	(partial list) Support: AFSCME, AFL-CIO, CNA, CPF, California School Employees Association Oppose; Cal-Tax, Howard Jarvis Taxpayers Association

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SCA 7 (Maldonado – R) Legislature: Compensation	Provides that if a Budget Bill is not passed by June 15, Members of the Legislature may not be paid any salary or per diem until the Budget Bill is passed and sent to the Governor.	INTRODUCED: 01/15/2009 LOCATION: Senate Rules Committee STATUS: 02/24/2009 Re-referred to SENATE Committee on RULES	None Listed
SCA 9 (Ducheny – D) Finance: State Budget: Taxes	Proposes an amendment to the Constitution that exempts from the two-thirds vote requirement appropriations made in a Budget Bill, and appropriations made in a bill identified in the Budget Bill containing only changes in law necessary to implement the Budget Bill, and instead be passed by a 55 percent vote in each house.	INTRODUCED: 01/26/2009 LOCATION: Senate Budget & Fiscal Review Committee STATUS: 02/05/2009 To SENATE Committees on BUDGET AND FISCAL REVIEW; and ELECTIONS, REAPPORTIONMENT, AND CONSTITUTIONAL AMENDMENTS	None Listed
SCA 14 (Ducheny – D) Initiative Measures: Funding Source	Proposes an amendment to the Constitution to prohibit an initiative measure that would result in a net increase in state government cost from being submitted to the electors or having any effect unless and until the Legislative Analyst and the Director of Finance jointly determine that the initiative provides for additional revenues in an amount that meets or exceeds the net increase in costs.	INTRODUCED: 02/27/2009 LAST AMENDED: 08/17/2009 LOCATION: Senate Third Reading File STATUS: 01/12/2010 In SENATE. Read second time. To third reading.	Support: CSAC, Regional Council of Rural Counties, Sutter County Oppose: California Taxpayers' Association, Western Growers

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
SCA 15 (Calderon – D) State Budget	Proposes an amendment to the Constitution to exempt General Fund appropriations in the Budget Bill for the ensuing fiscal year from the 2/3 vote requirement of the Legislation if the total amount of General Fund revenues estimated by the Legislative Analyst after a certain date for the current fiscal year is a certain percentage below the estimate of General Fund revenues set forth in the Budget Bill enacted for the current fiscal year	INTRODUCED: 02/27/2009 LAST AMENDED: 04/13/2009 LOCATION: Senate Budget and Fiscal Review Committee STATUS: 04/13/2009 From SENATE Committee on BUDGET AND FISCAL REVIEW with author's amendments 04/13/2009 In SENATE. Read second time and amended. Re-referred to Committee on BUDGET AND FISCAL REVIEW	None Listed
SB 8x 36 (Lowenthal – D) Local Transportation Projects	Requires Caltrans to work with local transportation agencies to develop a list of potential projects that may be awarded within 90 days of the award to the state of second round federal transportation economic stimulus funds.	INTRODUCED: 02/05/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/10/2010 Re-referred to SENATE Committee on TRANSPORTATION AND HOUSING	None Listed
SB 8x 37 (Cedillo – D) Carl Moyer Air Quality Standards Attainment Program	Requires the ARB to make grants available to covered vehicles and engines without regard to cost-effectiveness criteria. Appropriates funds from the Air Quality Improvement Fund to the ARB for the purpose of providing direct grants to owners of on-road heavy-duty diesel-fueled motor vehicles in order to purchase equipment for compliance with any regulation adopted by the board for the reduction of air pollution from those vehicles.	INTRODUCED: 02/05/2010 LOCATION: Senate Transportation and Housing Committee STATUS: 02/10/2010 Re-referred to SENATE Committee on TRANSPORTATION AND HOUSING	None Listed



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 18, 2010

To: Legislative and Communications Committee

From: Will Kempton, Chief Executive Officer

Subject: Federal Legislative Status Report

Overview

This Federal Legislative Status Report provides information on United States House and Senate consideration of economic stimulus legislation and the impact of economic stimulus legislation on extensions of the present transportation authorization act, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: a Legacy for Users.

Recommendation

Receive and file as an information item.

Discussion

The Congress continues to seek agreement on a second economic stimulus bill. In the process of considering that legislation, the federal transportation authorizing legislation, Safe, Accountable, Flexible, Efficient, Transportation Equity Act: a Legacy for Users (SAFETEA-LU) had expired. However, on Tuesday, March 2, 2010, the Senate resolved the SAFETEA-LU expiration issue, with passage of another short-term extension until March 30, 2010. It is expected that prior to the Legislative and Communications Committee (Committee) meeting on March 18, Congress will have passed an economic stimulus bill similar to either the House or Senate versions of the legislation. The Senate has also taken up legislation, already passed by the House, which would extend the alternative fuel tax credit to December 31, 2010, retroactive to January 1, 2010. The Orange County Transportation Authority (OCTA) staff will give an update on the status of that legislation at the Committee meeting. If the Senate passes its bill and the alternative fuel tax credit is extended, the net result to OCTA is approximately \$4 million annually. It has been one of the authority's highest federal priorities to secure passage of the extension.

This report will focus on the distinctions between the House and Senate versions of the economic stimulus legislation and the barriers that currently exist to passage of either bill.

House Jobs for Main Street Act

Last December, the House passed the Jobs for Main Street Act (JMSA), providing \$154 billion for numerous job stimulus activities, including \$27.5 billion in new highway infrastructure spending and \$8.4 billion in new transit spending, with 10 percent of the transit capital assistance program available to fund direct transit operating costs. Under the JMSA, 50 percent of this newly available transportation funding would need to be under contract within 90 days of apportionment. The JMSA would have also extended SAFETEA-LU through September 30, 2010. Although the JMSA did not contain a provision extending the alternative fuel tax credit, an extension provision was included in separate legislation, the Tax Extenders Act of 2009 (H. R. 4213), which passed the House in December 2009.

Senate Hiring Incentives to Restore Employment Act

A jobs bill was initially planned in the Senate with support of the bipartisan leadership of the Senate Finance Committee. That bill titled, the Hiring Incentives to Restore Employment Act (HIRE Act), carried a cost of \$84 billion but in contrast to JMSA, it contains no additional infrastructure funding. The legislation does include an extension of SAFETEA-LU until December 31, 2010, and a series of tax extender provisions, one of which is the extension of the alternative fuel tax credit through the remainder of the current calendar year.

Senate Majority Leader Harry Reid (D-NV) determined that he would not support that version of the bill, even though it appeared to have significant bipartisan Senate support. Instead, the Majority Leader decided to pursue an “incremental approach” to economic stimulus legislation, which included a series of smaller bills introduced over time, instead of one large Senate bill. In furtherance of this plan, Senator Reid introduced a smaller, \$15 billion version of the HIRE Act, which passed the Senate on February 23, 2010.

The HIRE Act passed by the Senate includes four major provisions: 1) a payroll tax incentive for newly hired employees; 2) an extension of higher expensing limits for small businesses; 3) an expansion of the Build America Bonds and; 4) an extension of SAFETEA-LU until December 31, 2010. This last provision includes a \$20 billion transfer to the highway trust fund (HTF), from the general fund, the accrual of future interest on HTF balances to the HTF, and the

restoration of the federal fiscal year 2009 SAFETEA-LU \$8.7 billion rescission. This bill does not include any tax extenders, any extension of unemployment benefits, nor any of the other provisions of the larger JMSA bill passed by the House.

When the Senate-passed HIRE Act reached the House, it was met with concerns from several House members, including House Transportation and Infrastructure Chair, James Oberstar (D-MN). These concerns included the smaller size of the HIRE Act when compared to the JMSA, the overall ability to pay for the bill, and the HIRE Act redistribution method for previously earmarked SAFETEA-LU funds. Recognizing that these issues could not be worked out before the February 28, 2010, expiration of SAFETEA-LU, the House passed, by voice vote, a bill extending unemployment benefits, certain health and Medicare benefits and another SAFETEA-LU short-term extension until March 30, 2010. That bill was then sent over to the Senate.

SAFETEA-LU and Alternative Fuel Tax Credit Extensions

In order for the Senate to move quick enough to avoid an expiration of SAFETEA-LU on February 28, 2010, a unanimous consent vote was required. Senator Jim Bunning (R-KY) objected to the extension bill on fiscal grounds, saying that the \$10 billion cost of the extension bill needed to be properly offset, as required by recently passed budget reform legislation. Senate leadership repeatedly offered a vote on such an amendment but Senator Bunning objected. As a result of this filibuster, SAFETEA-LU expired on Sunday, February 28, 2010. A short-term extension restored SAFETEA-LU the following week, when Senator Bunning yielded to bipartisan pressure and withdrew his objection.

On March 3, 2010, the Senate began consideration of H.R. 4213, the Tax Extenders Act of 2009, passed by the House last December. If the Senate is successful in passing that bill, quick resolution with the House is expected, and the alternative fuel tax credit would be in place and extended until the end of 2010.

Summary

Congress continues to work on economic stimulus legislation and on the extension of the current transportation authorization legislation. The monthly reports for Potomac Partners, D.C. and Smith, Dawson and Andrews are included as Attachments A and B.

Attachments

- A. Monthly Reports of Potomac Partners, D.C.
- B. Monthly Reports of Smith, Dawson and Andrews

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Monthly Report of Potomac Partners DC

**Orange County Transportation Authority Report
January 2010**

Partners contributing to the work in this report include: Rick Alcalde, Dan Feliz, and Lesli McCollum Gooch.

The House reconvened on January 12th to begin the first legislative session of 2010. The Senate returned to session a week later. At the end of 2009, the House had passed a number of legislative bills that the Senate failed to enact before it adjourned on December 24th. Some of those unfinished bills included a tax extenders bill (H.R. 4213), a new estate tax bill (H.R. 4154), and a "Jobs for Main Street" bill (H.R. 2847). However, as the final business of the year, the Senate did pass its own health care reform legislation and a bill increasing the debt ceiling limit (H.R. 4314) by a party-line vote. The Senate Health Care legislation still needs to be reconciled with the earlier passed House bill. Both the Administration and the Democratic leaders in Congress had hoped to return in 2010 and quickly re-introduce a health care reform bill that they could pass both in the House and Senate. However, with the election in Massachusetts of Republican Senator Scott Brown, the ability in the Senate to move such legislation is highly uncertain. Also, without the filibuster proof margin the Democrats had before the MA election, other Senate Democratic agenda items like new Cap-and Trade/Energy legislation could be waylaid for the near term.

Nevertheless, Congress will likely continue to press forward with talks at the Democratic leadership level on how to complete work on the overhaul of the health care system. Much of the onus is on the Senate where Majority Leader Reid must find at least 50 Senators to make changes to the Senate passed bill (under a budget reconciliation procedure) before the House would take up a similar measure. With the current legislative path ahead for health care in doubt, Congress is now re-focusing some effort on the unfinished business of last year to include passing a bill to help create new jobs through stimulus spending and small business tax incentives. Congress, at the behest of President Obama, hopes to pass this new economic stimulus measure before the end of February. Once again, the onus is on Senate Democratic leadership, who must shepherd such a bill through the Senate with some bi-partisan support before the House and Senate can come to together to produce a final reconciled bill, pass it both chambers again, and then send it to the President for his signature.

The "Job's Bill" (Stimulus II)

As reported last month, on December 16th, the House modified the Commerce-Justice-Science Appropriations Act by substituting the "Jobs for Main Street Act of 2010" (or Stimulus II) and passed it by a narrow majority of 217-212. The Senate, however, did not have time to take up a similar measure, and before adjourning on December 24th locked in the schedule for January, which did not include consideration of any new stimulus spending measures. Faced with the possibility of a deepening recession, President Obama during his State of Union address made it a priority to reduce the joblessness rate and encourage economic growth through small business. Throughout January, the Senate has earnestly begun internal negotiations on a new job's bill package that will provide a mix of infrastructure spending and tax incentives for small business. So far the Senate has not determined how to introduce the measure and what should be included in a drafted bill that will move to the floor with some bi-partisan support.

On January 26th, Potomac Partners DC met with key senate staff on the Environment and Public Works (EPW) Committee to discuss streamlining recommendations for infrastructure projects that could aid in accelerating new job creation. The current House bill (Jobs for Main Street Act of 2010) redirects \$75 billion in Troubled Asset Relief Program (TARP) savings to fund infrastructure and job investments. The transportation investment portion in the bill distributes money through formula in the same manner as the first stimulus bill (ARRA). It is our goal to help improve the process for distributing the stimulus money and to increase sub-allocation for relevant infrastructure projects that could benefit Southern California. During the meeting the EPW, PPDC learned that the Senate will likely not follow the House lead in mandating that any transportation stimulus spending be obligated in a tight 90 day window before that money becomes unavailable. This provision is particularly onerous for California. We are continuing to discuss distribution streamlining recommendations with the EPW staff as they move closer to finalizing their draft legislation, which they expect to release during the first two weeks of February. Once the draft is released, the next step in the process will be to determine a legislative vehicle that the Senate can debate on the floor and pass with a filibuster proof margin. The Senate EPW committee also hopes to pass an extension of SAFETEA-LU contract authority before the current extension expires on February 18th.

The President's FY 2011 Budget Request

On February 1st the President released his budget for Fiscal Year 2011. The Government agencies will be conducting briefings throughout the month to highlight key budget trends and present the budget to Congress through the budget hearing process. Secretary LaHood will also be testifying before both the House and Senate Appropriations and Transportation committees. It is expected that he will discuss some of the new programs in the budget as well the

Administration's proposals for surface transportation authorization. Key target dates for the budget process include the following:

April 15 — The statutory deadline for Congress to complete its annual budget resolution.

May 15 — The date after which the House may consider fiscal 2011 appropriations bills even if a final budget resolution has not been adopted.

July 3 — Beginning of Congress' Independence Day recess. This is the informal deadline that House leaders set for passing all 12 regular appropriations bills.

July 15 — President submits his mid-session review of the budget to Congress, which includes revised deficit estimates.

August 7 — The start of the Senate's summer recess, which some staff has indicated that it is the Senate's informal deadline for passing all 12 spending bills.

Mid-August — Congressional Budget Office issues updated budget projections.

September 13 — House and Senate return from summer recess with 18 days to negotiate their differences and clear all appropriations bills before the new fiscal year begins.

October 1 — Fiscal 2011 begins. A continuing resolution would be required to finance any agency whose appropriations bill has not been enacted.

The DOT budget request represents a 2.4% increase over the FY 2010 totals with about \$78.8 billion mandatory and discretionary spending. At this point it is unclear whether a bipartisan effort will coalesce around President Obama's initial efforts to limit discretionary spending in this budget process. The Chairman of the House Appropriations Committee has already released statements that while the Committee would write bills that would not exceed the president's overall discretionary spending request, it would look for other cuts to offset any of additional spending that Congress may consider. House and Senate Republicans, on the other hand, are eager to trim additional government spending beyond what the President has budgeted. One concern that arises in a tight budget year is the effect of that tightening on reducing the amount of Member directed projects (i.e. earmarks) in THUD Appropriations act. Currently the House and Senate are moving forward with the normal budget and appropriations process with the assumption that there will be earmarks in all 12 appropriations bills. The earmark process remains one of the best ways Congress can assert its constitutional power of appropriations spending.

Funding Highlights for Transportation included the following:

- Provides \$4 billion for a new *National Infrastructure Innovation and Finance Fund*, which will invest in high-value projects of regional or national significance. The Obama administration vision for the National Infrastructure Innovation & Finance Fund is to provide Federal infrastructure investment that emphasizes demonstrable merit and analytical measures of performance. Once funded the DOT plans to issue the \$4B in the form of grants, loans, or a blend of both and will target transportation and transportation-related projects that provide a significant economic benefit to the Nation or a region. In addition, the Fund will sponsor planning, feasibility, and analytical capacity work necessary to identify high-value projects around the country. The Fund will encourage collaboration among non-Federal stakeholders including States, municipalities, and private investors. So far it's unclear if the House or Senate will embrace this proposal, which will take the place of the House's hoped for National Infrastructure Bank. PPDC is investigating whether Positive Train Control funding would be an eligible grant for the NIIF.
- Establishes a new \$30 million Federal transit safety program to address critical needs.
- Commits to developing long-run solutions for surface transportation finance and for improving program performance.
- Helps communities to become more livable and sustainable by allocating \$527 million for the Department's investments as part of the President's multi-agency Partnership for Sustainable Communities.
- Sustains large-scale, multi-year support for high-speed rail, with \$1 billion to fund promising and transformative projects.

FY 11 Appropriations Process

In conjunction with the budget process the FY 2011 appropriations process has begun. The first step in the appropriation process is the submitting a funding request to members of the Orange County delegation and the California Senators. As in past years, each office will evaluate the requests based on the project's ability to bring substantial benefit to the district and can demonstrate a federal nexus and regional significance. With an eye towards job creation, staff member have suggested that projects should also be able to utilize federal funding quickly and have a significant local match available. The delegation has begun soliciting for requests and we are continuing to stay in touch with each office or provide any additional regarding OCTA's submitted projects.

High Speed Rail

In January, the Administration and the Department of Transportation announced the ARRA grants for High Speed Rail. California has been awarded \$2.25B of the \$8B in federal high-speed rail funding. PPDC has been discussing with House Transportation and Infrastructure (T&I) Committee the next steps in the distribution of this money.

Alternative Fuel Tax Credit Extension

On December 9th the House passed H.R. 4213 - Tax Extenders Act of 2009, which would extend the alternative fuel tax credit. The Senate did not act on the tax extensions in 2009. PPDC has been working throughout the month of January to find an opportunity in the Senate to include the provision that would extend the alternative fuel tax credit. We have discussed possibilities to include the Jobs bill with EPW staff, Finance Committee staff, Banking Committee staff, and Commerce and Science & Transportation Committee staff. We have also discussed options with staff for Sen. Hatch, Sen. Inhofe, Sen. Boxer, and Sen. Menendez.

**Report to Orange County Transportation Authority from
Potomac Partners DC
February 2010**

Partners contributing to the work in this report include: Rick Alcalde, Dan Feliz, and Lesli McCollum Gooch.

An unusual month in Congress was marked by the expiration of SAFETEA-LU contract authority and a shut down of the Highway Trust Fund (HTF) expenditures for a couple of days. Before that expiration at the end of the month, Congress took a hiatus for two weeks mid-month. The first week off was unexpected due to weather where the DC area was hit with back to back massive snowstorms. The second week was a scheduled district work period. Congress returned February 22nd for what turned out to be a light legislative week, but a big week for tackling major issues like the expiration of SAFETEA-LU, the jobs bill (H.R. 2847) in the Senate, and a "health care summit" held at the White House on February 25th.

February was also the one year anniversary of the ARRA ("Stimulus Bill"). Democrats and the White House took the opportunity to tout the important job creation that the Stimulus provided, while Republican criticized some of the wasteful and/or ineffective spending. Also on February 17th, U.S. Transportation Secretary Ray LaHood made the long-awaited announcement of the recipients of \$1.5 billion in "TIGER" grants for surface transportation programs funded by the 2009 stimulus law. Included in that announcement was \$33.8M for a project to improve a vital freight corridor at the Colton Crossing in the City of Colton, San Bernardino County. The Congressional sponsors of the project included Barbara Boxer, Dianne Feinstein, Jerry Lewis, and Joe Baca. Also dominating the Congressional calendar for transportation leaders in the House and Senate was the recent Toyota recall for acceleration problems in select Toyota and Lexus car models and NHTSA's response.

SAFETEA-LU Extension

On February 28th a short term extension of SAFETEA-LU and the Highway Trust Fund (HTF) that was included in the FY 10 Defense Appropriation Bill *expired*. As a result of this expiration, access for payments out of the Trust Fund shut off at midnight on February 28th and DOT employees paid by the HTF were not permitted to work resulting in furloughs for nearly 2,000 DOT employees for the first couple of days in March. This expiration temporarily shut down highway reimbursements to states worth hundreds of millions of dollars, and 41 construction projects across the country. Several legislative measures that would have avoided this problem have passed either the House or the Senate, but not both for a variety of reasons.

1. The Jobs for Main Street (JFMS) Act of 2010 (originally numbered as H.R. 2847)- This bill would have extended SAFETEA-LU through the end of the fiscal year (September 30th, 2010) passed the House on Dec. 16th. The bill was never brought up in the Senate, which preferred to move its own version of the "jobs bill" called the Hiring Incentives to Restore Employment (HIRE) Act. The HIRE act was originally introduced by Senators Baucus (D-MT) and Grassley (R-IA) on the Senate Finance Committee. This bill was trimmed down by Senator Harry Reid and introduced as an amendment to the JFMS Act.
2. The Senator Reid Amendment to the JMSA (aka the Reid HIRE Act of 2010)- This bill would have extended SAFETEA-LU through Dec 31st 2010. The Senate passed this bill on February 24th by a wide margin of (70-28). This bill was delayed in being brought to the floor in the House due to opposition from deficit minded Blue-Dog Democrats and Chairman Oberstar himself who was working to organize support for his version of the transportation provisions in the original House extension. Aside from duration, the principal difference between the House and Senate extensions is the treatment of the FY 2010 funding for programs that were completely earmarked by Congress in 2009 but are not earmarked in 2010. The Senate bill gives all that formerly earmarked money to states for use in the big five highway formula programs (IM, NHS, STP, CMAQ, and Bridge) in the ratio in which each state got the earmark money in 2009. Oberstar's version would allow the Secretary of Transportation to distribute the PNRs and Corridor money at his discretion and would distribute the rest amongst all of the apportioned formula programs, not just the big five programs. Yet another option that is currently being put forth by Transportation leaders in the House would allow the \$932 million in discretionary highway funds available under the Projects of National and Regional Significance (PNRS) and the National Corridor Infrastructure Improvement (Corridor) programs to be provided to all States, rather than just the 29 States that had PNRs and Corridor projects under SAFETEA-LU. The funds will be distributed based on each State's share of the fiscal year 2009 highway apportioned funds.
3. Temporary Extension Act of 2010 (H.R. 4691)- This bill passed the House by voice vote on February 25th. Sen. Bunning (R-KY) claimed the bill violated pay-go rules and objected thus preventing consideration of the bill under a unanimous consent agreement. The U.S. Senate adjourned for the week on Friday, February 26th without taking action on the legislation. On March 2nd, Sen. Bunning lifted his objection to moving the bill in return for allowing an amendment to be considered that adjusted how to pay for the 30-day extensions. That amendment failed. The thirty-day extenders bill (H.R. 4691) that included a Highway Trust Fund extension of that

duration passed by a vote of 78 to 19, clearing the measure for the President's signature.

The options that the Congress is currently working on to extend the contract authority for the HTF beyond the 30 days provided by H.R. 4691 and prevent another shut down of the HTF include the following:

1. House and Senate Democrat leadership have reached a compromise deal that would allow the House to take up the Senate passed Reid Amendment with an additional House Amendment which passed on the House floor by a vote of 217-201 on March 4th with 211 Democrats and 6 Republicans voted for the bill and 166 Republicans and 35 Democrats voted against it. That deal, which brought a number of Democrats to include Rep. Oberstar onboard, includes a promise as mentioned above from Senator Reid to bring future legislation to the Senate floor that would change the formula distribution of the earmarked programs to spread it among all states (not just the states like CA that received the money in 2009) as well as the potential to include other infrastructure investment that creates jobs. This is no plan yet for the Senate to take up the House amendment to the Senate amendment (which was originally another House amendment to the Senate amendment) to H.R. 2847. It is assumed that the Senate Majority Leader will take up this bill again once they complete consideration of the Tax Extenders Bill (H.R. 4213).

Potomac Partners DC (PPDC) has been discussing each legislative option for the "Jobs Bill" (H.R. 2847) with Senate and House staff. Beyond the pressing issue of extending the HTF contract authority for the rest of this year, PPDC is also advocating for the following:

- Inclusion of the extension of the Alternative Fuel Tax Credit (originally included in the Grassley-Baucus Hire Act and the Tax Extenders bill).
- Temporary emergency support funding and operating assistance for public transportation services.
- Repeal of the \$8.7 B rescission (included in both versions of the HIRE Act) that took effect at the start of fiscal year 2010.
- The proportionate distribution approach to the 1301 (PRNS) and 1302 (NCII) programs originally included in the HIRE Act. It is our position that this approach will provide a quick mechanism to distribute the funding and put it to work on projects that will put people back to work immediately.

In pursuit of these objectives PPDC has met with the following staff and Congressional Members:

Rep. Mica (R-FL)
Sen. Boxer's Staff
Senate EPW Committee Staff
House T&I Committee Staff
Rep. Miller (R-CA)
Sen. Hatch's Staff
Sen. Grassley's Staff
Senate Finance Committee Staff
House Ways and Means Committee Staff
Rep. Lewis (R-CA)
Rep. Calvert (R-CA)
Rep. Becerra's (D-CA) Staff
Rep. Oberstar's (D-CA) Staff
Senate Commerce Science and Transportation Staff
House Rules Committee Staff

FY 11 Appropriations Process

Appropriations request have been submitted to the Orange County Congressional delegation and the CA Senators. The Appropriations subcommittee will begin holding hearings in March to discuss key policy and projects as well as determining funding levels for each program and discretionary spending.

The DOT and other sub agencies will also testify before the various committees regarding the Presidents Budget. Sec. LaHood has already discussed before the Transportation Housing and Urban Development (THUD) Appropriations subcommittee, the President's budget proposal on February 3rd. During his testimony the Secretary talked generally about key programs like rail and highway/transit safety, the National Infrastructure Innovation and Finance Fund (NIIFF), and the continuing investment in High Speed Rail. In speaking directly about the NIIFF the Secretary promised that this will be the start of a 5-year plan to capitalize the fund with \$25 billion. He went on to describe how the fund will invest in projects of regional or national significance, and marks an important departure from the Federal Government's traditional way of spending on infrastructure through mode-specific grants. PPDC is looking for ways to help craft eligibility criteria for NIIFF with Congressional members on the Appropriations Committee or make Positive Train Control explicitly eligible for NIIFF money.

Regarding transit safety the Secretary said that the \$30 million budget request will establish a new transit safety oversight program within the Federal

Transit Administration. This program will implement a comprehensive safety oversight strategy, as proposed in the Administration's transit safety bill, to establish common safety standards nationwide.

Regarding High Speed Rail (HSR) Sec. LaHood talked about the President's request for additional \$1 billion for High Speed Rail. This request builds on the \$8 billion provided through the Recovery Act, and continues the five year, \$5 billion pledge made in the fiscal year 2010 budget.

Alternative Fuel Tax Credit Extension

After a significant amount of advocacy in the last few months, PPDC was able to facilitate the inclusion of a one year extension of the alternative fuel tax credit in the Senate's original HIRE Act that was produced by the Senate Finance Committee. After an unusual political manoeuvre by the Senate Majority Leader, the HIRE Act was replaced with a much truncated and less costly version that did not include this extension and was later passed by the Senate. As result, we have been pressing key Senators to ask that this extension be included in future jobs legislation and/or provide for complete consideration the House Tax Extenders Act of 2009. The Senate has begun consideration of a Tax Extenders Bill (H.R. 4213) that the House passed last December. Senate Leadership intends to allow amendments to this bill dragging the process well into the first week of March. Sen. Baucus, Chairman of the Senate Finance Committee, has also a substitute amendment that the Senate will vote on for final passage.

The language that would extend this provision in that Substitute Amendment (SA 3336) is as follows:

SEC. 108. EXCISE TAX CREDITS AND OUTLAY PAYMENTS FOR ALTERNATIVE FUEL AND ALTERNATIVE FUEL MIXTURES.

- (a) IN GENERAL.—Sections 6426(d)(5), 6426(e)(3), and 6427(e)(6)(C) are each amended by striking “December 31, 2009” and inserting “December 31, 2010”.
- (b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2009.

Throughout February we followed up with the Senate offices engaged on this issue to include Sen. Hatch, Sen. Reid, Sen. Baucus, and Sen. Grassley. We are continuing to work closely other allies like the NGVA Association and press other Senators like Sen. Feinstein and Sen. Boxer to continue their support for this important revenue source for transit agencies. NGVA has also approached the FTA and requested that they support this important provision and advise the Congressional offices of that support. The Administration has subsequently issued a “Statement of Administrative Policy” (SAP) that urges the Senate to pass the Tax Extenders Act. We have also circled back around with House members to look for other options to include the provision in other legislation that

might be considered "must pass" as well as determine House leadership's plans in passing the Senate Substitute amendment to the House passed HR 4213.

At this point in the process the best options are for inclusion of the alternative fuel tax credit in (1) any future version of Senate "Jobs bill" or (2) the Senate version of the Tax Extenders Act. The final option is Senate and House both considering the NAT GAS Act, which provided for a multi-year extension of the tax credit.

Report
to the
ORANGE COUNTY TRANSPORTATION AUTHORITY

From
Smith, Dawson & Andrews

Focus: Presidential, Congressional & DOT Action regarding Budget, Appropriations,
Reauthorization & ARRA
January 2010

Highlights

House and Senate members have been in town since the second week of the New Year completing leadership activities and healthcare strategy discussions. The first order of business was to secure final agreement on health care reform, but by January 19, Scott Brown's election to the U.S. Senate mitigated that goal. With the loss of one seat to the Democrats' 60-vote majority, the ability to derail any filibusters vanished. And with it, a clear path to final passage of any health care bill.

When the President delivered his State of the Union address on January 27, he chastised both sides of the aisle for inaction and partisanship, as he declared his priority setting for year ahead—jobs and fiscal stability. He applauded the House for passing a jobs bills and urged the Senate to help deliver a completed jobs law to his desk as quickly as possible. To address his call for action on jobs, the President's budget is expected to include extension of unemployment benefits, infrastructure spending and small business programs. The President also indicated discretionary spending cuts will be part of his approach to the fiscal 2011 budget.

During the State of the Union, he announced High Speed Intercity Rail Program grants across the country and delivered on an ARRA promise made a year ago to dispense an \$8 billion investment that will lead to jobs today and into the future. The President mentioned the Florida HSR corridor during his address, even though the California corridor received the largest grant--\$2,344,000,000. The complete listing of projects can be found at <http://www.fra.dot.gov/us/content/2243>.

The House jobs bill was passed on December 16 in a close vote with all Republicans and some Blue Dog Democrats in opposition. The bill provides \$154 billion in spending. Using TARP repayments, the House seeks \$39 billion in additional investments in infrastructure (\$27.5 billion for highways; \$8.4 billion for transit and \$800 million for AMTRAK and includes water, shipping and aviation spending as well).

The Senate jobs bill is under development, and is expected to be introduced the first week of February after the President's budget proposal is released. The Senate proposal is expected to include: infrastructure spending, small business loans and tax

credits, energy efficiency programs, and jobs funding for teachers, firefighters, police and dislocated workers and young people. Like its House counterpart, some of the bill may be financed with TARP repayments.

House and Senate appropriations committees have begun their efforts to receive requests for earmarks with most deadlines occurring in the first two weeks of February. Again, according to directives from the Appropriations Chairmen Obey and Inouye, clear procedures are required for Members to request earmarks and post these requests on their individual web sites. The President is asking that one Web site be created to post all earmarks in one place for ever greater transparency in the effort. Overall allocations are expected to be lower than last year for the coming appropriations process.

There was a mention of climate change action in the President's address but no mention of a new federal transportation law. Further action on each of these is still expected to move slowly. Funding remains a key issue. Timing is also a challenge.

SDA Outreach

Contact on Capitol Hill on behalf of OCTA

- Smith, Andrews, Gaines, Garson with appropriations and authorizing committee staff on 2011 appropriations, repeal of SAFETEA-LU rescission as well as movement on reauthorization and climate change legislation;

- Gaines with *Sens. Feinstein & Barbara Boxer and Rep. Loretta Sanchez* staff on operating assistance, alternative fuels tax credits, extenders, climate change legislation, transportation reauthorization and reprogramming appropriations

- Gaines drafted reprogramming letter for Rep. Sanchez.

- Smith with House Appropriations Transportation Sub-committee Chairman Olver on operating assistance

- Smith with Sen. Durbin staff on jobs bill and operating assistance

- Garson with House T&I staff on reauthorization, freight and financing mechanism for federal transportation programs

- Garson with Senate Office Transportation Staff on substantive legislative proposals and financing mechanisms.

- Burrell with January 14 Energy & Environment Institute briefing on transportation and jobs

- Newman with House Energy & Commerce Committee staff on climate change legislation; FRA action on high speed rail

- SDA group--review of important Congressional hearings and press conferences related to OCTA goals; information about Administration official travel and other events to grow awareness of OCTA solutions, opportunities and challenges to providing 21st century mobility options.

Contact with Administration on behalf of OCTA

- Burrell with US DOT Deputy Assistant Secretary for Governmental Affairs David Kim

Contact with relevant organizations on behalf of OCTA

- Burrell attended Winter Meeting of U.S. Conference of Mayors, January 21
- Burrell with National League of Cities on reauthorization and appropriations
- Garson and Lopez--US Conference of Mayors and National Association of Counties update meetings
- SDA group--outreach to Republican and Democratic leadership and Administration officials regarding activities related to ARRA funds distribution, appropriations preparations and reauthorization discussions

Report to the
ORANGE COUNTY TRANSPORTATION AUTHORITY

From
Smith, Dawson & Andrews

Focus: Presidential, Congressional & DOT Action regarding Budget, Jobs Bill,
Appropriations, Reauthorization & ARRA
February 2010

Highlights

The month of February encompassed the one-year anniversary of the American Recovery and Reinvestment Act, jobs bill action in the Senate and what is reported to be one final effort to revive health care reform action in Congress.

A "mini jobs" bill emerged in late February and moved from closed door negotiations to floor action when Majority Leader Harry Reid secured a cloture vote to proceed on February 22. On February 24, in a 70 to 28 vote, the Senate passed the \$15 billion Senate jobs bill, HR 2847, that will provide funds to replace the shortfall in the highway trust fund and provide tax credits for employers who hire unemployed workers. On March 4th, the House passed a slightly amended "mini jobs" bill 217-201. Passage was delayed because the Blue Dog Democrats would not vote for a bill unless it adhered to pay-go rules. The Senate waived pay-go on the \$15 billion dollar bill. The bill will now be taken up by the Senate in the early part of the March 8th week.

This "jobs" bill is expected to be one in a series of more to come. Some reports indicate as many as five mini bills will emerge from the Senate. The program focus of the five is expected to match up more or less with the elements contained in the House Hiring Incentives to Restore Employment (HIRE) package. There is no clarity as to how the Senate mini jobs bills will be reconciled with the all encompassing House provision—one at a time or all together. Tax extenders, such as extension of the alternative fuels tax credits, which is included in the House bill, are expected to be included in one of the forthcoming Senate bills.

A 30-day extension of SAFETEA-LU beyond its February 28 deadline was not included in the Senate HIRE bill, but attached to what was thought to be a faster moving vehicle.

Soon after the February 17-one-year anniversary of ARRA spending, an emergency measure to extend benefits to help the growing number of unemployed moved forward. It included unemployment and COBRA benefits and Medicare doctor payments and the SAFETEA-LU extension. However, when Kentucky Senator Jim Bunning placed a hold on the bill, it caused a three-day lapse of unemployment benefits as well as federal transportation program activities such as federal highway staff furloughs and work stoppages at more than 2000 construction sites. The Senator's action was a protest

about the fact that the measure's \$10 billion cost was not offset. By Tuesday, March 2, the bill cleared the Senate in a 78 to 19 vote after Bunning released his hold. The President signed this emergency measure into law later that evening. This is the fourth short-term extension of federal transportation law since September 2009.

The President convened an all day, bipartisan Congressional summit on health care on February 25 to revive faltering action in both Houses of Congress. Reports indicate a vote on a health care bill may take place in March. And prognosticators say if the legislation does not move forward before the Easter recess, it will likely be abandoned by this Congress.

Budget review is underway in Congress and both House and Senate Budget Committees began hearings on February 2. Senate Budget hearings focused on transportation and DOT Secretary Ray LaHood testified on February 24. Here is a link to the Secretary's statement

http://budget.senate.gov/democratic/testimony/2010/SBC_LaHood_022410.pdf

Committee Members were contacted to ask the Secretary for more specifics regarding his comments before Congress in support of assisting transit authorities with operating assistance. Although the question was not asked directly, it was submitted to the Secretary's office for a response for the record. The House budget committee hearing on transportation has not yet been scheduled.

Secretary LaHood also appeared before the House Transportation Appropriations Committee on February 3, but with no specifics regarding operating assistance. Here is the link to the Webcast

http://appropriations.house.gov/Subcommittees/sub_tranurb.shtml. He is scheduled to testify before Senate Transportation Appropriations on March 4, and requests have been made to secure Member questions regarding operating assistance and positive train control funding needs.

OCTA earmark requests for the Fiscal 2011 appropriations process have been submitted and are pending in the individual Congressional offices, until the Appropriations Committee sets its timetable for submission. Overall allocations are expected to be lower, in both the number of earmarks and the amounts, than last year.

Until very recently, there continues to be little to no discussion about reauthorization of federal transportation law or climate change legislation. During the deliberations of the short-term extensions, Majority Leader Reid made a commitment to Senator Voinovich (R-OH) that he would provide floor time for a long-term reauthorization bill later this year. Senator Voinovich was one of five Republican senators who voted with the Democrats on cloture for the first, \$15 million, jobs bill. This was the most promising indication that Senate leadership is keeping the possibility of a transportation reauthorization this year open. However, there have been several developments following the initial jobs bill vote. On Wednesday, March 3rd, Senator Boxer, in a meeting with House T & I Chairman Oberstar and Subcommittee chair DeFazio, indicated that she intends to use the House bill, which was passed out of the

Subcommittee on Highways and Transit, as the basis of the Senate EPW reauthorization bill. Additionally, on March 3rd, Transportation Secretary Ray LaHood told reporters at the American Association of State Highway and Transportation Officials conference (AASHTO) that the Administration will unveil its principles for a new multi-year transportation bill within the next 90 days.

SDA Outreach

Contact on Capitol Hill on behalf of OCTA

- Smith, Andrews, Gaines, Garson, Bailey with *Senate Majority Leader Reid, Majority Whip Durbin, Transportation Sub-committee Appropriations Chairman Murray, Sen. Wyden, Sen. Merkley, Transportation Sub-committee Appropriations Chairman Olver, Sen. Carper, Sen. Grassley, Sen. Mikulski, Rep. DeFazio* Members and staff, as well as appropriations, budget committee, finance and environment & public works staff on 2011 appropriations, earmarks, transit operating assistance, positive train control, alternative fuel tax credits, "Jobs Bill" and OCTA meetings;

- Smith meeting with new Clerk of the Senate Transportation Appropriations Subcommittee

- Gaines with *Sen's. Feinstein, Boxer and Rep. Loretta Sanchez*, staff on transit operating assistance, positive train control, alternative fuel tax credits and OCTA meetings

- Andrews with House Transportation Appropriations subcommittee staff and Senate EPA senior policy advisor and the Surface Transportation subcommittee Chairman and staff on transit operating assistance, SAFETEA-LU reauthorization and Projects of National and Regional Significance (PNRS) distribution and re-programming

- Gaines drafted letter regarding re-programming for Rep. Sanchez that was signed and forwarded to DOT

- Gaines drafted letter for OCTA approval to be sent to Sens. Feinstein and Boxer regarding operating assistance

- Gaines with district offices of Sens. Feinstein & Boxer regarding OCTA seminar

- Gaines with Rep. Roybal-Allard staff on PTC and the "NIIF"

- Bailey with Sen. Merkley to submit a "Question for the Record" to Secretary LaHood regarding operating assistance at Senate Budget hearing

- Garson with Sen. Carper staff on transit funding flexibility and OCTA meetings

- Garson with Rep. Carnahan staff regarding H.R. 2746 operating assistance flexibility

- Garson with House T&I staff on reauthorization, freight and financing mechanism for federal transportation programs

- Newman with House Energy & Commerce Committee staff on climate change legislation

Contact with Administration Discussion of transit operating assistance, positive train control, alternative fuel tax credits, "Jobs Bill" and reauthorization;

- Smith with White House Intergovernmental Deputy Michael Blake

- Andrews with US DOT Assistant Secretary Polly Trottenberg

- Burrell with US DOT Deputy Assistant Secretary David Kim

- Newman with FRA regarding HSR and PTC
- Smith meeting with DOT Deputy Assistant Secretary, Joanna Turner
- Smith and Andrews meeting with FTA Administrator, Peter Rogoff

Contact with relevant organizations on behalf of OCTA

- Burrell outreach to APTA to urge canvassing of transit authorities about up-to date job layoffs and service reductions
- Burrell outreach to National League of Cities on transit operating assistance
- Andrews outreach to a number of other transit Washington representatives, National Association of Counties and the Transportation Trades Department of the AFL-CIO on transit operating assistance
- Garson--US Conference of Mayors and National Association of Counties update meetings
- SDA group--outreach to Republican and Democratic leadership and Administration officials regarding activities related to jobs bill actions, ARRA funds distribution, appropriations preparations and reauthorization discussions



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board


Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer 
Subject: Fiscal Year 2009-10 Second Quarter Budget Status Report

Overview

The Orange County Transportation Authority's staff has implemented the fiscal year 2009-10 budget. This report summarizes the material variances between the budget plan and actual revenues and expenses.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2009-10 Budget on June 8, 2009. The approved budget itemized the anticipated revenues and expenses necessary to meet OCTA's transportation programs and service commitments. The OCTA budget is a compilation of individual budgets for each of OCTA's funds, including the General Fund; three enterprise funds; eight special revenue funds; two capital project funds; one debt service fund; four trust funds; and two internal service funds.

The approved revenue budget is \$1.21 billion comprised of \$708 million in current year revenues and \$506 million in use of reserves. The approved expenditure budget is \$1.21 billion with \$1.19 billion of current year expenditures and \$20 million of designations.

Discussion

Staff monitors and analyzes current year revenues and expenditures versus the amended budget. The attached report will provide a summary level of amendments, staffing levels, and provide explanations for any material budget-to-actual variances within each of the OCTA's programs and funds. The OCTA's programs include; Measure M (M1) Program, Measure M2 (M2)

Program, Transit Program, 91 Express Lanes Program, Commuter and Urban Rail Endowment Fund, General Fund, Motorist and Taxi Services Program, and Internal Services Funds.

The variance explanation section of the report is comprised of three sections. The first covers total OCTA information, amendments, staffing, revenues, operating, and capital expenditures. The second focuses on variance explanations by program or fund. Finally, the third is a high level closing summary of the variances within the report.

Variances within each of the three major categories (revenues, operating, and capital expenses) by program or fund, are explained when the dollar variance within each program is \$1 million or greater.

Attachment

- A. Quarterly Budget Status Report Second Quarter of Fiscal Year 2009-2010

Prepared by:

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Financial Planning and Analysis
(714) 560-5592

Approved by:

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

Item 16 - Fiscal Year 2009-10 Second Quarter Budget Status Report

Attachment A



Quarterly Budget Status Report

Second Quarter of Fiscal Year 2009-10

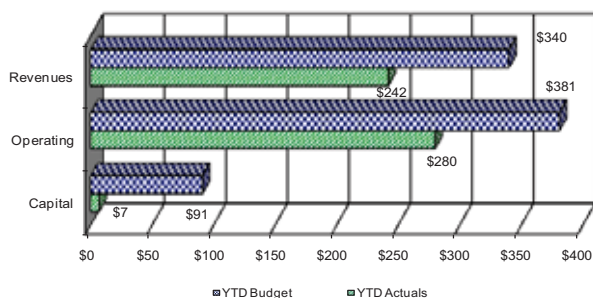
Overview

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2009-10 Budget on June 8, 2009. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and meet service commitments.

The downturn in the economy continues to impact OCTA through the second quarter of FY 2009-10. Actual revenues continue to underrun original expectations and all on-going projects with local funding continues to be scrutinized. An update on sales tax revenues is noted under the Measure M (M1) and Transit programs. In addition, 150,000 hours of directly operated fixed route service has been approved to be reduced in the March 2010 service change. The hiring limit also continues as a way of controlling costs.

This report summarizes the material variances between the budget plan and actual revenues and expenses for the fiscal year.

**Authority-Wide
Budget versus Actuals
(in millions)**



Amendments

In FY 2009-10, there have been two Board-approved budget amendments.

**Fiscal Year 2009-10 Amendments
(in thousands)**

Description	Amount
Approved Budget	\$ 1,213,776
Design and Support Services for Railroad Grade Separation Projects	3,000
Costa Mesa Freeway Continuous High Occupancy Vehicle Lane Access	475
Total Amended Budget	\$ 1,217,251

Staffing

A staffing plan of 1,858 full-time equivalent (FTE) positions was approved for the FY 2009-10 budget. At the end of the second quarter 1,719 of these positions were filled.

Amended Full-Time Equivalent Vacancy Rate

Staffing Description	Budget	Filled	Vacant	Vacancy Rate
Coach Operators	1,059	984	75	7.1%
Maintenance Union	242	216	26	10.7%
Transportation Communications International Union	48	43	5	10.4%
<i>Union Subtotal</i>	<i>1,349</i>	<i>1,243</i>	<i>106</i>	<i>7.9%</i>
Direct Transit Operations Support	206	191	15	7.3%
Other Administrative	303	285	18	5.9%
<i>Administrative Subtotal</i>	<i>509</i>	<i>476</i>	<i>33</i>	<i>6.5%</i>
Total Authority	1,858	1,719	139	7.5%

Total Authority Revenues

At the end of the second quarter, actual revenues of \$246.5 million were \$94.2 million under the budget of \$340.7 million. Material variances are explained below by program or fund group.

**Revenues
Year-to-Date
Budget versus Actuals
(in thousands)**

	Budget	Actuals	\$ Variance	% Variance
Transit	\$ 144,889	\$ 105,042	\$ (39,847)	-27.5%
General Fund	11,617	3,444	(8,173)	-70.4%
Measure M2 (M2)	13,735	815	(12,920)	-94.1%
M1	143,660	108,287	(35,373)	-24.6%
Motorist and Taxi Services	4,498	2,178	(2,320)	-51.6%
Commuter and Urban Rail				
Endowment Fund	1,882	1,851	(31)	-1.6%
Internal Service Funds	740	1,626	886	119.7%
91 Express Lanes	19,631	23,235	3,604	18.4%
Total	\$ 340,652	\$ 246,478	\$ (94,174)	-27.6%

Note: It is not uncommon for revenue reimbursements related to federal and state grants to be received in future years rather than the year in which they were originally budgeted.

Quarterly Budget Status Report - OCTA

Second Quarter of FY 2009 – 10

Total Authority Operating Expenses

At the end of the second quarter, actual operating expenses of \$284.3 million were \$96.4 million under the budget of \$380.7 million. Material variances are explained below by program or fund group.

Operating Expenses Year-to-Date Budget versus Actuals (in thousands)

	Budget	Actual	\$ Variance	% Variance
General Fund	\$ 46,407	\$ 37,872	\$ 8,535	18.4%
M2	42,624	17,029	25,595	60.0%
Transit	128,976	114,505	14,471	11.2%
M1	123,314	84,200	39,114	31.7%
Commuter and Urban Rail				
Endowment Fund	16,553	10,711	5,842	35.3%
Motorist and Taxi Services	4,269	3,624	645	15.1%
Internal Service Funds	5,908	3,938	1,970	33.3%
91 Express Lanes	12,668	12,438	230	1.8%
Total	\$ 380,719	\$ 284,317	\$ 96,402	25.3%

Total Authority Capital Expenses

At the end of the second quarter, actual capital expenses of \$11.5 million were \$79.1 million under the budget of \$90.6 million. Material variances are explained below by program or fund group.

Capital Expenses Year-to-Date Budget versus Actuals (in thousands)

	Budget	Actual	\$ Variance	% Variance
M2	\$ 36,411	\$ 1,833	\$ 34,578	95.0%
M1	49,610	7,013	42,597	85.9%
Transit	2,557	1,710	847	33.1%
Commuter and Urban Rail				
Endowment Fund	495	-	495	100.0%
91 Express Lanes	1,080	272	808	74.8%
General Fund	485	712	(227)	-46.8%
Total	\$ 90,638	\$ 11,540	\$ 79,098	87.3%

General Fund Variance Explanations

Year-to-Date (in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 11,617	\$ 3,444	\$ (8,173)	-70.4%
Operating	46,407	37,872	8,535	18.4%
Capital	485	712	(227)	-46.8%
Total	\$ 46,892	\$ 38,584	\$ 8,308	17.7%

Revenues: General Fund revenues underran the budget by \$8.2 million. The variance is attributed to state grants (\$3.7 million), Federal Capital Grants (\$2.4 million), and Congestion Mitigation and Air Quality (CMAQ) funds (\$2 million).

The underrun in state grants is due to State Transportation Improvement Program (STIP) Planning, Programming and Monitoring Program (PPM) funds (\$1.8 million) related to

FY 2009-10 and STIP funds for the bus rapid transit (BRT) design phase.

The reimbursement of STIP PPM FY 2009-10 funds will be received as projects under the program continue to incur expenses and reimbursements are sought.

STIP revenues associated with the BRT design phase are contributing \$1.9 million to underrun. Expenses related to these revenues have been incurred and reimbursements are expected to be sought through the remainder of the fiscal year.

Federal Capital Grants are contributing \$2.4 million to the underrun. This underrun is primarily associated with the New Freedoms Program (\$0.7 million) and the Jobs Access and Reverse Commute Program (JARC) (\$1.7 million). Expenses for these programs were incurred in the second quarter and request for reimbursements will follow in the third and fourth quarters.

CMAQ funds are contributing \$2 million to the variance as a result of the Jeffrey Road grade separation project. Reimbursement of funds for this project was budgeted to be received in the first two quarters of the fiscal year. However, expenses related to this phase of the project are scheduled to be incurred in the fourth quarter. Once expenses are incurred, reimbursements will be sought.

Operating: General Fund operating expenses underran the budget by \$8.5 million. The variance is attributed to the JARC program (\$3.3 million), New Freedoms Program (\$1.5 million), South County Major Investment Study (SOCMIS) Phase II (\$0.8 million), BRT project management services (0.7 million), video surveillance system (VSS) project (\$0.7 million), the Orange County/Los Angeles (OC/LA) Intercounty Corridor Study Phase II (\$0.6 million), Placentia Station improvement project (\$0.4 million), and Bristol Street Widening Project (\$0.3 million).

The JARC and New Freedoms programs are contributing a combined \$4.8 million to the variance. Both programs were originally scheduled to be expensed in the first quarter. However, the schedule was revised to accommodate all agencies' desiring to participate in the programs. As a result, invoices were received in the latter part of the second quarter and are on track to be posted in the third quarter of the fiscal year.

The SOCMIS Phase II project is contributing \$0.8 million to the variance due to a change in the timeline of the project. The cities involved are currently discussing the project and OCTA is

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anticipating receiving notice from the cities in the third quarter.

Management services for the BRT project are contributing \$0.7 million to the underrun. This is due to revisions in scope resulting in less than anticipated monthly expenditures.

The VSS project is contributing \$0.7 million to the variance. The VSS project is tied to the construction of the City of Fullerton parking structure. However, the construction of the structure is currently on hold pending the resolution of state bond sales.

The OC/LA Intercounty Corridor Study Phase II is contributing \$0.6 million to the underrun. The variance is due to additional technical studies for Phase I of the project that were requested by the Board. These studies are expected to be complete in the second quarter and expenses for the second phase are expected to be posted in the third quarter.

The Placentia Station improvement project is contributing \$0.4 million to the variance. Given the current economic climate, this project has been postponed to next fiscal year.

The Bristol Street Widening Project is moving forward but at a slightly slower pace than budgeted and is contributing \$0.3 million to the variance.

M1 Program Variance Explanations

Year-to-Date
(in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 143,660	\$ 108,287	\$ (35,373)	-24.6%
Operating	123,314	84,200	39,114	31.7%
Capital	49,610	7,013	42,597	85.9%
Total	\$ 172,924	\$ 91,213	\$ 81,711	47.3%

Revenues: M1 Revenues underran the budget by \$35.4 million. The variance is primarily attributed to Sales Tax Revenue (\$18.8 million) and Federal Capital Assistance Grants (\$15.5 million).

The underrun of \$18.8 million for sales tax revenue through the second quarter continues to be a direct result of the current economic climate.

Note: Using the June 2009 State Board of Equalization (SBOE) forecast, the year end estimate was anticipated to underrun by \$14.7 million. However, based on actuals through January 2010, OCTA expects total sales tax revenue by year-end to be under by approximately \$25.4 million.

The underrun in Federal Capital Assistance Grants is related to CMAQ funds (\$15.5 million) and is strictly a

timing issue. The delay in reimbursement of these revenues is due to the West County Connector (WCC) right-of-way (ROW), design, and construction management. OCTA is currently waiting approval of the authorization to proceed (E76 documentation) by the Federal Highway Administration (FHWA). Once received, this phase of the project will proceed and as expenses are incurred, revenues will be sought.

Operating: M1 Operating Expenses underran the budget by \$39.1 million. The variance is attributed to the Metrolink Service Expansion Plan (MSEP) rail cars and locomotives (\$26.8 million), the Streets and Roads Competitive Grants Program (\$7.8 million), and the Anaheim Regional Transportation Intermodal Center (ARTIC), \$3.9 million.

MSEP rail cars and locomotives are contributing \$26.8 million to the variance. The Southern California Regional Rail Authority (SCRRA) is the lead agency on the project and continues to utilize other sources of funds available for the project before beginning to invoice OCTA. Once these other sources of funds are utilized, OCTA will begin to receive invoices at a faster pace.

The underrun within the Streets and Roads Competitive Grants Program (\$7.8 million) is primarily related to invoices from cities running in arrears. Invoices are expected to be received throughout the fiscal year and actuals are anticipated to be in line with the budget by year-end.

The ARTIC project is contributing \$3.9 million to the overall variance. The variance is due to invoices from the city running in arrears. Invoices were received and will be posted in the third quarter. Expenses for this project are expected to be on track by year end.

Capital: M1 Capital Expenses underran the budget by \$42.6 million. The variance is attributed to the Santa Ana Freeway (Interstate 5) gateway capital construction, utility relocation, and ROW acquisition (\$27.9 million), property related to the MSEP (\$9 million), and the WCC ROW utility relocation and acquisitions project (\$3.7 million).

The Interstate 5 (I-5) Gateway project underran (\$27.9 million) is primarily due to three factors. First, invoices are currently running in arrears but are expected to catch up by year-end. In addition, the unpredictability of work required by each of the utility companies and the timing in which invoices are received by OCTA is contributing to this variance. Finally, ROW acquisitions are currently going through inverse condemnation. Expenses for ROW acquisitions are expected to be incurred once all legal matters are resolved.

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Property related to the MSEP is contributing \$9 million to the variance. The purchase of property for the MSEP project has taken longer than anticipated due to on-going negotiations and the value of two major parcels not yet determined due to condemnation.

The WCC ROW utility relocation project is contributing \$3.7 million to the variance. This was initially due to a longer than anticipated time line for the FHWA to issue the approval to proceed. However, that approval has since been granted and invoices are expected to be posted throughout the remainder of the fiscal year. However, ROW utility relocations expenses are not only difficult to project but the timing in which invoices are received for work that has been completed often runs in arrears.

M2 Program Variance Explanations

Year-to-Date
(in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 13,735	\$ 815	\$ (12,920)	-94.1%
Operating	42,624	17,029	25,595	60.0%
Capital	36,411	1,833	34,578	95.0%
Total	\$ 79,035	\$ 18,862	\$ 60,173	76.1%

Revenues: M2 revenues underran the budget by \$12.9 million. The variance is attributed to Federal Capital Assistance Grant revenues related to the Kramer Avenue and Lakeview Avenue Grade Separation Project (\$7.8 million), and the Orange Freeway (State Route 57) Widening Project (\$3.5 million).

Federal revenues (\$7.8 million) contributing to the variance are related to the Kramer Avenue and Lakeview Avenue Grade Separation projects and are underrunning due to a longer than expected period of time to complete the final design. OCTA has received the E76 documentation and expenses are expected to be incurred in the last two quarters of the fiscal year. Once expenses are posted, revenues will be sought thereafter.

This portion of state funding (\$3.5 million) for the State Route 57 (SR-57) widening project was initially anticipated to be sought for reimbursement by OCTA. However, it was later determined that California Department of Transportation (Caltrans) would request reimbursement of these funds directly from the state.

Operating: M2 Operating Expenses underran the budget by \$25.6 million. The variance is primarily attributed to the design, ROW support services, and city cooperative agreements for the grade separation projects (\$12.8 million), Grade Crossings Safety

Enhancements Project (\$4.2 million), and plans, specifications and estimates (PS&E) for the Riverside Freeway (State Route 91) between the I-5 and the SR-57 (\$4.3 million).

Contributing \$12.8 million to the overall variance is the design, ROW support services, and city cooperative agreements for the grade separation projects. The design phase was on-hold pending the review and approval of environmental documents by the FHWA. Approval of the environmental documents was granted at the end of the first quarter. The design phase is in its final stages and expenses are expected to be incurred in the third and fourth quarters.

Contributing \$4.2 million to the variance is the Grade Crossings Safety Enhancement Project. The variance is related to invoices running one quarter in arrears from the original forecast. The project is on schedule and expected to be on track by year end.

The PS&E for the State Route 91 (SR-91) between the I-5 and the SR-57 are contributing \$4.3 million to the variance. The time line for this phase of the project was revised due to environmental documents. The approval of these documents took longer than anticipated. However, the project is now moving forward and expected to be on track by year-end.

Capital: M2 capital expenses underran the budget of \$36.4 million by \$34.6 million. The underrun is attributed to environmental mitigation (\$15 million), grade separations ROW acquisition of land and building (\$10.1 million), SR-57 construction widening project (\$5.7 million), and grade crossing and quiet zone ROW (\$2 million).

Environmental mitigation related to the 13 freeway projects under M2 is contributing \$15 million to the variance. This expense was originally scheduled to be incurred quarterly. After further review, staff anticipates presenting recommended acquisitions of land to the Board in the third quarter.

The grade separations ROW acquisition of land and building, which is contributing \$10.1 million to the overall variance, was delayed due to the design phase taking longer than initially anticipated. E-76 documentation has been submitted and approval is estimated to be received in the third quarter.

The SR-57 construction widening project is contributing \$5.7 million to the variance. The variance was initially due to discussions with Caltrans regarding the amount of construction support services required for this project. However, the discussions did lead to a resolution and a request for

Quarterly Budget Status Report - OCTA

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proposal (RFP) for construction support services is expected to be issued in the fourth quarter.

The grade crossing and quiet zone ROW is contributing \$2 million to the overall variance. The underrun is due to continued discussions between SCRRA and OCTA whether a full-take or part-take is required for this project. A decision is now expected in the third quarter.

Transit Program Variance Explanations

Year-to-Date
(in thousands)

Revenues	\$ 144,889	\$ 105,042	\$ (39,847)	-27.5%
Operating	128,976	114,505	14,471	11.2%
Capital	2,557	1,710	847	33.1%
Total	\$ 131,533	\$ 116,215	\$ 15,318	11.6%

Revenues: Transit Revenues underran the budget by \$39.8 million. The variance is primarily attributed to Local Transportation Fund (LTF) sales tax revenue (\$13.2 million), Federal Operating Assistance Grants (\$12.9 million), Proposition 1B Capital funds (\$5.8 million), Farebox Revenues (\$3.7 million), and American Recovery and Reinvestment Act (ARRA) Capital cost of contracting funds (\$2.5 million).

The underrun of \$13.2 million for LTF revenue, through the second quarter is a result of the economic climate.

Note: Using the June 2009 SBOE forecast, the year-end estimate was anticipated to underrun by \$7.8 million. However, based on actuals through January 2010 and the Orange County Auditor-Controller's estimate for the remainder of the fiscal year, OCTA expects total sales tax revenue by year-end to be under by approximately \$16.5 million.

The underrun (\$12.9 million) in Federal Operating Grants is attributed to reimbursement from the Federal Transit Administration (FTA) for non-fixed route operating assistance related to OCTA's paratransit service. These funds are expected to be received in the fourth quarter.

The underrun in Proposition 1B funds (\$5.8 million) is primarily related to the fixed route and contract services radio system, which were budgeted to be expensed in the fourth quarter of this fiscal year.

Farebox revenues are contributing \$3.7 million to the underrun. This is primarily due to less than anticipated ridership, attributed to the current economic climate.

The underrun in ARRA Capital Cost of Contracting funds (\$2.5 million) is primarily due to contract service invoices running two months in arrears.

Operating: Transit Operating Expenses underran the budget by \$14.5 million. The variance is primarily attributed to Contributions to Other Agencies (\$5.2 million), fuels and lubricants (\$2.9 million), Contract Transportation Services (\$2.1 million), maintenance services and supplies (\$1 million), and security assessment services (\$0.6 million).

The variance (\$5.2 million) caused by Contributions to Other Agencies is related to the Bicycle, Pedestrian and Facilities Program (\$2.7 million) and the Gas Tax Exchange Program with local agencies (\$2.5 million). These expenses are currently both running one quarter in arrears.

The underrun (\$2.9 million) within fuels and lubricants can be attributed to lower than anticipated costs per gallon for liquefied natural gas (LNG), compressed natural gas (CNG), and diesel fuel. These fuels were originally budgeted at \$0.91 cents, \$0.38 cents, and \$2.93 per gallon, respectively. However, the current average cost per gallon for LNG is \$0.58 cents, \$0.13 cents for CNG, and \$2.14 per gallon for diesel fuel. It is important to note that the cost for both LNG and CNG includes the \$0.50 cent alternative fuel tax credit, which expired at the end of the quarter.

The underrun (\$2.1 million) in contract services is primarily related to invoices running one month in arrears. In addition, taxi service supplemental overnight service trips have been lower than anticipated.

The underrun (\$1 million) in maintenance services and supplies is made up of several expense categories which include equipment operations and maintenance (\$0.4 million), tires and tubes (\$0.2 million), underground tank testing and repair (\$0.2 million), and non-office supplies (\$0.2 million). Underruns in these areas are typically small but add up throughout the year. They are either expenses that are budgeted and utilized on an as needed basis, a result of invoices running in arrears, or savings as a result of lower than originally anticipated costs.

Security assessment services are contributing \$0.6 million to the underrun. This is primarily due to invoices running one month in arrears.

Quarterly Budget Status Report - OCTA

Second Quarter of FY 2009 – 10

Motorist and Taxi Services Program Variance Explanations

Year-to-Date
(in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 4,498	\$ 2,178	\$ (2,320)	-51.6%
Operating	4,269	3,624	645	15.1%
Capital	-	-	-	0.0%
Total	\$ 4,269	\$ 3,624	\$ 645	15.1%

Revenues: Motorist and Taxi services revenues underann the budget by \$2.3 million. The variance is due to Department of Motor Vehicles (DMV) fee revenues (\$1 million) for both the Service Authority for Abandoned Vehicles (SAAV) and Service Authority for Freeway Emergency (SAFE) programs. In addition, \$1.3 million of the variance is due to the Freeway Service Patrol (FSP).

Both FSP and DMV fee revenues are running one quarter in arrears, but are expected to be on track by year-end.

91 Express Lanes Program Variance Explanations

Year-to-Date
(in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 19,631	\$ 23,235	\$ 3,604	18.4%
Operating	12,668	12,438	230	1.8%
Capital	1,080	272	808	74.8%
Total	\$ 13,748	\$ 12,710	\$ 1,038	7.6%

Revenues: The 91 Express Lanes revenues overran the budget by \$3.6 million. The variance is attributed to higher than anticipated interoperable toll revenues (\$0.7 million), toll road revenues (\$1.6 million) and violation processing fees (\$0.5 million).

The overrun in funds is due to higher than anticipated traffic levels through the second quarter of the fiscal year.

Internal Services Funds Variance Explanations

Year-to-Date
(in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 740	\$ 1,626	\$ 886	119.7%
Operating	5,908	3,938	\$ 1,970	33.3%
Capital	-	-	-	0.0%
Total	\$ 5,908	\$ 3,938	\$ 1,970	33.3%

Operating: Internal Service Funds underann the budget by \$2 million. The variance is attributed to Workers Compensation (WC) Claims Expense, \$0.8 million and public liability/property damage

(PL/PD), \$1 million. Both of these accounts are difficult to project due to the unpredictability in the number of claims and their severity.

Commuter and Rail Endowment Fund Variance Explanations

Year-to-Date
(in thousands)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 1,882	\$ 1,851	\$ (31)	-1.6%
Operating	16,553	10,711	5,842	35.3%
Capital	495	-	495	100.0%
Total	\$ 17,048	\$ 10,711	\$ 6,337	37.2%

Operating: Commuter and Rail Endowment Fund (CURE) operating expenses underann the budget by \$5.8 million. The underrun is attributed to Metrolink operations and MSEP startup costs (\$2.2 million), Metrolink rehabilitation, renovation, and fencings (\$0.8 million), Relocation of the Los Angeles Unified School District (LAUSD) mail dock (\$0.7 million), the Los Angeles/San Diego Rail Corridor (LOSSAN) project (\$0.7 million), Santa Ana second main track (\$0.5 million), and the Eastern Maintenance Facility (\$0.4 million).

The variance of \$2.2 million related to the Metrolink operations and MSEP startup costs were budgeted to be expensed quarterly. However, MSEP startup costs are expected to be incurred during the third quarter.

The Metrolink rehabilitation/renovation/fencings project is contributing \$0.8 million to the variance. Specifications for this project are underway and expenses are expected to be on track by year-end.

The Relocation of the LAUSD Mail Dock is contributing \$0.7 million to the underrun. The project is currently on hold due to funding issues from other member agencies, but expectations are that all will be resolved by the third quarter and the project will continue to move forward.

The LOSSAN fencing project is contributing \$0.7 million to the variance. The underrun is due to revisions in the scope of work. Expenses are expected to take place in the third quarter.

The Santa Ana second main track project is contributing \$0.5 million to the underrun. SCRRRA is the lead agency on this project and anticipates billing OCTA by the third and fourth quarter of the fiscal year.

Finally, the Eastern Area Maintenance Facility is contributing \$0.4 million the underrun. This expense is to cover as needed maintenance for the facility and minor capital improvements. The funds are utilized

on an as needed basis and no expenses have been incurred to date.

Closing Summary

Revenues

In summary, OCTA's revenues underran the budget primarily due to Federal Capital Grants (\$15.5 million), Federal Operating Assistance Grants (\$12.9 million), Proposition 1B capital funds (\$5.8 million), State Grants (\$3.7 million), the ARRA capital cost of contracting funds (\$2.5 million), and CMAQ funds (\$2 million).

The receipt of these reimbursements is strictly a timing issue. These revenues are anticipated to be received once expenses for the projects they are funding are incurred and reimbursement is sought.

Furthermore, it is important to note that the current economic climate continues to affect both the M1 sales tax revenue and bus service related LTF sales tax revenue. These two sources of revenue are underrunning by \$18.8 million and \$13.2 million, respectively.

M1 sales tax revenues are expected to be \$25.4 million under the approved budget, based on SBOE's June 2009 forecast and actuals through January 2010.

LTF sales tax revenues, which support bus service, are expected to be approximately \$16.5 million less than budgeted by year-end (based on SBOE's June 2009 forecast projection and advances received through January 2010).

Finally, Farebox revenues were also under budget by \$3.7 million due to lower than anticipated ridership.

These underruns in revenues and lower ridership in the previous and current fiscal year required OCTA to implement a hiring limit on staffing levels, continue to reduce overhead costs, and decrease fixed route services levels.

Operating

Total operating expenditures underran the budget by \$96.4 million. The main drivers are the M1 Program (\$39.1million), M2 Program (\$25.6 million), Transit Program (\$14.5 million), and the General Fund (\$8.5 million).

The primary drivers include the MSEP rail cars and locomotives, the Streets and Roads Competitive Grants Program, grade crossing safety enhancement project, grade separation design project, the JARC program, New Freedoms Program, BRT project management services, contract services, and fuels.

All projects are underway, but the timing of expenditures is being affected by the stage of each project and the time required for unforeseen activities.

Capital

Capital expenses underran the budget by \$79.1 million. The main drivers are the M2 Program (\$42.6 million) and M1 Program (\$34.6 million)

As with operating expenses, the underrun in capital expenditures is primarily driven by timing issues related to projects within both programs.



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board


Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer 
Subject: Second Quarter Fiscal Year 2009-10 Grant Status Report

Overview

The Quarterly Grant Status Report summarizes grant activities for information purposes for the Orange County Transportation Authority Board of Directors. This report focuses on significant activity for the period of October through December 2009. The Quarterly Grant Status Report summarizes future and pending grant applications, awarded/executed and current grant agreements, as well as closed-out grant agreements.

Recommendation

Receive and file as an information item.

Discussion

The Orange County Transportation Authority's (OCTA) long-term, proactive planning approach ensures the effective utilization of limited capital and operating resources. One critical aspect of this proactive planning approach is to strategically seek and obtain federal, state, and local grant funding.

The ongoing grant activities are categorized by future grant applications, pending grant applications, awarded/executed grant agreements, current grant agreements, as well as closed grant agreements for Federal Transit Administration (FTA), and other discretionary grant programs.

Future Grant Applications

OCTA has six grant proposals currently under development as summarized on the next page as well as in Attachment A.

Fiscal Year (FY) 2011 Federal Transportation Appropriations Requests: FTA and Federal Highway Administration (FHWA)

- Staff is working collaboratively across all departments to develop a recommended list of project funding requests for consideration in the FY 2011 federal appropriations process. The project recommendations will be based on several factors, including the viable status of the project, funding need, and their benefits to Orange County. A proposed list of recommended project requests will be presented to the OCTA Board of Directors (Board) for consideration on January 25, 2010. Once approved, the final requests will be submitted to the Orange County Congressional Delegation in February and be considered for inclusion in the FY 2011 Transportation Appropriations Act.

FY 2011 FTA Bus and Bus Facilities Livability Initiative Program

- Work is underway to develop proposals to pursue capital funds made available for nationwide competition by the FTA through its Bus Livability Initiative Program. On December 8, 2009, the FTA announced the availability of \$150 million in previously unallocated bus capital funds to eligible FTA recipients. FTA will be evaluating eligible bus and bus facility projects based on several factors, including environmental sustainability, community benefits, funding need, local commitment, and project readiness. Project recommendations will be presented to the OCTA Board on January 25, 2010, for submittal to FTA on February 8, 2010.

FY 2010 California Transit Security Grant Program (CTSGP), Proposition 1B Transit System Safety, Security, and Disaster Response Account

- Project proposals are being developed to secure up to \$3.52 million allocated to OCTA through the FY 2010 CTSGP. The program is funded by Proposition 1B, supported through annual appropriations by the state legislature, and is administered by the California Emergency Management Agency (CalEMA) to eligible transit systems for safety, security, and disaster response projects. Several potential projects are being considered, including support for on-board bus surveillance and fire suppression systems. Guidelines for the FY 2010 program are expected to be finalized and made available in January with proposal due dates expected in February 2010. The funds do not require a local match contribution.

FY 2010 Department of Homeland Security (DHS) Transit Security Grant Program (TSGP)

- Staff continues to work in partnership with federal and state Homeland Security officials and regional transit agency representatives, including the Los Angeles County Metropolitan Transportation Authority (LACMTA), Southern California Regional Rail Authority (SCRRA), to secure \$9.5 million in security funds made available to the region through the FY 2010 TSGP. Proposals are being developed to pursue \$2.45 million in competitive security grants to support the implementation of on-board surveillance systems, which would equip approximately 141 existing transit vehicles. The proposals will also seek support for security training and exercises for transit personnel, as well as to develop a Crisis Communications Plan for the agency. These efforts are in keeping with OCTA security assessments as well as FTA's top 20 security program action items for transit agencies. Final submittals are due for review by the Transportation Security Administration on February 18, 2010. The security funds do not require a local match contribution.

FY 2011 FTA Regional Surface Transportation Program (RSTP) Fund Transfer

- Work is underway to facilitate the transfer of \$2.1 million in RSTP funds from FHWA to FTA as directed by the OCTA Board on November 26, 2009. The funds are to support initial planning activities needed to expand the Santa Ana Regional Transportation Center and the Fullerton Transportation Center. A fund transfer request will be submitted on January 8, 2010, for review by California Department of Transportation (Caltrans) as the designated administrative agency for FHWA. Once approved and transferred, the funds will be secured through a grant agreement with FTA.

FY 2009 FTA, Congestion Mitigation and Air Quality (CMAQ) Fund Transfer

- Work is underway to amend the use of \$16.5 million in CMAQ funds transferred from FHWA to FTA. In keeping with OCTA Board direction received on December 14, 2009, the funds will be reprogrammed to support the purchase of rolling stock as part of the Metrolink Service Expansion Program (\$14.26 million) with the remaining balance used to support rideshare services (\$2.24 million). An amended grant agreement with FTA is anticipated for federal review in February 2010.

Pending Grant Applications

The OCTA has three pending grant proposals awaiting award or approval, which are summarized below and in Attachment B.

FTA, Surface Transportation Program American Recovery and Reinvestment Act of 2009 (ARRA) Fund Transfer

- A transfer of \$500,000 in ARRA-Surface Transportation Program funds from FHWA to the FTA has been completed to support the purchase of three replacement alternative fuel transit buses as authorized by the OCTA Board on October 9, 2009. The buses are to be purchased and operated by the City of Laguna Beach to provide local trolley service. To facilitate the transfer, a grant agreement has been developed and is under review by FTA. The grant is anticipated to be executed in March 2010.

FY 2009 FTA Section 5307 Formula Capital Grant Program

- The FY 2009 FTA Section 5307 Formula Grant application has been finalized in cooperation with FTA and submitted for federal review on September 29, 2009. The grant agreement builds upon the FY 2009 program of projects approved by the OCTA Board on August 17, 2009. The grant captures \$58 million in federal capital and operating assistance to support OCTA's fixed route and paratransit operations, including preventive maintenance, capital cost of contracting, and support for the bicycle, pedestrian, and facilities program, as well as to enhance the security of the transit system. The grant is scheduled to be awarded and executed in February 2010.

FY 2009 CTSGP, Proposition 1B Transit System Safety, Security, and Disaster Response Account

- On April 16, 2009, staff submitted project proposals and financial documents needed to secure \$3.52 million allocated to OCTA through the FY 2009 CTSGP. As directed by the Board on February 23, 2009, the funds are to support upgrades to OCTA's transit communications system (\$3,435,574) and the installation of license plate recognition systems on OCTA Transit Police Service vehicles (\$85,000). Awards are pending the sale of state bonds. The funds do not require local match contributions or cost-sharing arrangements.

Awarded/Executed Grant Agreements

The OCTA has three awarded/executed grant agreements, which are summarized below and in Attachment C, D, and E.

FTA Section 5307 Transit Capital: ARRA of 2009

- On July 2009, OCTA executed a grant with FTA to secure all \$76.8 million in transit capital assistance funds allocated to OCTA through the ARRA. As directed by the OCTA Board on August 24, 2009, and in keeping with that allowed by the Supplemental Appropriations Act 2009 (P.L. 111-32), staff worked in cooperation with FTA to amend the grant agreement to make available \$7.7 million in stimulus funds for use towards OCTA fixed route transit operating expenses. The funds do not require a local match contribution. The amended grant agreement completed the federal review process and was executed on December 29, 2009.

FY 2009 TSGP: DHS

- On September 29, 2009, the United States DHS awarded OCTA \$880,000 in Transit Security Grant funds to support a variety of OCTA's security initiatives. As approved by the Board on July 27, 2009, the funds will be used to update OCTA's security plans, train and exercise OCTA staff on updated plan and counter-surveillance training, as well as implement a public awareness campaign for OCTA. The efforts are intended to help bring up-to-date OCTA's emergency protocols and procedures, ensure well-trained and practiced personnel, while enhancing security awareness among transit riders. The funds do not require local match contributions or cost-sharing arrangements.

FY 2009 State Transportation Improvement Program (STIP) - Programming, Planning, Monitoring (PPM)

- On October 30, 2008, the Caltrans approved the fund transfer agreement for the Annual STIP allocation for the programming, planning, monitoring in the amount of \$3.2 million. Reimbursable projects related to this program began in November 2009.

Current Grant Agreements - FTA

OCTA has ten current capital formula grants and five current capital discretionary grants, which are summarized below and in Attachments C and D (operating assistance only).

Capital Formula Grants: OCTA receives an annual formula capital grant from the FTA. There are ten active formula capital grants, totaling \$527 million. A total of \$427.4 million of these grants have been expended or obligated for procurement, leaving a remaining and available balance of \$99.6 million.

Capital Discretionary Grants: There are five active discretionary capital grants, totaling \$21.6 million. A total of \$4.5 million of these grants has been expended or obligated for procurement, leaving a remaining and available balance of \$17.2 million. The \$17.2 million available balance includes the construction of the Harbor Boulevard bus rapid transit (BRT) demonstration project, mobile fare equipment for OCTA, engineering design for BRT bus way, and security camera system for three existing commuter rail stations located in Fullerton, Santa Ana, and Tustin.

Current Grant Agreements - Other Discretionary Grants

OCTA has \$223.3 million in current other discretionary grants, which are summarized below and in Attachment E.

In addition to the specific grants outlined above, OCTA receives a variety of discretionary grants from sources such as Air Quality Management District Grant Program and Mobile Source Air Pollution Reduction Review Committee, State Office of Homeland Security, Federal Emergency Management Agency, STIP, State Proposition 1B, CMAQ, Caltrans, FHWA Grant Program, and the State Highway Fund. The remaining and available balance on these discretionary grants is \$63.5 million. These funds will be received on a reimbursement of eligible expense basis.

Closed Grant Agreements

There was one other discretionary grant closed this quarter as summarized in Attachment E.

Summary

This report provides an update of the grant funded activities for the second quarter of fiscal year 2009-10, October through December 2009. Staff recommends this report be received and filed as an information item.

Attachments

- A. Quarterly Grant Status Report, October through December 2009, Future Grant Applications
- B. Quarterly Grant Status Report, October through December 2009, Pending Grant Applications
- C. Quarterly Grant Status Report, October through December 2009, Current Formula and Discretionary Grants
- D. Quarterly Grant Status Report, October through December 2009, Operating Assistance Only
- E. Quarterly Grant Status Report, October through December 2009, Current Other Discretionary Grants
- F. Quarterly Grant Status Report, October through December 2009, Federal Transit Administration Capital Grant Index

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Quarterly Grant Status Report
October through December 2010
Future Grant Applications

ATTACHMENT A

Fiscal Year (FY) 2011 Federal Transportation Appropriations Requests: Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)

GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2011 Federal Transportation Appropriations Requests: Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	TBD	TBD	TBD	TBD	TBD	Staff is working collaboratively across all departments to develop a recommended list of project funding requests for consideration in the Fiscal Year 2011 federal appropriations process. The project recommendations will be based on several factors, including the viable status of the project, funding need, and their benefits to Orange County. A proposed a list of recommended project requests will be presented to the OCTA Board of Directors (Board) for consideration on January 25, 2010. Once approved, the final requests will be submitted to the Orange County Congressional Delegation in February and be considered for inclusion in the FY 2011 Transportation Appropriations Act.

FY 2011 FTA Bus and Bus Facilities Livability Initiative Program

GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2011 FTA Bus and Bus Facilities Livability Initiative Program	TBD	TBD	TBD	February 2010	April 2010	Work is underway to develop proposals to pursue capital funds made available for nationwide competition by the FTA through its Bus Livability Initiative Program. On December 8, 2009, the FTA announced the availability of \$150 million in previously unallocated bus capital funds to eligible FTA recipients. FTA will be evaluating eligible bus and bus facility projects based on several factors, including environmental sustainability, community benefits, funding need, local commitment, and project readiness. Project recommendations will be presented to the OCTA Board on January 25, 2010, for submittal to FTA on February 8, 2010.

FY 2010 California Transit Security Grant Program (CTSGP), Proposition 1B Transit System Safety, Security, and Disaster Response Account

GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2010 California Transit Security Grant Program (CTSGP), Proposition 1B Transit System Safety, Security, and Disaster Response Account	\$ 3,520,000	\$ 880,000	\$ 4,400,000	February 2010	April 2010	Project proposals are being developed to secure up to \$3.52 million allocated to OCTA through the FY 2010 CTSGP. The program is funded by Proposition 1B, supported through annual appropriations by the state legislature, and is administered by the California Emergency Management Agency (CalEMA) to eligible transit systems for safety, security, and disaster response projects. Several potential projects are being considered, including support for on-board bus surveillance and fire suppression systems. Guidelines for the FY 2010 program are expected to be finalized and made available in January with the proposal due dates expected in February 2010. The funds do not require a local match contribution.

**Quarterly Grant Status Report
October through December 2010
Future Grant Applications**

FY 2010 Department of Homeland Security Transit Security Grant Program (TSGP)

GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2010 Department of Homeland Security Transit Security Grant Program (TSGP)	\$ 2,450,000	\$ 612,500	\$ 3,062,500	February 2010	April 2010	Staff continues to work in partnership with federal and state Homeland Security officials and regional transit agency representatives, including the Los Angeles County Metropolitan Transportation Authority (LACMTA), Southern California Regional Rail Authority (SCRRA), to secure \$9.5 million in security funds made available to the region through the FY 2010 TSGP. Proposals are being developed to pursue \$2.45 million in competitive security grants to support the implementation of onboard surveillance systems, which would equip approximately 141 existing transit vehicles. The proposals will also seek support for security training and exercises for transit personnel, as well as to develop a Crisis Communications Plan for the agency. These efforts are in keeping with OCTA security assessments as well as FTA's top 20 security program action items for transit agencies. Final proposals are due for review by the Transportation Security Administration on February 18, 2010. The security funds do not require a local match contribution.

FY 2011 Federal Transit Administration (FTA) Regional Surface Transportation Program (RSTP) Fund Transfer

GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2011 Federal Transit Administration (FTA) Regional Surface Transportation Program (RSTP) Fund Transfer	\$ 2,100,000	\$ 525,000	\$ 2,625,000	January 2010	January 2010	Work is underway to facilitate the transfer of \$2.1 million in RSTP funds from FHWA to FTA as directed by the OCTA Board on November 26, 2009. The funds are to support initial planning activities needed to expand the Santa Ana Regional Transportation Center and the Fullerton Transportation Center. A fund transfer request was submitted on January 8, 2010, for review by California Department of Transportation (Caltrans) as the designated administrative agency for FHWA. Once approved and transferred, the funds will be secured through a grant agreement with FTA.

FY 2009 FTA, Congestion Mitigation and Air Quality (CMAQ) Fund Transfer

GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2009 FTA, Congestion Mitigation and Air Quality (CMAQ) Fund Transfer	\$ 16,500,000	\$ 4,125,000	\$ 20,625,000	February 2010	April 2010	Work is underway to amend the use of \$16.5 million in CMAQ funds transferred from FHWA to FTA. In keeping with OCTA Board direction received on December 14, 2009, the funds will be reprogrammed to support the purchase of rolling stock as part of the Metrolink Service Expansion Project (\$14.26 million) with the remaining balance used to support rideshare services (\$2.24 million). An amended grant agreement with FTA is anticipated for federal review in February 2010.

Total	\$ 24,570,000	\$ 6,142,500	\$ 30,712,500
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Quarterly Grant Status Report
October through December 2010
Pending Grant Applications

ATTACHMENT B

FTA, Surface Transportation Program (FHWA) American Recovery and Reinvestment Act of 2009 (ARRA) Fund Transfer						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Laguna Beach Trolleys	\$ 500,000	\$ -	\$ 500,000	July 2009	March 2010	A transfer of \$500,000 in ARRA-Surface Transportation Program funds from FHWA to the FTA has been completed to support the purchase of three replacement alternative fuel transit buses as authorized by the OCTA Board on October 9, 2009. The buses are to be purchased and operated by the City of Laguna Beach to provide local trolley service. To facilitate the transfer, a grant agreement has been developed and is under review by FTA. The grant is anticipated to be executed in March 2010.

Fiscal Year (FY) 2009 FTA Section 5307 Formula Capital Grant Program						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	ESTIMATED SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Fiscal Year 2009 Section 5307 Bus Application	\$ 58,040,827	\$ 50,453,589	\$ 108,494,416	September 2009	February 2010	The FY 2009 FTA Section 5307 Formula Grant application has been finalized in cooperation with FTA and submitted for federal review on September 29, 2009. The grant agreement builds upon the FY 2009 program of projects approved by the OCTA Board on August 17, 2009. The grant captures \$58 million in federal capital and operating assistance to support OCTA's fixed route and paratransit operations, including preventive maintenance, capital cost of contracting, and support for the bicycle, pedestrian, and facilities program, as well as to enhance the security of the transit system. The grant was awarded and executed in February 2010.

FY 2009 California Transit Security Grant Program (CTSGP), Proposition 1B Transit System Safety, Security, and Disaster Response Account						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	ESTIMATED APPROVAL DATE	STATUS
Proposition 1B Transit System Safety, Security, and Disaster Response Account (TSSSDRA)	\$ 3,520,574	\$ -	\$ 3,520,574	April 2009	February 2010	On April 16, 2009, staff submitted project proposals and financial documents needed to secure \$3.52 million allocated to OCTA through the FY 2009 CTSGP. As directed by the Board on February 23, 2009, the funds are to support upgrades to OCTA's transit communications system (\$3,435,574) and the installation of license plate recognition systems on OCTA Transit Police Service vehicles (\$85,000). Awards are pending the sale of state bonds. The funds do not require local match contributions or cost-sharing arrangements.

Total	\$ 62,061,401	\$ 50,453,589	\$ 112,514,990
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Quarterly Grant Status Report
October through December 2010
Current Formula and Discretionary Grants

Federal Transit Authority Section 5307, 5309, 5316, 5317 and ARRA Grant Funds

Federal Transit Authority Section 5307 - Urbanized Area Formula Capital Grant Program

Formula grants funded by the Transportation Equity Act for the 21st Century.

Funds are generally used to purchase revenue vehicles, vehicle and facility modifications and bus related equipment.

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
Fiscal Year 2009 Congestion Mitigation and Air Quality	\$ 5,200,000	\$ 1,300,000	\$ 6,500,000	\$ -	\$ -	\$ 6,500,000
Fiscal Year 2008	52,551,072	6,416,088	58,967,160	43,920,316	1,570,096	13,476,748
Fiscal Year 2007 Congestion Mitigation and Air Quality	5,616,267	651,984	6,268,251	2,951,429	1,720,511	1,596,311
Fiscal Year 2007	48,631,827	5,678,239	54,310,066	39,186,298	81,998	15,041,770
Fiscal Year 2006	47,043,235	5,562,746	52,605,981	34,726,586	1,196	17,878,199
Fiscal Year 2005	88,923,097	10,618,894	99,541,991	95,051,363	4,446,776	43,852
Fiscal Year 2001	35,613,774	4,910,432	40,524,206	37,522,852	-	3,001,354
Formula Grants Total	\$ 283,579,272	\$ 35,138,383	\$ 318,717,655	\$ 253,358,844	\$ 7,820,577	\$ 57,538,234

Note: The remaining balance reflects funds in an approved grant waiting for the procurement contract.

FTA Section 5307 Transit Capital: American Recovery and Reinvestment Act of 2009 (ARRA)

Formula grants funded by the Transportation Equity Act for the 21st Century.

Amendment #1 to CA-95-X015 adds a new line item to support Fixed Route Operating Assistance (ALI 30.90.01)

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
Preventive Maintenance & Formula Grants	\$ 69,122,011	\$ -	\$ 69,122,011	\$ 44,436,270	\$ 373	\$ 24,685,368
Sub-Total	\$ 69,122,011	\$ -	\$ 69,122,011	\$ 44,436,270	\$ 373	\$ 24,685,368

FTA Section 5316 Jobs Access Reverse Commute Program (JARC)

Formula grants funded by the Transportation Equity Act for the 21st Century.

Grants provide funds to support new transit services and establish mobility management programs to assist low-income individuals.

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
Fiscal Year 2009 Section 5316 JARC	\$ 3,485,080	\$ 871,270	\$ 4,356,350	\$ -	\$ -	\$ 4,356,350
Formula Grants Sub-Total	\$ 3,485,080	\$ 871,270	\$ 4,356,350	\$ -	\$ -	\$ 4,356,350

FTA Section 5317 New Freedom Initiative

Formula grants funded by the Transportation Equity Act for the 21st Century.

Grants provide funds to support new transit services and establish mobility management programs to enhance transit access for persons with disabilities.

Formula Grants GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
Fiscal Year 2009 Section 5317 New Formula Grants	\$ 4,256,923	\$ 1,064,231	\$ 5,321,154	\$ -	\$ -	\$ 5,321,154
Sub-Total	\$ 4,256,923	\$ 1,064,231	\$ 5,321,154	\$ -	\$ -	\$ 5,321,154

Quarterly Grant Status Report
October through December 2010
Current Formula and Discretionary Grants

Federal Transit Authority Section 5307, 5309, 5316, 5317 and ARRA Grant Funds

Federal Transit Authority Section 5309 - Discretionary Capital Grant Program

Discretionary grants funded by the Transportation Equity Act for the 21st Century.

Grants provide capital funds for projects that improve efficiency and coordination of transportation systems.

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
Alternative Fuels Replacement Bus	\$ 247,507	\$ 50,694	\$ 298,201	\$ -	\$ -	\$ 298,201
Fiscal Year 2009 Bus Application	4,837,841	1,209,460	6,047,301	-	-	6,047,301
Fiscal Year 2008 Bus Program	7,021,300	1,727,839	8,749,139	1,545,093	-	7,204,046
Fiscal Year 2006 Bus Application	970,874	242,719	\$ 1,213,593	239,656	-	973,937
Fiscal Year 2005 Bus Application	4,344,932	1,037,983	\$ 5,382,915	2,704,959	-	2,677,956
Discretionary Grants Sub-Total	\$ 17,422,454	\$ 4,268,695	\$ 21,691,149	\$ 4,489,708	\$ -	\$ 17,201,441

Note: The above grant amounts include Federal Transit Authority amount and Orange County Transportation Authority local match but excludes operating assistance.

The federal funds allocated for operating assistance can be found in Attachment D.

Formula Grants Total Excluding Operating	\$ 360,443,286	\$ 37,073,884	\$ 397,517,170	\$ 297,795,114	\$ 7,820,950	\$ 91,901,106
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Formula Grants Total Operating only	\$ 30,954,348	\$ 98,523,319	\$ 129,477,667	\$ 121,797,443	\$ -	\$ 7,680,224
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Formula Grants Total	\$ 391,397,634	\$ 135,597,203	\$ 526,994,837	\$ 419,592,557	\$ 7,820,950	\$ 99,581,330
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Discretionary Grants Total	\$ 17,422,454	\$ 4,268,695	\$ 21,691,149	\$ 4,489,708	\$ -	\$ 17,201,441
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Formula and Discretionary Grant Total	\$ 408,820,088	\$ 139,865,898	\$ 548,685,986	\$ 424,082,265	\$ 7,820,950	\$ 116,782,771
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Quarterly Grant Status Report
October through December 2010
Operating Assistance Only

Federal Transit Administration Section 5307 Grant Funds

Federal Transit Administration Section 5307 - Urbanized Area Formula Capital Grant Program

Note: Operating Assistance Only

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	Federal Transit Administration DATE PAID
Fiscal Year 2009 (ARRA)	\$ 7,680,224	\$ -	\$ 7,680,224	January 14, 2010
Fiscal Year 2008 *	5,255,107	18,759,832	24,014,939	June 6, 2008
Fiscal Year 2007 *	4,863,183	19,151,756	24,014,939	December 12, 2007
Fiscal Year 2006 *	4,659,324	19,355,615	24,014,939	October 3, 2006
Fiscal Year 2005 *	5,341,510	24,844,621	30,186,131	October 4, 2005
Fiscal Year 2001 *	3,155,000	16,411,495	19,566,495	March 8, 2002
Formula Grants Total	\$ 30,954,348	\$ 98,523,319	\$ 129,477,667	

Note: * Includes Americans with Disabilities Act Paratransit Operating Assistance "ONLY"

**Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants**

DISCRETIONARY ALLOCATIONS

Air Quality Management District Grant Program and Mobile Source Air Pollution Reduction Review Committee Provides grants for the purchase of clean fuel revenue vehicles and other activities to reduce mobile source emissions.					
CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
Fiscal Year 2002-03 Air Quality Management District Contract C-0-7320 Revenue Contract C-7- 1248	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	Staff submitted reimbursement for \$990,000 on November 17, 2008. Staff has been working with AQMD to to revise reimbursement requests per their recommended comments. OCTA will resubmit revised invoice and reports to AQMD in March 2010.
Fiscal Year 2006 Mobile Source Air Pollution Reduction Committee Contract M-S-06002 Revenue Contract C-7- 1246	928,000	-	928,000	333,580	Executed the grant in November 2007. This grant provides funding for the purchase and implementation of automated vehicle locator and mobile data terminal equipment to increase the efficiency of the Freeway Service Patrols. The award requires a minimum 25 percent match funded through the Orange County Service Authority for Freeway Emergencies. A Grant Contract modification was executed and reimbursements to date from the Mobile Source Air Pollution Reduction Committee total \$594,420. Project will continue for three years.
Fiscal Year 2008 Mobile Source Air Pollution Reduction Committee Contract # TBD Revenue Contract Cxxxxx	1,500,000	-	1,500,000	1,500,000	Awarded by the Mobile Source Air Pollution Reduction Review Committee on November 15, 2007, to implement a "Big Rig" pilot program intended to ease congestion by removing disabled trucks along the highly congested Riverside Freeway. This pilot service would operate similar to the Freeway Service Patrol to help mitigate the impacts of goods movement. This project has been delayed for at least one year (FY 2011) as the CHP and OCTA do a more in-depth study for the need for this project.
Fiscal Year 2008 - Alternative Fuels Infrastructure Program Contract M-S-O8057 Revenue Contract C-9-0469	400,000	-	400,000	138,696	On July 11, 2008, the Mobile Source Air Pollution Reduction Committee awarded OCTA \$400,000 in competitive grant funds from its Alternative Fuels Infrastructure Program. The award will offset the capital costs of implementing a new compressed natural gas fueling station at the Garden Grove base facility, while allowing local funds to be used towards other OCTA projects and programs. The contract was executed on May 14, 2009. First reimbursement for \$261,304 was received on December 22, 2009.
Total - AQMD / MSRC	\$ 3,828,000	\$ -	\$ 3,828,000	\$ 2,972,276	

Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants

DISCRETIONARY ALLOCATIONS

State Office of Homeland Security

These grants are to be used for the protection of the Orange County's transportation system.

CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
Fiscal Year 2006 Transit Security Grant Program	\$ 950,000	\$ -	\$ 950,000	\$ 200,000	Funds on-board bus cameras, surveillance system at the Buena Park Rail Station and development of a Comprehensive Emergency Operations Plan. Two reimbursement requests for expenditures from separate fiscal years for on-board bus cameras and Buena Park rail station video surveillance systems. Total to date received is \$750,000.
Fiscal Year 2007 (supplemental) Transit Security Grant Program	550,000	-	550,000	150,000	Funds on-board bus surveillance system, a training exercise, and training program. Total to date received is \$400,000.
Fiscal Year 2008 Transit Security Grant Program	409,000	-	409,000	409,000	Grant funds will be utilized to develop and conduct an exercise and training program aimed at reducing safety and security risks associated with OCTA's alternative fuel vehicles and infrastructure. The program will seek feedback from local first responder agencies and equipment manufacturers, update protocols and procedures, and provide training to OCTA transit frontline personnel.
Fiscal Year 2009 Transit Security Grant Program	880,000	-	880,000	880,000	On September 29, 2009, the United States DHS awarded OCTA \$880,000 in Transit Security Grant funds to support a variety of OCTA's security initiatives. As approved by the Board on July 27, 2009, the funds will be used to update OCTA's security plans, train and exercise OCTA staff on updated plan and counter-surveillance training, as well as implement a public awareness campaign for OCTA. The efforts are intended to help bring up-to-date OCTA's emergency protocols and procedures, ensure well-trained and practiced personnel, while enhancing security awareness among transit riders. The funds do not require local match contributions or cost-sharing arrangements.

Total - TSGP	\$ 2,789,000	\$ -	\$ 2,789,000	\$ 1,639,000
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Federal Emergency Management Agency

State of California Emergency Management Agency

CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
November 2008 Freeway Complex Wildfire Cost Recovery	\$ 65,809	\$ -	\$ 65,809	\$ 59,420	Wild fire recovery eligible costs include the clean-up and replacement of a storage shed, equipment, and damaged asphalt (\$52,313), repairs to the communications antenna and cabling (\$11,626), and vehicle and overtime costs (\$1,870). Due to payment request modifications, reimbursement has been delayed until March 2010.

Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants

DISCRETIONARY ALLOCATIONS					
State Transportation Improvement Program					
CURRENT GRANT	CALTRANS QUALITY ASSURANCE/QUAL	OCTA TOTAL GRANT AMOUNT	STATE GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
2006 State Transportation Improvement Program Capital BRT (PS&E)	\$ -	\$ 8,310,000	\$ 8,310,000	\$ 1,097,719	West Orange County Bus Rapid Transit Guideway, Design Phase (Plans, Specifications and Estimates). Reimbursement received to date is \$7,212,281.
2007 State Transportation Improvement Program Capital Placentia Rail Station (PS&E)	-	2,500,000	2,500,000	2,244,018	Placentia Rail Station Design phase (Plans, Specifications and Estimates). Contract C71294 executed October 2, 2008, with Willdan for PS&E. Reimbursement to date is \$255,982.
2008 State Transportation Improvement Program Capital Tustin Rail Station (PS&E)	-	1,100,000	1,100,000	884,587	Tustin Rail Station Design phase (Plans, Specifications and Estimates). Reimbursement to date is \$215,413.
2008 State Transportation Improvement Program El Camino Real Soundwall (PS&E)	-	646,000	646,000	42,594	Funding for the Santa Ana Freeway El Camino Real Soundwall, design phase (Plans, Specifications and Estimates). Reimbursements received to date total \$603,406.64
2008 State Transportation Improvement Program Capital Avenida Vaquero Soundwall (PS&E)	-	620,000	620,000	36,530	Funding for the Santa Ana Freeway Avenida Vaquero Soundwall, design phase (Plans, Specifications and Estimates). Total Reimbursement received to date is \$583,470.
Total - STIP	\$ -	\$ 13,176,000	\$ 13,176,000	\$ 4,305,449	

**Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants**

DISCRETIONARY ALLOCATIONS					
State Transportation Improvement Program Programming, Planning, Monitoring (PPM)					
CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
Fiscal Year 2004 Program	\$ 3,500,000	\$ -	\$ 3,500,000	\$ 3,500,000	Annual State Transportation Improvement Program allocation for the programming, planning, monitoring. Submitted final reimbursement for \$3.5 million to California Department of Transportation (Caltrans) District 12 on February 5, 2008. Staff has been working diligently in recent months to satisfy the additional requested information to complete the reimbursement request. Per Caltrans staff, reimbursement and close-out of this project is expected to be completed in April 2010.
Fiscal Year 2005 Program	1,287,000	-	1,287,000	801,761	Annual State Transportation Improvement Program allocation for the programming, planning, monitoring. Final reimbursement for \$749,000 was submitted on October 10, 2007 and is being reviewed at Caltrans District 12. Staff has been working diligently in recent months to satisfy the additional requested information to complete the reimbursement request. Per Caltrans staff, reimbursement and close-out of this project is expected to be completed in May 2010.
Fiscal Year 2006 Program	1,777,000	-	1,777,000	166,108	Annual State Transportation Improvement Program allocation for the programming, planning, monitoring. Final reimbursement for \$166,108 was submitted on June 23, 2008 and is being reviewed at Caltrans District 12. Staff has been working diligently in recent months to satisfy the additional requested information to complete the reimbursement request. Per Caltrans staff, reimbursement and close-out of this project is expected to be completed in April 2010.
Fiscal Year 2007 Program	1,531,000	-	1,531,000	743,609	Annual State Transportation Improvement Program allocation for the programming, planning, and monitoring. Received payment of \$787,391 on July 17, 2008. Reimbursement for \$743,609 was submitted on June 24, 2009. Staff has been working diligently in recent months to satisfy the additional requested information to complete the reimbursement request. Per Caltrans staff, reimbursement and close-out of this project is expected to be completed in June 2010.
Fiscal Year 2008 Program	1,531,000	-	1,531,000	1,531,000	Annual State Transportation Improvement Program allocation for the programming, planning, and monitoring. On November 10, 2009 a reimbursement request of \$953,845 was submitted. Staff is working with Caltrans to satisfy additional questions.
Fiscal Year 2009 Program	3,215,000	-	3,215,000	3,215,000	Annual State Transportation Improvement Program allocation for the programming, planning, and monitoring. On November 10, 2009 a reimbursement request of \$560,000 was submitted. Staff is working with Caltrans to satisfy additional questions.
Total - STIP PPM	\$ 9,626,000	\$ -	\$ 9,626,000	\$ 6,742,478	

**Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants**

DISCRETIONARY ALLOCATIONS					
State Proposition 1B					
State Funding for the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)					
CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
Fiscal Year 2008 Cycle 1 #6061-0002OES ID # 059-91032	\$ 17,138,093	\$ -	\$ 17,138,093	\$ 2,784,677	Currently, 140 of the 173 paratransit vehicles have been placed into revenue service. A total of \$15,086,315.26 has been transferred from Prop 1B cash account to Fund 30 as revenue reimbursement. Contract C81315 for the procurement of the remaining 33 paratransit vans was approved by the Board on June 22, 2009. Delivery of the 33 paratransit vans will begin in April 2010.
Fiscal Year 2008 Cycle 1 #6061-0002OES ID # 059-91032	4,393,593	-	4,393,593	389,436	Currently making quarterly capital lease payments for Anaheim compressed natural gas fueling facility and transferring funds from Prop 1B cash account to Fund 30 as revenue reimbursement. Transferred funds in the amount of \$1,708,983 from the Irvine CNG Project.
Fiscal Year 2008 Cycle 1 #6061-0002OES ID # 059-91032	3,698,840	-	3,698,840	398,720	Currently making quarterly capital lease payments for the Garden Grove compressed natural gas fueling facility and transferring funds from Prop 1B cash account to Fund 30 as revenue reimbursement. Transferred funds in the amount of \$975,622 from the Irvine CNG Project.
Fiscal Year 2008 Cycle 1 #6061-0002OES ID # 059-91032	7,737,225	-	7,737,225	7,737,225	ACCESS/fixed radio system upgrade. \$5.5 million of these funds will be redistributed to land acquisition at the Garden Grove and Irvine/Construction Circle Bases. The balance of \$2,237,225 will be utilized as the local match for the Section 5307 federal formula grants on the radio project.
Fiscal Year 2009 Cycle 1 #6061-0002OES ID # 059-91032	18,571,677	-	18,571,677	18,571,677	Orange County Metrolink Service Expansion Program (MSEP). The funding for the MSEP is categorized into three general areas: turnback facilities, layover facilities and reliability improvements. Construction has begun, staff is currently preparing invoices for reimbursement.

Total - Prop. 1B (PTMISEA)	\$ 51,539,428	\$ -	\$ 51,539,428	\$ 29,881,735	
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Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants

DISCRETIONARY ALLOCATIONS

State Proposition 1B Transit Security Grant Program (CTSGP) Transit System Safety, Security, and Disaster Response Account (TSSSDRA)					
CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
FY 2008 Proposition 1B Transit System Safety, Security, and Disaster Response Account	\$ 818,450	\$ -	\$ 818,450	\$ 818,450	No activity to date for the commuter rail right-of-way fencing project. Project has been included in the FY 2010 Budget.
FY 2008 Proposition 1B Transit System Safety, Security, and Disaster Response Account	802,124	-	802,124	789,265	Funds were transferred from account code 2166-9022-D3107-K6M (\$200K) for the video surveillance systems for base facilities project. A scope of work (SOW) was developed and sent out for proposals which were originally scheduled to be received on January 20. On January 5, legal counsel sent an opinion that these types of projects can be done as a design build procurement. OCTA cancelled the request for proposal and is revising the SOW for a design/build procurement to be issued shortly. There is a requisition (# 6193) in place in Contracts, Administration and Materials Management. A contract was executed on June 23, 2009, with consultant TRC Solutions, Inc. (\$120,278.88) to develop a design/build package which will consist of design criteria, performance standards, plans, and specifications. When the final design build package is submitted by TRC solutions, CAMM will post a Invitation for Bidders on CAMM Net for contractors (design/builders) to construct the project at the four OCTA bus bases, based on TRC Solutions design/build criteria. Revenue was received in the amount of \$12,859.
FY 2008 Proposition 1B Transit System Safety, Security, and Disaster Response Account	754,000	-	754,000	742,358	Funds were transferred from account code 2166-9022-D3107-EY1 (\$500K) for the key card access systems for base facilities project. A scope of work (SOW) was developed and sent out for proposals which were originally scheduled to be received on January 20. On January 5, legal counsel sent an opinion that these types of projects can be done as a design build procurement. OCTA cancelled the request for proposals (RFP) and is revising the scope of work for a design/build procurement to be issued shortly. There is a requisition (# 6194) in place in CAMM. A contract was executed on June 23, 2009, with TRC Solutions, Inc. (\$120,278.88) to develop a design/build package which will consist of design criteria, performance standards, plans, and specifications. When the final design build package is submitted by TRC solutions, CAMM will post a Invitation for bidders on CAMM Net for contractors (design/builders) to construct the project at the four OCTA bus bases, based on TRC Solutions design/build criteria. Revenue was received in the amount of \$11,642.
FY 2008 Proposition 1B Transit System Safety, Security, and Disaster Response Account	273,100	-	273,100	175,178	Cooperative Agreement with Southern California Regional Rail Authority to fund grade crossing monitors in Orange County was authorized by the Board on June 22, 2009. Revenue was received in the amount of \$97,922.
Total - Prop. 1B (TSSSDRA)	\$ 2,647,674	\$ -	\$ 2,647,674	\$ 2,525,251	

Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants

DISCRETIONARY ALLOCATIONS

**Federal Highway Administration Grant Program Congestion Mitigation Air Quality (CMAQ)
Federal funding for the Garden Grove Project Construction**

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
Fiscal Year 2004	\$ 101,276,120	\$ -	\$ 101,276,120	\$ 63,109	Funding for the construction of carpool lanes on the Garden Grove Freeway. Amount received to date is \$101,213,011. Staff will seek final reimbursement of \$63,109 after plant establishment is completed in February 2010.
Fiscal Year 2007	26,000,000	-	26,000,000	3,173,978	West County Connectors Project. Funding for the design of the high occupancy vehicle direct connectors from Garden Grove Freeway to the San Diego Freeway and the San Gabriel Freeway. Reimbursements to date of \$22,826,022. The design phase is concluding and moving into the right-of-way phase.
Fiscal Year 2008	12,167,740	-	12,167,740	12,167,740	West County Connectors Project. Funding right-of-way phase of the high occupancy vehicle direct connectors from Garden Grove Freeway to the San Diego Freeway and the San Gabriel Freeway. The first reimbursement for \$357,778.47 was sent out on January 19, 2010.

Total - CMAQ	\$ 139,443,860	\$ -	\$ 139,443,860	\$ 15,404,827
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Total Other Discretionary	\$ 209,939,771	\$ 13,176,000	\$ 223,115,771	\$ 63,530,436
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Quarterly Grant Status Report
October through December 2010
Current Other Discretionary Grants

DISCRETIONARY ALLOCATIONS					
Closed Other Discretionary Grants					
CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
Fiscal Year 2007 Air Quality Management District Contract #08130 Revenue Contract #C81043	\$ 4,700,000	\$ -	4,700,000	\$ 25,000	On December 7, 2007, the Air Quality Management District awarded Orange County Transportation Authority \$4.7 million in grant funds through the FY 2007 Carl Moyer Grant Program. The award supports the repowering of 188 Orange County Transportation Authority transit buses with new advanced low emission engines with a grant amount of \$25,000 each. The new advanced replacement engines will reduce tail pipe emissions between 600 and 700 pounds per year per vehicle. Reimbursements of \$4,675,000 have been received for 187 NABI buses. This project is complete and the grant closed.
Total - Closed	\$ 4,700,000	\$ -	\$ 4,700,000	\$ 25,000	

**Quarterly Grant Status Report
October through December 2010
Federal Transit Administration Capital Grant Index**

GRANT NO.	DESCRIPTION	EXECUTED DATE	GRANT BUDGET	UNLIQUIDATED OBLIGATIONS	TOTAL OUTLAYS	TOTAL COMMIT/COSTS	UNCOMMITTED BALANCE	PERCENT COMPLETE	ANTICIPATED CLOSE-OUT
CA-03-0709	2005 Section 5309 Bus Application	3/3/2005	\$ 5,382,915	\$ -	\$ 2,704,959	\$ 2,704,959	\$ 2,677,956	50.25%	December '10
CA-03-0754	2006 Section 5309 Bus Application	8/22/2006	1,213,593	-	239,656	239,656	973,937	19.75%	December '11
CA-03-0810	Alternative Fuels Replacement Bus	9/21/2009	298,201	-	-	-	298,201	0.00%	September '12
CA-04-0078	FY 2008 Section 5309 Bus Application	9/8/2008	8,749,139	-	1,545,093	1,545,093	7,204,046	17.66%	December '12
CA-04-0122	FY 2009 Section 5309 Bus Application	9/28/2009	6,047,301	-	-	-	6,047,301	0.00%	September '12
CA-37-X113	FY 2009 Section 5316 JARC	9/21/2009	4,356,350	-	-	-	4,356,350	0.00%	October '12
CA-57-X038	FY 2009 Section 5317 New Freedom	8/31/2009	5,321,154	-	-	-	5,321,154	0.00%	October '12
CA-90-Y048	Program of Projects	3/4/2001	40,524,206	-	37,522,852	37,522,852	3,001,354	92.59%	December '11
CA-90-Y349	Program of Projects	9/22/2005	99,541,991	4,446,776	95,051,363	99,498,139	43,852	95.49%	December '10
CA-90-Y428	Program of Projects	9/28/2006	52,605,981	1,196	34,726,586	34,727,782	17,878,199	66.01%	December '10
CA-90-Y540	Program of Projects	12/10/2007	54,310,066	81,998	39,186,298	39,288,296	15,041,770	72.15%	June '11
CA-90-Y644	Program of Projects	6/11/2008	58,967,160	1,570,096	43,920,316	45,490,412	13,476,748	74.48%	June '11
CA-95-X005	FY 2007 CMAQ Fund Transfer	8/28/2007	6,268,251	1,720,511	2,951,429	4,671,940	1,596,311	47.09%	June '11
CA-96-X015	Preventive Maintenance Capital Cost of Contract	7/10/2009	69,122,011	373	44,436,270	44,436,643	24,685,368	64.29%	December '10
CA-95-X043	FY 2009 CMAQ Fund Transfer-Irvine Guideway	9/22/2008	6,500,000	-	-	-	6,500,000	0.00%	September '12
TOTALS			\$ 419,208,319	\$ 7,820,950	\$ 302,284,822	\$ 310,105,772	\$ 109,102,547	72.11%	



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**


The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee

From: Will Kempton, Chief Executive Officer 

Subject: Approval of Local Transportation Fund Fiscal Year 2010-11 Apportionment Estimates

Overview

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2010-11 be determined and prospective claimants be advised of the amounts.

Recommendation

Approve the Local Transportation Fund fiscal year 2010-11 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund.

Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to transit and transit-related projects. The funding source consists of two parts: the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STAF). The LTF is derived from 1/4 cent of the 8.75 percent sales tax in Orange County and the STAF consists of sales taxes on gasoline and diesel fuel appropriated by the State Legislature from the Public Transportation Account. The LTF revenues are collected by the State Board of Equalization (SBOE) and returned monthly to the local jurisdictions based on the volume of sales during each month.

Discussion

The estimate of LTF revenues for fiscal year (FY) 2010-11 has been calculated by the Orange County Transportation Authority at \$111,342,815. The forecast was based on FY 2009-10 estimated actuals and adjusted by a 1.1 percent growth rate. The 1.1 percent was calculated using the year to year change in taxable sales rate provided by the SBOE. The FY 2010-11 apportionment reflects a 1.1 percent increase over the FY 2009-10 apportionment and has been reviewed by the Orange County Auditor-Controller.

The Orange County bankruptcy relief and TDA diversion legislation, which was passed in 1995, indicated that total LTF revenues available for apportionment will be reduced each year by \$38,000,004. This diversion will be transferred directly to the County of Orange General Fund and will be in effect from FY 1996-97 through FY 2010-11. As a result of this diversion, the amount of the FY 2010-11 LTF apportionment available for public transportation claimants has been reduced to \$73,342,811.

The FY 2010-11 apportionment is summarized in the following table:

LTF Revenues	
Estimated Fiscal Year 2010-11 Sales and Use Tax Receipts	\$ 111,342,815
Less - transfer to Orange County General Fund	(38,000,004)
<i>Total funds available for apportionment</i>	<i>\$ 73,342,811</i>
<i>Article 3 payments:</i>	
Orange County Auditor-Controller - Administration	1,306
Orange County Transportation Authority - County Transportation Commission Administration	118,917
Orange County Transportation Authority - County Transportation Commission Planning	3,340,284
Southern California Association of Governments - regional planning	159,600
Bicycle, Pedestrian Facilities	0
<i>Sub-total - Article 3 funding</i>	<i>\$3,620,107</i>

The Bicycle, Pedestrian Facilities Program funding consists of \$3,385,380 from prior year reserves.

**Approval of Local Transportation Fund Fiscal Year 2010-11
Apportionment Estimates**

Page 3

<i>Articles 4 and 4.5 payments:</i>	
Orange County Transit District - Consolidated Transportation Service Agency Funding - Article 4.5	\$ 3,486,135
Orange County Transit District - Public Transit Funding - Article 4	65,412,597
Laguna Beach Municipal Transit Lines - Public Transit Funding – Article 4	823,971
<i>Sub-total - Articles 4 and 4.5 funding</i>	<i>69,722,703</i>
<i>Total funds apportioned</i>	<i>\$ 73,342,811</i>

Part of the Article 4.5 allocation to the Orange County Transit District is being transferred to cities and non-profit agencies in Orange County for operation of the Senior Mobility Program.

Summary

Staff recommends approval of the Local Transportation Fund fiscal year 2010-11 apportionment estimates. Staff also recommends authorizing the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund for fiscal year 2010-11.

Attachment

None.

Prepared by:



James L. Cook
Financial Analyst
Financial Planning and Analysis
(714) 560-5861

Approved by:



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



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**


The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee

From: Will Kempton, Chief Executive Officer 

Subject: Letter of No Prejudice for Orange Freeway (State Route 57) Improvements

Overview

In an effort to improve traffic flow, the Orange County Transportation Authority, in cooperation with the California Department of Transportation District 12, is adding a lane to the northbound Orange Freeway (State Route 57) from Orangethorpe Avenue in Placentia to Lambert Road in Brea. The project is construction-ready but state Proposition 1B general obligation bond funds for the improvements are not immediately available. A recommendation to evaluate the use of Measure M2 funds in advance of receiving the state funds is presented for Board of Directors' review and approval.

Recommendations

- A. Authorize staff to submit a Letter of No Prejudice request to the California Department of Transportation and the California Transportation Commission.
- B. Direct staff to return within 90 days with a financing plan for the overall project.

Background

The northbound Orange Freeway (State Route 57) widening between Orangethorpe Avenue and Lambert Road project is included in the Measure M2 (M2) freeway program and the 2007 Early Action Plan (Attachment A). In addition to approximately \$18 million in M2 funds for engineering and right-of-way (ROW), the California Transportation Commission (CTC) has committed \$124.5 million in Proposition 1B Corridor Mobility Improvement Account (CMIA) general obligation bond funds for the construction and construction support costs to implement the improvements.

Unfortunately, the CTC has been unable to allocate funding to Proposition 1B projects due to the lack of bond sales related to the State of California's ongoing financial and budget crises. The overall project is now on the CTC's "delivered but not allocated list" and is waiting for future bond sales. The timing and amount of future bond sales are uncertain.

Recognizing the project delays caused by the lack of bond sales, the Governor signed Assembly Bill 672 (Chapter 43, Statutes of 2009) in October 2009, which authorized the CTC to approve a Letter of No Prejudice (LONP). A LONP allows a local agency to expend local funds in advance of allocation of Proposition 1B funds and be reimbursed at a later date. This process allows projects to advance in the event state funds are not available. To be eligible for the LONP, Board of Directors (Board) authorization and CTC approval are required.

Discussion

The northbound State Route 57 (SR-57) widening between Orangethorpe Avenue and Lambert Road project includes one additional mixed-flow lane and auxiliary lanes at various locations, and standard existing lanes and shoulders. The project has been developed as two construction projects, one between Orangethorpe Avenue and Yorba Linda Boulevard and one between Yorba Linda Boulevard and Lambert Road.

The projects are currently programmed with the following funding:

SR-57 Widening Orangethorpe Avenue to Yorba Linda Boulevard

Fiscal Year (FY)	Fund Source	Amount
2008-09	M2 Freeway (engineering and ROW)	\$ 8,903,000
2009-10	Proposition 1B CMIA funds for construction*	\$50,445,000
2009-10	Proposition 1B CMIA funds for construction support – OCTA implements*	\$ 2,600,000
2009-10	Proposition 1B CMIA funds for construction support – California Department of Transportation (Caltrans) implements	\$ 6,580,000
		\$68,528,000

* OCTA would advance M2 funds for the construction CMIA funds and for the construction support implemented by OCTA.

SR-57 Widening Yorba Linda Boulevard to Lambert Road

FY	Fund Source	Amount
2008-09	M2 Freeway (engineering and ROW)	\$ 9,300,000
2009-10	Proposition 1B CMIA funds for construction*	\$54,654,000
2009-10	Proposition 1B CMIA funds for construction support – OCTA implements*	\$ 2,800,000
2009-10	Proposition 1B CMIA funds for construction support – Caltrans implements	\$ 6,380,000
		\$73,134,000

* OCTA would advance M2 funds for the construction CMIA funds and for the construction support implemented by OCTA.

In order to keep these projects on schedule and take advantage of the favorable construction market, staff is recommending that the Board approve the submittal of a LONP request that will require the advancement of \$110,499,000 in M2 funds for construction and for construction support implemented by OCTA. Caltrans has indicated that it will have sufficient bonds to cover its portion of construction support costs for the project. The OCTA LONP financing details will be presented in a separate item and will be brought back to the Board before the June 2010 CTC meeting. Should the Board elect not to proceed with the M2 financing, the request to the CTC will be withdrawn prior to the June 2010 meeting. Through the LONP process, the M2 funds will be reimbursed directly to OCTA after the sale of Proposition 1B bonds. Once the funds are returned to OCTA, these would reimburse the M2 freeway program.

Summary

Board approval to submit a LONP request for the northbound SR- 57 widening between Orangethorpe Avenue and Lambert Road is necessary to meet CTC requirements for LONP approval by the June 30, 2010, CTC meeting. Staff proposes to advance \$110.5 million in M2 freeway funding for the overall project, to be reimbursed with \$110.5 million in Proposition 1B CMIA funding. These efforts will keep the project on schedule and allow construction to move forward as planned. Financing details for the LONP will return to the Board within 90 days.

Attachment

A. Freeway Projects – Orange Freeway (SR-57)

Prepared by:



Adriann Cardoso
Manager, State and Federal
Programming
(714) 560-5915

Approved by:



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

Freeway Projects

Orange Freeway (SR-57)

Project **G**

Orange Freeway (SR-57) Improvements

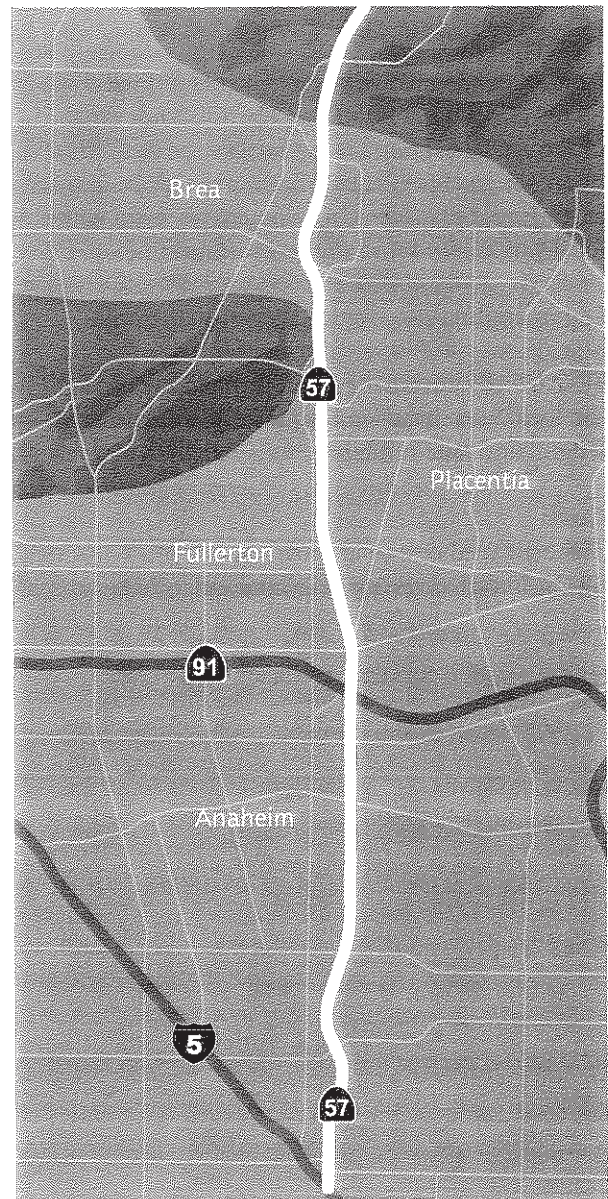
Description:

Build a new northbound lane between Orangewood Avenue and Lambert Road. Other projects include improvements to the Lambert interchange and the addition of a northbound truck climbing lane between Lambert and Tonner Canyon Road. The improvements will be designed and coordinated specifically to reduce congestion at SR-57/SR-91 interchange. These improvements will be made generally within existing right-of-way. Specific improvements will be subject to approved plans developed in cooperation with local jurisdictions and affected communities.

The project will increase freeway capacity and reduce congestion. The daily traffic volume on this freeway is about 315,000 vehicles. By 2030, this volume will increase by 15 percent, bringing it up to 363,000 vehicles per day. In addition to the project described above, regional plans include new carpool ramps at Cerritos Avenue using federal and state funds.

Cost:

The estimated cost to implement SR-57 improvements is \$258.7 million.





MEMO

March 17, 2010


To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board *WK*
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer 
Subject: Letter of No Prejudice and Amendment for Proposition 116 Program of Projects

Overview

In February 2009, the California Transportation Commission approved the Orange County Transportation Authority's funding application for \$121.3 million of Proposition 116 bond-funded projects. The projects must be delivered for allocation before July 1, 2010. Unfortunately, the California Transportation Commission has been unable to allocate most of these funds given the economic crisis in California. Recent state legislation allows approval of a Letter of No Prejudice for Proposition 116 projects. Recommendations are presented related to Letters of No Prejudice and a future multi-agency plan of finance.

Recommendations

- A. Authorize staff to submit a Letter of No Prejudice request to the California Department of Transportation and the California Transportation Commission for the Metrolink Service Expansion and Grade Crossing Improvement Program, the Orange County Metrolink Fiber Optics Installation, and Positive Train Control.
- B. Direct staff to work with the cities of Tustin, Fullerton, and Irvine to explore the possibility of a Letter of No Prejudice for the Tustin Rail Station Parking Expansion, the Fullerton Transportation Center Parking Structure, and the Sand Canyon Grade Separation.
- C. Direct staff to return within 90 days with a financing plan for the program of projects.

- D. Authorize staff to amend the Proposition 116 program of projects as necessary upon enactment of ABX8 11 and contingent on administrative procedures set forth by the California Transportation Commission.
- E. Approve the use of up to \$29 million of Measure M, high-technology transit funds for the Metrolink Service Expansion and Grade Crossing Improvement Program.

Background

In 1990, through the Proposition 116 Clean Air and Transportation Act, the City of Irvine (Irvine) received an earmark of \$125 million in Proposition 116 funding from the State of California (State). Under current statute, the Legislature may reallocate the funds to other passenger rail projects if the funds are not encumbered (allocated) prior to July 1, 2010. In January 2009, Irvine and the Orange County Transportation Authority (OCTA) entered into an agreement to transfer the remaining \$121.3 million to OCTA for a rail program of projects. The California Transportation Commission (CTC) approved OCTA's proposed program of projects in February 2009. On March 11, 2009, the CTC allocated \$19.169 million to the Metrolink Service Expansion and Grade Crossing Improvement Project (MSEP/OCX).

On October 26, 2009, the Board of Directors (Board) approved an amendment to the Proposition 116 program of projects to alternately fund the Anaheim Regional Transportation Intermodal Center Project. The following amended program of Proposition 116 projects was approved by the CTC at its December 2009 meeting:

(thousands of dollars)			
Project	Proposition 116	Other funds	Total Project Costs*
MSEP/OCX**	\$48,169	\$128,231	\$176,400
Fullerton Transportation Center Parking Structure	\$15,360	\$26,610	\$41,970
Tustin Rail Station Parking Expansion	\$8,250	\$9,350	\$17,600
Orange County Metrolink Fiber Optics Installation	\$12,300	\$12,300	\$24,600
Positive Train Control (PTC)	\$15,217	\$186,383	\$201,600
Sand Canyon Avenue Grade Separation	\$22,004	\$33,586	\$55,590
Total:	\$121,300	\$396,460	\$517,760

* Includes preconstruction costs.

** Multiple project components. \$19.169 million of the \$48.169 million allocated in March 2009.

At the same December CTC meeting, OCTA requested Proposition 116 funding allocations for the remaining MSEP/OCX project components (\$29 million) and the Fullerton Transportation Center Parking Structure (\$15.36 million). In February 2010, OCTA also delivered the Tustin Rail Station Parking Expansion Project (\$8.25 million) for allocation. However, the CTC was unable to allocate funding for these projects due to the lack of bond sales. These projects are now on the CTC's "delivered but not allocated list" and are waiting future bond sales. The uncertainty of future bond sales is impacting delivery of these projects.

In anticipation of the impending July 1, 2010, encumbrance date and lack of bond sales, the CTC passed a resolution at its February 24, 2010, meeting providing a policy statement that projects delivered to the CTC for allocation by June 30, 2010, fulfill the obligation for Proposition 116 funding. The resolution also gives priority for projects delivered but not allocated on a first-come first-serve basis when funds become available.

While the recent CTC policy establishes an affirmative message to the Legislature that OCTA has delivered the projects before the deadline, current State law does not allow the CTC to allocate funds that are not available through bond sales. Nor does State law allow OCTA to award a contract without an allocation and seek future reimbursement. In recognition of this situation, the Legislature passed Assembly Bill ABX8 11 (Committee on Budget) on February 22, 2010. The bill authorizes the CTC to grant a Letter of No Prejudice (LONP) for projects that are approved for Proposition 116 funding. A LONP allows a local agency to expend local funds in advance of allocation of Proposition 116 funds and be reimbursed at a later date. This process allows projects to advance in the event State funds are not available. To be eligible for the LONP, Board authorization and CTC approval are required. This legislation is expected to take effect in May 2010.

Discussion

In order to keep Proposition 116 projects on schedule and take advantage of the favorable construction market, staff is recommending that the Board approve the submittal of a LONP request that will require the advancement of up to \$56.517 million in Measure M or Measure M2 funds for MSEP/OCX, the Orange County Fiber Optics Installation, and PTC. The LONP financing details will be presented in a separate item to be brought back to the Board before the May 2010, CTC meeting. Should the Board elect not to proceed with the financing, the request to the CTC will be withdrawn prior to the May meeting.

Separately, OCTA will work with the cities of Fullerton, Irvine, and Tustin to determine cash flow needs for the Tustin Rail Station Parking Expansion, the Fullerton Transportation Center Parking Structure, and the Sand Canyon Grade Separation projects to determine if a LONP or some other strategy is necessary to move these projects forward. The current Proposition 116 commitment for these projects total \$45.614 million. Use of the LONP on the Sand Canyon Grade Separation Project is complicated by the Proposition 1B Highway Railroad Safety Crossing Account (HRSCA) funding for this project. The Legislature has not authorized use of LONP for HRSCA funded projects.

The MSEP/OCX projects are both currently underway. Meeting the contractual and delivery requirements for these projects is imperative to avoid significant delays due to demobilization/remobilization and associated cost escalation. Several components of these projects are already under contract and proceeding on schedule. If the Proposition 116 funding is not available to continue the implementation of these projects, the components that are already underway will be forced to demobilize. The MSEP/OCX projects have sequential construction components which cannot proceed out of sequence as one component paves the way for the next. Any delays will force demobilization of existing components, costing OCTA both time and expense related to damages and remobilization.

Proceeding with a contract in advance of CTC LONP approval could make components of this project ineligible for Proposition 116 funding. Staff is therefore requesting in advance, Board authority to amend the Proposition 116 program of projects to shift up to \$29 million in Proposition 116 funds from MSEP/OCX to PTC, contingent on CTC direction regarding LONP eligibility. Depending on the procedural direction from CTC, OCTA could apply the \$29 million in Proposition 116 funding to PTC in the event that MSEP/OCX becomes ineligible to receive funding. This would result in a total Proposition 116 commitment of \$44.271 million to PTC. If necessary, a program amendment would be presented to the CTC at the May or June 2010, meeting along with the allocation request for PTC. Matching funds will be provided through prior phase right-of-way expenditures and contributions from member Metrolink agencies. Staff proposes to backfill the \$29 million of Proposition 116 funds with Measure M high-technology rail funds.

Next Steps

With Board direction, staff will prepare a LONP submittal request for projects identified in Attachment A for either the May or June 2010, CTC meeting.

LONP financing details will be presented in a separate item to be brought back to the Board before the CTC meeting. Should the Board elect not to proceed with financing, the request to the CTC will be withdrawn prior to the CTC meeting. Through the LONP process, any funds advanced will be reimbursed after the sale of Proposition 116 bonds.

Summary

Staff proposes to submit a LONP request for MSEP/OCX, the Orange County Metrolink Fiber Optics Installation, and PTC.

OCTA will work with the cities and Metrolink to meet the match requirements and financing of the projects. These efforts will keep the projects on schedule and allow construction to move forward as planned. Financing details for the LONP will return to the Board within 90 days.

Attachment

- A. Proposition 116 Program of Projects Requesting Letter of No Prejudice

Prepared by:



Abbe McClenahan
Capital Programs Manager
(714) 560-5673

Approved by:



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

Proposition 116 Program of Projects Requesting Letter of No Prejudice

Proposition 116 Program of Projects requesting Letter of No Prejudice (in thousands)									
Project	Total Construction Costs*	Previously Allocated Proposition 116	Proposition 116	M1	M2	CURE	Other Local or ARRA funds	Federal	Other State
Merolink Service Expansion and Grade Crossing Improvements	\$ 176,400	\$ 19,169	\$29,000	\$ 32,489	\$ 49,631		\$ 8,400		\$ 37,711
Orange County Metrolink Fiber Optics Installation Project (construction)	\$ 23,550		\$ 12,300			\$ 2,250		\$ 9,000	
Positive Train Control**	\$ 201,600		\$ 15,217				\$ 154,977	\$ 789	\$ 30,617
TOTAL:	\$ 401,550	\$ 19,169	\$56,517	\$32,489	\$49,631	\$2,250	\$163,377	\$9,789	\$68,328

M1 - Measure M

M2 - Measure M2

CURE - Commuter Urban Rail Endowment

ARRA - American Recovery Reinvestment Act

* Does not include pre-construction costs

**Positive Train Control funding is comprised of member agency shares consisting of multiple funding sources. Also this project is proposed to be a design build so the totals include both design and construction.



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

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Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer
Subject: 91 Express Lanes Anaheim Facility Lease Renewal and Data Center Improvements

Overview

The current lease for the 91 Express Lanes office in Anaheim expires June 30, 2010. The leased space accommodates the traffic operations center, data center, and administrative office. Staff has been in negotiations with the landlord, FKC Properties, Inc., for a proposed two-year lease extension. In addition, expansion to the existing data center is required to accommodate several 91 Express Lanes' equipment and systems replacement projects. The terms of the proposed lease amendment will include the two-year lease extension, in addition to the data center expansion.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-0-1412, with FKC Properties, Inc., to cover the data center expansion and the two-year lease extension for the 91 Express Lanes Anaheim office, in an amount not to exceed \$917,052. The estimated cost of the lease extension is \$259,200 for year one and \$264,852 for year two, and \$393,000 for the data center improvements.

Background

The 91 Express Lanes Anaheim office accommodates the traffic operations center, data center, as well as the office space for administrative employees who handle the day to day functions of the 91 Express Lanes. The traffic operations center is directly connected to the toll road gantries via fiber optic cabling, making the location's proximity to the median of the 91 Express Lanes ideal. The data center contains the hardware and equipment necessary to support the Electronic Traffic and Toll Management (ETTM) system, the

91 Express Lanes back office/account management system (TollPro), and other ancillary systems that support the 91 Express Lanes computing environment and operation. Since 1993, the administrative office, data center, and traffic operations center have been located at the 180 North Riverview Drive office. This location has proven to be desirable because of the proximity to the 91 Express Lanes corridor.

Discussion

The current office location has shown to be both convenient and accessible to the 91 Express Lanes toll facility. The monthly lease rate is \$2.40 per square foot for 8,085 square feet and \$2.60 per square foot for 1,307 square feet, bringing the total square footage to 9,392. The lease rates vary because the smaller space was leased at a different time. FKC Properties, Inc. (FKC), the property's landlord, has proposed to lower the monthly rental rate of \$2.40 and \$2.60 per square foot to \$2.30 per square foot for the first year and \$2.35 for the second year. Calculated on an annual basis, the lease amounts for the new term are \$259,200 for year one and \$264,852 for year two as compared to the current amount of \$273,626. The proposed rates are comparable to other leases advertised for similar space in the area.

The existing data center, which contains the computing hardware and equipment for the ETTM system, TollPro, and other ancillary systems that support the 91 Express Lanes operations, is operating at full capacity. Over the years, the growth of the 91 Express Lanes operations and the implementation of multiple capital projects, such as the telephone system upgrade and camera replacement project, have led to the need to increase the power capacity for the data center.

To accommodate and support the upgrade of the ETTM system and the replacement of TollPro to the Revenue and Account Management System, an expansion of the existing data center is required in order to house additional equipment and systems. Over the next several months, new equipment will be running concurrently with existing systems during the testing phase and prior to the new systems being fully deployed. The expansion to the data center will accommodate the future operational growth of the 91 Express Lanes, in addition to planned capital improvement projects.

Since the offices are leased, the Orange County Transportation Authority is required to use contractors who deal directly with the property owner. FKC has elected to continue working with David Hahn, project manager, and Rengel Associates, architects, both of which were assigned to the previous

91 Express Lanes leasehold project. This project is quite complex with respect to the wiring and cabling requirements. Both companies have done extensive work at the Anaheim facility and are familiar with the operational complexities of the 91 Express Lanes.

The maximum not-to-exceed amount of \$393,000 includes expanding the existing data center to accommodate new racks and equipment, increasing the capacity of the current generator in order to meet the increased electrical load from the equipment inventory and related cooling requirement, expanding the existing fire suppression system, and installing humidity and temperature sensors to protect the equipment housed in the data center.

Fiscal Impact

Funds for the data center expansion are included in the Fund 36 fiscal year 2009-10 budget and funds for the lease amendment have been budgeted in the proposed fiscal year 2010-11 budget.

Summary

Staff is recommending the Board of Directors authorize the Chief Executive Officer to execute Agreement No. C-0-1412, with FKC Properties, Inc., to cover the data center expansion and the two-year lease extension for the 91 Express Lanes Anaheim office, in an amount not to exceed \$917,052.

Attachment

None.

Prepared by:



Kirk Avila
Treasurer/General Manager
Treasury/Toll Roads
(714) 560-5674

Approved by:



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



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

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Thank you.



March 17, 2010

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer
Subject: Amendment to Agreement for Insurance Brokerage Services

Overview

On May 29, 2007, the Board of Directors approved an agreement with Marsh Risk and Insurance Services, Inc., in the amount of \$335,000, for marketing and placement of insurance. This procurement was handled in accordance with the Orange County Transportation Authority's procedures for professional services. This agreement expires on June 30, 2010.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to exercise the first option year to Agreement No. C-7-0632 between the Orange County Transportation Authority and Marsh Risk and Insurance Services, Inc., for an amount not to exceed \$110,000, to provide insurance marketing and placement services for a period from July 1, 2010 through June 30, 2011, bringing the total contract value to \$445,000.

Discussion

The Orange County Transportation Authority (OCTA) is self-insured for liability and workers' compensation and purchases insurance to cover exposures that arise from daily operations and to protect OCTA real and business personal property from accidental loss.

In order to purchase insurance at competitive rates, OCTA utilizes an insurance broker for marketing and placement of insurance. Currently, Marsh Risk and Insurance Services, Inc., (Marsh) the broker of record, markets and procures liability, workers' compensation, property, flood, earthquake, crime, terrorism, and business interruption insurance, subject to OCTA Board of Directors' (Board) approval.

Procurement Approach

The procurement was originally handled in accordance with the OCTA's procedures for professional and technical services. The original firm fixed price agreement was awarded on a competitive basis. On May 29, 2007, the Board approved an agreement with Marsh, in the amount of \$335,000, for an initial three-year term with two one-year option terms. As a result of price renegotiation by the Contracts Administration and Materials Management and Risk Management departments, Marsh has agreed to partner with the OCTA and keep the same firm fixed price for the first and second option terms as the first two years of the initial term. This results in a cost savings to the OCTA of \$5,000 and \$10,000 respectively over the next two years. The initial three-year term will expire on June 30, 2010, requiring the first one-year option term to be exercised and extend the term through June 30, 2011, in an amount of \$110,000, bringing the contract value to \$445,000.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2008 Budget, Human Resources and Organizational Development Division, Risk Management Department, Account 0040-7629-A0017-DTV, and is funded through the Local Transportation Fund.

Summary

Based on the information provided, staff recommends award of Agreement No. C-7-0632 to Marsh Risk and Insurance Services, Inc., in the amount of \$110,000, for insurance marketing and placement services for a period of July 1, 2010 through June 30, 2011.

Attachment

A. Fact Sheet Marsh Risk & Insurance Services Agreement No. C-7-0632

Prepared by:



Al Gorski
Manager, Risk Management
(714) 560-5817

Approved by:



Patrick J. Gough
Executive Director, Human Resources
and Organizational Development
(714) 560-5824



Virginia Abadessa
Director, Contracts Administration and
Materials Management
(714) 560-5623

Fact Sheet
Marsh Risk & Insurance Services
Agreement No. C-7-0632

1. May 29, 2007, Agreement No. C-7-0632, \$335,000, approved by the OCTA Board of Directors.
 - Provide insurance brokerage services.
 - Initial term is three years, June 28, 2007 through June 30, 2010.
2. March 22, 2010, Amendment No. 1 to Agreement C-7-0632, \$110,000 pending approval by the Board of Directors.
 - Exercise the first option term.
 - First option term is July 1, 2010 through June 30, 2011.
 - Increase the maximum obligation by \$110,000, bringing total commitment to \$445,000.

Total committed to Marsh Risk & Insurance Services, Agreement No. C-7-0632, in the amount of \$445,000.



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**


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Thank you.



March 17, 2010

To: Finance and Administration Committee

From: Will Kempton, Chief Executive Officer 

Subject: Financial and Compliance Audit of Costs Claimed Under Combined Transportation Funding Program Project Number 99-STAN-SIP-1192, City of Stanton

Overview

An audit has been completed of a project funded through the Combined Transportation Funding Program of Measure M for the City of Stanton by audit firm Mayer Hoffman McCann P.C. Auditors concluded that the City of Stanton was in compliance with the Combined Transportation Funding Program Guidelines.

Recommendation

Receive and file the financial and compliance audit of Combined Transportation Funding Program Project Number 99-STAN-SIP-1192, City of Stanton.

Background

The Fiscal Year 2008-09 Internal Audit Plan Audit included Combined Transportation Funding Program (CTFP) project audits. Audits of eight CTFP projects were performed by external audit firm Mayer Hoffman McCann P.C. (MHM) and audit reports were issued and presented to the Orange County Transportation Authority (OCTA) Board of Directors on February 8, 2010.

Among the projects selected for audit was one for the City of Stanton (City). Auditors questioned all expenditures due to a lack of supporting documentation. However, subsequent to the report's issuance, the City notified OCTA that supporting documentation had been located. The OCTA Board of Directors requested that a review of the located documents be performed.

Discussion

MHM has completed its review of documentation provided by the City and has issued a report confirming that costs submitted were eligible and properly supported.

MHM also indicated that the match requirement for this project was not met by \$1,520; however, MHM reported that OCTA had reviewed and accepted this project in combination with a second traffic signal project. Combined, the City met the required 20 percent match for the two projects. As such, a finding related to this matter was not made.

Summary

An audit has been completed of a CTFP project of the City of Stanton. External audit firm MHM has concluded that expenditures by the City for the project were in compliance with CTFP guidelines.

Attachment

- A. City of Stanton, California Closeout Audit of Costs Claimed Combined Transportation Funding Program Project Number 99-STAN-SIP-1192 Cerritos Avenue/Western Avenue Traffic Signal Project For the Period September 12, 2000 through September 19, 2007

Approved by:



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

CITY OF STANTON, CALIFORNIA

Closeout Audit of Costs Claimed
Combined Transportation Funding Program
Project Number 99-STAN-SIP-1192
Cerritos Avenue/Western Avenue Traffic Signal Project

For the Period
September 12, 2000 through September 19, 2007

CITY OF STANTON, CALIFORNIA

Closeout Audit of Costs Claimed
Combined Transportation Funding Program
Project Number 99-STAN-SIP-1192
Cerritos Avenue/Western Avenue Traffic Signal Project

For the Period September 12, 2000 through September 19, 2007

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Board of Directors
Orange County Transportation Authority
Orange, California

INDEPENDENT AUDITORS' REPORT

We have audited the Schedule of Costs Claimed (Financial Schedule) submitted by the City of Stanton, California (City) for the period September 12, 2000 through September 19, 2007 under Combined Transportation Funding Program (CTFP) Project Number 99-STAN-SIP-1192 with the Orange County Transportation Authority (OCTA) for the Cerritos Avenue/Western Avenue traffic signal project. The costs as presented in the Financial Schedule are the responsibility of the City. Our responsibility is to express an opinion on the accompanying Financial Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Schedule. 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 opinion.

The accompanying Financial Schedule was prepared to present the total costs incurred by the City for the period September 12, 2000 through September 19, 2007 in accordance with the CTFP program as described in Note 1. As more fully described in Note 2, the accounting practices used to prepare the Financial Schedule may differ in some respects from accounting principles generally accepted in the United States of America. The accompanying Financial Schedule is not intended to present the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Financial Schedule referred to above presents fairly, in all material respects, the total costs incurred by the City for the period September 12, 2000 through September 19, 2007 under CTFP Project Number 99-STAN-SIP-1192 with OCTA in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Board of Directors
Orange County Transportation Authority
Orange, California

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.

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

Maya Rothman, P.C.

Irvine, California
February 26, 2010

CITY OF STANTON, CALIFORNIA

Closeout Audit of Costs Claimed
 Combined Transportation Funding Program
 Program Number 99-STAN-SIP-1192
 Cerritos Avenue/Western Avenue Traffic Signal Project

Schedule of Costs Claimed

For the Period September 12, 2000 through September 19, 2007

	As Submitted			As Audited			Questioned Costs		
	CTFP	City Match	Total	CTFP	City Match	Total	CTFP	City Match	Total
Revenues:									
99-STAN-SIP-1192	\$ 84,417	\$ 19,584	\$ 104,001	\$ 84,417	\$ 19,584	\$ 104,001	\$ -	\$ -	\$ -
Total revenue	84,417	19,584	104,001	84,417	19,584	104,001	-	-	-
Expenditures:									
Construction	84,417	19,584	104,001	84,417	19,584	104,001	-	-	-
Total expenditures	84,417	19,584	104,001	84,417	19,584	104,001	-	-	-
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial schedule

CITY OF STANTON, CALIFORNIA

Closeout Audit of Costs Claimed
Combined Transportation Funding Program
Project Number 99-STAN-SIP-1192
Cerritos Avenue/Western Avenue Traffic Signal Project

Notes to Financial Schedule

For the Period September 12, 2000 through September 19, 2007

(1) General Information

On August 8, 1995, the City of Stanton, California (City), entered into an agreement with the Orange County Transportation Authority (OCTA) to use Measure M funds under the Combined Transportation Funding Program (CTFP) for transportation projects. On September 12, 2000 the Cerritos Avenue/Western Avenue Traffic Signal Project was approved as Project Number 99-STAN-SIP-1192 under the Signal Improvement Program (SIP). The SIP Program is designed to provide funds for improvements that lead to better operation and management of signal systems and traffic congestion relief. Eligible SIP expenditures under the CTFP Guidelines include:

- Timing
 - Design (new or 3+ years since funded)
 - Equipment such as interconnect, controllers, software (new or 5+ years since funded)
 - Construction engineering (CTFP funding limited to 15 percent of construction costs)
- System detection (new or 5+ years since funded)
 - Closed circuit televisions
 - Inductive loops
 - Video imaging detection systems
 - Other detection systems
- Expert systems (such as decision support systems or adaptive control systems)
 - System communication links (i.e., between master systems/traffic operations centers)
 - Modification of existing traffic signal (i.e., conversion to protective permission signals)

In accordance with the CTFP Guidelines, agencies receiving funding under the SIP Program are required to provide matching funds of at least 20% of eligible expenditures. We noted that the City reported expenditures for this project along with another SIP project at Cerritos Avenue/Dale Street. The expenditures and match costs for these two projects were reported and invoiced together. Auditors reviewed all supporting documentation for both projects during this audit. When expenditures and match costs for the two projects are separated, we noted that the 20% matching requirement was \$1,520 short for the Cerritos Avenue/Western Avenue project; however, the Orange County Transportation Authority renewed and accepted the accounting for these projects and the related match requirements in a combined format.

CITY OF STANTON, CALIFORNIA

Closeout Audit of Costs Claimed
Combined Transportation Funding Program
Project Number 99-STAN-SIP-1192
Cerritos Avenue/Western Avenue Traffic Signal Project

Notes to Financial Schedule (Continued)

For the Period September 12, 2000 through September 19, 2007

(1) **General Information (Continued)**

and approved in a combined form, no finding was made regarding the match requirement for the Cerritos Avenue/Western Avenue project. .

(2) **Summary of Significant Accounting Policies**

The accompanying Financial Schedule has been prepared from costs incurred and reported by the City of Stanton to OCTA in accordance with the terms of the agreement. The cash basis of accounting, which differs from generally accepted accounting principles, was utilized in the preparation of the Financial Schedule.



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Board of Directors
Orange County Transportation Authority
Orange, California

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

We have audited the Schedule of Costs Claimed (Financial Schedule), which summarizes total costs incurred by the City of Stanton, California (City), for the period September 12, 2000 through September 19, 2007 under Combined Transportation Funding Program (CTFP) Project Number 99-STAN-SIP-1192 with the Orange County Transportation Authority (OCTA) for the Cerritos Avenue/Western Avenue traffic signal project, and have issued our report thereon dated February 26, 2010. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting of the CTFP Program as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Financial Schedule, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's Financial Schedule that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Financial Schedule will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting of the CTFP Program that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Financial Schedule of the CTFP Program of the City is 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Finding and Recommendation section as item 1.

The City's response to the finding identified in our audit is described in the accompanying Finding and Recommendation section of the report. We did not audit the City's response and, accordingly, we express no opinion on it.

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

Mayer Hoffman McCann P.C.

Irvine, California
February 26, 2010

CITY OF STANTON, CALIFORNIA

Closeout Audit of Costs Claimed
Combined Transportation Funding Program
Project Number 99-STAN-SIP-1192
Cerritos Avenue/Western Avenue Traffic Signal Project

Findings and Recommendations

For the Period September 12, 2000 through September 19, 2007

(1) **Need to Ensure that Final Reports are Submitted Within 180 Days After Project Completion**

The City did not submit its final report to OCTA within 180 days of project completion. The Notice of Completion was dated December 3, 2001 and the Final Report was dated September 19, 2007.

Chapter 13, *Final Report*, of the CTFP 2007 Guidelines states, in part:

"The Final Report must be submitted to the Orange County Transportation Authority within 180 days after acceptance of the improvements, study, or project (i.e., Notice of Completion)..."

Recommendation

We recommend that, should the City receive future funding under the CTFP Program, that it establish procedures to ensure that the final report is submitted within 180 days of project completion.

Management Response

The reports have been filed in a timely manner after change of City management in 2007. The City has been submitting final reports within 180 days of project completion.



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Metrolink Ridership and Revenue Quarterly Report

Transit Committee Meeting of March 11, 2010

Present: Directors Brown, Dalton, Dixon, Glaab, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

No action was taken.

Staff Recommendation

Receive and file as an information item.



March 11, 2010

To: Transit Committee

From: Will Kempton, Chief Executive Officer

Subject: Metrolink Ridership and Revenue Quarterly Report

Overview

The Southern California Regional Rail Authority is a five-member joint powers authority that operates the 400-mile commuter rail system known as Metrolink. A report on Metrolink ridership and revenue for service in Orange County covering the second quarter of fiscal year 2009-10 is provided for Board of Directors' review.

Recommendation

Receive and file as an information item.

Background

Metrolink's five-agency membership includes the Los Angeles County Metropolitan Transportation Authority, the Orange County Transportation Authority (OCTA), the Riverside County Transportation Commission (RCTC), the San Bernardino Associated Governments (SANBAG), and the Ventura County Transportation Commission. Metrolink operates 149 daily trains on seven lines, serving 55 stations, and carries approximately 40,000 riders per day.

There are three lines that provide service to Orange County. The Orange County (OC) Line service began in 1994, followed by the Inland Empire – Orange County (IEOC) Line in 1995, and the 91 Line in 2002. The three lines serving Orange County provide a total of 44 trains each weekday serving 11 Orange County stations. In 2006, the OC and IEOC lines began offering service on weekends, year-round. The OC Line provides eight trains on Saturday and Sunday and is funded by OCTA. The IEOC Line weekend service includes six trains on Saturday and four trains on Sunday, and is jointly funded by OCTA, RCTC, and SANBAG.

The Rail 2 Rail Program, which began in 2003, allows Metrolink monthly pass holders the option of riding Amtrak Pacific Surfliner trains at no additional charge, provided the pass holder travels within the designated stations identified on the monthly pass. In Orange County, a valid Metrolink ticket or pass also permits free transfers to local OCTA bus routes, including StationLink.

Discussion

This report provides an update on weekday and weekend ridership, revenue, and on-time performance for the second quarter (October, November, December) of fiscal year (FY) 2009-10.

Ridership and Revenue

Total Ridership and Revenue

Total FY 2009-10 second quarter ridership for the three Metrolink lines serving Orange County, including Rail 2 Rail passengers has decreased by 7.1 percent compared to the same quarter last year. Second quarter passenger fare revenues of \$5.7 million are 4.6 percent lower than the same quarter last year. Systemwide Metrolink ridership continues to decline due to the economic recession.

Detailed ridership and revenue data by route is included in Attachment A.

Weekday Ridership

Combined average weekday ridership on the OC, IEOC, and 91 lines during this period was 14,279, including Rail 2 Rail. This represents a decrease of 7.6 percent compared to the second quarter of FY 2008-09. The OC Line average weekday ridership is down 7.3 percent, the IEOC Line is down 12.2 percent, and the 91 Line is down 8.6 percent compared to the same period last year. Decreases in ridership are not as great as the first quarter of FY 2009-10, indicating that the downward trend is beginning to level off. The Rail 2 Rail Program has become more successful over the past few years, reporting a 6 percent increase versus last year. This is mainly due to increased awareness of the service offered to Metrolink monthly pass holders via Amtrak.

Average weekday ridership for the second quarter is detailed in the table below.

Second Quarter	OC Line	IEOC Line	91 Line	Rail 2 Rail	Total
FY 2008-09	7,226	4,392	2,289	1,540	15,447
FY 2009-10	6,697	3,857	2,093	1,632	14,279
<i>Percent Change</i>	-7.3%	-12.2%	-8.6%	6.0%	-7.6%

Ridership peaked in the first quarter of FY 2008-09 mainly due to the high price of gasoline and relatively stable employment rates. After a dramatic peak in 2008, gas prices have come down and remain relatively stable. According to the American Automobile Association, the average gas prices during the second quarter of FY 2009-10 are almost half of what they were in mid-2008. The recent upward trend in gas prices have shown no impact on ridership.

Ridership declines have been the highest on the IEOC Line, mainly due to deteriorating economic conditions for passengers originating in the Inland Empire. In December 2009, unemployment rates were 13.6 percent in San Bernardino County, 14.3 percent in Riverside County, and 9.1 percent in Orange County. According to the California Employment Development Department, the statewide unemployment rate was 12.4 percent in December, and nonfarm payroll jobs decreased by 38,800 during the month. In a year-over-year comparison (December 2008 to December 2009), nonfarm payroll employment statewide decreased by 579,400 jobs (down 3.9 percent).

Weekend Ridership

Average daily weekend ridership year over year on the OC Line is down 2.9 percent on Saturday and up 9.2 percent on Sunday. Average Saturday ridership on the IEOC Line is up 4.8 percent over the same quarter last year, while the IEOC Line Sunday ridership is up 20.2 percent. Weekend ridership increases are likely due to the introduction of Metrolink's Friends and Family 4-Pack in June 2009, which allows groups of four to travel on weekends for a discount of \$29, a 50 percent discount from the average weekend roundtrip fare.

Average weekend ridership is shown in the table below.

Second Quarter	OC Line (Saturday)	OC Line (Sunday)	IEOC Line (Saturday)	IEOC Line (Sunday)	Total
FY 2008-09	785	683	434	312	2,214
FY 2009-10	762	746	455	375	2,338
<i>Percent Change</i>	-2.9%	9.2%	4.8%	20.2%	5.6%

Revenue

Passenger fare revenue covers roughly half of Metrolink operating expenses, with the remainder covered by member agency subsidies. Ridership and revenue do not necessarily follow the same trends during each reporting period. This is primarily attributed to two factors: 1) due to the sale of advance tickets and monthly passes, revenue can be recorded in the month preceding the actual ridership, and 2) while ridership may decrease, operating costs do not drop proportionately.

Second quarter revenue has decreased on the OC Line by 2.9 percent and on the IEOC Line by 12.7 percent compared to the same quarter last year. Revenue on the 91 Line increased by 1.1 percent, for a total decrease of 4.6 percent on the three lines serving Orange County.

Revenue is displayed in the table below.

Second Quarter	OC Line	IEOC Line	91 Line	Total
FY 2008-09	\$3,569,783	\$1,412,682	\$977,551	\$5,960,016
FY 2009-10	\$3,465,431	\$1,233,594	\$988,400	\$5,687,425
<i>Percent Change</i>	-2.9%	-12.7%	1.1%	-4.6%

Economic Impact on Ridership and Revenue

The continuing effects of the current economic recession have resulted in a significant weakening of ridership demand. Although ridership losses have been unprecedented for Metrolink, the situation is not unique. Like Metrolink, other commuter rail agencies around the state and the nation have experienced double-digit ridership losses as a result of the economic downturn.

While unemployment rates continue to be high throughout Metrolink's service area, figures for December 2009 suggest that they may be stabilizing. Demand for Metrolink service continues to be impacted by the ongoing job losses in the region: since the beginning of the recession, employment losses in Los Angeles County and Orange County, which are the primary work destinations for Metrolink commuters, have reached 5.9 percent and 6.9 percent respectively, for a total of 347,500 jobs lost. Although the rate of ridership and revenue decline has started to slow, Metrolink ridership is likely to face a long and slow recovery.

On-Time Performance

On-time performance is a central component of providing quality service. A Metrolink train is considered to be on time if it arrives within five minutes of the scheduled arrival at its end point.

Trains can be delayed for a variety of reasons, including equipment issues, unscheduled delays (or “meets”) with other trains, delays from other operators utilizing the same tracks, construction or track maintenance, and incidents. Weekend on-time performance is typically lower than weekday due to two factors. A significant amount of railroad construction is performed during the weekend, which may cause delays, and there are fewer trains operating on weekends than during the week; therefore, a few delays can have a greater impact to overall on-time performance percentages. Additional weekend delays have occurred and are expected to continue during construction of Metrolink Service Expansion Program-related rail improvements in Orange County.

Weekday On-Time Performance

Percentage of Weekday Trains Arriving Within Five Minutes of Scheduled Time*			
Month	OC Line	IEOC Line	91 Line
October	91.4%	81.9%	91.9%
November	87.0%	91.8%	95.0%
December	94.4%	95.2%	96.5%
Total Average Orange County On-Time Performance - 91.7%			

* System total is 90.9 percent, including the Antelope Valley, IEOC, OC, Riverside, San Bernardino, Ventura, and 91 lines.

Weekend On-Time Performance

Percentage of Weekend Trains Arriving Within Five Minutes of Scheduled Time*			
Month	OC Line	IEOC Line	91 Line
October	80.0%	71.7%	N/A
November	72.2%	81.8%	N/A
December	84.4%	92.5%	N/A
Total Average Orange County On-Time Performance - 80.4%			

* System total is 89.2 percent, including the Antelope Valley, IEOC, OC, and San Bernardino lines.

Budget Update for FY 2009-10

Lower than expected fare revenue and several unanticipated cost items have contributed to an \$11.884 million deficit in the Southern California Regional Rail Authority's (SCRRA) FY 2009-10 operating budget. Expense reductions and one-time revenues have reduced this to \$3.614 million. In an effort to close the budget gap without significantly increasing member agency

subsidies, the SCRRA Board of Directors has approved a number of temporary service reductions, including the suspension of several weekend trains on the OC and IEOC lines through Orange County. The service change, effective February 15, 2010, is comprised of the temporary suspension of four weekend trains on the OC Line, as well as four weekend trains on the IEOC Line, and two off-peak weekday trains, through the remainder of FY 2009-10. The third quarter ridership and revenue report will reflect these service reductions.

Summary

This report provides an update on OCTA commuter rail ridership, revenue, and on-time performance for the second quarter of FY 2009-10. Total average weekday ridership in Orange County is down 7.6 percent. Weekday ridership losses on the IEOC Line continue to reflect economic conditions in the Inland Empire. Second quarter revenue is down compared to last year on the OC and IEOC lines, and slightly up (1.1 percent) on the 91 Line. Average weekday on-time performance was almost 92 percent, below the 95 percent goal.

Attachment

- A. Metrolink Ridership and Revenue

Prepared by:



Megan Taylor
Transportation Analyst
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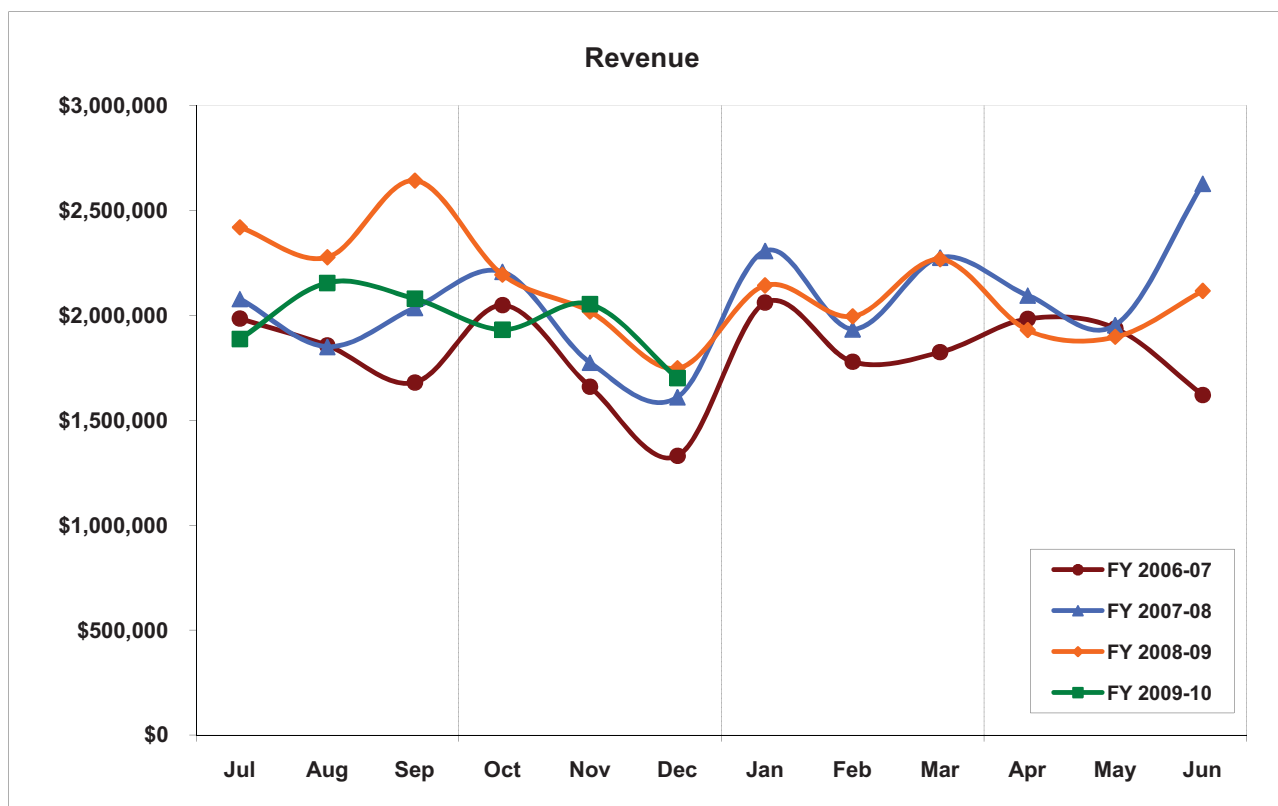
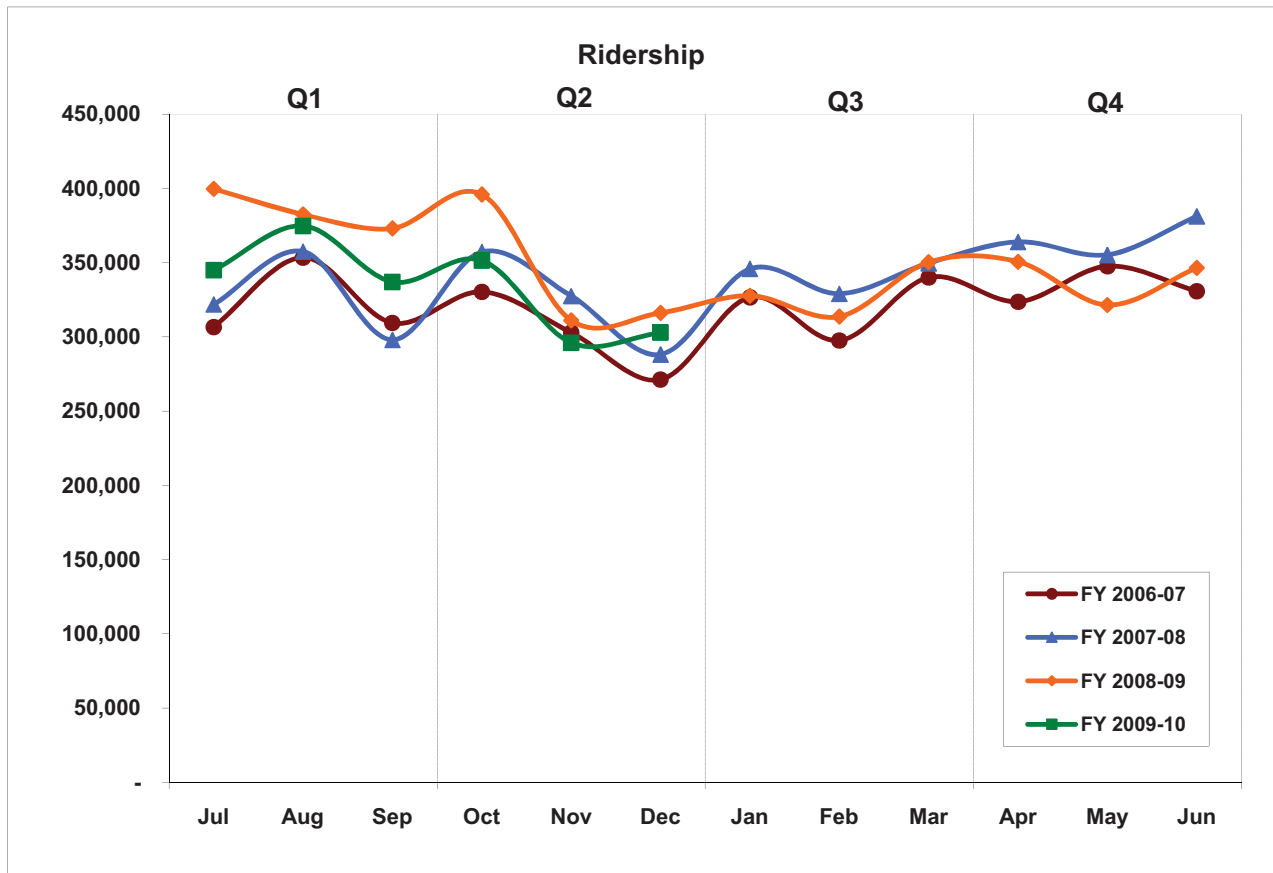
Approved by:



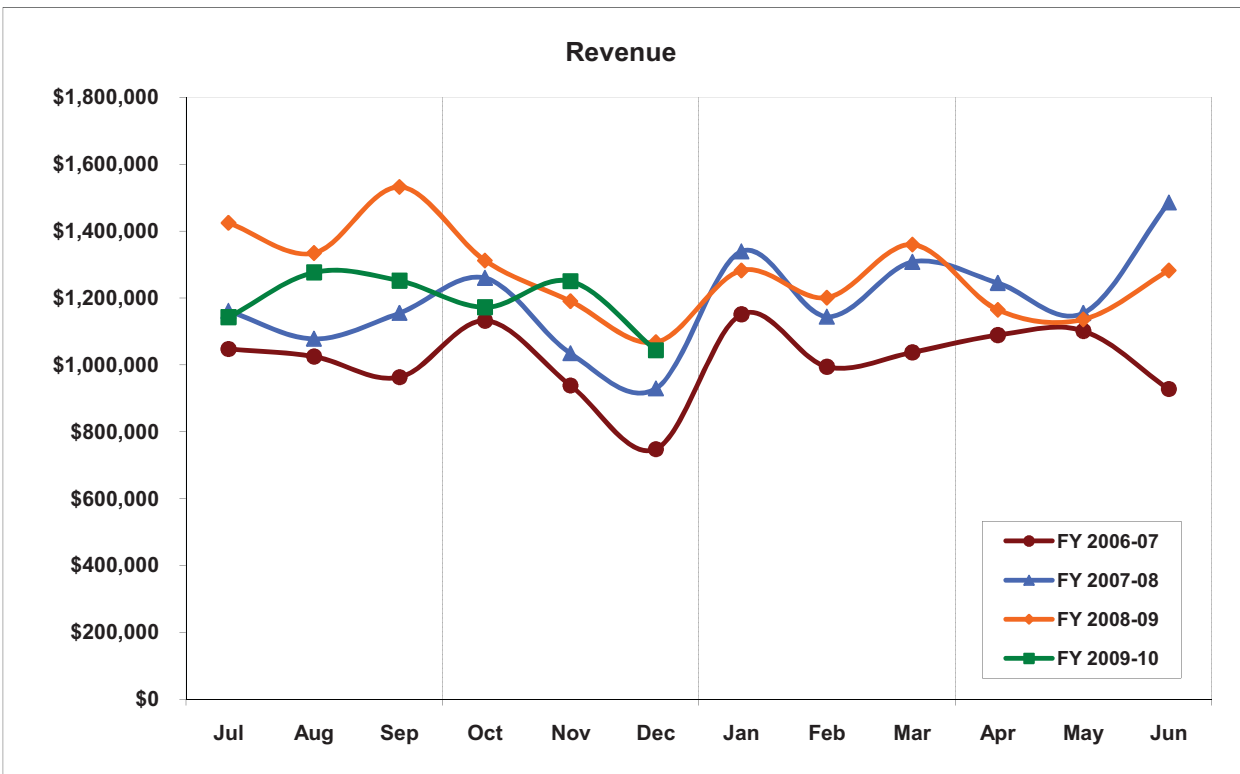
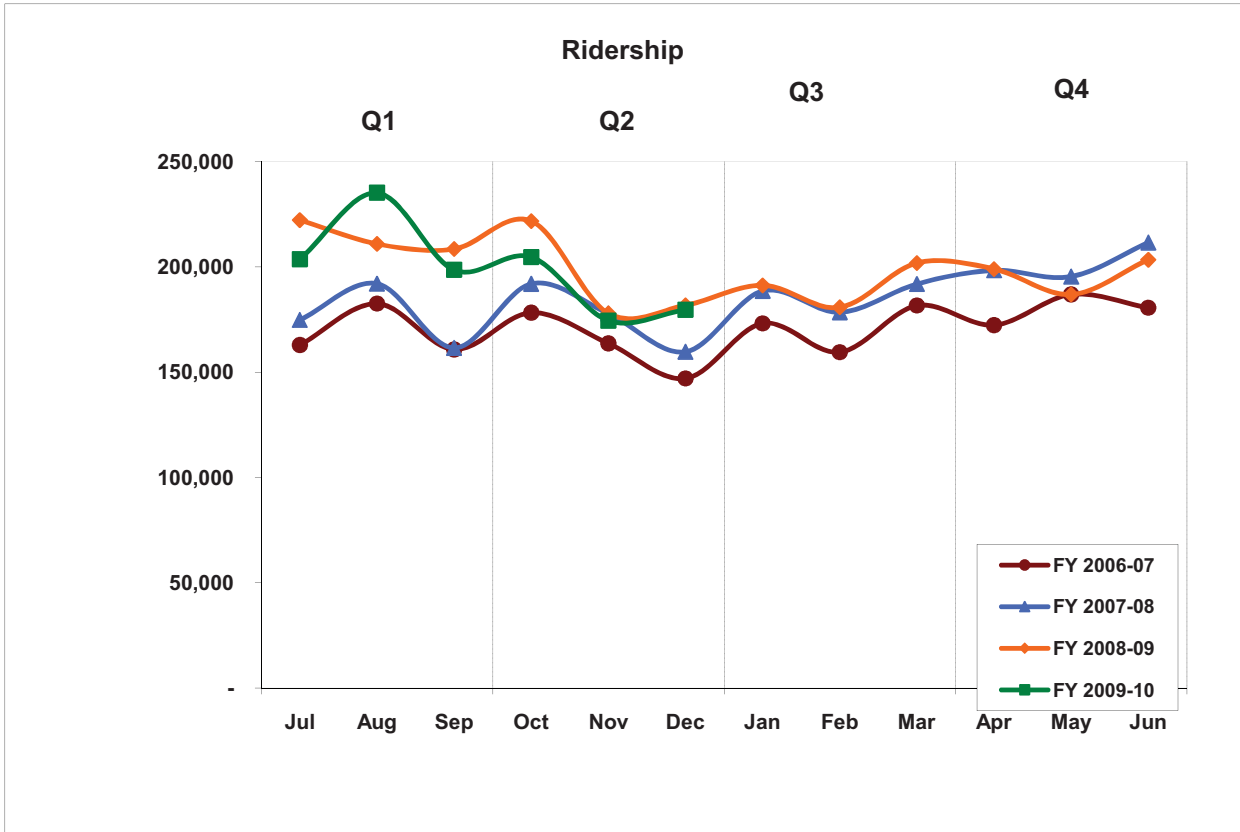
Darrell Johnson
Executive Director, Rail Programs
(714) 560-5343

Metrolink Ridership and Revenue

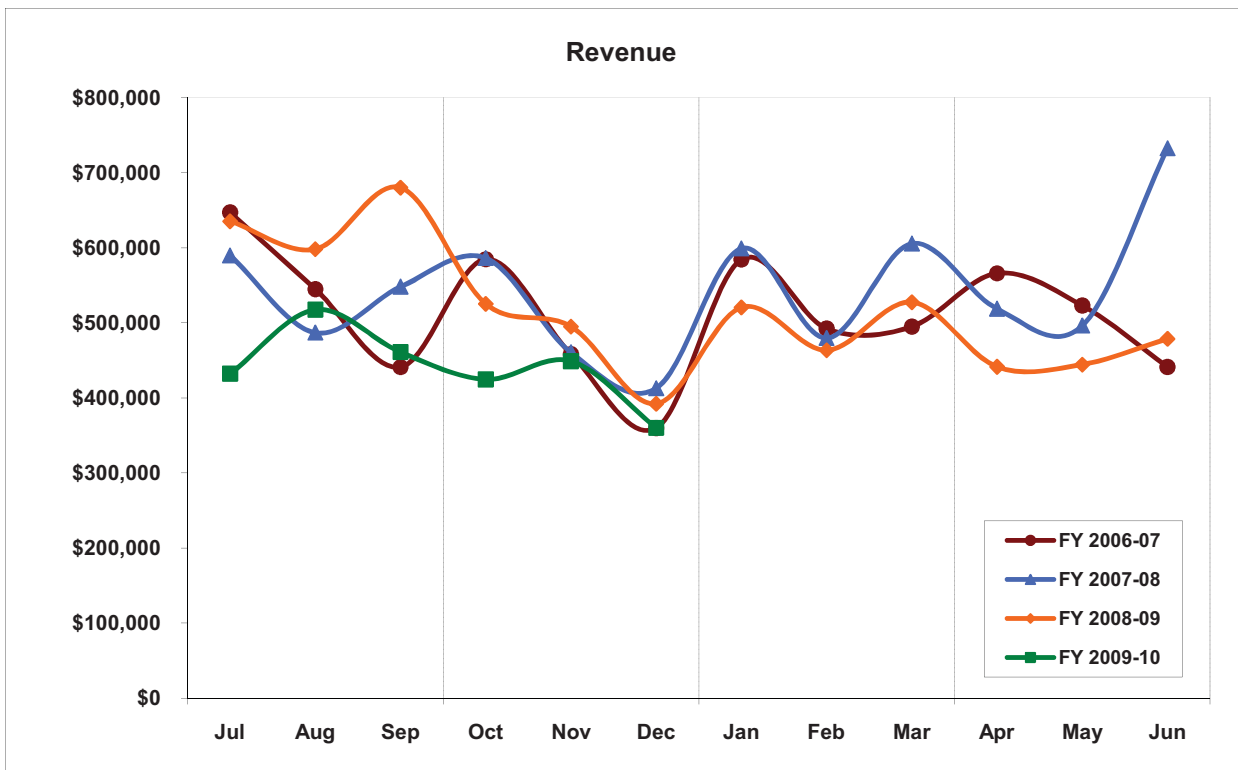
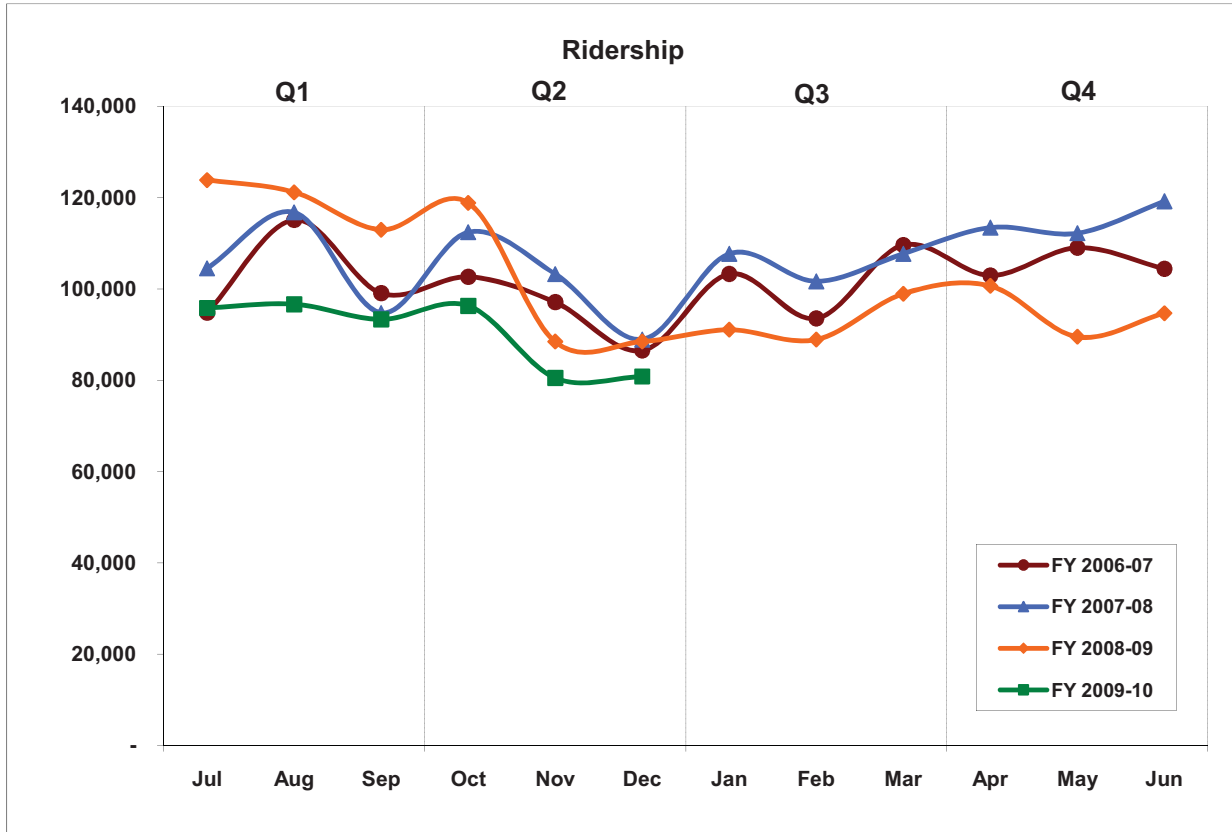
Metrolink - Three Lines Serving Orange County



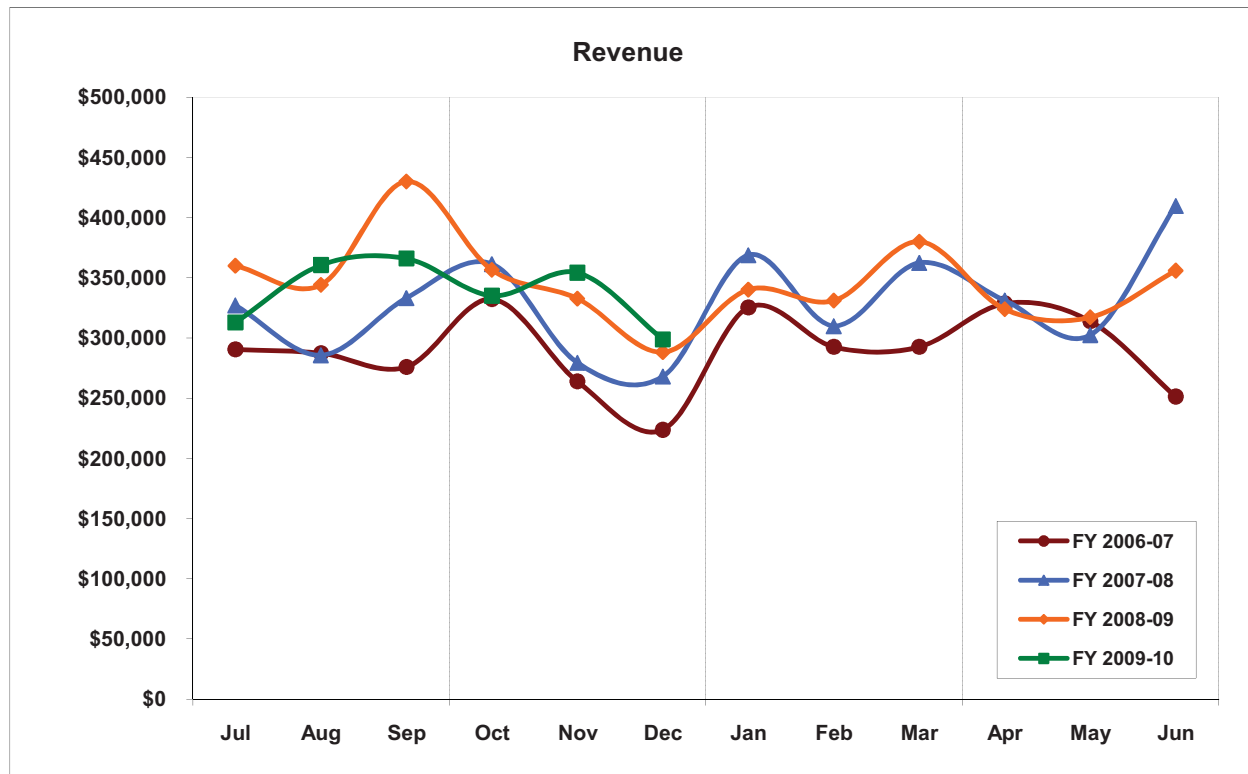
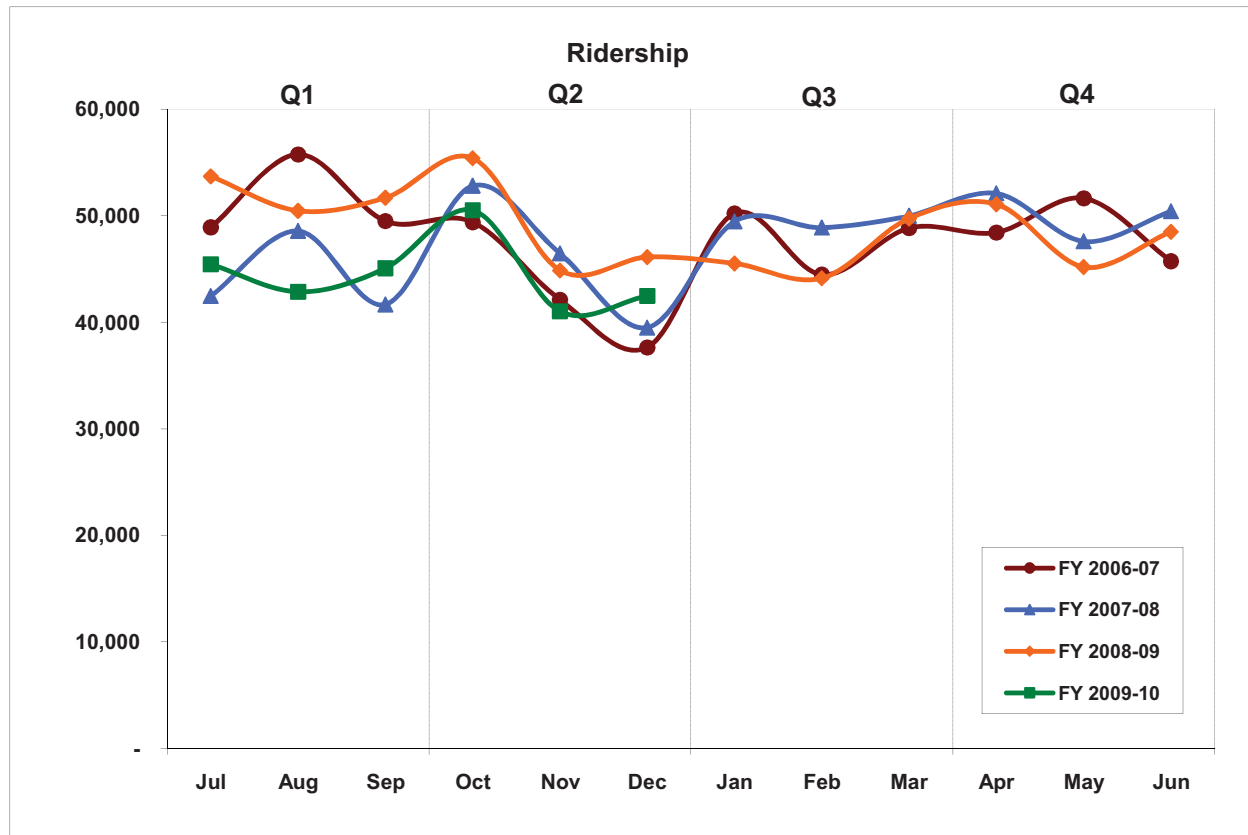
Metrolink - Orange County Line



Metrolink - Inland Empire-Orange County Line



Metrolink - 91 Line





BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors

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

Subject: Selection of a Consultant for Preparation of a Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement

Transportation 2020 Committee Meeting of March 15, 2010

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

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Select ICF Jones and Stokes as the highest qualified firm to prepare the Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement and Joint Programmatic Environmental Impact Report/Environmental Impact Statement.
- B. Authorize the Chief Executive Officer, or his designee, to request a cost proposal from ICF Jones and Stokes and negotiate an agreement for services.
- C. Authorize the Chief Executive Officer, or his designee, to negotiate and execute the final agreement.



March 15, 2010

To: Transportation 2020 Committee

From: Will Kempton, Chief Executive Officer

Subject: Selection of a Consultant for Preparation of a Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement

Overview

The Orange County Transportation Authority has accepted proposals to retain a consultant team to prepare the Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement along with a Joint Programmatic Environmental Impact Report/Environmental Impact Statement. Proposals and statements of qualifications were solicited in accordance with the Orange County Transportation Authority's procurement procedures for the retention of consultants to perform architectural and engineering work.

Recommendations

- A. Select ICF Jones and Stokes as the highest qualified firm to prepare the Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement and Joint Programmatic Environmental Impact Report/Environmental Impact Statement.
- B. Authorize the Chief Executive Officer, or his designee, to request a cost proposal from ICF Jones and Stokes and negotiate an agreement for services.
- C. Authorize the Chief Executive Officer, or his designee, to negotiate and execute the final agreement.

Discussion

The Measure M2 (M2) Early Action Plan calls for implementation of the freeway environmental mitigation program. Subject to a master agreement, the freeway environmental mitigation program would provide programmatic

mitigation for impacts related to 13 M2 freeway projects. The approach for this program will be to develop and implement a Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement (NCCP/HCP/MSAA) along with a Joint Programmatic Environmental Impact Report/Environmental Impact Statement (PEIR/EIS).

Procurement Approach

This procurement was handled in accordance with the Orange County Transportation Authority's (Authority) procedures for architectural and engineering requirements that conform to both federal and state law. Proposals are evaluated without consideration of cost and are ranked in accordance with the qualifications of the firm, staffing, and the work plan. The highest ranked firm is requested to submit a cost proposal and the final agreement is negotiated. Should negotiations fail with the highest ranked firm, a cost proposal will be solicited from the second ranked firm in accordance with the procurement policies previously adopted by the Authority's Board of Directors (Board).

On September 28, 2009, Request for Proposals (RFP) 9-0687 was released and sent electronically to 2,580 firms registered on CAMM NET. The project was advertised on October 2 and October 12, 2009, in a newspaper of general circulation. A pre-proposal conference was held on October 13, 2009, with 23 attendees representing 18 firms.

Addendum No. 1 to RFP 9-0687 was issued on October 13, 2009, to post the pre-proposal conference registration sheets. Addendum No. 2 was issued on October 29, 2009, to respond to questions.

On November 17, 2009, three proposals were received. An evaluation committee consisting of staff from the Strategic Planning Department, Finance and Administration Division, Contracts Administration and Materials Management Department, External Affairs Division, California Department of Transportation, and the California Department of Fish and Game met to review all proposals submitted. The proposals were evaluated on the following evaluation criteria and weights.

- | | |
|-------------------------------------|------------|
| ▪ Qualifications of the Firm | 30 percent |
| ▪ Staffing and Project Organization | 35 percent |
| ▪ Work Plan | 35 percent |

The evaluation criteria are consistent with the weightings developed for similar architectural and engineering services. In developing the weightings, several factors are considered. Board-approved weightings gave the greatest importance to the work plan because of the complexity of preparing a NCCP and an HCP consecutively within a 24-month delivery schedule. Likewise, a high level of importance was placed on staffing and project organization, as the qualifications of the project manager and other key task leaders and sub-consultants are very important to successful completion of the project. As this is an architectural and engineering procurement, price is not an evaluation criterion pursuant to state and federal law.

The evaluation committee reviewed all proposals received and found two of the firms most qualified to perform the work. The two most qualified firms are presented below in ranked order:

Firm and Location

ICF Jones and Stokes
Irvine, California

LSA Associates, Inc.
Irvine, California

On January 11, 2010, the evaluation committee interviewed the two firms. Questions were asked relative to the firm's proposed staffing, understanding of the project issues, and each firm's approach to the scope of work and ability to meet the proposed schedule. Based upon the proposal evaluation and interviews, staff recommends ICF Jones and Stokes (Jones & Stokes) as the top ranked firm to prepare the NCCP/HCP/MSAA.

Qualifications of Firm

Both firms are qualified and have the relevant experience to provide the services requested through the RFP. Jones & Stokes demonstrated significant experience with the preparation of the NCCP/HCP projects of similar complexity as outlined in the scope of work. Some of the firm's projects include the East Contra Costa NCCP/HCP, Joint Water Agencies (San Diego County) NCCP/HCP, Yuba/Sutter counties NCCP/HCP, and several others.

LSA Associates, Inc., (LSA) also showed a good understanding of the project but presented limited experience in the preparation of similar projects. The team responded well in the interview.

Staffing and Project Organization

The overall team proposed by Jones & Stokes to support the project is very strong. The project manager and staff are highly skilled, qualified, and experienced in preparation of similar work. The team, including its sub-consultants, has worked together on similar projects in the past. The Jones & Stokes team demonstrated experience in conservation plans development. The firm presented a comprehensive outreach plan to engage the numerous agencies, cities, property owners, and citizens. The project manager and project task leaders provided comprehensive responses to the interview questions.

The proposed team from LSA was also experienced in delivering similar projects; however, the project manager demonstrated limited expertise in delivering the type of project as identified in the scope of work. LSA and its proposed sub-consultants have limited experience working together. The team has good experience in development of transportation environmental documents.

Work Plan

The work plan proposed by the two firms conformed to the requirements of the scope of work. The work plan of Jones & Stokes demonstrated greater knowledge and understanding of the project. The firm's work plan detailed the issues, identified various factors affecting the time line, and proposed measures to streamline the process. The plan discussed the permit process and efforts for close coordination with various cities and the stakeholders. The responses to questions at the interview were detailed, comprehensive, and clearly highlighted the expertise of Jones & Stokes.

LSA also covered the major elements. LSA's work plan discussed the preparation of an NCCP and an HCP simultaneously, and the need to provide comprehensive documents within the 24-month schedule. However, the work plan did not provide the level of detail as the Jones and Stokes team.

Fiscal Impact

This project was approved in the Authority's Fiscal Year 2009-10 Budget, Development Division, Account 0017-7519-MX001-P5A, and is funded with local funds with M2 Tax Exempt Commercial Paper funds.

Summary

Staff recommends the selection of Jones & Stokes as the top ranked firm to prepare the NCCP/HCP/MSAA and Joint PEIR/EIS based on the firm's overall qualifications, staffing, and work plan.

Staff is requesting authorization to request a cost proposal from Jones & Stokes and negotiate an agreement for services.

Attachments

- A. Preparation of a Natural Community Conservation Plan/
Habitat Conservation Plan/Master Streambed Alteration Agreement -
Review of Proposals 9-0687
- B. Proposal Evaluation Criteria Matrix (Short-Listed Firms) - Review of
Proposals 9-0687 - Preparation of a Natural Community Conservation
Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement
- C. Contract History for the Past Two Years - Request for Proposals 9-0687 -
Preparation of a Natural Community Conservation Plan/Habitat
Conservation Plan/ Master Streambed Alteration Agreement

Prepared by:



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Section Manager, Project Development
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Approved by:



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



Virginia Abadessa
Director, Contracts Administration and
Materials Management
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Preparation of a Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement Review of Proposals 9-0687

(Presented to Transportation 2020 Committee on March 15, 2010)
3 proposals received, 2 firms were interviewed

Overall Ranking	Overall Score	Firm & Location	Sub-Consultants	Evaluation Committee Comments
1	86	ICF Jones and Stokes Irvine, CA	Technology Associates International Corp., Inc. Osaka Planning & Economics Conservation Land Group Consensus, Inc.	Highest ranked overall proposal. Excellent outreach plan to build consensus with the numerous agencies, cities, property owners, and citizens. Demonstrated a well thought out detailed plan for accomplishing the NCCP/HCP within the 24-month schedule. Team members have worked together on other NCCP/HCPs. Project manager has extensive experience in preparing NCCP/HCPs. Strong team of subconsultants. Provided comprehensive responses to the interview questions. Familiar with California Department of Transportation review process.
2	81	LSA Associates, Inc. Irvine, CA	Berkley Economic Consulting Dudek Nossaman, LLP RBF Consulting RMC, Inc.	Second ranked proposal. Firm has a good understanding of the overall scope of work. Team demonstrated that they could accomplish the work within the 24-month delivery schedule. Project manager and proposed team was good. Good responses to interview questions.

Evaluation Panel: (6)

OCTA:

Contract Administration and Materials Management (1)
Strategic Planning (1)
Finance & Administration (1)
External Affairs (1)

Outside:

California Department of Transportation (1)
California Department of Fish and Game (1)

Proposal Criteria

Qualifications of Firm
Staffing and Project Organization
Work Plan

Weight Factor

30%
35%
35%

NCCP/HCP - Natural Community Conservation Plan/Habitat Conservation Plan

Proposal Evaluation Criteria Matrix (Short-Listed Firms) Review of Proposals 9-0687 Preparation of a Natural Community Conservation Plan/Habitat Conservation Plan/ Master Streambed Alteration Agreement								
Firm: ICF Jones and Stokes						Weights		Criteria Score
Evaluator Number	1	2	3	4	5	6		
Qualifications of Firm	4.0	4.5	4.5	4.5	4.0	5.0	6	26.50
Staffing/Project Organization	4.5	3.5	3.5	4.5	4.0	4.0	7	28.00
Work Plan	4.5	5.0	4.5	4.5	4.5	4.0	7	31.50
Overall Score	87.0	86.5	83.0	90.0	83.5	86.0		86
Firm: LSA Associates, Inc.						Weights		Criteria Score
Evaluator Number	1	2	3	4	5	6		
Qualifications of Firm	4.0	4.0	4.5	4.5	4.0	4.0	6	25.00
Staffing/Project Organization	4.0	4.0	4.0	4.5	4.0	4.0	7	28.58
Work Plan	3.5	3.5	4.5	4.0	4.0	4.0	7	27.42
Overall Score	76.5	76.5	86.5	86.5	80.0	80.0		81

The score for the non-short listed firm was 58

Contract History for the Past Two Years
Request for Proposals 9-0687
Preparation of a Natural Community Conservation Plan/Habitat Conservation Plan/
Master Streambed Alteration Agreement

Firm - Prime Only	Contract No.	Description	Contract Start Date	Contract End Date	Contract Amount
ICF Jones and Stokes	C-9-0230	Environmental Clearance for Anaheim Regional Transportation Intermodal Center	4/1/2009	3/31/2011	\$ 2,910,693
Sub Total					\$ 2,910,693
LSA Associates, Inc.	None	No Contracts Awarded	NA	NA	\$ -
Sub Total					\$ -



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Cooperative Agreement with City of Orange and Orange Redevelopment Agency for the Expansion of Parking Capacity at the Orange Transportation Center

Transit Committee Meeting of March 11, 2010

Present: Directors Brown, Dalton, Dixon, Glaab, Nguyen, Pulido, and Winterbottom

Absent: None

Committee Vote

This item was passed by all Committee Members present.

Directors Brown and Pulido were not present to vote on this item.

Committee Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0901 between the Orange County Transportation Authority, City of Orange, and Orange Redevelopment Agency, in an amount not to exceed \$1,650,000, for the design of two mixed-use parking structures at the Orange Transportation Center.



March 11, 2010

To: Transit Committee

From: Will Kempton, Chief Executive Officer

Subject: Cooperative Agreement with City of Orange and Orange Redevelopment Agency for the Expansion of Parking Capacity at the Orange Transportation Center

Overview

The Orange City Council has chosen a preferred alternative for expanding the parking capacity at the Orange Transportation Center. The project is now ready to move into the design phase and a cooperative agreement is needed to define roles, responsibilities, and funding for the project.

Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0901 between the Orange County Transportation Authority, City of Orange, and Orange Redevelopment Agency, in an amount not to exceed \$1,650,000, for the design of two mixed-use parking structures at the Orange Transportation Center.

Discussion

The Orange Transportation Center (OTC) is located in the historical downtown area of Orange and consists of two platforms, a pedestrian undercrossing, a bus drop off area, and two surface parking lots with approximately 300 spaces. The OTC is served by Metrolink and Amtrak rail service, and OCTA fixed-route and StationLink service.

On November 14, 2005, the Orange County Transportation Authority (OCTA) Board of Directors (Board) adopted the Metrolink Service Expansion Program to provide expanded service between Fullerton and Laguna Niguel/Mission Viejo Metrolink stations. Additional parking is needed at the OTC in order to meet the projected demand for parking.

OCTA and City of Orange (City) staff have worked together under the existing Cooperative Agreement No. C-9-0243, which was approved by the OCTA Board on July 13, 2009, to conduct studies and gather public input for a preferred alternate for a parking expansion project. After studying ten potential options, a preferred alternate was chosen that consists of two parking structures to be constructed on the existing City-owned surface parking lots that currently serve as parking for rail passengers. The City Council approved the preferred alternative on November 10, 2009.

The proposed parking structures are located on Lemon Street between Chapman and Maple avenues, and on Chapman Avenue at the current OTC parking as shown on Attachment B. These structures will be shared-use projects consisting of commercial, residential, and transit uses as depicted in the chart below.

	Total Spaces	Transit Use Spaces	Commercial/Residential/General Public Spaces
Lemon Lot	700	500	200
Chapman Lot	400	300	100
Total	1100	800	300
Percentage of total spaces	100%	73%	27%

The proposed cooperative agreement includes funding for design, public outreach, and project management. These costs and OCTA's share are shown in Attachment C. OCTA's portion of the project costs is \$1,650,000 and represents 73 percent of the total project costs based on the transit use portion of the project.

The City will be the lead on this project and anticipates the design phase to take approximately two years. The commercial and residential uses of the project will be funded by the Orange Redevelopment Agency through a public/private partnership, which the City is pursuing with a private developer.

The estimated cost of construction for the parking structure on Lemon Street is \$17,500,000, and the parking structure on Chapman Avenue is \$10,000,000 for a total estimated construction cost of \$27,500,000.

After completion of the design phase, a separate agreement will define respective roles, responsibilities, funding, and an updated cost estimate for the construction of the project.

**Cooperative Agreement with City of Orange and Orange
Redevelopment Agency for the Expansion of Parking
Capacity at the Orange Transportation Center**

Page 3

Fiscal Impact

The project was approved in the OCTA's Fiscal Year 2009-10 Budget, Rail Programs Division, Account 0010-7831-T5422-P3F, and is funded through the Local Transportation Fund.

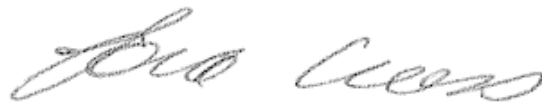
Summary

Staff is seeking Board of Directors approval for the Chief Executive Officer to execute Cooperative Agreement No. C-9-0901 with the City of Orange and Orange Redevelopment Agency, in an amount not to exceed \$1,650,000, for the design of two parking structures at the Orange Transportation Center.

Attachments

- A. Cooperative Agreement No. C-9-0901 Between Orange County Transportation Authority and City of Orange and Orange Redevelopment Agency for Expansion of Parking Capacity at Orange Santa Fe Depot
- B. Aerial Photo of Proposed Parking Structure Locations
- C. Design Costs and Project Funding for Parking Structures

Prepared by:



Lora Cross
Project Manager
(714) 560-5788

Approved by:



Darrell Johnson
Executive Director, Rail Programs
(714) 560-5343



Virginia Abadessa
Director, Contracts Administration and
Materials Management
(714) 560-5623

COOPERATIVE AGREEMENT NO. C-9-0901

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

CITY OF ORANGE AND ORANGE REDEVELOPMENT AGENCY

FOR

EXPANSION OF PARKING CAPACITY AT

ORANGE SANTA FE DEPOT

THIS AGREEMENT, is effective this _____ day of _____, 2010, (hereafter, "Cooperative Agreement") by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), and the City of Orange, 300 East Chapman Avenue, Orange, California 92863, a municipal corporation duly organized and existing under the constitution and laws of the State of California (hereinafter referred to as "CITY"); and the Orange Redevelopment Agency, 300 East Chapman Avenue, Orange, CA. 92866, (hereinafter referred to as the "AGENCY").

RECITALS:

WHEREAS, on November 14, 2005 the AUTHORITY Board of Directors adopted the Metrolink Service Expansion Program which authorized the implementation of the expansion of Metrolink Service between Fullerton and Laguna Niguel on the Orange County Line; and

WHEREAS, the expanded Metrolink service will require additional parking at the Orange Transportation Center, also known as the Orange Santa Fe Depot, which is located at 194 North Atchison Street in the City of Orange (hereafter, "Orange Transportation Center"); and

WHEREAS, AUTHORITY, CITY and AGENCY desire to enter into a Cooperative Agreement for the design of two parking structures, located at the corner of Lemon Street and Chapman Avenue, and at the existing Metrolink parking lot at 505 West Chapman Avenue in the City of Orange

(hereinafter referred to as "PROJECT"); and

WHEREAS, a preferred option for two mixed use parking structures comprised of approximately 1,100 total parking spaces, commercial and residential uses was approved by the CITY Council and AGENCY Board on November 10, 2009; and

WHEREAS, the total number of parking stalls to be used for transit use in the two structures will be 800 spaces or seventy three (73%) of the total parking stall count, and

WHEREAS, AUTHORITY'S participation in the design costs of the PROJECT will be based on seventy three percent (73%) of the projected design and project management costs.

WHEREAS, AUTHORITY has programmed Measure M Funds for the design phase of the parking expansion at the Orange Transportation Center; and

WHEREAS, the AGENCY will be the lead on the PROJECT for the design phase; and

WHEREAS, upon completion of PROJECT design, AUTHORITY, CITY and AGENCY will enter into a separate agreement for the construction phase of the PROJECT; and

WHEREAS, the AUTHORITY's Board of Directors approved this Cooperative Agreement on_____.

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY, CITY and AGENCY as follows:

ARTICLE 1. COMPLETE AGREEMENT

A. This Cooperative Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitute the complete and exclusive statement of the term(s) and condition(s) of the agreement between AUTHORITY, CITY and AGENCY and supersedes all prior representations, understandings and communications between the parties. The invalidity in whole or part of any term or condition of this Cooperative Agreement shall not affect the validity of other term(s) and condition(s) of this Cooperative Agreement. The above-referenced Recitals are true and correct and are incorporated by reference herein.

B. AUTHORITY'S failure to insist on any instance(s) of CITY'S or AGENCY'S performance of any term(s) or condition(s) of this Cooperative Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such term(s) or condition(s), and CITY or AGENCY'S obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Cooperative Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Cooperative Agreement and issued in accordance with the provisions of this Cooperative Agreement.

C. CITY'S or AGENCY'S failure to insist on any instance(s) of AUTHORITY's performance of any term(s) or condition(s) of this Cooperative Agreement shall not be construed as a waiver or relinquishment of CITY'S or AGENCY'S right to such performance or to future performance of such term(s) or condition(s), and AUTHORITY's obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Cooperative Agreement shall not be binding upon CITY or AGENCY except when specifically confirmed in writing by an authorized representative of CITY or AGENCY by way of a written amendment to this Cooperative Agreement and issued in accordance with the provisions of this Cooperative Agreement.

ARTICLE 2. RESPONSIBILITIES OF AGENCY

AGENCY agrees to the following responsibilities for PROJECT:

A. To act as lead agency for the design phase of PROJECT and hire a consultant to produce plans, specifications and cost estimates for the PROJECT. Such plans and specifications must comply with all Federal, State and local regulations, rules and ordinances.

B. To hire a consultant to perform project management for the design and public bid phase of the PROJECT.

C. To coordinate with CITY the responsibility for community outreach efforts, with AUTHORITY staff providing a support role.

D. To facilitate any review and or approvals from outside groups or agencies.

1 E. To coordinate with CITY to invoice AUTHORITY for costs incurred by AGENCY and/or
2 CITY relating to the PROJECT in an amount not to exceed One Million Six Hundred Fifty Thousand
3 Dollars (\$1,650,000).

4 **ARTICLE 3. RESPONSIBILITIES OF THE CITY**

5 CITY agrees to the following responsibilities for PROJECT:

6 A. To coordinate with AGENCY to present the PROJECT to the public for comment, and
7 provide sufficient staff to support the community outreach effort.

8 B. To be responsible for environmental reviews and approvals required for environmental
9 compliance with California Environmental Quality Act (CEQA) and National Environmental Policy Act
10 (NEPA).

11 **ARTICLE 4. RESPONSIBILITIES OF AUTHORITY**

12 AUTHORITY agrees to the following responsibilities for PROJECT:

13 A. To fund and pay to AGENCY and/or CITY allowable costs that are incurred by AGENCY
14 and/or CITY within 30 days of submittal of an approved invoice(s) from AGENCY and/or CITY up to an
15 aggregate amount not to exceed the sum of One Million Six Hundred Fifty Thousand Dollars
16 (\$1,650,000) as shown on Exhibit 1 attached hereon.

17 B. To provide support to the CITY's community outreach efforts.

18 **ARTICLE 5. TERM OF AGREEMENT**

19 This Cooperative Agreement shall commence upon execution by all parties, and shall continue
20 in full force and effect through the earlier of (1) completion of the Scope of Work and reimbursement of
21 the costs incurred by AGENCY and CITY under the terms of this Cooperative Agreement, or (2)
22 December 31, 2015, unless otherwise extended by all parties in writing.

23 **ARTICLE 6. INDEMNIFICATION**

24 A. CITY and or AGENCY shall indemnify, defend and hold harmless the AUTHORITY, it's
25 officers, directors, employees and agents from and against any and all claims (including attorney's fees
26 and reasonable expenses for litigation and settlement) for any loss or damages, bodily injuries, damage

1 to, or loss of property caused by the negligent acts, omissions or willful misconduct by CITY and or
2 AGENCY, or their respective officers, directors, employees or agents in connection with or arising out of
3 the performance of this Cooperative Agreement.

4 B. CITY and AGENCY shall each maintain adequate reserves and/or appropriate limits of
5 insurance coverage to meet their defense and indemnification obligations as set forth herein. How the
6 CITY and AGENCY satisfy these obligations shall be left to the CITY's and AGENCY'S discretion.

7 C. AUTHORITY shall indemnify, defend and hold harmless the CITY and or AGENCY, and
8 their respective officers, directors, employees and agents from and against any and all claims (including
9 attorney's fees and reasonable expenses for litigation and settlement) for any loss or damages, bodily
10 injuries, damage to, or loss of property caused by the negligent acts, omissions or willful misconduct by
11 AUTHORITY, its officers, directors, employees or agents in connection with or arising out of the
12 performance of this Cooperative Agreement.

13 D. AUTHORITY shall maintain adequate reserves and/or appropriate limits of insurance
14 coverage to meet its defense and indemnification obligations as set forth herein. How the AUTHORITY
15 satisfies these obligations shall be left to the AUTHORITY'S discretion.

16 **ARTICLE 7. IT IS MUTUALLY UNDERSTOOD AND AGREED:**

17 All parties agree to the following mutual responsibilities regarding the PROJECT:

18 A. This Cooperative Agreement may only be extended upon mutual written agreement by
19 all parties.

20 B. This Cooperative Agreement may be terminated by either party after giving thirty (30)
21 days written notice. Upon receipt of notice from AUTHORITY, AGENCY, and CITY shall immediately
22 notify their consultant(s) to cease work, unless the notice from AUTHORITY provides otherwise. Upon
23 the termination of this Cooperative Agreement, AUTHORITY shall pay AGENCY and/or CITY for that
24 portion of the Scope of Work completed and all allowable reimbursements incurred to the date of
25 termination in compliance with this Cooperative Agreement.
26

C. This Cooperative Agreement may be amended in writing at any time by the mutual consent of all three parties. No amendment shall have any force or effect unless executed in writing by all three parties.

D. The persons executing this Cooperative Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that, by so executing this Cooperative Agreement, the parties hereto are formally bound to the provisions of this Cooperative Agreement.

E. All notices hereunder and communications regarding the interpretation of the terms of this Cooperative Agreement, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered, or certified mail and addressed as follows:

To CITY:	To AUTHORITY:
City of Orange	Orange County Transportation Authority
300 East Chapman	550 South Main Street
Orange, CA 92866	P. O. Box 14184
	Orange, CA 92863-1584
Attention: John Sibley	Attention: John Mathis
City Manager	Senior Contract Administrator
	Contracts Administration & Materials Management
Tele 714/ 744-2222; Fax 714/744-5323	Tele 714/560-5478; Fax 714/562-5792
email: jsibley@cityoforange.org	email: jmathis@octa.net
To AGENCY:	
Orange Redevelopment Agency	
300 East Chapman Avenue	
Orange, CA 92866	
Attention: Executive Director	

Tele 714/288-2580; Fax 714/288-2598
Email: jreichert@cityoforange.org

Any party may change the notice address by notifying the other parties in writing. Notices may be sent by either facsimile or U.S. Mail. Notices shall be deemed received upon receipt of same or within 3 days of deposit in the U.S. Mail, whichever is earlier. Notices sent by facsimile shall be deemed received on the date of the facsimile transmission.

F. The headings of all sections of this Cooperative Agreement are inserted solely for the convenience of reference and are not part of and not intended to govern, limit or aid in the construction or interpretation of any terms or provision thereof.

G. The provision of this Cooperative Agreement shall bind and inure to the benefit of each of the parties hereto and all successors or assigns of the parties hereto.

H. If any term, provision, covenant or condition of this Cooperative Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Cooperative Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Cooperative Agreement shall be valid and enforceable to the fullest extent permitted by law.

I. This Cooperative Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

J. Either party shall be excused from performing its obligations under this Cooperative Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of

such cause is presented to the other party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

K. This Cooperative Agreement shall be governed by and construed under the laws of the state of California.

L. Form of Invoice – Each invoice shall be executed by a designated representative of CITY appointed by CITY to have such authority and shall be delivered in accordance with Article 7, subparagraph E, and shall have the following information:

1. Agreement Number C-9-0901
2. Total invoice amount submitted on CITY/AGENCY letterhead
3. Invoice number and date
4. Total contract value
5. Total cost to date
6. Non participating or ineligible cost to date
7. Participating costs on previous invoice
8. Amount of current charges
9. Reimbursement ratio of seventy three (73%) of eligible costs
10. Copies of consultants invoices and a summary of design activity for the period the invoice covers
11. Such other information as requested by AUTHORITY

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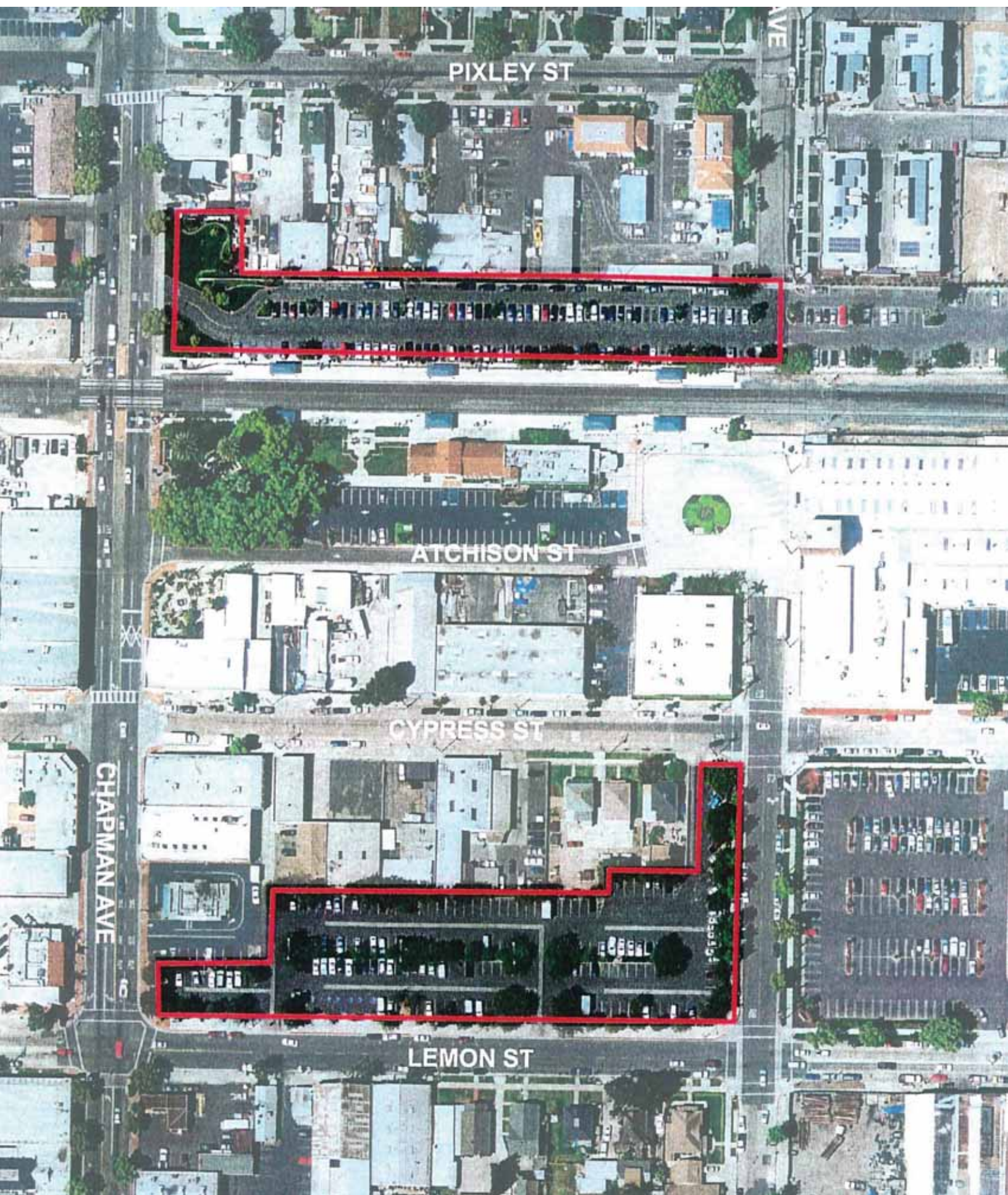
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Exhibit 1

Design Costs and Project Funding
for Parking Structures

Total Parking	OCTA Contribution	Funding Source
Project Management	\$200,000	Measure M (OCTA)
Engineering and Design	\$1,450,000	
Total OCTA Contribution	\$1,650,000	73% of total cost
Project Management	\$75,000	City/Agency/Private Development
Engineering and Design	\$575,000	
Total City Contribution	\$610,000	27% of total cost
Total Design and Project Management	\$2,260,000	



**Design Costs and Project Funding
for Parking Structures**

Total Parking	OCTA Contribution	Funding Source
Project Management	\$200,000	Measure M (OCTA)
Engineering and Design	\$1,450,000	
Total OCTA Contribution	\$1,650,000	73% of total cost
Project Management	\$75,000	City/Agency/Private Development
Engineering and Design	\$575,000	
Total City Contribution	\$610,000	27% of total cost
Total Design and Project Management	\$2,260,000	



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee

From: Will Kempton, Chief Executive Officer

Subject: Buy America Review

Overview

The Internal Audit Department has conducted a post-delivery Buy America review for an Orange County Transportation Authority agreement to purchase 33 paratransit gasoline cutaway transit vehicles.

Recommendation

Receive and file EIDorado National, Inc. Post-Delivery Buy America Review, Internal Audit Report No. 10-301.

Background

The Orange County Transportation Authority (OCTA) Board of Directors authorized the Chief Executive Officer to execute Agreement No. C-8-1315 (Agreement) with Creative Bus Sales, Inc. (CBS), in an amount not to exceed \$3,399,127. The Agreement was executed on June 30, 2009, for the purchase of 33 paratransit gasoline cutaway transit buses (vehicles). EIDorado National, Inc. manufactures transit vehicles purchased by OCTA through agreements with CBS.

Transit agencies are required, through Code of Federal Regulation (CFR) Title 49 Chapter VI Part 661, to verify that transit vehicle costs of at least 60 percent are of United States (US) content, in conformity with the requirements of Section 165(a) or (b)3 of the Surface Transportation Act of 1982, as amended. The regulations specify that grant recipients must conduct or contract for pre-award and post-delivery reviews of vehicle manufacturers.

Discussion

At the request of the Contracts Administration and Materials Management (CAMP) Department, the Internal Audit Department (Internal Audit) performs pre-award and post-delivery Buy America reviews (reviews) to ensure compliance with federal

Buy America requirements. These reviews require that Internal Audit visit manufacturer locations, review evidence establishing that the vehicle components or subcomponents were manufactured in the US, and obtain certifications of compliance with Buy America requirements from the manufacturers. Pre-award reviews are required for all transit vehicle purchases. Post-delivery reviews are only required if manufacturers' components and subcomponents, as proposed during the procurement and pre-award review process, change.

Summary

Based on the reviews performed, vehicles purchased by OCTA comply with the domestic content requirements of the federal Buy America guidelines.

Attachment

- A. EIDorado National, Inc. Post-Delivery Buy America Review, Internal Audit Report No. 10-301

Prepared by:



Kathleen M. O'Connell
Executive Director
(714) 560-5669

Orange County Transportation Authority Internal Audit Department



Eldorado National, Inc. Post-Delivery Buy America Review

INTERNAL AUDIT REPORT NO. 10-301

January 28, 2010



Internal Audit Team:

Kathleen M. O'Connell, CPA, Executive Director of Internal Audit
Ricco Bonelli, Senior Internal Auditor

Orange County Transportation Authority
EIDorado National, Inc.
Post-Delivery Buy America Review
January 28, 2010

Conclusion..... 1
Background 1
Objectives, Scope and Procedures 1
Limitations and Restrictions 2
Post-Delivery Buy America Compliance Certification 3
Audit Certification 4
Buy America Calculation - Schedule of Verified Components..... 5

Conclusion

At the request of the Contract Administration and Materials Management (Camm) Department, the Internal Audit Department (Internal Audit) performed a post-delivery Buy America review to ensure compliance with federal Buy America requirements.

Internal Audit determined that the vehicles manufactured by EIDorado National, Inc. (EIDorado) for the Orange County Transportation Authority (OCTA) contain domestically manufactured components representing costs of at least 60 percent of the cost of the vehicles, that the final assembly location is within the United States (U.S.), and the final assembly activities reported by the manufacturer qualify as final assembly.

In Internal Audit's opinion, and based upon evidence provided by the manufacturer, the vehicles purchased by OCTA and manufactured by EIDorado are in compliance with the U.S. content provisions of federal Buy America guidelines.

Background

The OCTA Board of Directors authorized the Chief Executive Officer to execute Agreement C-8-1315 (Agreement) with Creative Bus Sales, Inc. in an amount not to exceed \$3,399,126.51. The Agreement was executed on June 30, 2009, for the purchase of 33 paratransit gasoline cutaway transit buses (vehicles).

To ensure compliance with Buy America guidelines, transit agencies are required through the Code of Federal Regulations (CFR), specified in Title 49, Chapter VI, Part 663, to verify that vehicle costs of at least 60 percent are of U.S. content, in conformity with the requirements of Section 165(a) or (b)3 of the Surface Transportation Act of 1982, as amended. The regulations specify that the grant recipient must conduct, or contract for, a post-delivery review of the vehicle manufacturer unless the recipient is satisfied that the vehicle components did not change after the pre-award review.

The regulations further stipulate that the post-delivery review must be completed before vehicle title is transferred to the recipient, or before the buses are placed into revenue service, whichever is first. A post-delivery review consists of a Buy America certification, a purchaser's requirement certification, and a Federal Motor Vehicle Safety Standards (FMVSS) certification.

Objectives, Scope and Procedures

The objective of the post-delivery Buy America review was to determine whether EIDorado constructed vehicles with a U.S. component cost of at least 60 percent of the

**Orange County Transportation Authority
EIDorado National, Inc.
Post-Delivery Buy America Review
January 28, 2010**

total cost of the vehicle, and to verify that the final assembly location of the vehicles was within the U.S.

The scope of this review considered all buses purchased from EIDorado through the Agreement.

Internal Audit's procedures included verifying costs by agreeing selected components and subcomponents listed on the manufacturer's post-audit schedule to invoices and/or purchase orders provided by the manufacturer in Salinas, Kansas. To determine whether the final assembly location was within the U.S., Internal Audit reviewed the final assembly location and the list of final assembly activities performed by the manufacturer to ensure that the activities at the location qualify as final assembly.

Limitations and Restrictions

This review was conducted in accordance with Generally Accepted Government Auditing Standards, except for the triennial peer review requirement which has not yet been fulfilled. Those standards require that we plan and perform the Buy America review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

This review was also conducted in accordance with relevant standards applicable to attestation engagements issued by the American Institute of Certified Public Accountants.

Compliance with these standards relates to the procedures performed by Internal Audit related to this Buy America review. These procedures do not constitute an audit of EIDorado, its financial condition, results of operations, information systems, or system of internal control.

In performing this review, Internal Audit relied on financial records and data provided by EIDorado and/or its component manufacturers. As these records and data were unaudited, their inaccuracy or incompleteness could have a material effect on the findings and conclusions contained herein.

The procedures performed were designed to meet the objectives of the Buy America review and are consistent with Federal Buy America requirements.

This report is intended solely for the information and use of the CAMM Department of the Orange County Transportation Authority and is not intended to be, and should not be, used by anyone other than this specified party.

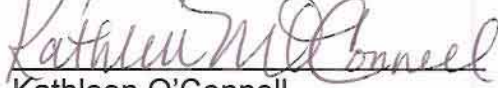
Post-Delivery Buy America Compliance Certification

As required by Title 49 of the CFR, Part 663 – Subpart C, Orange County Transportation Authority certifies that it is satisfied that the buses received, 33 paratransit gasoline cutaway transit buses from ElDorado National, Inc., meet the requirements of Section 165(b)(3) of the Surface Transportation Assistance Act of 1982, as amended. The Orange County Transportation Authority's Internal Audit Department has reviewed documentation provided by the manufacturer, which lists (1) the actual component and subcomponent parts of the buses identified by the manufacturer, country of origin, and cost; and (2) the actual location of the final assembly point for the buses, including a description of the activities that took place at the final assembly point, and the cost of final assembly.

Date:

01/28/10

Signature:



Kathleen O'Connell
Executive Director, Internal Audit
Orange County Transportation Authority

Audit Certification

I certify that I have conducted a post-delivery review of the documents relating to the manufacture of the 33 paratransit gasoline cutaway transit buses by ElDorado National, Inc., for the Orange County Transportation Authority of Orange, California, according to the requirements of 49 CFR 663. Based on the documentation provided to me by ElDorado National, Inc., it appears that the vehicles purchased are in conformity with the requirements of Section 165 (a) or (b) (3) of the Surface Transportation Act of 1982, as amended.

Date:

1/28/2010

Signature:



Ricco Bonelli

Senior Internal Auditor, Internal Audit
Orange County Transportation Authority

**BUY AMERICA CALCULATION
SCHEDULE OF VERIFIED COMPONENTS
ELDORADO NATIONAL, INC.**

Vendor Name	Component	Percentage of Total Cost
Eldorado National, Inc.	Base Body	13.77%
Ford Motor Company	Chassis	36.26%
Telma Incorporated	Brake Retarder	6.67%
Carrier	Air Conditioning	2.53%
Ricon Corporation	Door Lift	3.78%
		<u>63.00%</u>



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Amendment to Agreement to Develop Technical Specifications for the Fare Collection System Upgrade

Transit Committee Meeting of March 11, 2010

Present: Directors Brown, Dalton, Dixon, Glaab, Nguyen, Pulido, and Winterbottom

Absent: None

Committee Vote

This item was passed by all Committee Members present.

Directors Brown and Pulido were not present to vote on this item.


Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-8-0877 between the Orange County Transportation Authority and TranSystems, to exercise the optional task to develop technical specifications for the fare collection system upgrade, in an amount not to exceed \$147,639, bringing the total contract value to \$387,295.



March 11, 2010

To: Transit Committee

From: Will Kempton, Chief Executive Officer 

Subject: Amendment to Agreement to Develop Technical Specifications for the Fare Collection System Upgrade

Overview

The Orange County Transportation Authority completed a fare integration study to explore ways to improve existing fare collection processes and to prepare for the integration of future transit services, such as the Metrolink Service Expansion Program and the Go Local city-initiated transit projects. The study also explored fare integration strategies to improve connectivity with other regional transit operators. On August 25, 2008, the Board of Directors approved the selection of TranSystems to conduct this study. On September 14, 2009, the results of the Fare Integration Study were presented to the Board of Directors. Staff was directed to return to the Board of Directors for approval to proceed with the development of the technical specifications for an upgrade to the fare collection system.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-8-0877 between the Orange County Transportation Authority and TranSystems, to exercise the optional task to develop technical specifications for the fare collection system upgrade, in an amount not to exceed \$147,639, bringing the total contract value to \$387,295.

Discussion

On August 25, 2008, the Orange County Transportation Authority (Authority) contracted with TranSystems to conduct a fare integration study to identify potential strategies for intracounty and intercounty fare integration. The primary goal of the study was to provide the Authority with fare collection alternatives for increasing operational efficiency, facilitating interagency compatibility, and offering customers seamless travel throughout Orange County and into neighboring counties. A list of neighboring agencies and the transit services

being operated or planned for implementation in Orange County is provided in Attachment A. In addition to fare integration with other systems, this effort seeks to integrate fare collection with other in-house information systems.

Since the Authority is in the process of upgrading the bus radio communication system under the Intelligent Transit Management System (ITMS) project, the upgrade of the fare collection system is timely and presents notable opportunities. ITMS works toward integrating all in-vehicle systems so they share information and optimize the utilization of resources and data-sharing. The integration between the farebox and the Smart Mobile Data Terminal would result in a single logon process for coach operators. The farebox is the initial point of contact for this single logon. Upgrading the radio and fare collection systems concurrently would maximize resources and ensure total system integration.

The study identified the following alternatives, which were presented to the Board of Directors (Board) on September 14, 2009, for consideration:

- Upgrade existing farebox equipment since there is no immediate need to replace fareboxes; existing fareboxes were installed in 2002 and could last another eight to ten years
- Equip Authority buses with stand-beside smart card readers capable of accepting fare media from neighboring transit properties
- Equip Authority buses with smart card readers that are also capable of reading bank cards and near field communication (NFC) cell phones
- Consider low to medium cost options with flexibility for future expansion as new transit systems and programs are implemented in Orange County

The approximate capital cost for the various alternatives range from \$4.1 million to \$10.5 million. These alternatives are summarized in the executive summary of the report, included as Attachment B. Based on the consultant recommendation, the preferred alternative consists of a phased approach, beginning with upgrading the existing farebox and equipping Authority buses with stand-beside smart card readers. As new services are implemented in the future, additional upgrades would be phased-in. This is a calculated, careful approach that will allow the Authority to expand its fare collection capability with low investment and low risk.

At the time the alternatives were presented to the Board, funding had not been identified; therefore, the development of technical specifications was postponed. Funding has been identified as part of the ITMS project. Development of the technical specifications was included as an optional task

under the current contract with TranSystems. If approved by the Board, the farebox and radio upgrade projects will be integrated to deliver a complete system that will allow transit users seamless travel and increase management functionality and reporting. Staff will update the Board regarding the progress on the specifications for the fare collection system upgrade as the project moves forward.

Procurement Approach

The procurement was originally handled in accordance with the Authority's procedures for professional and technical services. The original firm fixed-price agreement was awarded on a competitive basis. On August 25, 2008, the Board approved an agreement with TranSystems in the amount of \$239,656. TranSystems proposed hourly rate pricing for an optional task to develop a technical specification package after completion of research and analysis for the development of a fare integration policy. Through negotiations with the Contracts Administration and Materials Management Department, TranSystems has agreed to hold its hourly rates provided in 2008 to perform the optional task under this agreement. The initial term will expire on March 31, 2010, which requires extending the term through December 31, 2010, and adding \$147,639 to the contract to complete this optional task. This will bring the total contract value to \$387,295 (Attachment C).

Fiscal Impact

The project is funded in the Authority's Fiscal Year 2009-10 Budget, Transit Division, accounts 2144-9027-D1111-FHL and 2114-9027-D1111 PBJ, and is funded through Proposition 1B and Federal Transit Administration (FTA) Section 5307 and FTA Section 5309, Federal Funding, Grants CA-90-Y048, CA-90-Y540, CA-90-Y697 and CA-03-0754.

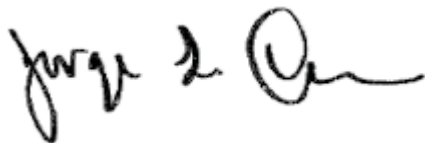
Summary

The fare integration study has been completed and preliminary strategies to improve the Authority's fare collection system have been identified and presented to the Board. The next step is to begin the development of technical specifications to identify the requirements and the cost estimate of the preferred alternative. An amendment to the current contract with TranSystems is required, in an amount of \$147,639, increasing the maximum obligation to \$387,295 and extending the term of the agreement to complete this work.

Attachments

- A. List of Existing and Future Transit Services
- B. Fare Integration Study Contract No. C-8-0877 Executive Summary
- C. TranSystems Agreement No. C-8-0877 Fact Sheet

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List of Existing and Future Transit Services

OCTA currently interfaces with the following transit systems:

- Anaheim Resort Transit System (bus service – Orange County)
- City of Laguna Beach Transit (bus service -- Orange County)
- City of Irvine Shuttle (bus service – Orange County)
- Foothill Transit (bus service -- Los Angeles County)
- Long Beach Transit (bus service -- Los Angeles County)
- Los Angeles Metro (bus and rail service -- Los Angeles County)
- Metrolink (commuter rail service -- Ventura, LA, Riverside, San Bernardino and Orange Counties)
- North County Transit District (bus, light rail transit, commuter rail service -- San Diego County)
- Norwalk Transit (bus service -- Los Angeles County)
- Omnitrans (bus service -- San Bernardino County)
- Riverside Transit Agency (bus service -- Riverside County)

Future Transit Systems:

- Metrolink Service Expansion Program
- Go Local services

Fare Integration Study

Contract No. C-8-0877

Executive Summary

Submitted to:

Orange County Transportation Authority



Submitted by:

TranSystems

In association with

Dan Boyle & Associates

LTK Engineering Services

July 2009

Executive Summary

Introduction

Given the expanding public transit network serving Orange County – featuring a growing number of modes/services providing both direct intra-county service and regional connections – there is clearly a need for effective and efficient fare integration. Such fare integration can involve both policy and technology-based strategies – and indeed may well include a combination of the two. Orange County Transportation Authority (OCTA) has undertaken the **Fare Integration Study** to identify and evaluate a range of alternatives for best addressing fare integration requirements and opportunities – and ultimately to develop a recommended integration strategy. OCTA's objectives for these alternatives appropriately include increasing operational efficiency, encouraging the use of the various existing service options, facilitating regional (inter-agency and inter-county) compatibility, and accounting for future services (including the Bravo! service, the Go Local Program and Metrolink Service Expansion Program).

The **Fare Integration Study** was undertaken by TranSystems, assisted by Dan Boyle & Associates and LTK Engineering Services. The study consisted of two major tasks. *Task 1* consisted of the research necessary to develop fare integration alternatives for OCTA and the agencies with which it interfaces. This research effort included collecting pertinent data/reports/agreements from OCTA, as well as conducting meetings/interviews with the key parties. *Task 1* included the following key activities:

- Identification of fare integration practices in a set of peer region
- Review of payment technologies in place or planned elsewhere that could be considered for use by OCTA and/or the other regional agencies
- Compilation and review of fare structure, payment technology and transfer agreement information for OCTA and each of the regional operators
- Identification and weighting of fare-related goals/evaluation criteria, based on a survey of OCTA and other agencies staff
- Compilation and review of ridership and transfer data among OCTA and the other regional operators

Task 2 involved development and evaluation of alternative fare integration strategies. The key activities in this task were as follows:

- Identification of potential approaches (technological and/or policy-based) for *intra-county* fare integration, covering:
 - Metrolink Service Expansion Program (and potentially all intra-county Metrolink service)
 - City of Laguna Beach Transit
 - City of Irvine Shuttle
 - Anaheim Resort Transit System
 - Future Go Local services
 - Future Bravo! Service
- Identification of potential approaches (technological and/or policy-based) for *inter-county* fare integration (i.e., involving integration between OCTA and transit agencies in adjoining counties with which it has regional connections).

- Evaluation of alternatives, using the set of weighted criteria mentioned above
- Identification of alternative approaches – including estimated capital costs -- for upgrading/replacing OCTA's existing fare collection system
- Identification of a set of recommended intra- and inter-county approaches

The **Final Report** documents these activities and the study findings; this **Executive Summary** summarizes the key findings and recommendations.

Task 1 Findings

Fare Integration Practices

The consultant team conducted a review of fare integration practices in place or planned in several other regions in the US (Los Angeles, San Diego, Sacramento and Seattle). Key findings from this review include the following:

- There is significant variety in terms of fare structure integration approaches, including
 - Regional passes (e.g., regional EZ Pass in LA, regional monthly/day passes in SD, set of regional passes in Seattle)
 - A common basic regional fare structure (e.g., Seattle)
 - Acceptance of the region's major operator's fare media by other operators (e.g., Sacramento)
- All four regions have implemented (or are planning to introduce) regional smart card systems
- There is considerable variation in terms of revenue sharing/allocation methods
- There is a range of transfer/upgrade policies



Payment Technology Trends and Developments

The team reviewed emerging payment industry developments and trends that could be considered in developing OCTA's fare integration strategies. A key payment technology trend over the past few years has been the use of contactless smart cards for transit payments. Smart card programs have been implemented both through regional programs linking multiple agencies (e.g., in Los Angeles, San Diego, Ventura Co., San Francisco Bay Area, Chicago and Seattle) and for individual agencies (e.g., in Boston and Houston).

Emerging developments related to payment technology that have begun to see use in transit payments include:

- Integration of fare payment with other types of payment (e.g., retail, parking) or non-payment functions (e.g., building access, campus uses)



- Use of bank-issued credit/debit cards for fare payment (e.g., Salt Lake City, New York City pilot) and loading of transit fare options on bankcards (e.g., London's Barclaycard-Oyster program and planned LA Metro-Visa prepaid card pilot)
- Use of cellular phones for fare payment (e.g., SF Bay Area and NYC pilot projects)¹

All of these developments offer considerable promise, particularly given their customer convenience benefits. Several key issues -- mainly related to cost and financial risk -- must be addressed before any of these strategies see widespread use in the transit industry. However, the pilot projects underway or planned should go far toward demonstrating the ultimate feasibility of the different approaches. The LA Metro/Visa prepaid card pilot scheduled for late 2009/early 2010 will be of particular interest in that it represents a variation on the direct use of bank cards, and avoids certain issues facing that approach. The use of cell phones for mobile payment also bears watching given the ubiquitous nature of cell phones in general.

Inter-agency Transfer Agreements

OCTA has inter-agency transfer agreements with nine neighboring agencies. All but the Metrolink agreement have a number of key elements in common, including:

- Fares collected on any route shall be retained by that operator
- Specific fare media are accepted as valid base fares by the other agency, with neither levying an additional charge for an initial boarding of connecting routes
- Each agency determines which connecting routes will honor fare media of the other agency and at which locations (generally transfer locations)
- The agencies will cooperate in establishing/maintaining joint bus stops and coordinated schedules, in providing information to the public, and in advertising the operations of both agencies
- The parties may negotiate boarding restrictions where duplication of service or potential revenue loss may occur



In contrast, the agreement with Metrolink calls for Metrolink to pay OCTA a set amount (half of OCTA's base fare) for each passenger boarding using Metrolink fare media.

Existing Fare/Service Integration

Key points regarding existing fare/service integration between OCTA and the other agencies include:

- The most extensive integration is with Metrolink, with 46 OCTA routes connecting to that service.
- Long Beach Transit has the greatest number of routes connecting with OCTA, at 35, and Metro ranks second in both categories, with 17 OCTA connecting routes and 10 of its own routes connecting with OCTA.

¹ The use of cell phones equipped for "mobile commerce" applications has emerged as a potential transit payment strategy. Near Field Communication (NFC) is a set of standards that allow cell phones to securely communicate with reader units at close range -- i.e., similar to a contactless smart card. NFC cell phones include a chip or sticker that can be loaded with a contactless credit/debit or transit payment application, and thus function like a smart card.

- One or more types of OCTA passes are accepted by Foothill Transit, Laguna Beach Transit, Long Beach Transit, LA Metro, North County Transit District, Omnitrans, and Riverside Transit Agency.
- OCTA accepts one or more type of passes from Long Beach Transit, LA Metro, Metrolink, North County Transit District, Omnitrans, Riverside Transit Agency.
- OCTA accepts only transfers from Foothill Transit, Laguna Beach Transit and Norwalk Transit.

Existing Agency Fare Structures

Key points of comparison include the following:

- OCTA's cash fare is higher than most of its neighboring agencies; among the bus operators, only NCTD has a higher fare (\$2.00).
- OCTA is like most of these agencies in not offering reduced-price transfers (i.e., charging a full fare per boarding). Only three agencies (Foothill, Norwalk and Laguna Beach) offer reduced-price transfers (within their own systems). However, most of the agencies, including OCTA, that charge a full fare per boarding sell day passes.
- OCTA is one of four of these agencies that offer a weekly and monthly pass.
- OCTA's senior/disabled cash fare is 40% of its adult cash fare -- one of the greater discounts. Only Metro's, at 36% of the adult fare, has a greater discount. Four of the agencies charge exactly half the adult fare.
- OCTA defines "senior" as age 65 and over, as do Metrolink and Laguna Beach Transit. Five of the agencies use age 62 and over, and two use 60.
- Most of the agencies, including OCTA, allow young children to ride for free. However, the maximum age for free rides varies considerably, from 4 to 7 (four agencies use the age of 5). OCTA's maximum free ride age of 6 is thus one of the highest.
- Only one of the agencies (Norwalk Transit) offers a reduced cash fare for non-college students. However, OCTA and three others do provide discounted monthly passes for riders age 7-18 (OCTA) or in Grades 1-12.

Existing and Planned Agency Fare Technologies

OCTA and the other agencies currently have – or are planning to add -- a range of fare collection technologies and systems. This presents a challenge in seeking to identify a cost-effective fare integration solution for OCTA and its neighbor agencies. Key issues related to possible technology-based integration include:

- Several of the agencies have fareboxes with the same type of magnetic ticket processing unit that OCTA has.² However, the agencies' fareboxes are not necessarily compatible with one another – due to different versions of card processing software. A software upgrade should allow these agencies' fareboxes to read each other's magnetic fare media.



² Long Beach Transit, Omnitrans, Riverside Transit and NCTD all have GFI's TRiM units.

Reportedly, only Omnitrans' fareboxes can at this point read OCTA fare media.

- LA Metro and the San Diego operators have implemented new multi-agency smart card-based fare systems. OCTA currently utilizes magnetic fare media with its validating fareboxes and would need to add a smart card reader compatible with one or the other system to be able to directly read that particular smart card.
- The TAP (LA) and Compass Card (SD) smart card systems are supplied by the same vendor (Cubic) and involve the same basic card technology. A software upgrade would reportedly enable the two systems to read each other's cards.
- Two agencies, Norwalk Transit and Foothill, have implemented the TAP system. The third LA "muni" in this group, Long Beach Transit, is not currently planning to add the TAP system, preferring to retain its magnetic capabilities; however, LBT will reconsider TAP once the program is fully deployed and functional. The TAP system does not support magnetic fare media.
- While OCTA and several of the other agencies could conceivably achieve payment integration through upgrading of the existing magnetic card processing software, such integration would not include Metro – or the other agencies planning on implementing TAP. On the other hand, if OCTA were to add "stand-beside" TAP readers (i.e., without necessarily replacing the existing fareboxes), full payment integration could be achieved with Metro and any other TAP-enabled system.

Possible Policy/Technology Changes/Initiatives and Evaluation Criteria

The consultant team developed a preliminary list of possible types of fare integration policy and technology changes and initiatives for the region. These changes/initiatives were separated into three categories:

- Possible changes/initiatives affecting Orange County Go Local services
- Possible changes/initiatives affecting Orange County Metrolink service
- Possible changes/initiatives affecting inter-county integration

The list of alternatives was used in the *Staff/Stakeholder Survey*, which was distributed to staff at OCTA and the other agencies in the region. The survey asked respondents to provide input on the following items:

- Question A: The different type of factors that may influence someone's decision to use transit
- Question B: How well OCTA's existing service rates according to each of those same factors
- Question C: The relative importance of each of a set of goals/evaluation criteria related to fare integration alternatives (both intra-county and inter-county); the goals/criteria presented were those identified in the Request for Proposals, as well as several additional items suggested by the consultant team
- Question D: Various possible types of fare policy and technology changes and initiatives related to improving fare integration in the region
- Question E: Identification of any particular issues/problems/concerns related to fare integration

For each question, respondents were asked to rate each item in terms of perceived relative importance (i.e., on a scale of 1-5). A total of 11 responses were received, from OCTA and Metro. The responses were subsequently used to provide input to the identification and weighting of evaluation criteria, for comparing fare integration alternatives in Task 2.

Review of Previous Studies

The consultant team reviewed a number of recent reports prepared by/for OCTA, Metrolink and other regional agencies. Key findings from relevant studies are as follows:

- *OCTA Bus Customer Satisfaction Survey (2007)*
 - Average of 1.2 transfers during current trip; average time completing trip is 1 hour
 - 74% of respondents make 1 or more transfers during the trip; 26% make 2 or more transfers during the trip; 9% make 3 or more transfers during the trip; 24% make no transfers during the trip
 - 37% of respondents pay cash, 23% use a 30-day pass, 22% use a 1-day pass
- *Metrolink 2006 Onboard Customer Satisfaction Survey (2006)*
 - 65% (on Orange County Line) use service 5+ days/week (2004 survey: 62%), 15% (on Orange County Line) use service 4 days/week (2004: 17%), 19% (on Orange County Line) use service 1-3 days/week (2004: 18%)
 - 14% of systemwide riders live in Orange County, 67% of Orange County Line riders live in Orange County, 20% of Orange County Line riders live in LA County, 11% of Orange County Line riders live in SD County
 - 65% use monthly passes, 20% 10-trip tickets, 7% 1-way tickets, 6% round-trip tickets
 - Average Metrolink (systemwide) trip length = 37.2 mi.; half of all trips are >34 mi.; average Metrolink (Orange County Line) trip length = 38.8 mi. (2nd longest, to Antelope Valley Line)
- *Metrolink Weekend Market Segmentation Study (August 2007)*
 - The top-ranked service features that would encourage weekend ridership are discounted weekend fares, free ride once per month, free bus connections
 - Concepts related to an integrated trip/ticket were well-received by respondents
- *LOSSAN Corridor Rail Service Integration Focus Groups Report (revised August 2008)*
 - A flat fare of \$1/stop for short trips was seen by many *train users* as an incentive to attract new riders. A day pass (covering short trips) should also be considered.
 - A flat fare of \$1/stop for short trips was seen by nearly all of the *non-users* as a good idea – it is simple and easily understandable, and would serve to motivate those who otherwise would not consider a short train trip. This strategy was ranked third among thirteen potential service enhancements by one group, fourth by the other group.
 - A single ticket covering the whole trip (bus and rail) was also seen as very appealing by the *non-users*. It was ranked fourth among the potential service enhancements by one group, second by the other group.

Compilation of Ridership/Transfer Data

The consultant team compiled data on transfers among OCTA and the other operators (intra- and inter-county). This data subsequently provided the basis for estimation of ridership and revenue impacts of different types of fare integration strategies. Key findings included:

- Just under 2% of all boardings are inter-agency transfers or made with Metrolink fare media.

- More than half of inter-agency boardings are made with Metrolink fare media; among the other agencies, Metro accounts for by far the most transfers with OCTA (over half of non-Metrolink total).
- While most of the Metrolink transfers are to routes that have one terminus at a Metrolink station, OCTA accepts Metrolink fare media on all routes, and there are a significant number of transfers to routes that do not directly connect to Metrolink. In our review, all but three of the routes had at least one boarding using Metrolink fare instruments.

Task 2 Findings and Recommendations

A set of alternative policy and technology-based approaches was developed and evaluated for each fare integration category. Based on the evaluation of each set of approaches, the following recommendations were developed:

Intra-County Fare Integration

Orange County Metrolink Service Expansion Program

- It is recommended that **Metrolink sell and accept a new OCTA Premium Day Pass**. The **Premium Day Pass is recommended to be priced at \$5 or \$6**. The concept should be tested initially in a pilot project (i.e., prior to the actual implementation of the Metrolink high frequency service). For purposes of conducting the pilot, it is recommended that **the existing TVMs be utilized** -- i.e., programmed to vend special tickets representing OCTA fare media. This would allow testing of the fare/pricing concept to be deployed with the Metrolink high frequency service without having to purchase and install a new device. It is also recommended that **the Premium Day Pass be sold/activated on board OCTA buses**.
- For full implementation of the intra-county service, a recommended equipment/technology approach should be based on the results of the pilot test, coupled with OCTA's fare technology strategy decisions (i.e., based on the results of this Fare Integration study).

Services Provided by Localities within Orange County

- **City of Laguna Beach Transit Service** -- The recommended alternative is to retain **the Status Quo**, in which LBT accepts OCTA's Day Pass and OCTA accepts transfers from LBT. There is no compelling reason to change the existing arrangement.
- **City of Irvine Shuttle Service** -- The recommended alternative is for **Expanded U-pass and employer pass programs**. Involving Irvine -- and possibly the other cities -- in the sale and use of the OCTA U-pass and employer passes is worth further consideration. OCTA could opt to extend this option on a city-by-city basis.



- **Anaheim Resort Transit (ART) Service** -- The recommended alternative is for **Acceptance of ART passes on OCTA services**. Given the highly targeted market for the ART service (i.e., tourists and visitors) – and the fare level (\$3) -- there is presumably minimal overlap between its market and OCTA's. Nevertheless, a reciprocal agreement would be worthwhile, if only for the sake of including all transit services within Orange County.



Go Local Services

- Two fare structure/policy alternatives are recommended for inclusion as an element in OCTA's fare policy: (1) **Acceptance of OCTA passes by all Go Local services** and (2) **Providing free OCTA-Go Local transfers**.
- A third alternative, dealing with equipment rather than policy, is recommended for further consideration: **Equipping all Go Local services with fare equipment that is compatible with OCTA's fare equipment**. However, this raises the cost issue. A county-wide smart card solution would be considerably less expensive than requiring a common farebox – whether OCTA provides funding or the individual cities are expected to provide their own funds. Achieving full interoperability will require further exploration.

Bravo! Service

- **Pay-on-boarding and allow boarding at rear door with passes** is the recommended fare collection approach for use on OCTA's new Bravo! service. This approach offers the key advantage associated with proof-of-payment, reduced boarding times – and therefore reduced vehicle dwell times – by allowing boarding through all doors, rather than the single door used in a conventional pay-on-boarding system. However, it avoids the need to install ticket vending machines (TVMs) at stations/stops, and is thus significantly less costly than a proof-of-payment (POP) approach. The biggest disadvantage of the recommended approach is the need for fare inspectors – like in a POP system; fewer inspectors may be needed than in a POP system, though, as at least a portion of riders will board via the front door and pay at the farebox. **The estimated capital cost of this alternative is approximately \$1.7-2.0 million; the estimated annual operating & maintenance cost is approximately \$1.2-1.6 million.**
- A hybrid POP/pay-on-boarding approach, **Provide limited off-vehicle fare collection**, could also be considered, as it offers somewhat greater customer convenience than the above alternative, with the provision of TVMs at certain key stops. In this case, the increased cost of procuring and installing TVMs must be weighed against the convenience factor. The unit cost of a TVM is roughly \$30-50,000, depending on the features/functions included and the number of units purchased. **The estimated capital cost of this alternative (based on 12 TVMs, which would cover 10% of the total stops) is approximately \$2.3-3.0 million; the estimated annual operating & maintenance cost is approximately \$1.2-1.7 million.**

Inter-County Fare Integration

- The highest rated alternative is **Equipping OCTA with Metro's TAP smart card readers**. The intent would be to allow TAP cards issued by Metro or other agencies (e.g., Foothill Transit and Norwalk Transit have added TAP capability) to be directly read on OCTA buses.
- Implementation of this approach would entail one of the following strategies:

- Procuring and installing “stand-beside” TAP-compatible readers (i.e., linked to the OCTA fareboxes, but not directly integrated into the fareboxes)
- Upgrading the existing OCTA fareboxes to be able to read TAP cards
- Replacing the existing OCTA fareboxes with TAP-compatible fareboxes

Procurement of new fareboxes (i.e., the third option) is not recommended. The other two options could be considered, but the first (*stand-beside readers*) is recommended at this point. The reasons are the significantly lower expected cost of this option, and its greater flexibility regarding the ability to make future changes.

- Another alternative, ***Equipping OCTA services with smart card readers capable of reading commercial bank cards and/or cellular telephones***, represents a set of emerging payment options, although these would complement rather than replace agency-issued fare media, at least for the foreseeable future. In order to accommodate this alternative, ***the recommended inter- county integration approach is for OCTA to procure new smart card readers capable of reading both the TAP cards and commercial bank cards (and NFC cell phones)***. ***The estimated capital cost of this approach is approximately \$4.1 million.***
- Given the nature of the recommendations from this study (i.e., related to technology changes, with no changes to the basic fare agreements), there is no compelling reason to introduce **revenue sharing** at this time.



Upgrading/Replacing OCTA's Fare Collection System Strategies

- Potential technology/equipment-based alternatives were also considered within the context of possible strategies for upgrading or replacing OCTA's existing fare collection system; several alternative strategies were identified, and order of magnitude capital costs were developed for each strategy. The basic fare system strategies reviewed – and their estimated costs -- were:
 - Add stand-beside smart card reader capable of reading both the TAP cards and commercial bank cards/cell phones – approximately \$4.1 million
 - Refurbish existing farebox (and add smart card functionality) -- approximately \$5.2 million
 - Purchase new validating farebox with magnetic read-write functionality -- approximately \$9.0 million
 - Purchase new validating farebox with smart card functionality – approximately \$9.3 million
 - Purchase new validating farebox with magnetic read-write and smart card functionality -- approximately \$10.5 million
- Regarding the new farebox alternatives, the finding was that there is no immediate need to replace the existing units, given the fact that they are only at the mid-point of their expected useful life. If properly maintained, these units should last another 8-10 years.

- Given the cost and flexibility advantages of the **Stand-beside smart card reader** alternative (i.e., as compared with the other upgrade/replacement alternatives), this approach is recommended for consideration by OCTA. This dovetails with the recommendation regarding Inter-County fare integration (i.e., providing OCTA the ability to read TAP cards and commercial bank cards/cell phones).
- It is also recommended that the fare collection system integration with other on-board smart bus equipment that began with the farebox procurement and installation in 2002 be completed. This would include computer aided dispatch/automated vehicle location (CAD/AVL), automated passenger counters (APC), automated vehicle announcement (AVA), destination signs, and the enhanced radio communication system. Providing a single operator log-on and integrating the fare system with the other systems enhances the value of the farebox data for use in service monitoring/performance evaluation, planning, managing operations and even marketing. On-vehicle systems integration will also enable OCTA to automatically segment data properly by indicating route/direction change. The on-vehicle integration should also synchronize the time among all the systems to insure data integrity.



Pay your fare here on a bus

TranSystems
Agreement No. C-8-0877 Fact Sheet

1. August 25, 2008, Agreement No. C-8-0877, \$239,656, approved by Board of Directors.
 - Provide research and analysis for the development of a fare integration policy.
 - Initial term is nine months, September 17, 2008 through June 30, 2009.
2. August 18, 2009, Amendment No. 1 to Agreement No. C-8-0877, \$0, approved by Contracts Administration and Materials Management.
 - Extend term through October 31, 2009.
3. December 15, 2009, Amendment No. 2 to Agreement No. C-8-0877, \$0, approved by Contracts Administration and Materials Management.
 - Extend term through March 31, 2010.
4. March 22, 2010, Amendment No. 3 to Agreement No. C-8-0877, \$147,639, pending approval by Board of Directors, bringing total commitment to \$387,295.
 - Exercise Option Task 6 to develop specifications to upgrade the fare collection system.
 - Increase the maximum obligation by \$147,639 in support of this additional work.

Total committed to Transystems, Agreement No. C-8-0877 for the amount of \$387,295.



MEMO

March 17, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



March 17, 2010

To: Finance and Administration Committee

From: Will Kempton, Chief Executive Officer 

Subject: Amendment to Agreement with Alta Resources for Customer Information Center Services

Overview

The Orange County Transportation Authority provides telephone call center operations 365 days a year using a contractor, Alta Resources. Given the substantial scale of bus service changes, the proliferation of cell phones, and the reduction of on-street and printed public information, call volumes have grown to record levels. This has impacted the call center budget. Staff is requesting Board of Directors' approval to amend Agreement No. C-6-0461 with Alta Resources to modify the terms of the agreement and increase the maximum cumulative obligation.

Recommendations

- A. Approve the transfer of \$98,482 to the External Affairs Fiscal Year 2009-10 budget to accommodate approximately 276,600 calls from March through June 2010. Staff has identified funds required within the existing Orange County Transportation Authority Fiscal Year 2009-10 Budget.
- B. Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-6-0461 with Alta Resources to modify the terms of the agreement effective May 1, 2010, to change from a time and materials contract to a firm fixed price contract, and to increase the maximum cumulative obligation from \$6,917,366 to \$7,518,679.

Discussion

The Orange County Transportation Authority (OCTA) telephone Customer Information Center (CIC) assists customers with trip planning by providing travel itineraries and general information to bus riders seven days a week,

365 days a year. CIC operations are provided by Alta Resources (Alta), located in Brea, California.

Call center current hours of operation are:

Monday – Friday	7:00 a.m. to 8:00 p.m.
Saturday – Sunday	7:00 a.m. to 7:00 p.m.
Holidays	8:00 a.m. to 5:00 p.m.

Over the past year, call volumes have continued to surpass expectations with an increase of 26 percent in the first half of this fiscal year as compared with the same period the previous year.

For fiscal year (FY) 2008-09 the average budgeted call volume was 61,000 calls per month when budget assumptions for FY 2009-10 were developed in January 2009. It was assumed reduced levels of ridership would result in reductions in customer calls. In addition, it was assumed the 511 integrated voice response (IVR) system would be operational in the first half of the fiscal year and a minimum of 10 percent of calls would be diverted to the IVR. The 511 transit IVR, being developed by the Los Angeles County Metropolitan Transportation Authority, is currently not deployed.

Actual CIC call volume in FY 2009-10 has fluctuated between 76,000 and 84,000 calls per month. Given the magnitude of bus service changes in March 2010, call volume is expected to be heavy, resulting in a significant budget impact. The original CIC budget estimate was \$1,453,000 but given the increases, staff has reallocated \$200,000 from other communications programs to the CIC. This includes:

- Bus books are being printed twice annually versus four times per year
- Timetables are being produced and printed in-house
- On-street signage has been reduced

Budget issues were discussed with OCTA's Finance and Administration (F&A) Committee on February 17, 2010, because even with the additional \$200,000, other funding or demand management strategies are required. Several options were discussed including modifying the days and hours of service, increasing call wait times, changing "on-hold" messages, and renegotiating the contract. The F&A Committee recommended discussing operational issues with the Transit Committee. The F&A Committee also recommended returning with a request for additional funding to accommodate calls during the March 2010 bus service reduction time period. F&A also favored maintaining the CIC hours of

operation and suggested staff explore an IVR system as well as an approach where users share the costs.

Procurement Approach

This procurement was originally handled in accordance with the OCTA's procedures for professional services and was awarded on a competitive basis. On September 25, 2006, the Board of Directors approved an agreement with Alta, in the amount of \$6,917,366. The agreement was originally written as a time and materials contract and provided for a fixed cost per answered call. As a result of negotiations with OCTA's Contracts Administration and Materials Management staff, Alta has proposed to perform the CIC service on a firm fixed price basis with fixed staffing levels. Staff's recommendation of a firm fixed monthly price of \$110,000 will require a contract amendment to allow for the firm fixed price payment provision. The amendment also would increase the contract value by \$601,313, bringing the contract maximum cumulative obligation to \$7,518,679 for the initial term.

Alta has provided OCTA with CIC services for the past eight years. Contract terms have remained fairly constant for this duration with an emphasis on serving customers, maintaining low abandonment rates, and processing calls. The current contract terms include a \$2 per call cost with no ceiling on the number of calls processed.

Alta provides CIC management staff and operators, CIC training, the telephone system, and computer hardware. OCTA provides HASTUS software and a T-1 line telephone connection.

The table below reflects the contractual terms with Alta for the initial four and one-half year term with three one-year option terms along with the costs to date and contract balance as of January 31, 2010.

Alta Contract No. C-6-0461	
Initial Contract Term 4.5 Years	1/1/2007 - 6/30/2011
Three One-Year Option Terms	7/1/2011 - 6/30/2014
Maximum Cumulative Obligation	\$6,917,366.00
Total Contract Cost to Date	\$5,552,752.17
Contract Balance	\$1,364,613.83

As of January 31, 2010, 69 percent of the initial contract term has expired and 80 percent of contract funding has been expended. At the current rate of

expenditure, the maximum cumulative obligation will be attained in the first quarter of FY 2010-11, likely in September 2010. For this reason, staff is requesting an increase to the maximum cumulative obligation based on a newly negotiated Alta proposal.

Alta Proposal

Staff negotiated with Alta to develop firm fixed pricing options as opposed to the existing \$2 per call pricing. The advantages of this approach are financial/budget certainty and reduced costs. This approach also indirectly promotes the use of less expensive communications channels such as text messaging and internet. This is because there will be a fixed number of calls that can be handled through the CIC given fixed staffing levels.

The Alta proposal is included in Attachment B. Staff is recommending a firm fixed monthly price of \$110,000, with 23 call center full time equivalent (FTE) employees accommodating an average of 67,500 monthly calls or \$1,320,000 on an annual basis. The FY 2010-11 annual budget request will be \$1,345,000, which includes \$1,320,000 for CIC calls plus \$25,000 to record riders alerts and detour information, on-hold messages, and to record all incoming calls which is included in the current agreement with Alta (Attachment C). This is \$407,082 less than the projected actual costs of \$1,752,082 in FY 2010-11.

The reason for the cap on call volume is that there are other less costly options available to customers. This includes short message system (SMS) text messaging which has already grown to 45,000 text messages per month, the e-bus book, "Just Click" trip planner, and OCTA Connections (e-mail notices). The bus book and individual route maps will also continue to be offered to customers. In addition, on-hold messages would continue to promote the other alternatives to obtain information.

The F&A Committee recommended that, due to the magnitude of the March bus service reduction program, the CIC should maintain current operating approaches through April 2010. This recommendation will require additional funds, in the amount of \$98,482, for FY 2009-10. In addition, staff recommends implementation of the proposed new pricing model effective May 1, 2010, through Alta's initial term for Agreement No. C-6-0461, which ends June 30, 2011.

Fiscal Impact

The additional funding required for Amendment No. 3 to Agreement C-6-0641 can be accommodated in OCTA's Approved Fiscal Year 2009-10 Budget,

Account 1835-7519-D4601-1E4, and is funded through the Orange County Transit District Fund. Funding for the period of July 1, 2010 to June 30, 2011, will be requested in the OCTA Fiscal Year 2010-11 Budget.

Summary

Staff is requesting the approval of recommendations to add funding to the External Affairs FY 2009-10 budget and amend the Alta contract. Alta's performance continues to meet or exceed contractual standards and the firm has submitted a viable proposal for call center operations. OCTA staff will continue to monitor call center performance, monthly call volumes, and will provide an update to the Board in six months.

Attachments

- A. Alta Resources Agreement No. C-6-0461 Fact Sheet
- B. OCTA & Alta Resources: Firm Fixed Pricing Proposal, February 19, 2010
- C. Customer Information Center Updated Assumptions – As of February 28, 2010

Prepared by:



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Approved by:



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ATTACHMENT A

Alta Resources Agreement No. C-6-0461 Fact Sheet

1. September 25, 2006, Agreement No. C-6-0461, \$6,917,366, approved by Board of Directors.
 - To provide customer information call center, pass sales and reduced fare identification services.
 - The initial term is effective through June 30, 2011.
2. May 15, 2008, Amendment No. 1 to Agreement No. C-6-0461, \$0, approved by Contracts Administration and Materials Management.
 - Amendment to revise the scope of work to record 100 percent of incoming calls during all hours of operation, seven days per week.
3. August 19, 2009, Amendment No. 2 to Agreement No. C-6-0461, \$0, approved by Board of Directors.
 - Amendment to revise scope of work to include a twelve-month pilot study modifying performance standards relative to average speed of answer and to delete pass sales and reduced fare identification services.
4. March 22, 2010, Amendment No. 3 to Agreement No. C-6-0461, \$601,313, pending approval by Board of Directors.
 - Amendment to modify the terms from a time and materials contract to a firm fixed price contract and increase the maximum cumulative obligation from \$6,917,366 to \$7,518,679.

Total committed to Alta Resources, Agreement No. C-6-0461: \$7,518,679.



OCTA & Alta Resources: Firm Fixed Pricing Proposal

February 19, 2010



Firm Fixed Pricing Proposal Overview

Fixed Monthly Rate	Annual Budget	Price Per Call Equivalent	Maximum Calls Handled Per Month	FTEs Staffed
\$100,000	\$1,200,000	\$1.69	59,000	21
\$110,000	\$1,320,000	\$1.63	67,500	23
\$120,000	\$1,440,000	\$1.59	75,500	25
\$140,000	\$1,680,000	\$1.50	86,500	29
<i>Pricing estimate is valid May 1, 2010 through June 30, 2011 (14 months)</i>				

- Alta Resources cannot be held responsible for any service level agreements around call handling as Alta does not control the number of incoming calls.
- Alta Resources cannot be held responsible for any complaints that are related to the speed of answer for the calls.
- For any month when the handled call volume falls under 53,000 calls, OCTA will be billed at \$1.90/call in lieu of the fixed monthly rate. This protects OCTA in the event the call volume drops extremely low in that OCTA would be paying a fair price per call for the associated volume. With the very low volume, \$1.90 is the minimum Alta will need to charge to cover the fixed expenses for the program.

ATTACHMENT C

Customer Information Center
Updated Assumptions - As of February 28, 2010

Updated Assumptions for Fiscal Year 2009-10		
Fiscal Year 2009-10	Actual Calls	Cost*
July	81,296	\$ 163,981
August	82,912	\$ 166,550
September	83,366	\$ 167,418
October	78,613	\$ 157,992
November	78,648	\$ 158,113
December	81,037	\$ 162,726
January	76,835	\$ 154,375
	Projected Calls	Cost**
February	57,000	\$ 115,000
March	71,942	\$ 144,584
April	69,621	\$ 139,943
May	67,500	\$ 110,000
June	67,500	\$ 110,000
Other expenses		\$ 1,400
Total Projected Actual Fiscal Year 2009-2010		\$ 1,752,082

* Includes \$2.00 per call + other expenses such as recordings, detour alerts, special projects, etc.

** Includes \$2.00 per call February through April and firm fixed price of \$110,000 per month for May and June 2010, March/April call volume assumes 14% growth over February.

Fiscal Year 2009-10 Funds Required:

Projected Actual Fiscal Year 2009-10	\$ 1,752,082
Fiscal Year 2009-10 Budget	\$ 1,653,600
Additional Funds Required	\$ 98,482

Contract Initial Term Requirements

Fiscal Year 2010-11	Calls	Cost
July	67,500	\$ 110,000
August	67,500	\$ 110,000
September	67,500	\$ 110,000
October	67,500	\$ 110,000
November	67,500	\$ 110,000
December	67,500	\$ 110,000
January	67,500	\$ 110,000
February	67,500	\$ 110,000
March	67,500	\$ 110,000
April	67,500	\$ 110,000
May	67,500	\$ 110,000
June	67,500	\$ 110,000
Other expenses		\$ 25,000
Budget Request Fiscal Year 2010-2011		\$ 1,345,000

CIC Contract Financial Overview	
Original Maximum Obligation January 2007 - June 2011	\$ 6,917,366
Estimated Expended End of June 30, 2010	\$ 6,173,679
Projected July 1, 2010 - June 30, 2010	\$ 1,345,000
Revised Maximum Obligation January 2007-June 2011	\$ 7,518,679



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Amendment to Cooperative Agreements for Provision of Senior Transportation to Congregate Meal Sites

Transit Committee Meeting of March 11, 2010

Present: Directors Brown, Dalton, Dixon, Glaab, Nguyen, Pulido, and Winterbottom

Absent: None

Committee Vote

This item was passed by all Committee Members present.

Directors Brown and Pulido were not present to vote on this item.

Committee Recommendations

- A. Authorize the Chief Executive officer to execute Amendment No. 2 to Cooperative Agreement No. C-8-0224 between the Orange County Transportation Authority and the Orange County Office on Aging for its share of the program expense for the provision of senior transportation to congregate meal sites, in an amount not to exceed \$334,060, through June 30, 2011.
- B. Authorize the Chief Executive Officer to execute amendments to agreements with nine participating cities for the cities' share of the program expense through June 30, 2011, based on the Orange County Office on Aging allocation, for a total amount not to exceed \$67,000.



March 11, 2010

To: Transit Committee

From: Will Kempton, Chief Executive Officer

Subject: Amendment to Cooperative Agreements for Provision of Senior Transportation to Congregate Meal Sites

Overview

On April 12, 2008, the Board of Directors approved cooperative agreements with the Orange County Office on Aging and cities participating in the Special Agency Transportation program to provide senior transportation to congregate meal sites. Contract amendments are required to extend these agreements through June 30, 2011.

Recommendations

- A. Authorize the Chief Executive officer to execute Amendment No. 2 to Cooperative Agreement No. C-8-0224 between the Orange County Transportation Authority and the Orange County Office on Aging for its share of the program expense for the provision of senior transportation to congregate meal sites, in an amount not to exceed \$334,060, through June 30, 2011.
- B. Authorize the Chief Executive Officer to execute amendments to agreements with nine participating cities for the cities' share of the program expense through June 30, 2011, based on the Orange County Office on Aging allocation, for a total amount not to exceed \$67,000.

Discussion

The Orange County Transportation Authority (Authority) provides approximately 41,000 trips annually to seniors traveling to and from congregate meal sites throughout the County under contract to the Orange County Office on Aging (OoA). This program is referred to internally as the Special Agency Transportation (SAT) program (Attachment A).

The SAT program is a service initiated by the OoA to support its congregate meal program and is partially funded by the Older Americans Act. The OoA contracts with the Authority to provide transportation to meal sites selected by the OoA, and the Authority has subcontracted with American Logistic, Inc., to provide transportation service under this agreement. Through an arrangement established in the early 1990s, the OoA, the Authority, and the cities/centers receiving this service all contribute toward the cost of the program. The cities/centers contribute 20 percent of the program funds, the OoA contributes a portion of the amount available through the Older Americans Act, Title III B funds, and the Authority contributes the balance of funds necessary to operate the program using Article 4.5 Transportation Development Act (TDA) funds (Attachment B). A total of 20 cities/centers are included in the OoA allocation for the SAT program. The allocation of funds to support nutrition transportation services in these 20 locations is determined by the OoA.

The Authority provides transportation services to nine of the 20 cities/centers. The remaining 11 cities/centers provide approximately 72,000 nutrition trips directly under the Authority's Senior Mobility Program (SMP). Under the SMP, the Authority provides an operating subsidy to the city/center which includes the contribution from the Authority and the OoA to support the Older American's Act Nutrition Transportation Program.

Board of Directors approval of this item will allow the execution of amendments to agreements with the OoA and the nine cities participating in the SAT program to continue the provision of these transportation services through June 30, 2011 (Attachment C). The Authority's total contribution for the program during fiscal year 2010-11 is projected to be \$1,106,359 or 61 percent. Of this amount, \$138,728 or 8 percent, funds the SAT program. The remaining \$967,631 funds cities providing nutrition and other senior transportation services under the SMP.

During the term of these agreements, the cities participating in the SAT program have the option of transitioning to the SMP, under which the cities would assume direct responsibility for provision of these trips and receive additional funds from the Authority for an expanded senior transportation program. Due to budget constraints and the availability of alternative funding resources through the SMP, the Authority's contribution to the SAT program with TDA funds will be discontinued as of June 30, 2011. Authority staff will work with participating cities to transition services into the SMP on or before July 1, 2011.

Fiscal Impact

Funds to operate this program are in the proposed Authority's Fiscal Year 2010-11 Budget. Similarly, revenues from the OoA and the participating cities have been estimated and are included in the proposed Authority's Fiscal Year 2010-11 Budget as a reimbursement from other agencies.

Summary

Staff recommends approval of Amendment No. 2 to Cooperative Agreement No. C-8-0224, a revenue agreement issued by the Orange County Office on Aging, and related amendments with participating cities and centers to extend the Special Agency Transportation program through June 30, 2011.

Attachments

- A. Special Agency Transportation Program Outline
- B. Office on Aging Nutrition Transportation Program Funding Allocations by City.
- C. Special Agency Transportation Program Cooperative Agreements Fact Sheet.

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Approved by:



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Special Agency Transportation Program Outline

- The nutrition transportation program is a service initiated by the Orange County Office on Aging (OoA) to support its congregate meal program. The OoA contracts with the Orange County Transportation Authority (Authority) to provide transportation to selected centers within the cities participating in the congregate meal program.
- While 20 cities/centers are included in the OoA allocation for senior nutrition transportation, the Authority only provides service for nine of these cities/centers, providing approximately 41,000 annual trips. These cities include: Cypress, Dana Point, Fullerton, Los Alamitos, Mission Viejo, Orange, San Juan Capistrano, Stanton, and Tustin.
- The remaining eleven cities participate in the Authority's Senior Mobility Program (SMP) and account for an estimated 72,000 trips provided annually for seniors traveling to congregate meal sites. These cities include: Anaheim, Brea, Buena Park, Garden Grove, Huntington Beach, La Habra, Laguna Niguel, San Clemente, Seal Beach, Westminster, and the Vietnamese Community of Orange County, located in Santa Ana.
- The Office on Aging, the Authority, and the participating cities all contribute toward the cost of the program.
 - The OoA contributes approximately 19 percent of the cost of the program using Older Americans Act, Title III B funds, which are earmarked for senior supportive services including OoA transportation.
 - Each city or center participating in the program contributes 20 percent of the cost.
 - The Authority contributes approximately 61 percent of the cost of the program using Article 4.5 Transportation Development Act funds.
 - Of the Authority's contribution, 8 percent supports the nine participating SAT cities and the remaining allocation supports nutrition and other senior transportation services under the SMP.
- The Authority currently has a contract with American Logistics, Inc., doing business as California Yellow Cab, Agreement No. C-3-1284, to provide nutrition transportation services for the nine cities/centers participating in the congregate meal program.
- The OoA determines the level of funding for each city included in the nutrition program. SMP cities receive additional funds under the SMP program directly from the Authority. Funding from the Authority is used by SMP cities for nutrition transportation and may also be used for additional senior transportation services, including shopping, medical, and other trips.
- The funds requested for approval in this report represent the full 12-month commitment for this program in fiscal year 2010-11.

Office on Aging Nutrition Transportation Program

Funding Allocations by City

July 2010 - June 2011

Participating Special Agency Transportation Program Cities	City Contribution (9.62)	OoA Contribution (\$18.51)	OCTA Contribution (\$19.99)
City of Cypress	\$ 3,848.00	\$ 7,406.71	\$ 7,993.29
City of Dana Point	\$ 5,098.60	\$ 9,813.69	\$ 10,591.11
City of Fullerton	\$ 7,334.38	\$ 14,117.37	\$ 15,235.41
City of Los Alamitos	\$ 3,367.00	\$ 6,480.87	\$ 6,994.13
City of Mission Viejo	\$ 7,215.00	\$ 13,887.57	\$ 14,987.41
City of Orange	\$ 24,771.50	\$ 47,680.67	\$ 51,456.79
City of San Juan Capistrano	\$ 5,650.88	\$ 10,876.93	\$ 11,738.34
City of Stanton	\$ 4,617.60	\$ 8,888.05	\$ 9,591.94
City of Tustin	\$ 4,881.28	\$ 9,395.59	\$ 10,139.68
Subtotals	\$ 66,784.25	\$ 128,547.65	\$ 138,728.10

Participating Senior Mobility Program Cities	City Contribution	OoA Contribution	OCTA Contribution
Vietnamese Community of OC	\$ 16,859.00	\$ 14,738.00	\$ 52,697.00
City of Anaheim	\$ 60,526.00	\$ 47,900.00	\$ 194,204.00
City of Brea	\$ 13,286.00	\$ 15,380.00	\$ 37,766.00
City of Buena Park	\$ 16,509.00	\$ 16,581.00	\$ 49,457.00
City of Gargen Grove	\$ 53,288.00	\$ 29,929.35	\$ 183,225.00
City of Huntington Beach	\$ 44,430.00	\$ 13,097.00	\$ 164,622.00
City of Laguna Niguel	\$ 12,420.00	\$ 3,146.00	\$ 46,533.00
City of La Habra	\$ 18,447.00	\$ 21,373.00	\$ 52,413.00
City of San Clemente	\$ 14,766.00	\$ 8,364.00	\$ 50,698.00
City of Seal Beach	\$ 20,502.00	\$ 12,896.00	\$ 69,114.00
City of Westminster	\$ 22,253.00	\$ 22,108.00	\$ 66,902.00
Subtotals	\$ 293,286.00	\$ 205,512.35	\$ 967,631.00
Totals	\$ 360,070.25	\$ 334,060.00	\$ 1,106,359.10
TOTAL PROGRAM ALLOCATION			\$ 1,800,489.35

**SPECIAL AGENCY TRANSPORTATION PROGRAM
Cooperative Agreements Fact Sheet**

1. April 28, 2008, Cooperative Agreement No. C-8-0224, \$340,000, and amendments with ten participating cities/centers approved by Board of Directors.
 - Revenue agreement with Orange County Office on Aging for its share of the program expense for provision of senior transportation to congregate meal sites effective July 1, 2008 through June 30, 2009.
 - Revenue agreements with participating cities for the cities' share of the program expense for the provision of senior transportation to congregate meal sites effective July 1, 2008 through June 30, 2009.
 - C-8-0189 with City of Cypress
 - C-8-0370 with City of Dana Point
 - C-8-0367 with City of Fullerton
 - C-8-0369 with City of Garden Grove
 - C-8-0192 with City of Los Alamitos
 - C-8-0193 with City of Mission Viejo
 - C-8-0194 with City of Orange
 - C-8-0196 with City of San Juan Capistrano
 - C-8-0200 with City of Stanton
 - C-2-0163 with City of Tustin
2. April 13, 2009, Amendment No. 1 to Cooperative Agreement No. C-8-0224, \$330,952, with Orange County Office on Aging and amendments to agreements with ten participating cities/centers approved by Board of Directors.
 - Amendments to extend revenue agreements with the Orange County Office on Aging and ten participating cities through June 30, 2010, for the provision of transportation service to congregate meal sites.
3. March 22, 2010, Amendment No. 2 to Cooperative Agreement No. C-8-0224, \$334,060, with Orange County Office on Aging and amendments to agreements with nine participating cities/centers pending approval by Board of Directors.
 - Amendments to extend revenue agreements with the Orange County Office on Aging and nine participating cities through June 30, 2011, for the provision of transportation service to congregate meal sites.



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Customer Relations Second Quarter Report Fiscal Year 2009-10

Transit Committee Meeting of March 11, 2010

Present: Directors Brown, Dalton, Dixon, Glaab, Nguyen, Pulido, and Winterbottom

Absent: None

Committee Vote

This item was passed by all Committee Members present.

Directors Brown and Pulido were not present to vote on this item.


Committee Recommendation

Receive and file as an information item.



March 11, 2010

To: Transit Committee

From: Will Kempton, Chief Executive Officer 

Subject: Customer Relations Second Quarter Report Fiscal Year 2009-10

Overview

The Customer Relations report is submitted to the Orange County Transportation Authority Board of Directors on a quarterly basis. The report provides an overview of customer communications received during the period of October 2009 through December 2009, as well as a review of the performance of Alta Resources, the contracted provider of the Customer Information Center.

Recommendation

Receive and file as an information item.

Background

The Customer Relations Department (Customer Relations) is responsible for identifying and resolving customer service issues through the use of proactive and responsive methods. Customer Relations disseminates information about the Orange County Transportation Authority's (OCTA) services and policies and serves as a channel through which customers' opinions and experiences are transmitted to OCTA.

Discussion

Responsibilities within Customer Relations are varied. As its primary function, Customer Relations takes written, verbal, and e-mailed communications and facilitates OCTA responses. Staff interacts closely with numerous departments to obtain resolution to customers' concerns. Customer Relations participates in regular meetings with members of OCTA's Transit Division, as well as with the contractors responsible for providing ACCESS and contracted fixed-route services to ensure customer concerns are heard and problems are resolved. Staff also interacts closely with Service Planning and Customer Advocacy staff to ensure there is a forum to listen to the needs of riders.

Customer Relations is responsible for coordinating responses to inquiries about the 91 Express Lanes toll road (91 Express Lanes); administration of the OCTA Store; production of Riders' Alerts to notify customers of changes to bus routes and schedules; and oversight of the Special Needs in Transit Advisory Committee.

Effective July 1, 2009, the department issues Reduced Fare Identification (RFID) cards to seniors and persons with disabilities; processes the sale of bus passes and ACCESS coupons to the public via mail, phone, and online through the OCTA website. Customer Relations also oversees the Customer Information Center (CIC) which provides trip routing information to bus riders. Prior to July 1, 2009, the RFID and Pass Sales functions were handled by the CIC.

Below are highlights of Customer Relations activities during the period of October 1 through December 31, 2009.

Customer Communications

Customer Relations receives and processes communications from customers on a variety of topics including local bus service, intracounty and intercounty express routes, rail feeder routes, and ACCESS service. Listed below is a breakdown of the communications that Customer Relations received during the second quarter.

Total Communications

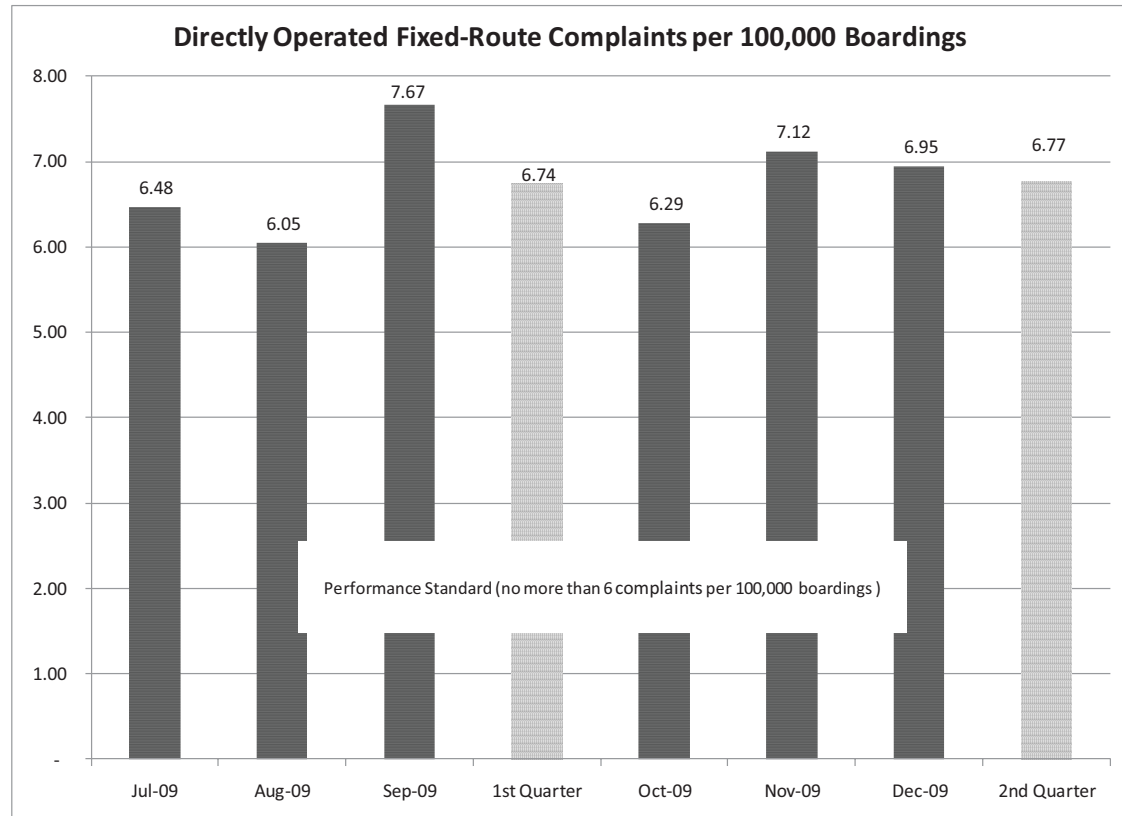
Fiscal Year 2009-10	Phone Calls	E-mails	Letters	Totals
1 st Quarter (July – September)	15,059	799	75	15,933
2 nd Quarter (October – December)	12,992	662	86	13,740

Fixed-Route Bus Operations

During this quarter, there were 13,198,508 fixed-route boardings compared to 14,057,958 boardings in the previous quarter representing a 6 percent decrease. Based on the customer communications received, there were 200 compliments for the quarter compared to 232 in the previous quarter (a 14 percent decrease).

A total of 893 complaints were received, equaling 6.77 complaints per 100,000 boardings, which exceeds the Transit Division's goal of no more than six complaints per 100,000 boardings. Attachment A delineates the total number of

fixed-route complaints received this quarter compared to previous fiscal years. The following chart provides a monthly and quarterly breakdown of the complaints per 100,000 boardings.



The concern most often expressed by customers of OCTA's fixed-route service during the second quarter was being passed by while waiting for a bus. Of the 893 complaints received, the following complaints were the three most frequently reported during this quarter:

1. Pass-Bys

A total of 194 complaints were received from passengers who reported being passed by OCTA buses compared to 210 complaints received last quarter. This represents a 7.6 percent decrease for the quarter.

2. Coach Operator Judgment (any questionable decision, action, or omission on the part of a coach operator)

An example of a judgment complaint is when a coach operator fails to call for medical or security assistance when warranted by circumstances.

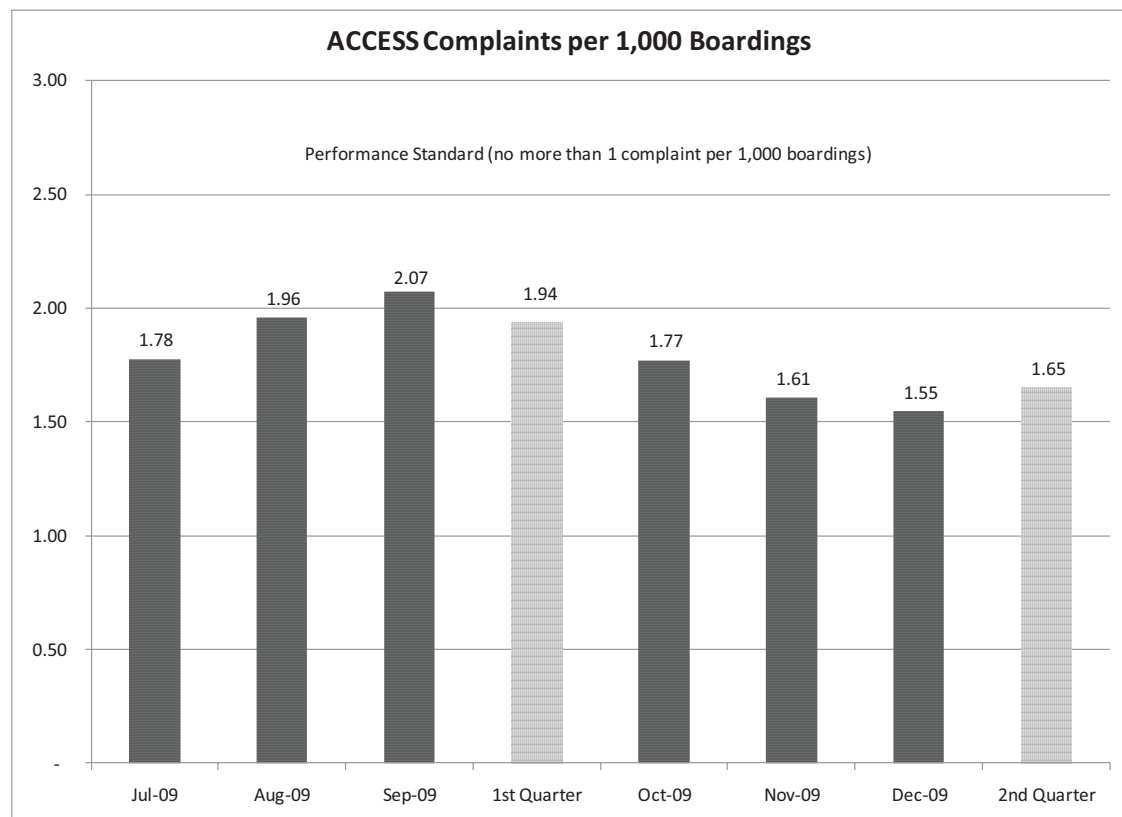
There were 187 complaints from riders about the judgment displayed by OCTA coach operators compared to the 177 complaints reported in the previous quarter which is equal to a 6 percent increase.

3. Behind Schedule

A total of 100 complaints were received about buses being behind schedule versus the 106 complaints received last quarter, representing a 6 percent decrease.

ACCESS Service

Veolia Transportation, Inc. (Veolia) operates ACCESS service. During this quarter, there were 321,267 ACCESS boardings compared to 317,722 in the previous quarter. The complaint standard for ACCESS service is no more than one complaint for every 1,000 boardings. There were 530 complaints received about ACCESS representing 1.65 complaints per 1,000 boardings in this quarter. During the previous quarter, a total of 615 complaints were received equaling 1.94 complaints per 1,000 boardings.



Attachment B and the previous chart depict the ACCESS complaints received this quarter. Identified in the following section are the most frequently occurring ACCESS complaints for the second quarter:

1. Vehicles Running Behind Schedule

From October 1, 2009 to December 31, 2009, there were 123 complaints received about ACCESS drivers running late, versus 120 in the previous quarter representing a 2.5 percent increase.

2. Vehicles Not Arriving

Customer Relations received 93 complaints about ACCESS vehicles not arriving to pick up passengers versus 99 in the previous quarter. This is a 6 percent decrease in complaints about ACCESS vehicles not arriving.

3. Driver Judgment

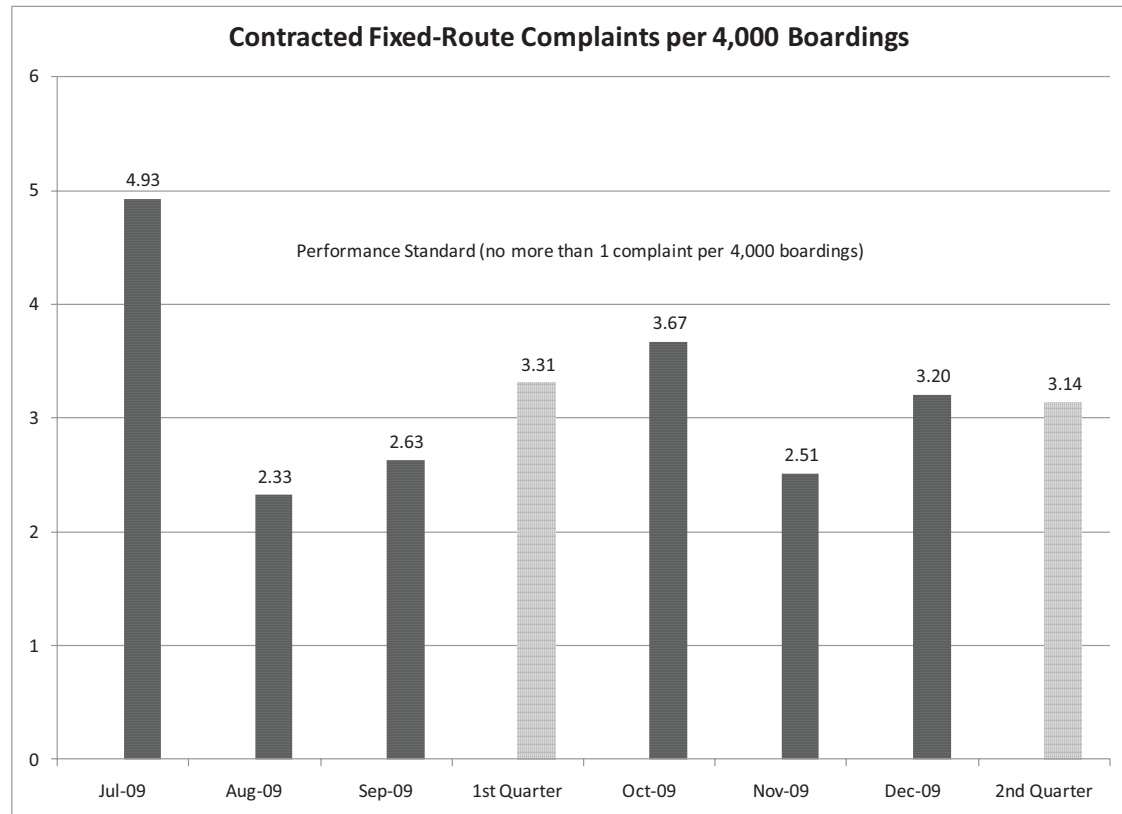
Examples of judgment complaints include, but are not limited to, loading/unloading customers under unsafe conditions, conducting personal business while in service, failure to call for medical or security assistance when warranted by circumstances, etc.

A total of 90 complaints were received from riders about the judgment displayed by ACCESS drivers compared to 93 received last quarter. This represents a 3 percent decrease in complaints about driver judgment.

Contracted Fixed-Route Service

MV Transit, Inc. (MV) provides contracted fixed-route service which includes OCTA's community fixed routes, approximately half of the StationLink routes, and OC Express routes 757, 758, and 794. During this quarter, there were 216,528 boardings compared to 238,226 boardings in the previous quarter.

The complaint standard for contracted fixed route is no more than one complaint per 4,000 boardings. MV finished the quarter with 170 complaints representing 3.14 complaints per 4,000 boardings compared to the 3.31 complaints per 4,000 boardings in the previous quarter. Attachment C and the following chart plot the contracted fixed-route complaints for this quarter.



*The spike in July is partially attributable to it being the first month of service provision for MV.

Below are the most frequently occurring contracted fixed-route complaints:

1. Vehicles Running Behind Schedule

There were 37 complaints about contracted drivers running late versus 69 complaints in the previous quarter, a 46 percent decrease.

2. Vehicles Not Arriving

A total of 35 complaints were received from riders about contracted vehicles not arriving to pick them up compared to 34 in the previous quarter, a 3 percent increase.

3. Pass-Bys

Customer Relations received a total of 31 complaints about pass-bys compared to 38 received last quarter. This is an 18 percent decrease in complaints about pass-bys.

Customer Information Center

The CIC is operated by Alta Resources (Alta). The CIC handled 238,421 calls during the quarter, compared to 247,814 in the previous quarter, representing a 4 percent decrease in call volume. The average monthly call volume for this quarter was 79,474 versus 82,605 in the previous quarter.

During this quarter, a total of four complaints and 23 compliments were received about Alta compared to six complaints and 32 compliments during the previous quarter.

Fiscal Year 2009-10			
	Phone Calls	Compliments	Complaints
July 2009	81,248	9	3
August 2009	83,150	12	1
September 2009	83,416	11	2
October 2009	78,653	12	1
November 2009	78,731	6	0
December 2009	81,037	5	3

Customer Relations Activities

- Coach Operator Training

During the quarter, Customer Relations conducted three training sessions with coach operators. The purpose of these classes is to improve and enhance the customer service that is provided to passengers by coach operators.

- 91 Express Lanes

The OCTA Store established 114 new accounts for the 91 Express Lanes compared to 131 in the previous quarter.

- OCTA Store Sales and Pass Sales

The OCTA Store had total sales of \$254,341 during the quarter compared to \$329,402 in the previous quarter, a 23 percent decrease. These figures include the sale of passes, merchandise, and Employee Recreation Association tickets.

In addition to the OCTA Store sales, there was a total of \$495,022 in passes sold online, by mail, and by phone compared to \$508,423 in the previous quarter, a 3 percent decrease.

The combined sales between the OCTA Store and the Pass Sales Section totaled \$749,363 for this quarter compared to \$837,825 in the previous quarter, an 11 percent decrease.

- **Reduced Fare Identification Cards**

Reduced Fare Identification Cards (RFID's) are issued to customers who qualify to pay a reduced fare on OCTA buses due to a physical and/or mental disability. Customer Relations issued 852 new RFID's and reissued 1,227 RFID's to customers whose cards had expired for a total of 2,079 cards issued during this quarter.

- **Special Needs Advisory Committee Recruitment**

The recruitment process to fill 11 openings on the 34-member committee was completed during this quarter. There were three new appointments and eight reappointments, all of whom will serve three-year terms.

- **Excellence in Customer Service Awards**

The Excellence in Customer Service Awards are presented by Customer Relations to coach operators who provide excellent customer service in the performance of their duties. These awards are intended to demonstrate OCTA's appreciation of the hard work and the "Can Do Spirit" exhibited by coach operators. Four coach operators were presented with the award during this quarter.

Summary

Throughout the quarter, Customer Relations continued to address customer service issues, process requests for pass sales and issue RFID cards. Customer comments for OCTA's directly operated fixed-route bus service, ACCESS service, operated by Veolia, and contracted fixed-route service, operated by MV, did not meet the established performance standards during the second quarter. This is partially attributable to bus service reductions and a resultant dissatisfaction amongst customers. Alta, the contractor responsible for the CIC, continued to operate within the performance standards established in the contract.

Attachments

- A. OCTA Operated Fixed-Route Complaints First Quarter Fiscal Years 2008-2010
- B. ACCESS Complaints First Quarter Fiscal Years 2008-2010
- C. Contracted Fixed-Route Complaints First Quarter Fiscal Years 2008-2010

Prepared by:

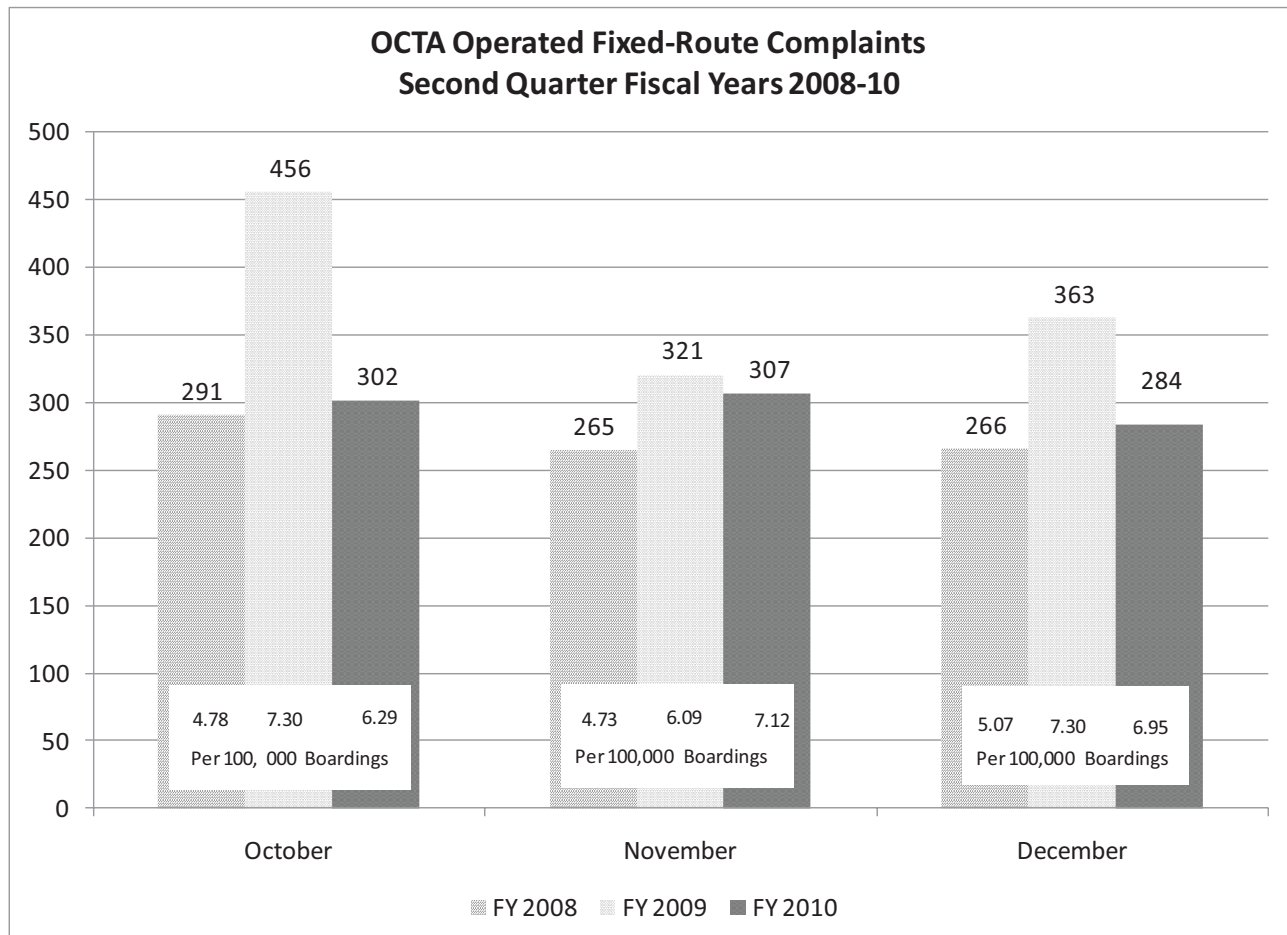


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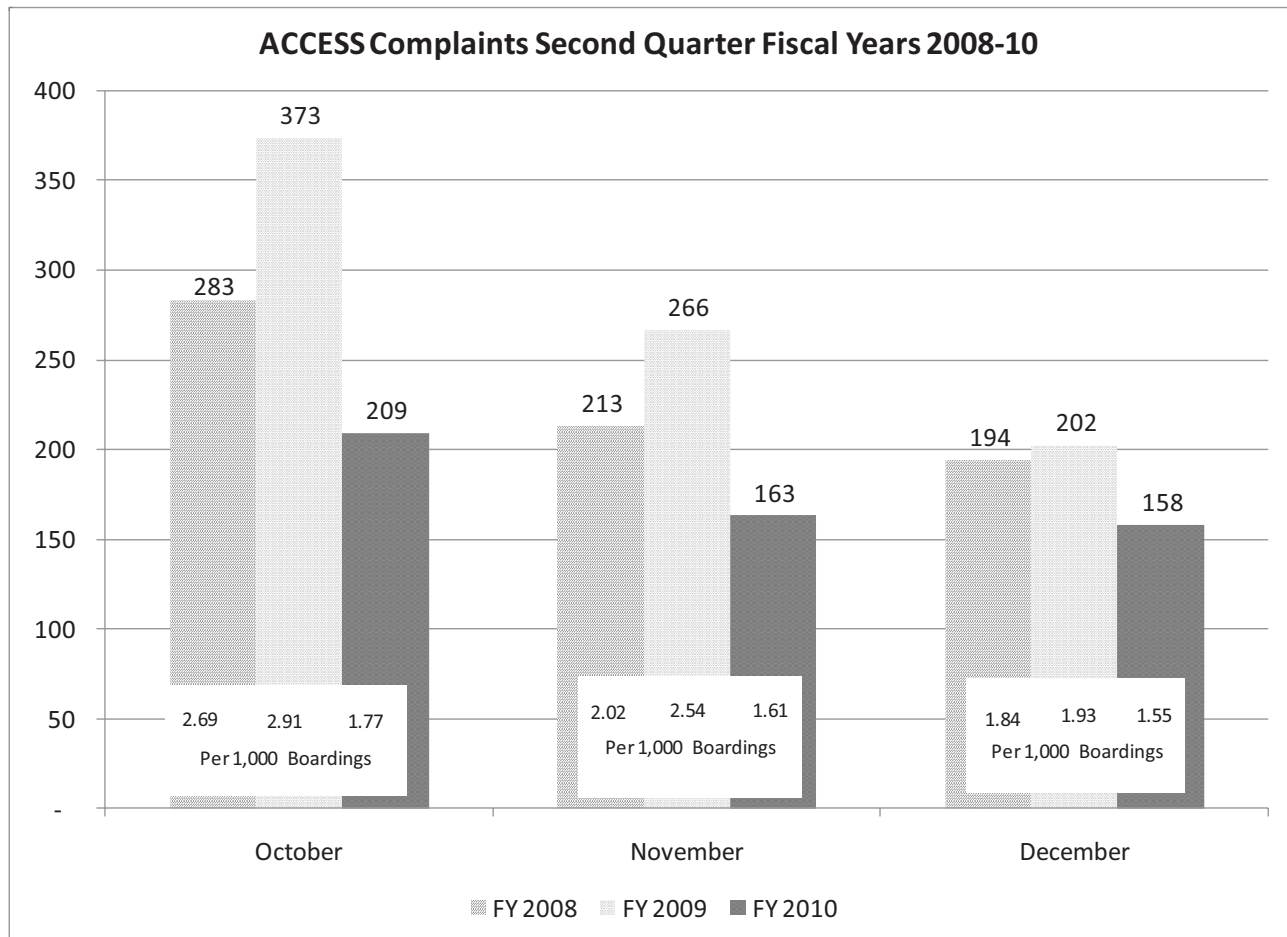
Approved by:



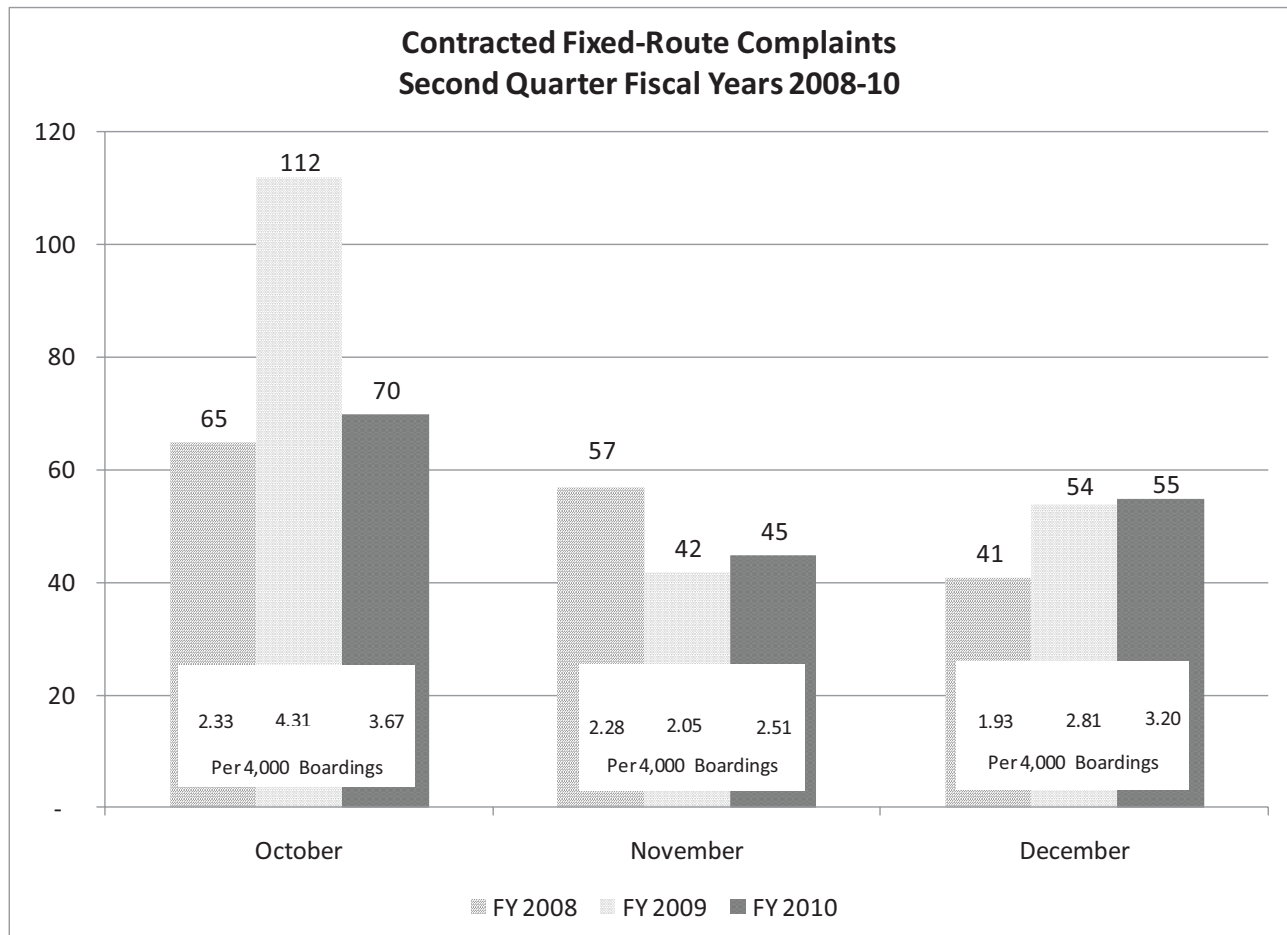
Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923



*The complaint standard for fixed-route service is no more than six complaints for every 100,000 boardings.



* The contractual complaint standard for ACCESS service is no more than one complaint for every 1,000 boardings.



* The complaint standard for contracted fixed-route service is no more than one complaint for every 4,000 boardings.



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Agreement for the Lease and Full Service of Bus Tires

Transit Committee Meeting of March 11, 2010

Present: Directors Brown, Dalton, Dixon, Glaab, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Directors Brown and Pulido were not present to vote on this item.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-9-0766 between the Orange County Transportation Authority and Bridgestone Americas North American Tire, LLC, in an amount not to exceed \$10,649,375, for the lease and full service of bus tires for a five-year period.



March 11, 2010

To: Transit Committee

From: Will Kempton, Chief Executive Officer

Subject: Agreement for the Lease and Full Service of Bus Tires

Overview

On November 23, 2009, the Board of Directors approved the release of Invitation for Bids 9-0766 for the lease and full service of bus tires. Bids were received in accordance with the Orange County Transportation Authority's procurement procedures.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-9-0766 between the Orange County Transportation Authority and Bridgestone Americas North American Tire, LLC, in an amount not to exceed \$10,649,375, for the lease and full service of bus tires for a five-year period.

Discussion

The Orange County Transportation Authority (Authority) has contracted the leasing of tires and full service tire maintenance for its revenue vehicles since 1973. This has proven to be cost effective in terms of material and manpower. Bridgestone Americas North American Tire, LLC (Bridgestone) has provided this service to the Authority since 1995.

The agreement provides for the lease and full service of 676 large buses and 308 paratransit vehicles. The maximum not-to-exceed amount has been calculated based on assumptions for the current vehicle fleet and service hours. The Authority is in the process of reducing service hours and the number of buses could be significantly reduced. Because this is a time and materials contract based on the number of tires needed and actual miles traveled, any fluctuations in the service levels, whether up or down, will be realized in the amount paid to the vendor.

Historically, the Authority has always entered into contracts for tire leasing and tire service, as this is consistent with industry standards. The cost of providing the equipment, the manpower for tire servicing, the inventory control, and other overhead costs would result in an increase cost to the maintenance program. The preferred course of action is to rely on the tire company to provide all equipment, service personnel, and incur related costs.

Procurement Approach

This procurement was handled in accordance with the Authority's procedures for competitive bids in accordance with both federal and state law. These projects are handled as sealed bids, and award is made to the lowest responsive, responsible bidder.

On November 23, 2009, the Board of Directors (Board) approved the release of Invitation for Bids (IFB) 9-0766 for lease and full service of bus tires. On November 24, 2009, IFB 9-0766 was released and sent electronically to 58 firms registered on CAMM NET. The project was advertised on November 24, December 1, and December 8, 2009, in a newspaper of general circulation. A pre-bid conference was held on December 3, 2009, with eight attendees representing two firms. Addendum No. 1 was issued to extend the bid due date. Addenda No. 2 through 4 were issued to respond to questions and post administrative changes.

On January 19, 2010, three bids were received. All bids were reviewed by staff from the Maintenance Department and the Contracts Administration and Materials Management (CAMM) Department to ensure compliance with the terms and conditions, specifications, and federal requirements.

The pricing listed below from the bidders includes mileage charges, tire service, and sales tax. State law requires award to the lowest responsive, responsible bidder.

	<u>Firm and Location</u>	<u>Bid Price</u>
1.	Bridgestone Americas North American Tire, LLC. Akron, Ohio	\$10,649,375
2.	Goodyear Tire and Rubber Company Akron, Ohio	\$11,291,658
3.	Michelin North America, Inc. Greenville, South Carolina	\$13,884,856

The engineer's estimate for this project is \$11,541,057. The bid by Bridgestone is 10 percent below the engineer's estimate and therefore, is considered fair and reasonable.

Staff recommends an award for the lease and full service of bus tires contract to Bridgestone Americas Tire Operations, LLC., the lowest responsive, responsible bidder, in an amount not to exceed \$10,649,375, from May 1, 2010 through April 30, 2015.

Fiscal Impact

This project was approved in the Authority's Fiscal Year 2009-10 Budget, Transit Division, Maintenance Department, various accounts, and is 80 percent funded with Federal Transit Administration Section 5307 Formula Preventive Maintenance funds and 20 percent funded with the local transportation fund.

Summary

Staff recommends award of Agreement No. C-9-0766 to Bridgestone Americas Tire Operations, LLC., in an amount not to exceed \$10,649,375, for the lease and full service of bus tires.

Attachment

None.

Prepared by:



Connie Raya
Maintenance Resource Management
714-560-5962

Approved by:



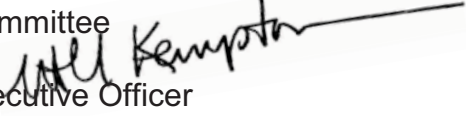
Beth McCormick
General Manager, Transit
714-560-5964



Virginia Abadessa
Director, Contracts Administration and
Materials Management
714-560-5623



March 15, 2010

To: Transportation 2020 Committee
From: Will Kempton, Chief Executive Officer 
Subject: Measure M2 Freeway Environmental Mitigation Program
Acquisition Property Evaluation Results - Biological Criteria

Overview

This is a summary report on the status of the Measure M2 Environmental Mitigation Program. Properties for potential acquisition have been identified based on biological values. Additional work is needed to assess non-biological factors prior to acquisition. Staff will return to the Transportation 2020 Committee and the Board of Directors with preliminary results of the evaluation of the restoration proposals.

Recommendations

- A. Approve the Acquisition Property Evaluation Results based on the Property Acquisition/Restoration/Management Criteria Matrices - Biological Criteria.
- B. Authorize staff to proceed with the appraisal process with a subset of the Group 1 acquisition proposals.

Background

Measure M2 (M2) includes a freeway Environmental Mitigation Program (Mitigation Program), which provides mitigation for the 13 freeway projects. The Mitigation Program is designed to streamline the permit process through partnership with the California Department of Transportation (Caltrans), California Department of Fish and Game (CDFG), and United States Fish and Wildlife Service (USFWS).

The Mitigation Program was launched in fall 2007 with the creation of the Environmental Oversight Committee (EOC). The function of the EOC is to provide guidance, program design, and funding recommendations.

Orange County Transportation Authority (OCTA) Board Director Patricia Bates chairs the EOC and Director Gregory Winterbottom is an EOC member. The Transportation 2020 Committee (T2020) and the Board of Directors (Board) must ultimately consider and approve any program, policy, or funding recommendations developed by the EOC.

In summer 2009, under the direction of the T2020 and the EOC, staff finalized the property acquisition and/or restoration prioritization process. This included the addition of policy considerations. On August 24, 2009, the Board approved the revised prioritization process. This established the framework for evaluation of properties to be considered for acquisition and/or restoration.

Discussion

Using the Board-approved property acquisition, restoration, and management criteria as a baseline, staff worked with Caltrans, the CDFG, and the USFWS to develop the Property Acquisition/Restoration/Management Criteria Matrices (property evaluation matrices). The property evaluation matrices utilize a qualitative ranking system consisting of a “yes” or “no”, and “high,” “medium,” or “low” designations. The property evaluation matrices were provided to the T2020 and OCTA Board in fall 2009 (see Attachment A).

On a parallel path, a conservation assessment has been completed to analyze existing areas within Orange County that could provide conservation opportunities to offset impacts from the 13 M2 freeway projects. Properties located within the conservation opportunity areas will be considered for acquisition and/or restoration using the property evaluation matrices, and those outside of these areas will not be considered for first cycle funding.

The conservation assessment, presented to the EOC on November 18, 2009, identified 11 core habitat areas (as outlined in Attachment A) within Orange County. Core habitat areas support high or very high landscape integrity (intact habitat) and biodiversity (vegetation and sensitive species).

In addition, several potential linkages were identified, including Trabuco and San Juan creeks. Unprotected lands (lands not currently protected as public or private [natural open space]) within the core habitat areas were further prioritized into priority conservation areas (PCA) based on conservation values. PCAs are areas that support high-value biological resources (for example, species, habitats, intact lands), fill regional conservation gaps, and contribute to the integrity and long-term persistence of biological resources countywide.

In order to manage the extensive list of properties under consideration for acquisition/restoration and to balance program schedule, OCTA, Caltrans, CDFG, and USFWS began to evaluate submitted properties within each PCA using the property evaluation matrices.

In conjunction with Caltrans, the CDFG, and the USFWS, all acquisition proposals have been evaluated based on biological merits. There are 83 total acquisition proposals, including those within PCAs. The evaluation of these acquisition properties resulted in four hierarchical groups. Group 1 properties generally possess higher quality habitats, larger sized properties, align with impacted habitats, and contain covered species. Group 2 properties generally possess good quality habitats, medium sized properties, and contain some covered species. Group 3 properties generally possess lower quality, smaller properties with highly disturbed habitats. Group 4 properties generally possess very small, highly disturbed habitats, and some do not align with covered species (see Attachment B for the preliminary acquisition properties list and a location map).

Through discussions with the CDFG and the USFWS, acquisition proposals within the first two groups (29 total properties) possess the biological value that would enable OCTA to obtain the necessary mitigation credits for the M2 freeway projects. However, given there is approximately \$27.5 million available for the first tranche for both acquisition and restoration proposals, it is not likely there would be sufficient funds available to acquire all properties within Groups 1 and 2.

In January 2010, staff contacted all property owners to gauge levels of interest in participating in the Mitigation Program. Three property owners were non-responsive to OCTA's request within Groups 1 and 2, which leads to 26 properties under consideration within the first two groups.

In order to proceed with completing the evaluation of the non-biological criteria for the Group 1 and 2 properties, it would be more cost effective to proceed with a subset of priority properties. It is estimated each property could cost up to \$10,000 to determine current reasonable market value consistent with the intended use (for example, conservation open space). Further, it could cost an additional \$10,000 to \$20,000 per property to obtain information on other non-biological factors such as potential presence of hazardous materials, as well as to determine long-term management cost.

Staff, in conjunction with Caltrans, the CDFG, the USFWS, and the EOC Working Group (consisting of a subset of EOC members), evaluated the Group 1 proposals based on key non-biological attributes that would enable OCTA to proceed with a subset of the Group 1 proposals into the appraisal process. These included the following attributes: potential for development, cooperative landowner, potential property owner/manager identified, partnership and leveraging opportunities identified, neighboring land uses, other complications (for example, access and toxics issues, etc.), and support from local and state governments, as well as support from the community.

Based on higher non-biological value, it is recommended that OCTA proceed with 14 of the 19 Group 1 properties for acquisition consideration. Of the 14 Group 1 properties, 11 of these will require appraisals. The remainder of the Group 1 properties and Group 2 properties will be appraised at a later time if a considerable number of the initial Group 1 properties fall out of contention. The properties recommended for proceeding with the appraisal process are denoted in Attachment B (under Group 1) and include those that are recommended for further consideration. The acquisition properties presented in each group are listed in alphabetical order.

Next Steps

It is recommended that OCTA proceed with the appraisal of a subset of the Group 1 properties given the high cost of performing appraisals. Upon obtaining the necessary property information, staff will return to the T2020 and Board to discuss the next steps in the acquisition process. In addition, staff will initiate discussions with the CDFG and the USFWS to determine the properties with the most cost-effective means to offset impacts for the M2 freeway program. On a parallel track, staff will continue to evaluate the restoration proposals and will also return to the T2020 and Board to share the preliminary results.

Summary

Staff has begun the evaluation of the acquisition proposals using the Board-approved M2 Property Acquisition, Restoration, and Management Criteria. Properties possessing high biological value would be recommended for acquisition to enable OCTA the highest mitigation credits from the CDFG and the USFWS. In order to effectively manage resources, a subset of the Group 1 acquisition properties is being recommended for acquisition consideration of which the first step entails appraisals.

Attachments

- A. Measure M2 Property Acquisition/Restoration Criteria - Property Acquisition Criteria: Biological Factors
- B. Measure M2 Environmental Mitigation Program Potential Acquisition Parcels

Prepared by:



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Approved by:



Kia Mortazavi
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Measure M2 Property Acquisition/Restoration Criteria
Property Acquisition Criteria: Biological Factors

These acquisition criteria represent the biological factors (those that relate directly to species/habitat issues and the impacts of the M2 freeway projects). Each criterion includes a brief definition to clarify any potential misunderstandings and guide evaluators.

CONSISTENCY WITH CONSERVATION ASSESSMENT		Y/N										Comments		
In Core or Linkage Areas?														
		OCTA		CALTRANS		CDFG		USFWS		Criteria Score	Comments	Overall Result		
		Y/N	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	Criteria Score						
BIOLOGICAL CRITERIA (Tier I)														
Aligns with Impacted Habitats														
An inventory of the property shows it includes the same vegetative communities as those habitats lost to freeway projects, including habitats such as: coastal sage scrub, riparian woodlands, grasslands, etc.														
Conserves Sensitive Habitats														
The property's habitat includes the conservation and possible restoration of species, sub-species, and natural communities ranked as sensitive under California Natural Diversity Database (CNDDB).														
Contains Habitat for Covered Species														
The potential property supports the presence of endangered, threatened, species of special concern, and other sensitive species impacted by freeway projects.														
Enhances Natural Lands Connectivity, including significant Wildlife Corridors														
Acquisition of this property would connect to existing protected areas, examine the effects on multiple taxa (such as birds, large mammals) and is identified as an essential habitat linkage in regional or local plans.														
Considers Property Acreage														
Generally larger properties are better.														
Enhances Natural Lands Contiguity														
The property borders existing open spaces and acquisition increases the amount of core habitat or reduces edge effects.														
BIOLOGICAL CRITERIA (Tier II)		Y/N	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	Criteria Score	Comments				
Includes Habitat Diversity														
The property includes a wide variety of habitat types. Special emphasis would be provided for properties with examples of various stages of vegetative structural diversity and functional ecosystem diversity present (e.g., habitat with a natural flood regime).														
Provides for Quality Habitat or Potential for Quality Habitat														
The property includes mature habitats or property constraints are minimal and property has a high potential to support high-quality habitat after acquisition.														
Considers the Extent of Isolation or Habitat Fragmentation														
The property may be fragmented or isolated from other valuable habitats that may impede its long-term biological value. Fragmented or isolated habitats would make it challenging to have a variety of flora and fauna.														

Measure M2 Property Acquisition/Restoration Criteria
Property Acquisition Criteria: Non-Biological Factors

These acquisition criteria represent the non-biological factors (those that do not relate directly to species/habitat issues) that will be considered in the evaluation process. Each criterion includes a brief definition to clarify any potential misunderstandings and guide evaluators.

CONSISTENCY WITH CONSERVATION ASSESSMENT	Y/N	Comments	Non-Biological Criteria			Overall Result
			High	Medium	Low	
In Core or Linkage Areas?						

Measure M2 Property Acquisition/Restoration Criteria
Property Acquisition Criteria: Non-Biological Factors

MANAGEMENT/COST CONSTRAINTS	Y/N	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	Criteria Score	Comments
The following criteria are potential constraints to property acquisition. Detailed information regarding some of these constraints may not be available until later in the evaluation process.						
Conflicting Easements or In-holdings The property may have restrictive deeds, easements, other agreements, and/or in-holdings that would limit management/public use options.						
Neighboring Land Uses Neighboring land uses may decrease the habitat mitigation value of the mitigation property.						
Encroachments/Unauthorized Uses The property may have unauthorized users; there are adopted plans for future infrastructure that may be inconsistent with habitat mitigation; or the type and quantity of public use inside or adjacent to the property. (e.g. vegetative fuel modification zones are adjacent)						
Determines Hazardous Material Conditions Through a Phase I – Environmental Site Assessment, determine the property's historical use and any potential or known hazardous materials on-site.						
Other Complications The property may have unidentified complications associated with acquisition and management including, vector control, vandalism, inadequate access, significant obstacles to restoring water quality (toxics, pesticides, salts), etc.						

CO-BENEFITS	Y/N	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	Criteria Score	Comments
The evaluation considers the presence of the following factors as benefits that can distinguish properties that may have otherwise equal conservation values.						
· Public Access						
· Trail Connectors						
· Watershed Protection						
· Proximity to Underserved Area						
· Archaeological Sites						
· Cultural and Historical Sites						
· Paleontological Site						
· Scenic/View shed						
· Economic Benefits (supports local businesses)						

SUPPORT	Y/N	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	Criteria Score	Comments
These criteria require a simpler evaluation (such as yes, no, maybe) and the answers may play an informational role or serve to distinguish when all other factors are equal.						
Includes Support from Local and State Governments The acquisition is supported by local cities, appropriate JPA's, the county or other governmental entities.						
Includes Support from the Community The public, environmental and community organizations support the acquisition.						

Measure M2 Property Acquisition/Restoration Criteria

These restoration criteria represent the biological factors (those that relate directly to species/habitat issues and the impacts of the M2 freeway projects). Each criterion includes a brief definition to clarify any potential misunderstandings and guide evaluators.

CONSENSUS WITH CONSERVATION ASSESSMENT	Y/N	Comments	Overall Result	
			Biological Criteria	
			High	
			Medium	
			Low	
In Core or Linkage Areas?				

BIOLOGICAL CRITERIA		Y/N	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	HIGH MEDIUM LOW	Criteria Score	Comments
Restores Impacted Habitats	An inventory of the property shows it includes the same vegetative communities as those habitats lost to freeway projects, including habitats such as: coastal sage scrub, riparian woodlands, grasslands, etc. and possibly includes ties to historical land coverage.							
Restores Sensitive Habitats	The property's habitat restoration includes the restoration of species, sub-species, and natural communities ranked as sensitive under California Natural Diversity Database (CNDDB).							
Benefits Habitat for Covered Species	The potential restoration site includes a net benefit (both immediate and long term) in the ecological value for target species through increased breeding/foraging habitat and increases connectivity between areas of suitable habitat.							
Enhances Natural Lands Contiguity	Restoration of this site will limit edge effect, supplement existing open space and improve the quantity and quality of core habitat.							
Enhances of Already Conserved Lands for Habitat and Wildlife Connectivity	Allows funding of restoration and management endowments on previously conserved lands to benefit species and wildlife connectivity in situations deemed appropriate by the permitting/resource agencies.							

Measure M2 Property Acquisition/Restoration Criteria
Property Restoration Criteria: Non-Biological Factors

These restoration criteria represent the non-biological factors (those that do not relate directly to species/habitat issues) that will be considered in the evaluation process. Each criterion includes a brief definition to clarify any potential misunderstandings and guide evaluators.

CONSISTENCY WITH CONSERVATION ASSESSMENT										Non-Biological Criteria			Overall Result
In Core or Linkage Areas?										High Medium Low			
										Comments			
										Y/N			
</													

Measure M2 Property Acquisition/Restoration Criteria
Property Restoration Criteria: Non-Biological Factors

CO-BENEFITS									
The evaluation considers the presence of the following factors as benefits that can distinguish properties that may have otherwise equal conservation values.									
	Y/N	HIGH MEDIUM LOW			HIGH MEDIUM LOW			Criteria Score	Comments
		HIGH	MEDIUM	LOW	HIGH	MEDIUM	LOW		
· Public Access									
· Trail Connectors									
· Watershed Protection									
· Proximity to Underserved Area									
· Archaeological Sites									
· Cultural and Historical Sites									
· Paleontological Site									
· Scenic/View shed									
· Economic Benefits (supports local businesses)									

SUPPORT									
These criteria require a simpler evaluation (such as yes, not maybe) and the answers may play an informational role or serve to distinguish when all other factors are equal.									
Includes Support from Local and State Governments									
This acquisition is supported by local cities, appropriate JPA's, the county or other governmental entities.									
Includes Support from the Community									
This acquisition is supported by the public, environmental and community organizations.									

Measure M2 Environmental Mitigation Program - Potential Acquisition Parcels

Property Number	Acquisition/ Restoration	Property *	Geographic Area	Acreage	GROUP 1	General Biological Characteristics: high quality habitat, heterogeneous habitat, very good connectivity/contiguity opportunities, larger sized properties, aligns with impacted habitats, contains covered species	General Non-Biological Characteristics: higher potential for development, no good land use solutions, potential future property owner/manager identified, partnership and leveraging opportunities identified, neighboring land uses consist of open space/existing preserves, no have major complications (e.g., access and toxics issues, etc.), and includes support from local/state governments and the community
99	Acquisition	<u>Canyon Crest**</u>	Chino Hills State Park	352.92			
22	Acquisition	<u>Ferber Ranch**</u>	Trabuco	444			
101	Acquisition	First Cornerstone Land LLC (Silverado Canyon LP)	Cleveland Nat'l Forest	229.13			
28	Acquisition	<u>Hayashi**</u>	Brea	298			
103	Acquisition	<u>Holtz Ranch (CCRC Farms LLC)**</u>	Cleveland Nat'l Forest	289.91			
105	Acquisition	MacPherson	Cleveland Nat'l Forest	216.68			
54	Acquisition	<u>Mitchell Properties West**</u>	Trabuco	101.7			
55	Acquisition	<u>Newport-Banning Ranch**</u>	Coastal	402			
56	Acquisition	<u>O'Neill Oaks**</u>	Trabuco	149.9			
66	Acquisition	<u>Saddle Creek South**</u>	Trabuco	85.97			
67	Acquisition	Saddleback Meadows	Trabuco	222			
68	Acquisition	<u>Saddleback Valley Christian School**</u>	San Juan Capistrano	67.93			
75	Acquisition	<u>Shell-Aera (HOSEC)**</u>	Tonner Canyon	2935			
77	Acquisition	Siena Summit	Laguna Niguel	54			
79	Acquisition	Sky Ranch	Trabuco	526.87			
106	Acquisition	<u>Takahashi (Baker Square LLC)**</u>	Cleveland Nat'l Forest	872.85			
82	Acquisition	<u>The Hafen Estates**</u>	Trabuco	49			
93	Acquisition	<u>Watson**</u>	Trabuco	98.32			
95	Acquisition	<u>West Coyote Hills**</u>	Fullerton	510			

Notes: The Conservation Assessment identified 11 core habitat areas within Orange County: Santa Ana Mountains, Northern Foothills, Southern Foothills, San Joaquin Hills, Chino Hills, West Coyote Hills, Upper Santa Ana River, and the North Coast Lagoons (Bolsa Chica, Santa Ana River Mouth, Seal Beach, and Upper Newport Bay). Unprotected lands within the core habitat areas were further refined into priority conservation areas (PCA) based on conservation values.

Property name with bolded, italicized, and underlined text are recommended for appraisal and/or acquisition consideration. Canyon Crest will be under consideration if deemed willing seller. Newport-Banning Ranch and The Hafen Estates have recent appraisals and are recommended for acquisition consideration. The remaining Group 1 and Group 2 properties will be appraised at a later time if a considerable number of properties are removed from contention.

LEGEND

* Properties are in alphabetical order within each group

** Recommended for proceeding with appraisal process and/or for acquisition consideration (in bolded, italicized, and underlined text).

*** Will be evaluated as part of Restoration Properties

	Properties in PCA
	Properties outside of PCA
	In PCA and Removed by Project Sponsor
	Outside of PCA and Removed by Project Sponsor

Measure M2 Environmental Mitigation Program - Potential Acquisition Parcels

Property Number	Acquisition/ Restoration	Property *	Geographic Area	Acreage	GROUP 2	General Biological Characteristics: good quality habitat, homogeneous habitat, good connectivity/contiguity opportunities, medium sized properties, contain some covered species
97	Acquisition	Adams	Cleveland Nat'l Forest	50.13		
98	Acquisition	Baczynski	Cleveland Nat'l Forest	71.68		
16	Acquisition	Deer Canyon	SR-91	45		
100	Acquisition	Dulac (LOPEZ)	Cleveland Nat'l Forest	56.1		
102	Acquisition	Gittelson (Bergman)	Cleveland Nat'l Forest	223.31		
104	Acquisition	Inter-American Investments	Chino Hills State Park	123.86		
54	Acquisition	Mitchell Properties East	Trabuco	40		
69	Acquisition	Saddleback Vineyards	Trabuco	99.29		
83	Acquisition	Thier Property 1	Trabuco	78.6		
84	Acquisition	Thier Property 2	Trabuco	19.9		

Measure M2 Environmental Mitigation Program - Potential Acquisition Parcels

Property Number	Acquisition/ Restoration	Property *	Geographic Area	Acreage	GROUP 3	General Biological Characteristics: lower quality habitat, lower connectivity/contiguity potential, smaller properties, highly disturbed
1	Acquisition	100-Acre Lowlands (aka Hellman Properties LLC)		100		
7	Acquisition	Cheyne		7.48		
14	Acquisition	Davis		6		
17	Acquisition	Diemer		9		
18	Acquisition	Domanskis		10		
20	Acquisition	Edwards Thumb		59.75		
23	Acquisition	Frost		60		
25	Acquisition	Goodell		6.22		
29	Acquisition	Heiderali		38		
32	Acquisition	Hospital		7.8		
33	Acquisition	Hsiao Williams		73.3		
34	Acquisition	Hunter		10		
37	Acquisition	Juarez		7.65		
41	Acquisition	Lavendar Lane (aka Lag Beach Preserve, Anacapa)		56		
42	Acquisition	Leckey		18		
45	Acquisition	Lorch		16.54		
53	Acquisition	Mehdi		22		
62	Acquisition	Powell		2.66		
63	Acquisition	Rosenbaum		2.4		
71	Acquisition	San Juan Villas		9.21		
73	Acquisition	Shea (Bolsa Chica)		50		
76	Acquisition	Shuff		18		
107	Acquisition	Valencia		8.49		
91	Acquisition	Van Thof		13.14		
92	Acquisition	Ventanas		5.3		
94	Acquisition	Wells Fargo/Earhar		12.3		

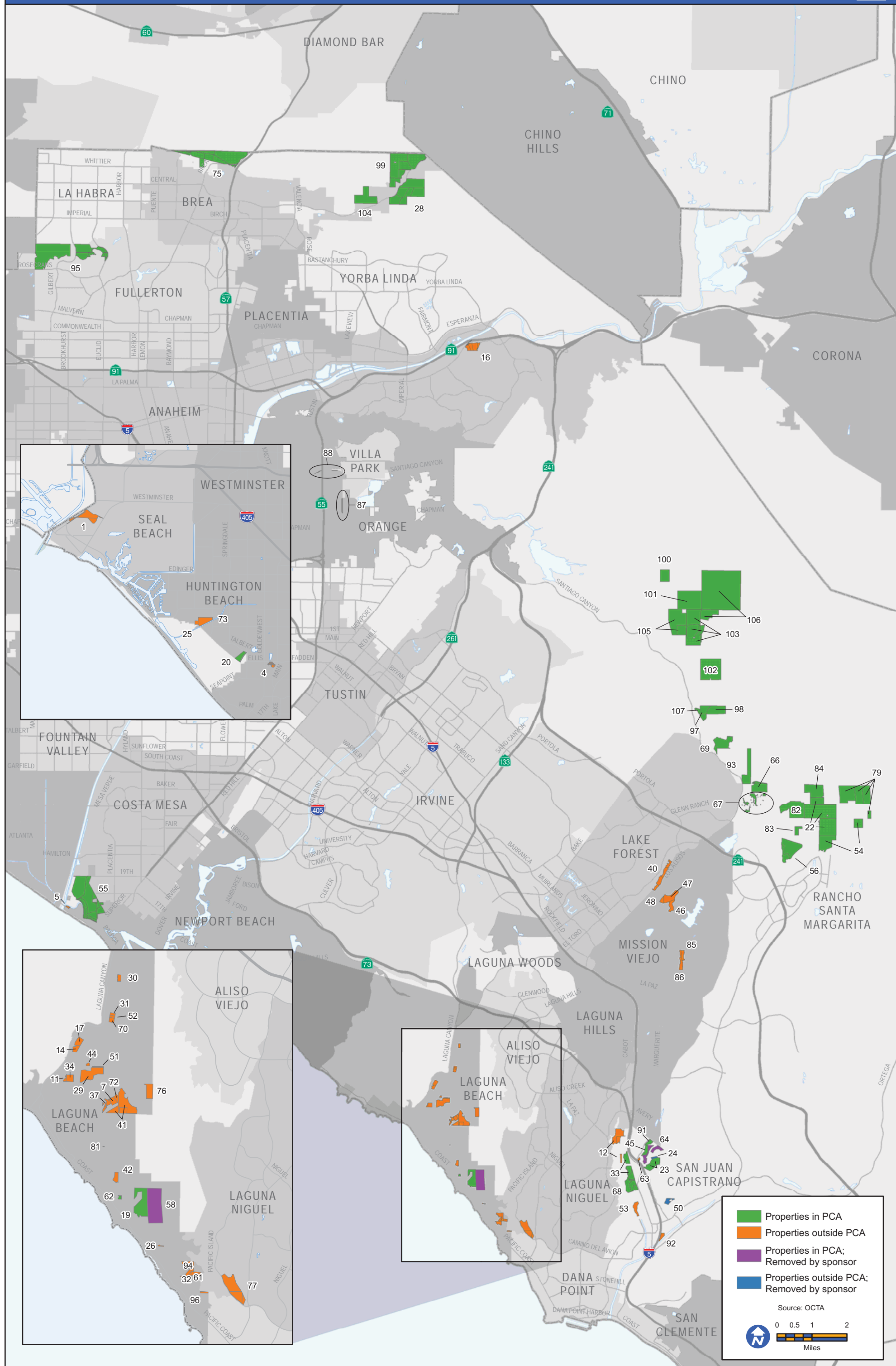
Measure M2 Environmental Mitigation Program - Potential Acquisition Parcels

Property Number	Acquisition/ Restoration	Property *	Geographic Area	Acreage	GROUP 4	General Biological Characteristics: typically very small habitat, highly disturbed, some do not align with freeway habitats
4	Acquisition	Baca Park		14.34		
5	Acquisition	Beach and Bay Mobile Homes		2.85		
11	Acquisition	Collen		2		
12	Acquisition	Crystal Cathedral		162.3		
26	Acquisition	Harden		1		
30	Acquisition	Hollingsworth		5		
31	Acquisition	Holocek		2		
40	Acquisition	Lake Forest		16.8, 10.9,13.7		
44	Acquisition	Little Church Int'l		1.5		
46	Acquisition	Los Alisos Parcel 1		20.41		
47	Acquisition	Los Alisos Parcel 2		48.73		
48	Acquisition	Los Alisos Parcel 3		7.1		
51	Acquisition	Mazzie		3		
52	Acquisition	McGraw		2		
61	Acquisition	Peric		5		
70	Acquisition	Salinas		4		
72	Acquisition	Schroeder		5.02		
81	Acquisition	Summit Drive		0.12		
85	Acquisition	Trail Property 1		20.05		
86	Acquisition	Trail Property 2		15.27		
87	Acquisition	Tustin Branch (Middle)		11.48		
88	Acquisition	Tustin Branch (North)		2 linear miles		
96	Acquisition	Winner		2.14		

Measure M2 Environmental Mitigation Program - Potential Acquisition Parcels

Property Number	Acquisition/ Restoration	Property *	Geographic Area	Acreage	
19	Restoration	Driftwood Restoration ***		20	SEE LEGEND
24	Acquisition	Goeden Co.		4.3	
50	Acquisition	Lyon Homes		14.28	
58	Acquisition	Pacific Triangle Management		96	
64	Acquisition	Royale Capistrano		25	
78	Acquisition	SJD Properties		12.32	

Acquisition Properties Evaluation (PCA and Non-PCA)



PowerPoint

Measure M2 Freeway
Environmental Mitigation Program
Acquisition Property Evaluation Results -
Biological Criteria (Initial Results)

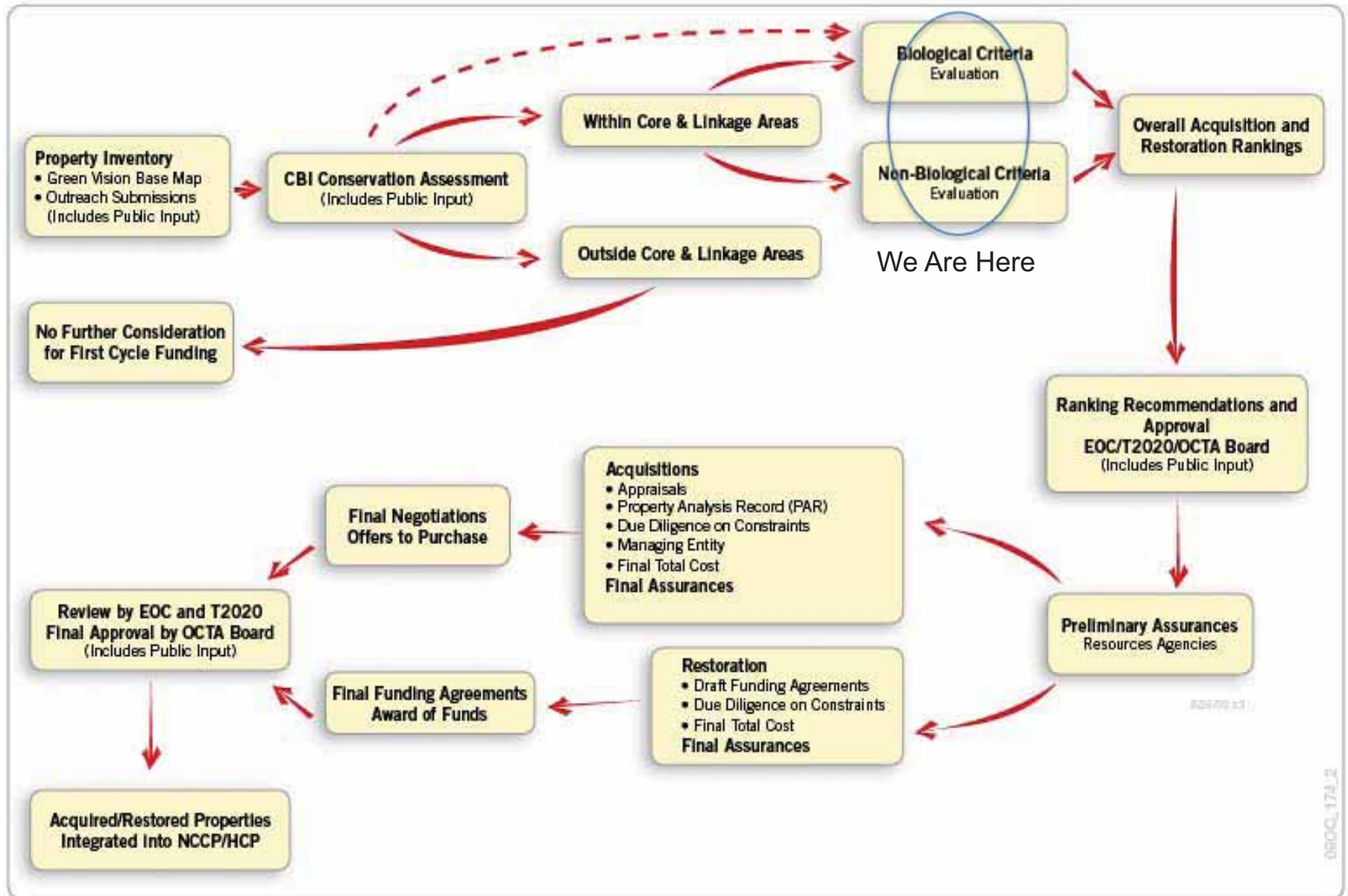
Board of Directors Meeting
March 22, 2010

Measure M2 (M2) Environmental Mitigation Program

- Obtain maximum mitigation credits from wildlife agencies for freeway projects
- Approximately \$27.5 million available for acquisition and restoration in current fiscal year budget
- Approximately \$25 million anticipated in fiscal year 2011-12 budget
- Funding in outer years not yet determined

M2 Property Project Evaluation Process

- Fall 2008: inventoried proposals
- Spring/summer 2009: assessed conservation opportunities within county
- Fall 2009: created biological and non-biological matrices
- Winter 2009: evaluate acquisition and restoration proposals
- Winter/spring 2010: begin to focus on higher priority proposals
- Spring 2010: provide results of restoration proposals



M2 Property Acquisition Evaluation Process

Biological Criteria

- In priority conservation areas
- Habitat and species align with freeway impacts
- Connects or adds to existing preserves/open space

Non-Biological Criteria

- Considers total cost
- Future landowner/manager
- Community/government support
- Co-benefits such as public access and trails
- Potential for development and/or land use solutions

M2 Property Acquisition Evaluation

- Restoration proposals are currently being evaluated
- 83 submitted proposals for acquisition were evaluated for biological criteria
- Ranked in four hierarchical groups
- Group 1 (19 properties) and Group 2 (10 properties) possess highest biological value

Non-Biological Evaluation for Group 1

Focused On:

- Cooperative landowner
- Leveraging partnership opportunities
- Co-benefits such as public access, trails, and scenic/view shed
- Future landowner/manager

Non-Biological Evaluation for Group 1 (continued)

- Support from community
- Support from local and state governments
- Potential for development
 - Where in process?
 - Likely effect on land value?
 - Potential land use solutions?
- Total cost

Recommendations

- A. Approve the Acquisition Property Evaluation Results based on the Property Acquisition/Restoration/Management Criteria Matrices - Biological Criteria
- B. Authorize staff to proceed with the appraisal process with a subset of the Group 1 acquisition proposals

Recommendations (continued)

- C. Direct staff to notify Newport-Banning Ranch and Shell-Aera that these properties are removed from the list of potential acquisitions unless they respond in writing that they are willing sellers
- D. Direct Staff to restrict the appraisal process and the focus of acquisition to property within Orange County

Next Steps

- Complete evaluation of restoration properties
- Begin real estate process for acquisitions
 - Retain appraisers specializing in conservation lands
 - Conduct appraisals
 - Determine price expectation
 - If needed, reevaluate remaining properties in Group 1 and Group 2, and recommend for further consideration
 - Begin discussions with landowners
 - Conduct management cost analysis
- Return to T2020 and Board for approval for acquisitions



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors
From: Wendy Knowles, ^{WJK} Clerk of the Board
Subject: Measure M2 Comprehensive Transportation Funding Program Guidelines

Transportation 2020 Committee Meeting of March 15, 2010

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

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (Reflects change from Staff Recommendations)

- A. Approve the guidelines for the Comprehensive Transportation Funding Program.
- B. Direct staff to develop detailed revenue estimates and return for authorization to issue the first Measure M2 Regional Capacity Program annual call for projects.
- C. Approve the grant payment distribution split of 75/25 percent (for the initial/final payment), with the final payment retention not to exceed \$500,000, but not less than 10 percent of the grant allocation.

(See attached)



Note:

The following was added to Attachment A –“Renewed Measure M – Comprehensive Transportation Funding Program – Procedures Manual – Fiscal Year 2010-11”:

1. Section IV: Precepts, Page ix, Number 21, and
2. Chapter 10, Procedures for Receiving Funds, Page 10-1, Paragraph 3.

“The final report retention shall be capped at \$500,000 per project phase, but shall in no case be less than 10 percent of the allocation. Should the 75/25 payment distribution ratio result in a final payment retention that exceeds \$500,000, the payment percentages will be adjusted to meet the \$500,000 cap until the 10 percent threshold is reached. At no time will the final payment retention be less than 10 percent.”

(Replacement pages are attached.)

Comprehensive Transportation Funding Programs



evaluation unless pledged as a match. The criteria for ranking project applications is included in this manual as part of each program component chapter.

18. Projects that receive competitive CTFP funds shall not use other competitive funds as a match source. Lead agencies may request project consolidation. The TAC and OCTA Board of Directors must approve consolidation requests. OCTA shall use the average match rate of the consolidated project's individual segments.
19. OCTA shall conduct a semi-annual review of all active CTFP projects. All agencies shall participate in these sessions through a process established by OCTA. Currently, OCTA administers program through OCFundtracker. OCTA shall: 1) verify project schedule, 2) confirm project's continued viability, 3) discuss project changes to ensure successful and timely implementation, and 4) request sufficient information from agencies to administer the CTFP.
20. Agencies shall submit payment requests to OCTA in a timely fashion. Agencies may request an initial payment for M2 (up to 75 percent of programmed amount rounded down to the nearest thousand as described in Chapter 10) once a contract has been awarded or once an agency initiates right-of-way activities. The final 25 percent of the available programmed balance will be released upon the submission of an approved final report.
21. The final report retention shall be capped at \$500,000 per project phase, but shall in no case be less than 10 percent of the allocation. Should the 75/25 payment distribution ratio result in a final payment retention that exceeds \$500,000, the payment percentages will be adjusted to meet the \$500,000 cap until the 10 percent threshold is reached. At no time will the final payment retention be less than 10 percent.
22. An agency shall provide final accounting in an approved final report format (see Chapter 10 of this manual) within 180 days of phase completion. Delinquent final reports will be handled per the guidelines in Chapter 10. Failure to provide a final accounting shall result in repayment of applicable M2 funds received for the project phase in a manner consistent with the Master Funding Agreement.
23. In circumstances where a jurisdiction cannot file a final report within the 180 day time frame due to project close-out issues that are beyond the jurisdictions control, an extension may be requested through the TAC. Once the extension is approved through the TAC, the jurisdiction may request an additional 15 percent payment with the submission of a partial final report. The remaining 10 percent

Comprehensive Transportation Funding Programs



will be issued when the outstanding project close-out items are resolved and a complete final report is submitted.

24. The payment distribution ratio referenced in Precept no. 20 may be modified to a reimbursement process, at the discretion of the OCTA Board of Directors, in the event that financing or bonding is required to meet OCTA's cash flow needs.
25. When a project phase is complete, an agency shall notify OCTA within 30 days of completion.
26. OCTA shall escalate project allocations for years two and three. Escalation will not affect a project match rate (percentage). OCTA will base escalation rates on the Engineering News Record (ENR) Construction Cost Index (CCI) 20-city average.
27. The OCTA Board of Directors may grant time extensions for special circumstances that are beyond the control of the implementing agency. An agency shall make a formal request for a time extension to OCTA as early as possible, preferably during a semi-annual review, but no later than June 30 of the fiscal year in which OCTA programs the allocation.
28. Implementing agencies may request a one-time delay of up to 24 months per project. Agencies shall justify this request, receive City Council/Board of Supervisor concurrence, and seek approval of OCTA staff, the TSC, and the TAC as part of the semi-annual review process.
29. Agencies may appeal to the TAC on issues that the agency and OCTA staff cannot resolve. An agency may file an appeal by submitting a brief written statement of the facts and circumstances to OCTA staff. The appellant agency must submit a written statement which proposes an action for TAC consideration. The TSC shall recommend specific action for an appeal to the TAC. The OCTA Board of Directors shall have final approval on appeals.

Applications

In order for OCTA to consider a project for funding, agencies shall submit applications for a call for projects by a deadline established by OCTA. The agency shall submit application and documentation via OCFundtracker as well as one hard copy of each complete application package as outlined in Chapter 9. Each program chapter includes evaluation criteria for the CTFP.



Procedures for Receiving Funds

An implementing agency must obligate funds OCTA allocates to a project phase within the fiscal year of the phase allocation. An agency obligates funds by awarding a contract, completing the appraisal for one parcel of right-of-way, or by providing expense reports to prove an agency's workforce costs, provided that the agency intends to complete the phase with agency staff. OCTA shall consider the primary contract or the contract with the largest dollar amount, associated with the phase's tasks, when an agency uses a contract to show obligation of CTFP funds. Once an agency obligates CTFP funds for a phase, it can begin the process for receiving payment of the funds.²

OCTA will release funds through two payments. The initial payment will constitute 75 percent of the contract award or programmed amount, whichever is less, rounded down to the nearest thousand. OCTA will disburse the final payment, approximately 25 percent of eligible funds, after it approves the final report.

The final report retention shall be capped at \$500,000 per project phase, but shall in no case be less than 10 percent of the allocation for that phase. Should the 75/25 payment distribution ratio result in a final payment retention that exceeds \$500,000, the payment percentages will be adjusted to meet the \$500,000 cap until the 10 percent threshold is reached. At no time will the final payment retention be less than 10 percent.

Agencies shall submit payment requests to OCTA in a timely fashion. If, due to project close-out issues that are beyond the jurisdiction's control, a jurisdiction cannot file a final report within the 180 day time frame mandated by the M2 Ordinance, an extension may be requested through the TAC. Once the extension is approved through the TAC, the jurisdiction may request an additional 15 percent payment with the submission of a partial final report. The remaining 10 percent will be issued when the outstanding project close-out items are resolved and a complete final report is submitted.

Agencies must submit payment requests through OCTA's online database, OCFundtracker: <http://ocfundtracker.octa.net>. Detailed instructions for OCFundtracker are available online. Staff is also available to assist agencies with this process. Agencies must upload appropriate backup documentation to the database. OCTA may request hardcopy payment requests.

² Funds from state and federal sources will undertake a separate process. Local agencies must contact Caltrans local assistance for reimbursement.



Chapter 10 – Reimbursements and Reporting

Availability of Funds

The funds allocated by OCTA for each phase will be available on July 1, the first day of the fiscal year. After bids are opened and a contractor is selected, the final allocation will be the lesser amount of the original allocation or the revised project cost estimate.

Cancellation of Project


If a local agency decides to cancel a project, for whatever reason, the agency shall notify OCTA as soon as possible. Projects deemed infeasible during the planning phase shall bring that phase to a logical conclusion, file a final report, and cancel remaining phases so that remaining funds can be reprogrammed without penalty. ROW funding received for property acquisition prior to cancellation shall be repaid upon cancellation. Construction funding received prior to cancellation shall be repaid upon cancellation.

Item 5 - Measure M2 Comprehensive Transportation Funding Program Guidelines

Staff Report



March 15, 2010

To: Transportation 2020 Committee
From: Will Kempton, Chief Executive Officer 
Subject: Measure M2 Comprehensive Transportation Funding Program Guidelines

Overview

Measure M2 allocates net revenues for the development of various competitive programs which will provide funding for local streets and roads projects including the countywide Regional Capacity Program. Measure M2 also includes competitive transit programs such as Transit Extensions to Metrolink, Metrolink Gateways, and Community-Based Circulators. Staff has worked with the members of the Technical Advisory Committee to develop a comprehensive set of guidelines for the local streets and roads competitive programs. The Measure M2 Comprehensive Transportation Funding Program guidelines are being presented for Board of Directors' review and approval.

Recommendations

- A. Approve the guidelines for the Comprehensive Transportation Funding Program.
- B. Direct staff to develop detailed revenue estimates and return for authorization to issue the first Measure M2 Regional Capacity Program annual call for projects.

Background

Measure M2 (M2) includes a number of competitive programs that provide funding for transit as well as local streets and roads projects. The framework and guidelines for the competitive transit programs will be developed under the guidance of the Transportation 2020 Committee (Committee). The focus of the Technical Advisory Committee (TAC) has been M2 Project O – the Regional Capacity Program (RCP). The RCP, in combination with matching funds, provides a significant funding source for improvements to the Orange County Master Plan of Arterial Highways (MPAH). The program also provides

for intersection improvements and other projects to help improve street operations and reduce congestion. The program allocates funds through a competitive process and targets projects that improve traffic by considering factors such as degree of congestion relief, cost effectiveness, project readiness, and other measures of effectiveness. The Comprehensive Transportation Funding Program (CTFP) will provide the procedures the Orange County Transportation Authority (OCTA) uses to administer the RCP as well as other competitive programs, giving guidelines on scoring and selection criteria, requirements for the receipt of funds, and procedures for project reporting.

On January 18, 2010, staff presented the draft CTFP procedures manual to the Committee for review and comment. Included in the Committee discussions at that time were local agency concerns about the proposed 75/25 initial/final payment distribution ratio. Local agencies felt this could present cash flow issues resulting from the larger amount reserved for payment upon submission of a final project report. Based on discussions with the TAC, local agencies preferred the current 90/10 payment distribution ratio. However, the Committee expressed concern over this large initial payment being provided at contract award, prior to any significant project expenditures. The Committee directed staff to discuss these issues with the TAC and return with recommendations along with the final draft of the CTFP procedures manual (Attachment A) for Committee review and approval.

Discussion

The CTFP procedures manual is meant to provide guidelines and procedures necessary for Orange County agencies to apply for transportation funding for any of the M2 competitive programs. Each program has a specific objective, funding source, and set of project selection criteria detailed in separate chapters contained within the manual. Non-Measure M programs may be added, modified, or deleted over time to reflect legislative action and funding availability. The CTFP procedures manual contains guidelines governing the programs below.

Local Streets and Roads Programs

The RCP replaces a number of current Measure M (M1) local and regional streets and roads competitive programs and will provide a more flexible mechanism for improvements to the MPAH network throughout Orange County. The RCP is made up of three individual program categories:

- The Arterial Capacity Enhancement improvement category provides funding for MPAH widening projects. This component closely resembles the MPAH program from M1. The primary objective of this improvement category is to complete the MPAH network through gap closures and the construction of missing segments, and to relieve congestion by adding capacity where needed.
- The Intersection Capacity Enhancement improvement category provides funding for operational and capacity improvements at intersecting MPAH roadways. This component closely resembles the Intersection Improvement Program from M1. This category helps to improve MPAH capacity and throughput by providing additional turn and through lanes at major intersections.
- The Freeway Arterial/Streets Transition improvement category focuses upon street to freeway interchanges. This component is similar to Regional Interchange Program from M1.

The Rail Grade Separation Program (RGSP) is under the umbrella of the RCP, but is not included as one of the competitive categories addressed above. Seven rail crossing projects along the MPAH network were identified by the California Transportation Commission to receive Trade Corridors Improvement Funds (TCIF). These TCIF allocations required an additional local funding commitment. To meet this need, the Board of Directors (Board) approved the commitment of approximately \$155 million in RCP funds. The RGSP captures these prior funding commitments. Calls for projects for grade separations are not anticipated in the future.

With the RCP, local agencies will be subject to similar requirements that preceded in M1 and must abide by additional policies established in accordance with the M2 Ordinance. Significant differences to note include:

- Local agencies must provide a dollar-for-dollar match (50 percent) to qualify for funding, but can earn lower match requirements if priority is given to other key objectives such as better road maintenance and regional signal synchronization. The minimum match is now 25 percent for local agencies that meet the criteria specified in the M2 Ordinance.
- Implementing agencies are limited to a one-time delay of up to 24 months per project. Agencies shall justify this request, receive city council (or in the case of the County of Orange, the Board of

Supervisors) concurrence, and seek approval of OCTA, the Technical Steering Committee (TSC), and the TAC as part of the semi-annual review process, with final approval provided by the OCTA Board. Delay requests have been identified as a significant issue in the current program. The M2 Ordinance mandate of a one-time delay, as well as the additional guideline requirements of seeking the various approvals for delays, will promote more timely delivery of projects.

- OCTA will now issue an annual call for projects (call) and will program projects for a three-year period based upon a current estimate of available funds. Previous practice was to issue a call every two to three years with a five-year programming cycle. However, it became evident over the course of the current program that the majority of project delays and delivery issues came from allocations programmed in years four and five. With an annual call and a shorter programming cycle, agencies will be in a position to apply for project funding as needed, and potentially avoid the issues that often came with projects programmed into years four and five.
- OCTA will now use a sequential funding approach. This creates a two-step process for an agency to receive complete project funding. Step One, also known as the planning phase, includes funding requests for planning/environmental, engineering, and right-of-way (ROW) engineering activities. Step Two, also known as the implementation phase, includes ROW acquisition and construction activities. Projects must complete the planning phase before an agency requests implementation phase funding during a call. A “fast track” option will be available for agencies that can demonstrate full funding is necessary for the timely implementation of the project; however, if an agency uses this option, no delay requests will be granted for the project.

This method will also help improve the timely delivery of projects. As an agency progresses from the early planning stages through to final design, costs estimates and implementation schedules can be updated based on the most accurate project information available. This will reduce agency funding shortfalls that have occurred in the past as a result of construction allocations being based on preliminary estimates.

- There is no established funding cap for the specific improvement categories. Funding availability by category will be reviewed during each call as project applications are reviewed and ranked. This will

allow the projects that are submitted to determine the distribution of available funding. This ensures project funding will go where it is needed most.

- A lead agency may request to transfer 100 percent of savings between the phases within a project with approval from the TAC and Board. However, agencies may only use savings as an aid for unanticipated cost overruns.

Payment Distribution Ratio

When the draft CTFP procedures manual was presented to the Committee on January 18, 2010, considerable discussion took place regarding the proposed 75/25 payment distribution ratio. Under this proposal, the initial payment would constitute 75 percent of the contract award or programmed amount, whichever is less. OCTA would release the remaining balance, approximately 25 percent of CTFP funds, when the project is complete and OCTA accepts the final report. The TAC had requested staff to convey the local agency desire that the initial/final payment distribution remain at the current ratio of 90 percent for initial payments and 10 percent for final payments.

During the Committee discussions regarding the payment options, concern was expressed that the larger final payment withholding could present potential cashflow issues for the local agencies. However, the Committee also expressed concern over the large initial payment being provided under the 90/10 payment ratio, as the 90 percent payment takes place at contract award, prior to any significant project expenditures. In addition, the Committee expressed concern regarding the risk that OCTA may bear in financing to meet its cash flow needs. The Committee directed staff to work with the TAC to develop options that would address both concerns.

The concerns raised by the local agencies in regard to the 25 percent final payment dealt primarily with situations where a final report could not be submitted due to outstanding project issues that are out of the local agency's control. In such situations, the local agency would have to carry the final 25 percent of the project cost until these issues were settled. Given the reduced funding available for local agencies, staff acknowledged this was an issue that needed to be addressed.

After the January 18, 2010, Committee meeting, staff discussed the various payment ratio issues with local agencies. The revised payment distribution ratio

(discussed below) was developed through discussions with OCTA staff and local agency representatives. Two changes are recommended to the 75/25 payment ratio that would include the ability to release more than 25 percent of the final payment for special conditions, as well as a dollar cap on the final payment amount.

The first recommended change involves a modification to the 75/25 payment ratio where a local agency cannot submit its complete final report within the six months (as required by the M2 Ordinance) due to circumstances beyond the agency's control. In such cases, an additional 15 percent payment could be requested for a partial submittal of the final report. This payment would be allowed with a TAC-approved extension of the final report submission deadline. A final payment of 10 percent would then be issued upon receipt of the completed final report.

The second recommended change addresses more complex projects that are of a larger dollar value. These projects would be multi-million dollar projects where the 25 percent final payment could impede the ability of a local agency to finance the local match plus the final payment amount. To address this issue, staff recommends that the final payment be capped at \$500,000 even if the final payment percentage falls below 10 percent (Attachment B). This ensures that no local agency is required to carry more than \$500,000 on top of their local match amount on any project.

Other CTFP Programs

Regional Traffic Signal Synchronization Program - this program includes competitive capital funding for the coordination of traffic signals across jurisdictional boundaries in addition to operational and maintenance funding. Program funding guidelines and project selection criteria are currently being developed with the Committee and Board. This program is included in the CTFP guidelines as a placeholder until the program framework and selection criteria are complete. At that time, the Board-approved program guidelines will be incorporated in the CTFP manual and a call will be scheduled.

Transit Extensions to Metrolink - this program establishes a competitive process to enable local jurisdictions to enhance regional transit capabilities through creation of new connections to the existing Metrolink system. Program funding guidelines and project selection criteria are currently being developed with the T2020 and Board. This program is included in the CTFP guidelines as a placeholder until the program framework and selection criteria are complete.

At that time, the Board-approved program guidelines will be incorporated in the CTFP manual.

Metrolink Gateways - this program establishes a competitive process for local jurisdictions to convert existing Metrolink stations into regional gateways for enhanced operations related to high-speed rail service. The selection criteria and program guidelines were approved by the Board in January 2009. A call was issued and the Board approved funding allocations in March 2009. The program guidelines are being included in the CTFP manual should any future calls be issued.

Community-Based Circulators - this program establishes a competitive process for local jurisdictions to develop bus transit services such as community based circulators, shuttles, and bus trolleys that complement regional bus and rail services, and to meet needs in areas not adequately served by regional transit. Program funding guidelines and project selection criteria are currently being developed with the Committee and Board. This program is included in the CTFP guidelines as a placeholder until the program framework and selection criteria are complete. At that time, the Board-approved program guidelines will be incorporated in the CTFP manual.

Next Steps

Staff is presenting the draft CTFP procedures manual for approval. Following the approval of the procedures manual, staff will prepare detailed revenue estimates for the first three-year programming cycle and will return for authorization to issue the first annual M2 RCP call.

Summary

M2 provides for intersection and arterial improvements to enhance transit and street operations and to reduce congestion. The CTFP will serve as the mechanism OCTA uses to administer the transit as well as the local streets and roads funding programs. The CTFP guidelines are being presented for Board approval.

Attachments

- A. Renewed Measure M – Comprehensive Transportation Funding Program - Procedures Manual - Fiscal Year 2010-11
- B. Initial/Final M2 Payments Based on \$500,000 Final Payment Cap

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COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM

Procedures Manual
Fiscal Year 2010 - 11

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I. Overview

On November 6, 1990, Orange County voters approved Measure M, a 20-year half-cent local transportation sales tax. All major transportation improvement projects and programs included in the original Measure M have been completed or are currently underway.

Expected growth demands in Orange County over the next 30 years will require agencies to continue to invest in transportation infrastructure projects. A collaborative effort between County leaders and OCTA identified additional projects to fund through an extension of the Measure M program. Voters approved Renewed Measure M on November 7, 2006. Ordinance No. 3 outlines all programs.

Background

A robust freeway network, high occupancy vehicle & toll lanes, a master plan of arterial highways, extensive fixed route and demand response bus service, commuter rail, and bicycle/pedestrian facilities comprise Orange County's transportation system. Future planning efforts are considering high speed rail service as part of a statewide system. Separate agencies manage and maintain each transportation component with a common purpose: mobility.

Orange County Transportation Authority (OCTA) is responsible for planning and coordination of county regional transportation components. Local agencies generally oversee construction and maintenance of roadway improvements using a combination of regional and local funding sources derived from grants and formula distributions.

The Comprehensive Transportation Funding Programs (CTFP) represents a collection of competitive grant programs offered to local agencies. OCTA administers a variety of additional funding sources including Renewed Measure M, state/federal gas taxes and Transportation Development Act (TDA) revenues.

Procedures Manual Overview

This manual provides guidelines and procedures necessary for Orange County agencies to apply for funding of transportation projects contained within the CTFP through a simplified and consistent process. Each program has a specific objective, funding source and set of selection criteria detailed in separate chapters contained within the

Comprehensive Transportation Funding Programs



manual. OCTA may add, modify, or delete non-Measure M programs over time to reflect legislative action and funding availability.



II. Funding Sources

Renewed Measure M

Renewed Measure M (M2) is a 30-year, multi-billion dollar program extension of the original Measure M (approved in 1990) with a new slate of planned projects and programs. These include improvements to the County freeway system, streets and roads network, expansion of the Metrolink system, more transit services for seniors and the disabled as well as funding for the cleanup of roadway storm water runoff.

OCTA shall select projects through a competitive process for Project O (Regional Capacity Program), Project P (Regional Signal Synchronization), and the transit program (Projects S, T, V and W). Each program has a specific focus and evaluation criteria as outlined in the manual.

OCTA shall distribute Local Fair Share Program (Project Q) funds on a formula basis to eligible jurisdictions. The program receives eighteen percent (18%) of Net Revenues. The formula is based upon three components:

- Fifty percent (50%) based upon population
- Twenty-five percent (25%) based upon centerline miles on the existing Master Plan of Arterial Highways (MPAH)
- Twenty-five percent (25%) based upon jurisdictions share of countywide taxable sales

Projects that receive M2 Fair Share revenues are not subject to a competitive process. However, program expenditures must maintain certain eligibility criteria as outlined in the M2 Eligibility Guidance Manual. Jurisdictions must conform to annual eligibility requirements in order to receive fair share funding and participate in the CTFP funding process. Key requirements include:

- Timely use of funds (expend within three years of receipt)
- Meet maintenance of effort requirements
- Use of funding on transportation activities consistent with Article XIX of State Constitution
- Include project in six-year capital improvement plan (CIP)
- Consistency with MPAH, Pavement Management Program, and Signal Synchronization Master Plan



State/Federal Programs

OCTA participates in state and federal transportation funding programs based on competitive and formula distributions. OCTA typically earmarks this funding for major regional transportation projects. From time to time, OCTA may set aside funding, where permitted, for use by local jurisdictions through a competitive selection process. Arterial Highway Rehabilitation Program (AHRP), Transportation Corridor Improvement Funds (TCIF) and Regional Surface Transportation Program (RSTP) are examples of this funding distribution approach.

Call for Projects

OCTA issues calls for projects annually or on an as needed basis. Secure revenues sources, such as M2, will provide funding opportunities on an annual basis. OCTA will update program guidelines and selection criteria on even numbered years. OCTA will offer limited opportunity funding, such as a state-wide bond issuance or federal earmark, consistent with funding source requirements. OCTA may conduct concurrent calls for projects when necessary.



III. Definitions

1. "Competitive funds" refers to funding allocations received through the CTFP.
2. Renewed Measure M and M2 shall be used interchangeably to refer to the November 2006 voter extension of Measure M.
3. The term "complete project" is inclusive of acquiring environmental documents, preliminary engineering, right-of-way acquisition, construction, and construction engineering.
4. The term "funding allocation," "allocation," "project funding," "competitive funds," "phase" or any form thereof shall refer to the three project phases OCTA funds in the CTFP. Additionally, the "engineering phase" shall include the preparation of environmental documents, preliminary engineering, and right-of-way engineering, and the "right-of-way phase" shall include right-of-way acquisition, and the "construction phase" shall include construction and construction engineering.
5. The term "project completion date" refers to the date of the final invoice for either the engineering contract for the engineering phase or for the right-of-way phase, and the recordation date of the Notice of Completion (NOC) for the construction phase.
6. The term "Master Funding Agreements" or any form thereof shall refer to cooperative funding agreements described in Precept 4.
7. The term "agency," "agencies," or any form thereof shall refer to jurisdictions described in precept two.
8. Implementing agency is the lead agency for any proposed project.
9. Work Force Labor Rates (WFLR) include salaries plus fringe benefits.
10. Fully Burdened Labor Rates include WFLR plus up to 30 percent overhead allocation.
11. Match Rate refers to the match funding that a lead agency is pledging through the competitive process.
12. Escalation is the inflationary adjustment added to the application funding request (current year basis) based upon the rates established in Chapter 2.

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13. Excess Right of Way (ROW) is ROW acquired for projects and deemed excess to the proposed transportation use.



IV. Precepts

1. The Orange County Transportation Authority (OCTA) Board of Directors approved these guidelines on **Month Date, 2010**. The purpose is to provide procedures that assist in the administration of the CTFP under M2 where other superseding documents lack specificity. OCTA, or an agent acting on the authority's behalf, shall enforce these guidelines.
2. All eligible Orange County cities and the County of Orange may participate in the M2 competitive programs and federal funding programs included in the CTFP.
3. To participate in the CTFP, OCTA must declare that an agency is eligible to receive M2 Net Revenues which include local fair share distributions. *OCTA shall provisionally approve allocations as part of the 2010 call for projects subject to subsequent attainment of M2 eligibility requirements. Provisional approval is dependent upon eligibility status for the FY20010/11 fiscal year.* Failure to meet minimum eligibility requirements after programming of funds will result in deferral or cancellation of funding.
4. The lead agency must execute a Master Funding Agreement with the OCTA. OCTA and lead agencies will periodically amend the agreement to reflect project schedule and funding changes through semi-annual adjustments, CIP revisions, and competitive calls for projects.
5. Local agencies shall scope projects, prepare estimates, and conduct design in cooperation with and in accordance with the standards and procedures required by the jurisdictions involved with the project (e.g., Caltrans, County, state/federal resource agencies).
6. Agencies should select consultants based upon established contract management and applicable public contracting practices, with qualification based selection for architectural/engineering (A/E) services, as well as competitive bidding environments for construction contracts in accordance with the Public Contracts Code. Agencies must meet procurement and contracting requirements of Non-Measure M funding sources which may exceed those identified in the CTFP.
7. Based upon funding availability, a "Call for Projects" shall be considered annually but may be issued less frequently.
8. OCTA shall program projects for a three year period, based upon an estimate of available funds.

Comprehensive Transportation Funding Programs



9. OCTA will base funding allocations on project cost estimates with up to 10 percent contingency for construction. During the programming process, OCTA adds an inflationary adjustment based upon the escalation rates shown in Chapter 2. OCTA shall round allocations up to the nearest thousand dollars after escalation. Agencies shall only use future year escalation rates for planning purposes.
10. OCTA shall program funds by fiscal year for each phase of a project.
11. An allocation for a specific project shall lapse if a contract is not awarded for that specific project within the fiscal year those funds are programmed.
12. OCTA shall reprogram funds derived from savings or project cancellation based upon final project status. A lead agency may request to transfer 100% of savings between the phases within a project with approval from the Technical Advisory Committee (TAC) and Board of Directors. Agencies may only use savings as an aid for unanticipated cost overruns.
13. OCTA shall consider matching fund credit(s) for an implementing agency's proposed projects current and applicable environmental clearance expenditures. OCTA will review and consider these expenditures on a case by case basis at the time of funding approval.
14. Match rate commitments identified by implementing agencies in the project grant application shall remain constant throughout the project. OCTA and implementing agencies shall not reduce match rate commitments or split the match rate by phase.
15. An approved CTFP project may be determined ineligible for funding at any time if it is found that M2 funding has replaced all or a portion of funds or commitments that were to be provided by other sources such as: development conditions of approval, development deposits, fee programs, redevelopment programs or other dedicated local funding sources (i.e., assessment districts, community facilities districts, bonds, certificates of participation, etc.). Appeals may be made in accordance with the Appeals section discussed later in this chapter.
16. OCTA may fund environmental mitigation as required for the proposed roadway improvement and as contained in the environmental document. Environmental mitigation shall not exceed 50 percent of the total eligible construction costs.
17. OCTA shall evaluate "whole" projects during the initial review process. Subsequent phase application reviews shall not include prior phases in the

Comprehensive Transportation Funding Programs



evaluation unless pledged as a match. The criteria for ranking project applications is included in this manual as part of each program component chapter.

18. Projects that receive competitive CTFP funds shall not use other competitive funds as a match source. Lead agencies may request project consolidation. The TAC and OCTA Board of Directors must approve consolidation requests. OCTA shall use the average match rate of the consolidated project's individual segments.
19. OCTA shall conduct a semi-annual review of all active CTFP projects. All agencies shall participate in these sessions through a process established by OCTA. Currently, OCTA administers program through OCFundtracker. OCTA shall: 1) verify project schedule, 2) confirm project's continued viability, 3) discuss project changes to ensure successful and timely implementation, and 4) request sufficient information from agencies to administer the CTFP.
20. Agencies shall submit payment requests to OCTA in a timely fashion. Agencies may request an initial payment for M2 (up to 75 percent of programmed amount as described in Chapter 10) once a contract has been awarded or once an agency initiates right-of-way activities. The final 25 percent of the available programmed balance will be released upon the submission of an approved final report. The final report retention shall be capped at \$500,000 per project. Should 25 percent of a project allocation exceed \$500,000, the payment percentages will be adjusted to ensure the final payment withheld does not exceed the \$500,000 cap.
21. An agency shall provide final accounting in an approved final report format (see Chapter 10 of this manual) within 180 days of phase completion. Delinquent final reports will be handled per the guidelines in Chapter 10. Failure to provide a final accounting shall result in repayment of applicable M2 funds received for the project phase in a manner consistent with the Master Funding Agreement.
22. In circumstances where a jurisdiction cannot file a final report within the 180 day time frame due to project close-out issues that are beyond the jurisdictions control, an extension may be requested through the TAC. Once the extension is approved through the TAC, the jurisdiction may request an additional 15 percent payment with the submission of a partial final report. The remaining 10 percent will be issued when the outstanding project close-out items are resolved and a complete final report is submitted.
23. The payment distribution ratio referenced in Precept no. 20 may be modified to a reimbursement process, at the discretion of the OCTA Board of Directors, in the event that financing or bonding is required to meet OCTA's cash flow needs.

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24. When a project phase is complete, an agency shall notify OCTA within 30 days of completion.
25. OCTA shall escalate project allocations for years two and three. Escalation will not affect a project match rate (percentage). OCTA will base escalation rates on the Engineering News Record (ENR) Construction Cost Index (CCI) 20-city average.
26. The OCTA Board of Directors may grant time extensions for special circumstances that are beyond the control of the implementing agency. An agency shall make a formal request for a time extension to OCTA as early as possible, preferably during a semi-annual review, but no later than June 30 of the fiscal year in which OCTA programs the allocation.
27. Implementing agencies may request a one-time delay of up to 24 months per project. Agencies shall justify this request, receive City Council/Board of Supervisor concurrence, and seek approval of OCTA staff, the TSC, and the TAC as part of the semi-annual review process.
28. Agencies may appeal to the TAC on issues that the agency and OCTA staff cannot resolve. An agency may file an appeal by submitting a brief written statement of the facts and circumstances to OCTA staff. The appellant agency must submit a written statement which proposes an action for TAC consideration. The TSC shall recommend specific action for an appeal to the TAC. The OCTA Board of Directors shall have final approval on appeals.

Applications

In order for OCTA to consider a project for funding, agencies shall submit applications for a call for projects by a deadline established by OCTA. The agency shall submit application and documentation via OCFundtracker as well as one hard copy of each complete application package as outlined in Chapter 9. Each program chapter includes evaluation criteria for the CTFP.

Comprehensive Transportation Funding Programs



25. OCTA shall escalate project allocations for years two and three. Escalation will not affect a project match rate (percentage). OCTA will base escalation rates on the Engineering News Record (ENR) Construction Cost Index (CCI) 20-city average.
26. The OCTA Board of Directors may grant time extensions for special circumstances that are beyond the control of the implementing agency. An agency shall make a formal request for a time extension to OCTA as early as possible, preferably during a semi-annual review, but no later than June 30 of the fiscal year in which OCTA programs the allocation.
27. Implementing agencies may request a one-time delay of up to 24 months per project. Agencies shall justify this request, receive City Council/Board of Supervisor concurrence, and seek approval of OCTA staff, the TSC, and the TAC as part of the semi-annual review process.
28. Agencies may appeal to the TAC on issues that the agency and OCTA staff cannot resolve. An agency may file an appeal by submitting a brief written statement of the facts and circumstances to OCTA staff. The appellant agency must submit a written statement which proposes an action for TAC consideration. The TSC shall recommend specific action for an appeal to the TAC. The OCTA Board of Directors shall have final approval on appeals.

Applications

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Chapter 1 – Eligibility

Overview

To apply for the Comprehensive Transportation Funding Programs (CTFP), local agencies must fulfill an annual eligibility process. OCTA established this process to ensure that improvements are consistent with regional plans. Under previous County funding programs (e.g., AHFP, BPF) agencies had to meet similar requirements to be eligible for funding. The cities and county approved a process reflecting the eligibility criteria found in Measure M. Eligibility packages are due to OCTA by June 30 of each year.

In order to receive CTFP and M2 Fair Share funds, OCTA must deem agencies as eligible. OCTA shall annually distribute an eligibility information package to local agencies. Below is a brief list of requirements:

- Adoption of a Capital Improvement Program
- Adoption of a General Plan Circulation Element which does not preclude implementation of the MPAH
- Adoption of a local Pavement Management Program
- Adoption of a Local Traffic Signal Synchronization Plan
- Satisfied Maintenance of Effort requirements
- Approved Agreement to expend funds within three years of receipt
- Adopt an annual Expenditure report
- Submit Project Final Report for all Net Revenue projects

The M2 Eligibility Preparation Manual outlines the eligibility requirements in detail. OCTA updates the Eligibility Preparation Manual annually and encourages agencies to use it as a reference when preparing items to meet eligibility requirements. Agencies will submit a CIP through an electronic database application. OCTA develops a manual and workshop to prepare local agency staff for the annual eligibility process. OCTA will make both the manual and workshop information available on its website and forwards the link to all local agencies.

Additional Information Regarding MPAH

The agency's General Plan Circulation Element must be consistent with the Orange County MPAH. In order for an agency's circulation element to be consistent with the MPAH, it shall have a planned-carrying capacity equivalent to the MPAH for all MPAH links within the agency's jurisdiction. "Planned capacity" shall be measured by the number of through lanes on each arterial highway as shown on the local circulation element. Agencies are not considered "inconsistent" as a result of existing capacity limitations on arterials which are not yet constructed to the circulation element design.



Chapter 1 – Eligibility

The agency must also submit a resolution attesting that no unilateral reduction in lanes has been made on any MPAH arterials.

MPAH Consistency Review and Amendment Process

Through a transfer agreement with the County of Orange, OCTA assumed responsibility for administering the MPAH starting in mid-1995. As the administrator, OCTA is responsible for maintaining the integrity of the MPAH through coordination with cities and the County and shall determine an agency's consistency with the MPAH. In order to provide a mechanism to communicate MPAH policies and procedures, OCTA prepared the *Guidance for the Administration of the Master Plan of Arterial Highways*. The guidance document is to assist OCTA, the County, and the cities of Orange County to maintain the MPAH as a vital component of transportation planning in the County. The guidance document outlines, in detail, the MPAH consistency review and amendment process. Agencies can find contact information for OCTA staff assigned to MPAH administration in **[Appendix xx]**.

Exhibit 1-1

SAMPLE RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY/COUNTY OF _____
CONCERNING THE STATUS OF THE CIRCULATION ELEMENT
FOR THE CITY/COUNTY OF _____

WHEREAS, the City/County of _____ desires to maintain and improve the streets within its jurisdiction, including those arterials contained in the Master Plan of Arterial Highways (MPAH), and

WHEREAS, the City/County of _____ has endorsed a definition of and a purpose for, determining consistency of the City's Traffic Circulation Plan with the MPAH, and

WHEREAS, the City/County has adopted a General Plan Circulation Element which does not preclude implementation of the MPAH within its jurisdiction, and

WHEREAS, the City/County has adopted a resolution informing the Orange County Transportation Authority (OCTA) that the City's/County's Circulation Element is in conformance with the Master Plan of Arterial Highways and whether any changes to any arterial highways of said Circulation Element have been adopted by the City/County during Fiscal Years 20__ and 20__

WHEREAS, the City/County is required to send annually to the OCTA all recommended changes to the City/County Circulation Element and the County Master Plan of Arterial Highways for the purpose of re-qualifying for participation in Measure M Streets and Road Programs.

NOW, THEREFORE, BE IT RESOLVED THAT the City/County of _____ does hereby inform the OCTA that:

- a) The arterial highway portion of the City/County Circulation Element of the City is in conformance with the County Master Plan of Arterial Highways.
- b) The City/County attests that no unilateral reduction in through lanes has been made on any MPAH arterials during Fiscal Years 20__ and 20__.
- c) The City/County has adopted a uniform setback ordinance providing for the preservation of right-of-way consistent with the MPAH arterial highway classification.
- d) The City/County has adopted provisions for the limitation of access to arterial highways in order to protect the integrity of the system.



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Chapter 2 – Project Programming



Program Consolidation

M2 Regional Capacity Program improvement categories will combine projects into one application review and allocation process. The programs of the CTFP will act as the project funding source. The consolidation of programs will help eliminate confusion among the various requirements and allow the greatest flexibility for programming projects. Other funding programs such as M2 Transit (Projects S, T, V, and W) and AHRP have similar eligibility requirements, but OCTA will evaluate and approve these projects through a separate process.

Sequential Programming Process

Timely and efficient use of funding is a critical success factor for the CTFP. Historically, agencies were encouraged to develop long term projects spanning three or more years which often led to delays in implementing final project phases. This dynamic led to larger-than-anticipated funding program cash balances.

In response to concerns raised by the OCTA Board of Directors and the Taxpayers Oversight Committee responsible for M2 oversight, OCTA will use a shorter term and sequential funding approach for M2 projects. OCTA expects this new approach to aid in a more timely use of funding and limit the potential for unanticipated project completion delays inherent with long lead time projects.

Sequential funding is a two step process. Step One, also known as the planning phase, includes funding requests for planning/environmental, engineering and right of way engineering activities. Step Two, also known as the implementation phase, includes right of way acquisition and construction activities. Projects must complete the planning phase before an agency requests implementation phase funding during a call for projects. Exceptions to this rule include the following:

- An agency may request implementation funding prior to completion of the planning phase if the jurisdiction can demonstrate that the planning phase activities are underway and the agency will complete the activities within six months of the funding application submittal date.
- An agency may request right of way funding as part of the planning phase if the agency can demonstrate that the policy variance is necessary for timely implementation. The agency will seek implementation funding in the next call for projects and will waive the opportunity to request a project delay.



Chapter 2 – Project Programming

Each call for projects will cover a three-year period which overlaps subsequent future cycles as shown below.

M2 Funding Cycles

Call	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16
2010	X	X	X	X		
2011		X	X	X		
2012			X	X	X	
2013				X	X	X

Funding targets for each cycle are based upon prior funding commitments, anticipated revenues, reprogramming of unused allocations (cancellations and savings), and a set aside for future funding cycles. The first year of each cycle will distribute 100% of expected revenues less prior commitments. The second year of each cycle will allocate 75% of projected revenues less prior commitments. The third year of each cycle will allocate 50% of projected revenues less prior commitments. The partial allocation of funding for years two and three preserve funding for future projects and act as a hedge against unanticipated revenue shortfalls that could jeopardize project delivery.

As part of each call for projects, OCTA will determine an appropriate balance between allocations made for the planning and implementation phases.

Funding Projections – Initial Call for Projects

Revenue estimates for M2 are updated annually. Programming decisions are based upon conservative economic assumptions provided by Southern California academic institutions. In the future, OCTA will add project cancellations and realized savings from completed projects to anticipated revenues for redistribution in the first year of each funding cycle. The M2 program is new and no project cancellation or savings exist for reprogramming. The first call for projects will cover fiscal years 2010/11 through 2013/14.

Chapter 2 – Project Programming



Initial Call for Projects Programming Estimates*

Fiscal Year	Estimated RCP Programming
FY2010/11	5,110,000
FY2011/12	21,690,000
FY2012/13	17,190,000
FY2013/14	12,070,000
Total	\$ 56,060,000

* Estimates subject to change

Programming Adjustments

OCTA bases funding allocations on cost estimates that agencies provide and that OCTA validates against industry norms during the evaluation process. Agencies must provide estimates in current year dollars. OCTA will apply a construction cost index (CCI) adjustment to the first year of the funding cycle for implementation activities (right of way and construction) and is not subject to further adjustment.

Projects programmed in Year Two or Year Three include a CCI-based adjustment factor. Agencies shall not receive allocation increases. Cost overruns are the responsibility of agencies and may count against agencies' match commitment for eligible activities. Agencies may request scope adjustments to meet budget shortfalls when the agency can demonstrate substantial consistency and attainment of proposed transportation benefits compared to the original project scope.

The current escalation rates beginning FY 2010-11 are:

3.1 % for right-of-way
3.1 % for construction

When agencies are preparing applications, **all cost estimates must be in current year dollars (FY 2009).** OCTA will review each cost estimate thoroughly and will escalate costs based on the year OCTA programs the project allocation. For example, if an agency's cost estimate lists construction costs for a project at \$250,000 and OCTA programs the project for fiscal year 2012-2013, then OCTA will escalate the costs by 3.1 percent compounded annually beginning in fiscal year 2010-2011 (9.6 percent compound increase) and allocate \$266,000.

Project Cost Escalation

OCTA will escalate approved projects in years two and three. Escalation will not affect a project match rate (percentage) based upon the approved project application. OCTA will



Chapter 2 – Project Programming

base escalation rates for future years on Engineering News Record (ENR) Construction Cost Index (CCI) escalation rates.

Each March, OCTA shall validate the escalation rate that will be used for projects programmed in the next fiscal year beginning on July 1st. Agencies should be aware that the rate established by OCTA each March may be greater or less than the “planning” rate used when projects were originally approved for funding.

Project Readiness

Assembly Bill (AB) 1012, Chapter 783, Statutes of 1999, established firm “use it or lose it” deadlines for federal funds. Under AB 1012, if an agency does not obligate funds in a timely fashion then the county loses the funds and the state reprograms them. Large or complex projects are particularly vulnerable to AB 1012 implementation rules.

In an effort to better utilize project funding and maintain project schedules, programming of funding for CTFP under the tiered approach has been revised. In general, to program allocations for right-of-way or construction phases, a project must either have:

1. Approval for environmental clearance (CEQA for Measure M programs, NEPA and CEQA for federally funded programs), or;
2. Exempt (categorically or statutorily) under CEQA and/or NEPA (as applicable).

OCTA may consider exceptions to these programming rules, on a case by case basis, if an agency can confirm that a project will receive environmental clearance prior to the scheduled start of right-of-way and construction. OCTA will not approve payment requests for right-of-way and construction until a project receives environmental clearance.

Programming Policies

OCTA will not increase phase allocations after the initial programming for each phase except through project savings transfers, where applicable.

In order to receive right-of-way and construction allocations, a project must have all environmental clearances in place. OCTA shall not release final payment for the planning stage (includes final design) until confirmation of environmental clearance is provided.



Chapter 2 – Project Programming

Agencies are responsible for costs that exceed the project allocation, maintaining the project schedule, and maintaining the project scope.

An agency's allocation will lapse if the agency does not obligate the funds within the programmed fiscal year. An agency may request a delay in accordance with the time extension policy described at the end of this chapter.

As stated above, an agency's allocation is based on the project's cost as requested and programmed with established escalation rates. **If project costs escalate beyond original estimates and the agency is unable to cover additional costs, a request to reduce the project scope or limits will be considered where feasible.** All requests for changes in scope and limits must be submitted to OCTA in advance of the change. This request will be evaluated on a case-by-case basis and must be approved by the TAC and OCTA Board of Directors prior to initiation of the change by the lead agency. The agency must submit a letter to OCTA no later than June 30th of the year in which funds are programmed stating the reasons for cost increases, a proposal for project scope or limit reduction, and an explanation of why approval of the request is warranted. The review process is similar to the appeals process mentioned above.

Schedule change requests

Allocations approved as part of the CTFP process are subject to timely delivery requirements. Implementation schedules are determined by the lead agency (applicant). Contract work must be awarded prior to the end of the programmed fiscal year to encumber the funds. If work cannot be initiated within this time frame, a request to defer funding may be submitted to OCTA for consideration. Project status is reviewed every six months during the semi-annual review process. Expired project funding is subject to reprogramming in a subsequent call for projects.

Funding deferrals (delays) must be submitted to OCTA in conjunction with the semi-annual process. These reviews are typically held in Fall and Spring. Emergency extensions after the Spring semi-annual review may be considered on a case by case basis. The M2 Ordinance No. 3 permits a delay for up to 24 months. Projects that are expected to incur extensive delays beyond the parameters of the program should consider cancellation and reapplication at a future date. Advancement requests may be considered during the review process and may be approved subject to funding availability.

Chapter 2 – Project Programming



Project Advancements

Agencies wishing to advance a project by one fiscal year or more may request project advancement. The agency must demonstrate that a contract will be awarded or that funds will be obligated in the year which funds are requested to be advanced to. The allocation will be de-escalated according to the original escalation rate.

Requests can be submitted at any time during the fiscal year or as part of the semi-annual review process. All advancements will be reviewed by the TAC and approved by the OCTA Board. If approved, the agency and project will be required to meet the new fiscal year award or obligation deadline.

Should OCTA be unable to accommodate an advancement request for a project funded through Measure M, due to cash flow constraints, the agency may still move forward with the project using local funding. The lead agency must receive authorization/approval from OCTA prior to beginning work. The lead agency may subsequently seek reimbursement of CTFP funds in the fiscal year in which funds are programmed. Reimbursement shall follow the standard CTFP process described in Chapter 10.

Semi-Annual Review

OCTA staff will conduct a comprehensive review of CTFP projects on a semi-annual basis to determine the status of projects. These project updates will be provided by the local agencies and uploaded to OCFundtracker. Follow-up meetings to these updates will be held as needed. Semi-annual project reviews are usually scheduled to occur in September and March of each year.

Projects are reviewed to:

1. Update project cost estimates
2. Review the project delivery schedule
3. Determine the project's continued viability

Prior to each review meeting, OCTA staff will distribute a list of active projects to each local agency. Each agency will be contacted and asked to participate in the upcoming review where each agency's project schedules, cost estimates, and scope will be reviewed. Agencies will be given the opportunity to request program changes (e.g., delaying and advancing funds from one fiscal year to another) and each adjustment will be considered on a case-by-case basis. The agency should be prepared to explain any changes and provide all necessary supporting documentation. Generally, the local agency is responsible for the implementation of the projects as approved by OCTA, however



Chapter 2 – Project Programming

consideration will be given for circumstances beyond the lead agency's control that affect scope, cost or schedule.

Based on the semi-annual meetings, OCTA staff will develop and present recommendations for project adjustments to the TSC and TAC. Requests for project changes (delays, advancements, scope modifications) will be considered on an individual basis. The following action plan has been developed for the semi-annual review process:

- Require jurisdictions to submit status reports, project worksheets, and supporting documentation to OCTA for all project adjustments.
- Require local agencies to abide by **Time Extension Policy**:
 - Agencies may request a delay of up to 24 months. Jurisdictions will be required to justify this request and seek approval of OCTA staff, Technical Steering Committee (TSC), and the TAC as part of the semi-annual review process.
 - Approved schedule changes will require an update of the local jurisdiction's six-year CIP and the OCTA cooperative funding agreement.
 - Evidence of Council approval (resolution, minute order, or notification) must be provided prior to OCTA Board approval of delays.
 - An administrative extension may be granted for expiring M2 funds for a project phase that is clearly engaged in the procurement process (advertised but not yet awarded).



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Chapter 3 – Arterial Highway Rehabilitation Program



Program Overview

The Arterial Highway Rehabilitation Program (AHRP) has been developed to address long term pavement maintenance in Orange County. Specifically, the AHRP is designed to fund pavement rehabilitation and/or reconstruction projects on Master Plan of Arterial Highway (MPAH) arterial roadways throughout Orange County.

Eligible Expenditures

The following general type of projects will be eligible under this program:

- Overlay
- Rehabilitation
- Reconstruction

For each of these projects the following expenditures will be eligible:¹

- Engineering
- Construction
- Construction Engineering
- Bike lanes (striping only, must be on the Master Plan of County-wide Bikeways)
- Bus Turnouts (resurfacing only, must be on an OCTA route)
- Portland Concrete Cement (PCC) Bus Pads
- Replacement of parking lanes, curbs, gutters, catch basins, and minor profile revisions (i.e., curb to curb) as required by project
- Use of alternative materials such as rubberized asphalt, PCC, etc.
- Construction or modification of curb ramps within the limits of the project as necessary to satisfy Americans with Disabilities Act (ADA) requirements

Potentially Eligible Expenditures

Items that are potentially eligible under AHRP are:

- Sidewalks if mandated for ADA type improvement/upgrade and only up to 10% of the total improvement costs.

Ineligible Expenditures

Items that are not eligible under AHRP are:

- Landscaping
- New parking lanes, new curb and gutter

¹ For federally funded projects, expenditures prior to approval of the E-76 form will not be eligible.

Chapter 3 – Arterial Highway Rehabilitation Program



- Utility adjustments that do not have prior rights
- Materials Report or other planning activity
- Environmental Documentation
- Retroactive Design Engineering
- Expenditures incurred prior to E-76 approval for the respective project phase

Slurry seals or overlays with a depth of less than 1.2 inches (0.10') are considered routine maintenance and shall not be eligible.

Requirements

Project Eligibility

Projects submitted for this program must be on the MPAH. Streets or roads that are not on the MPAH are ineligible to participate in this program. In addition, only arterials designated by local agencies' Pavement Management Plans (PMP) as having a Pavement Condition Index (PCI) of 74 or less in accordance with the following table shall be eligible for funding. Thickness may be adjusted for rubberized asphalt according to industry and standard practices.

Pavement Condition Assessment Standards

Condition Category	PCI Thresholds	Treatment	Eligible
Very Good	86-100	None Proposed	No
Good	75-85	Slurry Seal	No
Fair	60-74	Thin Overlay	Yes
Poor	41-59	Thick Overlay	Yes
Very Poor	0-40	Reconstruction	Yes

Matching Funds

Agencies will be required to provide 50 percent matching funds for each candidate project. Surface Transportation Program or M2 CTFP funds may not be used as matching funds. M2 local fair share funds can be used as matching funds for any phase. Projects will be limited to a maximum total funding amount of \$400,000 or as otherwise approved. This cap provides an opportunity to fund more projects given the limited

Chapter 3 – Arterial Highway Rehabilitation Program



resources. Additional matching funds for corridor improvements may be considered after approval of the project priority list.

Engineering and Inspection Costs

Preliminary engineering and inspection costs will be limited to a maximum of 10 percent and 15 percent, respectively, of the total construction, and general overhead shall not exceed 30 percent of payroll and fringe benefits.

Application Process

Funding for this program has not yet been identified and is not included in the initial call for projects.

Agencies will be required to complete and submit application materials provided by OCTA. In addition, detailed cost estimates, field survey evaluation documentation, pavement condition indices from respective PMP's, and a council resolution authorizing the application will be required at the time of submittal.

Cooperative project development is encouraged. Projects located within neighboring jurisdictions require letters of support from the affected agency(ies).

Additional Requirements

Because AHRP funds may come from federal sources, additional steps are required to ensure proper receipt of funds.

1. Local agencies must execute a funding agreement for use of any federal funds.
2. Once projects are approved by OCTA they will be administered by Caltrans Local Assistance. They will require additional information and review of projects. It is imperative that local agencies contact Caltrans once funding is approved.
3. OCTA staff and Cities will jointly explore, on a case-by-case basis, the possibility of a funds exchange with Gas Tax or Measure M funds.
4. Projects must be included in the Regional Transportation Improvement Program (RTIP) before agencies can begin work. Local agencies will be responsible for including projects in the RTIP, OCTA will administer amendments as necessary.

Chapter 3 – Arterial Highway Rehabilitation Program



5. An agency must receive an "Authorization to Proceed" (an approved E-76 form from Caltrans). Caltrans Local Assistance is responsible for processing this form. Any activity undertaken by the local agency prior to approval of the E-76 form will not be reimbursed.

Chapter 4 – Transit Extensions to Metrolink (Project S)



Overview

This M2 program establishes a competitive process to enable local jurisdictions to enhance regional transit capabilities through creation of new connections to the existing Metrolink system. Projects must meet specific criteria in order to compete for funding through this program.

Program funding guidelines and project selection criteria are being developed. A transit call for projects may be issued in 2010.



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Chapter 5 – Metrolink Gateways (Project T)



Overview

This M2 program establishes a competitive process for local jurisdictions to convert Metrolink stations into regional gateways for enhanced operations related to high-speed rail service. Projects must meet specific criteria in order to compete for funding through this program. In addition, local agencies will be required to demonstrate the ability to fully fund operations on an ongoing basis using non-OCTA resources. Public-private partnerships¹ are encouraged but not required.

Objectives

- Modify existing Metrolink stations to accommodate high speed rail service
- Expand multi-modal transit options for regional travel
- Deliver infrastructure in the initial phase of high speed rail implementation where feasible

Project Participation Categories

Multi-modal transit facilities provide expanded transportation options for regional and long distance travel. These “hubs” provide a vital link in the mobility chain. Availability of viable stations is a critical consideration for high speed rail service implementation. Each host community has unique needs and expectations related to high-speed rail systems. Conditions will differ from one location to the next and projects pursued under this program have significant latitude in how they address the challenge of delivering supporting facilities for high speed rail services. The program categories listed below identify key project elements that can be pursued through the Project T funding source. Public-private partnerships and local funding sources may be used to leverage these elements.

- Station and passenger facilities necessary to support planned high-speed rail system²
- Parking structures related to expanded high-speed rail service
- Track improvements (e.g., track, switching, signal equipment)
- Traffic control enhancements for ingress/egress from public roadways
- Aesthetics limited to 10% of the Measure M funds (i.e., landscaping, non-standard lighting, on-site signage)
- On-site public art expenses limited to one percent of Measure M funds in order to improve the appearance and safety of the facility
- Off-site improvements cannot exceed 5% of Measure M funding request³
- Bond financing costs
- Construction Management (not to exceed 15% of construction cost)

Chapter 5 – Metrolink Gateways (Project T)



Commercial facilities that are not transit related are not eligible for Measure M funds.

Eligibility Requirements

Minimum eligibility and participation requirements must be considered before a project funding application should be submitted. Adherence to strict funding guidelines is required by the Ordinance. Additional standards have been established to provide assurance that M2 funds are spent in the most prudent, effective manner. There is no guarantee that funding will be approved during a particular call for projects. If no acceptable project is identified during a funding cycle, a subsequent call for projects will be scheduled at an appropriate time.

- Station must be identified in constrained or unconstrained chapters of the 2008 Regional Transportation Plan for the initial M2 funding cycle
- Agency must demonstrate sufficient funding for first five years of operation with financial plan outlining funding strategy for ongoing operations and maintenance (cannot include OCTA funding sources)
- Project applications must be for complete projects (environmental clearance through construction)
- Project application must meet minimum competitive score to be deemed eligible and "of merit" (as determined by OCTA Board of Directors)
- Capital improvements must adhere to public bidding requirements
- Complete applications must be approved by the applicant City Council prior to submittal to OCTA to demonstrate adequate community and elected official support for initial consideration
- Applicant must be eligible to receive Measure M funding (established on an annual basis) to participate in this program

Funding Estimates

Funding will be provided on a pay-as-you go basis. The program will make an estimated \$174.9 million (nominal dollars) available during the initial 20 year period of the program (Fiscal Year 2011 through 2030). Funding for the remaining ten-year period of M2 will not be programmed until a future call for projects is warranted. This approach provides a hedge against economic uncertainty and preserves funding for future system expansion.

Chapter 5 – Metrolink Gateways (Project T)



Selection Criteria

Specific selection criteria will be used to evaluate competitive program project applications. Emphasis is placed on projects with firm funding commitments and overall project readiness as shown on Table 5-1. In addition, projects will be evaluated based upon existing and future transit usage, intermodal connectivity, and community land use attributes. Although match funding is not required, projects that leverage M2 funds with at least 10% from other sources are encouraged and will be more competitive.

Application Process

Project allocations are determined through a competitive application process. Local agencies seeking funding must complete a formal application and provide supporting documentation that will be used to fully evaluate the project proposal as outline below.

- Complete information application
- Provide funding/operations plan
- Allocations subject to Master funding agreement

A call for projects for the initial funding cycle was issued in January 2009. The need for a future call will be determined by the OCTA Board of Directors. Complete project applications must be submitted by the established due date to be considered eligible for consideration.

The funding plan shall include, at a minimum, the following information:

- Financials (Funding needs, match funding availability, operations funding assurances, public-private partnership arrangements, bond financing projections)
- Project development and implementation schedule
- High speed rail ridership projections
- Any additional information deemed relevant by the applicant

Applications will be reviewed by the Authority for consistency, accuracy and concurrence. Once applications have been completed in accordance with the program requirements, the projects will be scored, ranked and submitted to the T2020 Committee and Board of Directors for consideration and funding approval.

The final approved application (including Financial Plan) will serve as the basis for any funding agreement required under the program.

Chapter 5 – Metrolink Gateways (Project T)



Reimbursements

This program is administered on a reimbursement basis for capital improvements, planning design, right of way acquisition, and related bond financing costs. Reimbursements will be disbursed upon review and approval of a complete expense report, performance report, and Consistent with master funding agreement.

Status Reports

Projects selected for funding will be subject to submittal of an annual financial plan update in order to receive project reimbursement payments during the following fiscal year. The updated financial plan will be due as a supplement to the annual Measure M eligibility process (typically due on June 30th).

Project Cancellation

Projects deemed infeasible during the planning process will be cancelled and further expenditures will be prohibited (except where necessitated to bring the current phase to a logical conclusion). Right of way acquired for projects which are cancelled prior to construction will require repayment to the contributing funding program(s) within a reasonable time as determined by the OCTA Board of Directors.

Cancelled projects will be eligible for re-application upon resolution of issues that led to original project termination.

Audits

All M2 payments are subject to audit. Local agencies must follow established accounting requirements and applicable laws regarding the use of public funds. Failure to submit to an audit in a timely manner may result in loss of future funding. Misuse or misrepresentation of M2 funding will require remediation which may include repayment, reduction in overall allocation, and/or other sanctions to be determined. Audits shall be conducted by OCTA Internal Audit department or other authorized agent either through the normal annual process or on a schedule to be determined by the OCTA Board of Directors.

Proceeds from the sale of excess right of way acquired with program funding must be paid back to the project fund as described in the master funding agreement.



Application Guidelines

Funding allocations provided through M2 are determined through a competitive application process. Project selection is based upon merit utilizing a series of qualitative and quantitative criteria. Candidate projects are required to submit a financial plan with sufficient data to enable an adequate evaluation of the application. Each jurisdiction is provided broad latitude in formatting, content and approach. However, key elements described below must be clearly and concisely presented to enable timely and accurate assessment of the project.

Financial Details

Each candidate project must include all phases through construction of facilities and implementation of service. The financial plan will include, at a minimum, the following information:

- Estimated project cost for each phase of development (planning, environmental, permitting, design, right of way acquisition, construction, and project oversight)
- Funding request for each phase of project implementation with match funding amounts and sources clearly identified
- Realistic project schedule for each project phase
- Demonstrated financial commitments for match funding and ongoing operations (through first five years of operation)
- Discussion of contingency planning for revenue shortfalls
- Revenue projections and methodology where on-site commercial activity or advertising revenue is expected to support implementation and/or operations costs
- Right of way status and strategy for acquisition
- Revenue sharing proposals (where applicable)

Technical Attributes

The formal application must include feasibility and efficacy components to demonstrate transportation benefit to ensure the selected project(s) meet the spirit and intent of M2. Merit will be demonstrated through technical attributes and industry standard methodologies. The following site-specific data will be included and fully discussed in the application:

- Current employment estimates within five mile radius of project site (cite reference)



Chapter 5 – Metrolink Gateways (Project T)

- Freeway lane miles with five mile radius of site (provided by OCTA upon request)
- Planned job density within 1,500' radius of project boundary based upon current General Plan
- Planned housing density within 1,500' radius of project boundary based upon current General Plan
- Daily transit boardings within five mile radius of project boundary (include rail and fixed route bus/shuttle)
- Daily transit boardings growth within five mile radius of project boundary with projection methodology fully presented for opening day operations
- Description of all transit modes serviced by the site at time of application
- Discussion of new transit modes (including high speed rail) served by the site as a result of proposed project (opening day)
- Service coordination plan (how will proposed project facilitate transfer between transit services?)

Other Application Materials

Supporting documentation will be required to fully consider each project application. In addition to the funding plan described above, local agencies will be required to submit the following materials:

Council Resolution: A Council Resolution authorizing request for funding consideration with a commitment of project match funding (local sources) and operating funds as shown in the funding plan.

Lease/Cost Sharing Agreements: Copies of leases, cost sharing (match funding), and/or land dedication documents. Confidential agreements may be included by reference when accompanied by affidavit from City Treasurer or Finance Director.

Project Documentation: If proposed project has completed initial planning activities (such as PSR or equivalent, EIR, or design), evidence of approval should be included with the application. Satisfactory evidence includes project approval signature page, engineer-stamped site plan, or other summary information to demonstrate completion or planning phases. The applicant will be asked for detailed information only if necessary to adequately evaluate the project application.

¹ Public-private partnerships are defined as direct financial contributions or right of way dedications for eligible program activities.

²Program should not build retail or other leasable space. Mixed Use and TOD elements will be the responsibility of others.

³ "Off-site" improvements adjacent to the project site such as monumentation, traffic control, etc.

Chapter 5 – Metrolink Gateways (Project T)



TABLE 5-1

Point Breakdown for Metrolink Gateways (Project T) Maximum Points = 100

Financial Commitment (30 points)		Transit Usage (20 points)	
Total Project Cost (information only)		Existing transit boardings (within 5 miles)	
\$ (capital)	(No Points)	>75,000 a day	4 points
		50,000 to 75,000 a day	3 points
		25,000 to 49,000 a day	2 points
		<25,000 a day	1 point
Percent of M2 for capital		Transit boardings growth (within 5 miles)	
50% or less	16 points	>20,000 daily increase	8 points
51% to 65%	12 points	15,000 to 20,000 daily increase	6 points
66% to 80%	8 points	10,000 to 14,900 daily increase	4 points
81% to 90%	4 points	<10,000 daily increase	2 points
Level of commitment from private partners		Consistent ridership projections	
Investment agreement (binding)	8 points	100% to 110% of OCTAM*	
Commitment letters	2 points	111% to 120% of OCTAM	
		121% to 140% of OCTAM	
		*Projections below OCTAM get 8 points	
OCTA concurrence with financial assumptions/analysis			
Yes	6 points		
No	0 points		
Readiness (20 points)		Intermodal Connections (18 points)	
High-speed rail system status		Number of current transit modes provided	
In constrained 2008 RTP	10 points	>6	5 points
Added in unconstrained RTP	2 points	4 to 6	3 points
		<4	1 point
Land acquired for total project		Future increase in the number of transit modes	
Yes	5 points	>5 added	10 points
No	0 points	3 to 5 added	6 points
		<3 added	2 points
Project design status		OCTA concurrence with intermodal analysis	
Design complete	5 points	Yes	3 points
Environmental complete	3 points	No	0 points
PSR equivalent complete	1 point		
Regional Markets / Land Use (12 points)			
Adjacent freeway lane miles (within five miles)			
>500 lane miles	3 points		
400 to 500 lane miles	2 points		
<400 lane miles	1 point		
Current employment (within 5 miles)			
>350,000	3 points		
200,000 to 350,000	2 points		
<200,000	1 point		
Planned job density within 1,500 feet			
>2.0 avg. floor area ratio	3 points		
1.5 to 2.0 avg. floor area ratio	2 points		
<1.5 avg. floor area ratio	1 point		
Planned housing density within 1,500 feet			
>35 dwelling units/acre			
20 to 35 dwelling units/acre			
<20 dwelling units/acre			

* OCTAM - Orange County Transportation Analysis Model



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Chapter 6 – Community Based Transit/Circulators (Project V)



Overview

This M2 project establishes a competitive program for local jurisdictions to develop local bus transit services such as community based circulators, shuttles and bus trolleys that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit.

Program funding guidelines and project selection criteria are being developed. A transit call for projects may be issued in 2010.



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Chapter 7 – Regional Capacity Program



Introduction

The Regional Capacity Program (RCP) is a competitive program that will provide more than \$1 billion over a thirty year period. The RCP replaces the current Measure M Local and Regional streets and roads competitive programs.

Although each improvement category described in this chapter has specific eligible activities, the use of RCP funding is restricted to and must be consistent with the provisions outlined in Article XIX of the State Constitution. In the case of any ambiguity related to Article XIX, the California State Controllers Gas Tax Guidelines will provide additional clarification.

The MPAH serves as the backbone of Orange County's arterial street network. Improvements to the network are required to meet existing needs and address future demand. The RCP is made up of three (3) individual program categories which provide improvements to the network:

- The Arterial Capacity Enhancements (ACE) improvement category complements freeway improvement initiatives underway and supplements development mitigation opportunities on arterials throughout the MPAH. This RCP component closely resembles the MPAH program from the original Measure M.
- The Intersection Capacity Enhancements (ICE) improvement category provides funding for operational and capacity improvements at intersecting MPAH roadways. This RCP component closely resembles the Intersection Improvement Program (IIP) from the original Measure M.
- The Freeway Arterial/Streets Transition (FAST) focuses upon street to freeway interchanges. This RCP component is similar to Regional Interchange Program (RIP) from original Measure M and includes added emphasis upon arterial transitions to interchanges.

Projects in the arterial, intersection and interchange improvement categories are selected on a competitive basis. All projects must meet specific criteria in order to compete for funding through this program.

Also included under the RCP is the Rail Grade Separation Program (RGSP), which is meant to address vehicle delays and safety issues related to at-grade rail crossings. Seven rail crossing projects along the Master Plan of Arterial Highways (MPAH) network were identified by the CTC to receive Trade Corridors Improvement Funds (TCIF). These TCIF allocations required an additional local funding commitment. To meet this



Chapter 7 – Regional Capacity Program

need, the Board approved the commitment of \$160 million in Regional Capacity Program funds to be allocated from M2. The RGSP captures these prior funding commitments. Future calls for projects for grade separations are not anticipated.



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Chapter 7 – Regional Capacity Program



Section 7.1 – Arterial Capacity Enhancements (ACE)

Overview

The MPAH serves as the backbone of Orange County's arterial street network. Improvements to the network are required to meet existing needs and address future traffic demand. The ACE improvement category complements freeway improvement initiatives underway and supplements development mitigation opportunities.

Projects in the ACE improvement category are selected on a competitive basis. Projects must meet specific criteria in order to compete for funding through this program.

Objectives

- Complete MPAH network through gap closures and construction of missing segments
- Relieve congestion by providing additional roadway capacity where needed
- Provide timely investment of M2 Revenues

Project Participation Categories

The ACE category provides capital improvement funding (including planning, design, right-of-way acquisition and construction) for capacity enhancements on the MPAH for the following:

- Gap closures – widen MPAH roadway for full width where bottleneck exists
- Roadway widening where additional capacity is needed
- New roads / extension of existing MPAH facility

Eligible Activities

- Planning, environmental clearance
- Design
- Right of way acquisition
- Construction (including curb-to-curb, landscaping, lighting, drainage, etc.)

Potentially Eligible Items

- Direct environmental mitigation
- Storm drains/catch basins
- Sound walls (in conjunction with roadway improvement mitigation measures)



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- Aesthetic improvements including landscaping (up to 25% of construction costs)
- ITS infrastructure (advance placement in anticipation of future project)
- Rehabilitation and/or resurfacing of existing pavement when necessitated by proposed improvement (such as change in profile and cross section)

Environmental mitigation will be allowed only as required for the proposed roadway improvement, and only as contained in the environmental document. Program participation in environmental mitigation shall not exceed 50% of the total eligible construction costs.

Longitudinal storm drains are eligible for program participation when, in the opinion of the TAC, the storm drain is an incidental part (cost is less than 50% of the total eligible improvement cost) of an eligible improvement. Program participation shall not exceed 25% of the cost of storm drain longitudinal/parallel and main lines. Storm drain inlets, connectors, laterals and cross culverts shall have full participation in ACE Program funding.

Soundwalls are eligible only if they are required as part of the environmental mitigation for the proposed project. Aesthetic enhancements and landscaping in excess of minimum environmental mitigation requirements are subject to limitations described in this section above.

Ineligible Expenditures

Items that are not eligible under the ACE Program are:

- Rehabilitation (unless performed as component of capacity enhancement program)
- Reconstruction (unless performed as component of capacity enhancement project)
- Grade Separation Projects
- Right of way acquisition greater than the typical right of way width for the applicable MPAH Roadway Classification. Eligibility for additional right of way to accommodate significant pedestrian volumes or bikeways shown on a Master Plan of Bikeways will be considered for reimbursement on a case by case basis. Where full parcel acquisitions are necessary to meet typical right of way requirements for the MPAH classification, any excess parcels shall be disposed of in accordance with the provisions of these guidelines and State statutes.

Funding Estimates

Funding will be provided on a pay-as-you go basis. The RCP will make an estimated \$1.1 billion (in 2005 dollars) available during the 30-year M2 program. Programming estimates are developed in conjunction with periodic calls for projects. Funding is



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shared with intersection, interchange and grade separation improvement categories. No predetermined funding set aside has been established for street widening.

Selection Criteria

Specific selection criteria will be used to evaluate competitive program project applications. Emphasis is placed on existing usage, proposed Vehicle Miles Traveled (VMT), level of services benefits, match funding and overall facility importance. Technical categories and point values are shown on Tables 7-1 and 7-2. Data sources and methodology are described below.

Existing Average Daily Trips (ADT): Current 24-hour traffic counts or OCTA Traffic Flow Map data for proposed segment. "Current" counts are defined as those taken for a typical mid-week period within the preceding 12-month period. New facilities will be modeled through OCTAM and requests should be submitted to OCTA with sufficient time to generate report prior to submittal of application.

Vehicle Miles Travelled (VMT): Centerline length of segment proposed for improvement multiplied by the existing ADT for the proposed segment length.

Current Project Readiness: This category is additive. Points are earned for each satisfied readiness stage at the time applications are submitted. Right of Way (All easements and titles) applies where no ROW is needed for the project or where all ROW has been acquired/dedicated). Right of Way (all offers issued) applies where offers have been made for every parcel where acquisition is required and/or offers of dedication have been received by the jurisdiction. Final Design (PS&E) applies where the jurisdiction's City engineer or other authorized person has approved the final design. Preliminary design (35% level) will require certification from the City Engineer and is subject to verification. Environmental Approvals applies where all environmental clearances have been obtained on the project.

Cost Benefit: Total project cost (including unfunded phases) divided by the existing ADT (or modeled ADT for new segments).

Funding Over-Match: The percentages shown apply to match rates above a jurisdiction's minimum match requirement. M2 requires a 50% local match for RCP projects. This minimum match can be reduced by up to 25 percentage points if certain eligible components are met. If a jurisdiction's minimum match target is 30% and a local match of 45% is pledged, points are earned for the 15% over-match.



Chapter 7 – Regional Capacity Program (ACE)

Transportation Significance: Roadway classification as shown in the current Master Plan of Arterial Highways (MPAH).

MPAH Needs Assessment Category: Segment designation as shown in the Regional Capacity Program Assessment study.

Operational Efficiencies: This category is additive. Each category, except Active Transit Routes, must be a new feature added as a part of the proposed project.

- Pedestrian Facilities: Placement of a new sidewalk where none currently exists along entire segment of proposed project.
- Meets MPAH configuration: Improvement of roadway to full MPAH standard for the segment classification.
- Active Transit Route(s): Segments served by fixed route public transit service.
- Bus Turnouts: Construction of bus turnouts.
- Bike Lanes: Installation of new bike lanes (Class I or II)
- Median (Raised): Installation of a mid-block raised median where none exists today. Can be provided in conjunction with meeting MPAH standards.
- Remove On-street Parking: Elimination of on-street parking in conjunction with roadway widening project. Can be provided in conjunction with meeting MPAH standards and installation of new bike lanes.
- Other (Golf cart paths in conformance with California Vehicle Code and which are demonstrated to remove vehicle trips from roadway).

Improvement Characteristics: Select one characteristic which best describes the project:

- Gap Closures: Elimination of an existing bottleneck.
- New Facility/Extensions: Construction of new roadways.
- Bridge crossing: Widening of bridge crossing within the project limits.
- Adds capacity: Addition of through traffic lanes.
- Improves traffic flow: Installation of a median, restricting cross street traffic, adding midblock turn lanes, or elimination of driveways.

Level of Service (LOS) Improvement: This category is a product of the existing LOS based upon volume/capacity– or v/c -- and LOS improvement “with project”. **Projects must meet a minimum existing LOS of “D” (.80 v/c) to qualify for funding.**

Application Process

Project allocations are determined through a competitive application process. Local agencies seeking funding must complete a formal application and provide supporting

Chapter 7 – Regional Capacity Program (ACE)



documentation that will be used to evaluate the project proposal as outline below. Detailed instructions and checklists are provided in Chapter 9.

- Complete application
 - Funding needs by phase and fiscal year
 - Match funding source
 - Supporting technical information
 - Project development and implementation schedule
 - Right of way status and strategy for acquisition
 - Any additional information deemed relevant by the applicant
- Allocations subject to Master Funding Agreement

A call for projects for the initial funding cycle is expected to be issued in 2010, or as determined by the OCTA Board of Directors. Complete project applications must be submitted by the established due date to be considered eligible for consideration.

Applications will be reviewed by the Authority for consistency, accuracy and concurrence. Once applications have been completed in accordance with the program requirements, the projects will be scored, ranked and submitted to the TSC, TAC and Board of Directors for consideration and funding approval.

Minimum Eligibility Requirements

Projects must have an existing LOS "D" or worse to qualify for funding in this program. New facilities will be considered where the project results in a positive overall LOS reduction in traffic on parallel existing facilities based upon Orange County Traffic Analysis Model (OCTAM).

All project roadways must be identified on the MPAH network. Local streets not shown on the MPAH are not eligible for funding through this program.

Matching Funds

Local agencies are required to provide match funding for each phase of the project. As prescribed by Ordinance No. 3, the minimum local match requirement is 50% with potential to reduce this amount if certain eligibility requirements are met.

Other Application Materials

Supporting documentation will be required to fully consider each project application. In addition to the funding plan described above, local agencies will be required to submit the following materials:

Chapter 7 – Regional Capacity Program (ACE)



Council Approval: A Council Resolution or Minute Order action authorizing request for funding consideration with a commitment of project match funding (local sources) must be provided with the project application.

Project Documentation: If proposed project has completed initial planning activities (such as PSR or equivalent, EIR, or design), evidence of approval should be included with the application. Satisfactory evidence includes project approval signature page, engineer-stamped site plan, or other summary information to demonstrate completion or planning phases. The applicant will be asked for detailed information only if necessary to adequately evaluate the project application.

Reimbursements

This program is administered on a reimbursement basis for capital improvements, planning, design, and right-of-way acquisition. Reimbursements will be disbursed upon review and approval of a complete initial payment submittal, final report and consistency with Master Funding Agreement or cooperative agreement if federal funds are awarded.

Project Cancellation

Projects deemed infeasible during the planning phase will be cancelled and further expenditures will be prohibited (except where necessary to conclude the current phase). Right of way acquired for projects that are cancelled prior to construction will require repayment to the contributing funding program(s) within a reasonable time as determined by the OCTA Board of Directors.

Cancelled projects will be eligible for re-application upon resolution of issues that led to original project termination.

Audits

All M2 payments are subject to audit. Local agencies must follow established accounting requirements and applicable laws regarding the use of public funds. Failure to submit to an audit in a timely manner may result in loss of future funding. Misuse or misrepresentation of M2 funding will require remediation, which may include repayment, reduction in overall allocation, and/or other sanctions to be determined. Audits shall be conducted by OCTA's Internal Audit department or other authorized agent either through the normal annual process or on a schedule to be determined by the OCTA Board of Directors. See Chapter 11 for detailed audit requirements.

Chapter 7 – Regional Capacity Program (ACE)



Proceeds from the sale of excess right of way acquired with program funding must be paid back to the project fund as described in Chapter 10 and described in the Master Funding Agreement.



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TABLE 7-1

Regional Capacity Program Street Widening

	Category	Points Possible	Percentage	
<i>Facility Usage</i>				25%
	Existing ADT	10	10%	
	Existing VMT	10	10%	
	Current Project Readiness	5	5%	
<i>Economic Effectiveness</i>				20%
	Cost Benefit	15	15%	
	Funding Over-Match	5	5%	
<i>Facility Importance</i>				20%
	Transportation Significance	5	5%	
	MPAH Assessment Category	10	10%	
	Operational Efficiency	5	5%	
<i>Benefit</i>				35%
	Improvement Characteristics	10	10%	
	Level of Improvement and Service	25	25%	
TOTAL		100	100%	



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Point Breakdown for Widening Projects

Maximum Points = 100

Comprehensive Transportation Funding Programs



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Chapter 7 – Regional Capacity Program



Section 7.2 – Intersection Capacity Enhancements (ICE)

Overview

The MPAH serves as the backbone of Orange County's arterial street network. Intersections at each intersecting MPAH arterial throughout the County will continue to require improvements to mitigate current and future needs. The ICE improvement category complements roadway improvement initiatives underway and supplements development mitigation opportunities.

Projects in the ICE improvement category are selected on a competitive basis. Projects must meet specific criteria in order to compete for funding through this program.

For the purposes of the ICE improvement category, the limits of an intersection shall be defined as the area that includes all necessary (or planned) through lanes, turn pockets, and associated transitions required for the intersection. Project limits of up to 600 feet for each intersection leg is recommended.

Objectives

- Improve MPAH network capacity and throughput along MPAH facilities
- Relieve congestion at MPAH intersections by providing additional turn and through lane capacity
- Improve connectivity between neighboring jurisdiction by increasing throughput
- Provide timely investment of M2 Revenues

Project Participation Categories

The ICE category provides capital improvement funding (including planning, design, right of acquisition and construction) for intersection improvements on the MPAH network for the following:

- Intersection widening – constructing additional through lanes and turn lanes, extending turn lanes where appropriate, signal equipment
- Street to street grade separation projects

Eligible Activities

- Planning, environmental clearance
- Design (plans, specifications, and estimates)
- Right of way acquisition



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- Construction (including bus turnouts, curb ramps, median, and striping)

Potentially Eligible Items

- Storm drains/catch basins
- Landscaping and other aesthetic enhancements (limited to 25% of construction cost)
- Signal equipment (as incidental component of program)

Ineligible Items

- Right of way acquisition greater than the typical right of way width for the applicable MPAH Roadway Classification. Additional turn lanes not exceeding 12 feet in width needed to maintain an intersection LOS D requiring right of way in excess of the typical right of way width for the applicable MPAH classification shall be fully eligible. Where full parcel acquisitions are necessary to meet typical right of way requirements for the MPAH classification any excess parcels shall be disposed of in accordance with the provisions of these guidelines and State statutes.

Environmental mitigation will be allowed only as required for the proposed roadway improvement, and only as contained in the environmental document. Program participation in environmental mitigation shall not exceed 50 percent of the total eligible project costs.

Longitudinal storm drains are eligible for program participation when, in the opinion of the TAC, the storm drain is an incidental part (cost is less than 50 percent of the total eligible improvement cost) of an eligible improvement. Program participation shall not exceed 25 percent of the cost of storm drain longitudinal/parallel and main lines. Storm drain inlets, connectors, laterals and cross culverts shall have full participation in ICE improvement category funding.

Soundwalls are eligible only if they are required as part of the environmental clearance for the proposed project. Program participation for soundwalls shall not exceed 50 percent of the total eligible project costs.

Funding Estimates

Funding will be provided on a pay-as-you go basis. The RCP will make an estimated \$1.1 billion available (in 2005 dollars) during the 30-year M2 program. Programming estimates are developed in conjunction with periodic calls for projects. Funding is shared with road widening, interchange and grade separation improvement categories.

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No predetermined funding set aside has been established for intersection improvements.

Selection Criteria

Specific selection criteria will be used to evaluate competitive program project applications. Emphasis is placed on existing usage, level of services benefits, match funding and overall facility importance. Technical categories and point values are shown on Tables 7-3 and 7-4. Data sources and methodology are described below.

Average Daily Traffic (ADT): Sum of the Average ADT from current traffic count or OCTA Traffic Flow Map for each arterial. Average ADT for the east and west legs of the intersection will be added to the average ADT for the north and south legs.

Current Project Readiness: This category is additive. Points are earned for each satisfied readiness stage at the time applications are submitted. Right of Way (All easements and titles) applies where no ROW is needed for the project or where all ROW has been acquired/dedicated). Right of Way (all offers issued) applies where offers have been made for every parcel where acquisition is required and/or offers of dedication have been received by the jurisdiction. Final Design (PS&E) applies where the jurisdiction's City Engineer or other authorized person has approved the final design. Preliminary design (35% level) will require certification from the City Engineer and is subject to verification. Environmental Approvals applies where all environmental clearances have been obtained on the project.

Cost Benefit: Total project cost (included unfunded phases) divided by the existing ADT (or modeled ADT for new segments).

Funding Over-Match: The percentages shown apply to match rates above a jurisdiction's minimum match requirement. M2 requires a 50% local match for RCP projects. This minimum match can be reduced by up to 25 percentage points if certain eligible components are met. If a jurisdiction's minimum match target is 30% and a local match of 45% is pledged, points are earned for the 15% over-match.

Coordination with Contiguous project: Projects that complement a proposed arterial improvement application with a similar implementation schedule earn points in this category.

Transportation Significance: Roadway classification as shown in the current Master Plan of Arterial Highways (MPAH).



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MPAH Needs Assessment Category: Segment designation as shown in the Regional Capacity Program Assessment study.

Operational Efficiencies: This category is additive. Each category must be a new feature added as a part of the proposed project.

- Bike Lanes/Bus Turnouts: Extension of bike lanes (Class I or II) through intersection or construction of a bus turnout as a new feature.
- Lowers density: Addition of through travel lanes.
- Channels traffic: Addition and/or extension of turn pockets.
- Pedestrian Facilities: Placement of a new sidewalk if none currently exists.
- Grade separations: Street to street grade separations and do not apply to rail grade separation projects which are covered by the grade separation program category.

Level of Service (LOS) Improvement: This category is a product of the existing ICU score and the LOS improvement score. **Projects must meet a minimum existing peak hour LOS of "D" (.80 ICU) or worse to qualify for funding.**

Application Process

Project allocations are determined through a competitive application process. Local agencies seeking funding must complete a formal application and provide supporting documentation that will be used to evaluate the project proposal as outline below.

- Complete application
 - Funding needs by phase and fiscal year
 - Match funding source
 - Supporting technical information
 - Project development and implementation schedule
 - Right of way status and strategy for acquisition
 - Any additional information deemed relevant by the applicant
- Allocations subject to master funding agreement

A call for projects for the initial funding cycle is expected to be issued in 2010, or as determined by the OCTA Board of Directors. Complete project applications must be submitted by the established due date to be considered eligible for consideration.

Applications will be reviewed by the Authority for consistency, accuracy and concurrence. Once applications have been completed in accordance with the program requirements, the projects will be scored, ranked and submitted to the TSC, TAC and Board of Directors for consideration and funding approval.

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Minimum Eligibility Requirements

Projects must have a minimum peak hour LOS “D” or worse. Worst peak hour period is used for this evaluation and eligibility purposes.

All project roadways must be identified on the MPAH network. Local streets not shown on the MPAH are not eligible for funding through this program.

Matching Funds

Local agencies are required to provide match funding for each phase of the project. As prescribed by Ordinance No. 3, the minimum local match requirement is 50% with potential to reduce this amount if certain eligibility requirements are met.

Other Application Materials

Supporting documentation will be required to fully consider each project application. In addition to the funding plan described above, local agencies will be required to submit the following materials:

Council Approval: A Council Resolution or Minute Order action authorizing request for funding consideration with a commitment of project match funding (local sources) must be provided with the project application.

Project Documentation: If proposed project has completed initial planning activities (such as PSR or equivalent, EIR, or design), evidence of approval should be included with the application. Satisfactory evidence includes project approval signature page, engineer-stamped site plan, or other summary information to demonstrate completion or planning phases. The applicant will be asked for detailed information only if necessary to adequately evaluate the project application.

Reimbursements

This program is administered on a reimbursement basis for capital improvements, planning, design, and right of way acquisition. Reimbursements will be disbursed upon review and approval of a complete initial payment submittal, final report and consistency with master funding agreement or cooperative agreement if federal funds are awarded.

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Project Cancellation

Projects deemed infeasible during the planning phase will be cancelled and further expenditures will be prohibited except where necessary to bring the current phase to a logical conclusion. Right of way acquired for projects which are cancelled prior to construction will require repayment to the contributing funding program(s) within a reasonable time as determined by the OCTA Board of Directors.

Cancelled projects will be eligible for re-application upon resolution of issues that led to original project termination.

Audits

All M2 payments are subject to audit. Local agencies must follow established accounting requirements and applicable laws regarding the use of public funds. Failure to submit to an audit in a timely manner may result in loss of future funding. Misuse or misrepresentation of M2 funding will require remediation which may include repayment, reduction in overall allocation, and/or other sanctions to be determined. Audits shall be conducted by OCTA's Internal Audit department or other authorized agent either through the normal annual process or on a schedule to be determined by the OCTA Board of Directors. See Chapter 11 for detailed audit requirements.

Proceeds from the sale of excess right of way acquired with program funding must be paid back to the project fund as described in Chapter 10 and described in the Master Funding Agreement.



TABLE 7-3

Regional Capacity Program Intersection Improvement

	Category	Points Possible	Percentage	
<i>Facility Usage</i>				20%
	Existing ADT	15	15%	
	Current Project Readiness	5	5%	
<i>Economic Effectiveness</i>				25%
	Cost Benefit	15	15%	
	Funding Over-Match	5	5%	
	Coordination with Contiguous Project	5	5%	
<i>Facility Importance</i>				25%
	Transportation Significance	5	5%	
	MPAH Assessment Category	10	10%	
	Operational Efficiency	10	10%	
<i>Benefit</i>				30%
	LOS Improvement	30	30%	
TOTAL		100	100%	



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Point Breakdown for Intersection Capacity Enhancements

Maximum Points = 100

Coordination based upon similar project schedule



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Chapter 7 – Regional Capacity Program



Section 7.3 – Freeway Arterial/Streets Transitions (FAST)

Overview

The MPAH serves as the backbone of Orange County's arterial street network. Current and future needs at existing interchanges along MPAH highways and freeways will need to be addressed in order to improve connectivity between freeways and MPAH arterials. The interchange improvement program complements roadway improvement initiatives underway as well and supplements development mitigation opportunities.

Projects in the FAST improvement category are selected on a competitive basis. Projects must meet specific criteria in order to compete for funding through this program.

Objectives

- Improve transition to and from Orange County freeways
- Provide timely investment of M2 revenues

Project Participation Categories

The FAST category provides capital improvement funding (including planning, design, right of way acquisition and construction) for interchange improvements on the MPAH network for the following:

- MPAH facility interchange connections to Orange County freeways (including on-ramp, off-ramp and arterial improvements)

Eligible Activities

- Planning, environmental clearance
- Design
- Right of way acquisition
- Construction (including ramps, intersection and structural improvements/reconstruction incidental to project)
- Signal equipment (as incidental component of program)

Potentially Eligible Items

- Landscaping and other aesthetic enhancements limited to 10% of project cost
- Auxiliary lanes if necessitated by interchange improvements

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- Soundwalls as mitigation for project

Environmental mitigation will be allowed only as required for the proposed roadway improvement, and only as contained in the environmental document. Program participation in environmental mitigation shall not exceed 50% of the total eligible project costs.

Longitudinal storm drains are eligible for program participation when, in the opinion of the TAC, the storm drain is an incidental part (cost is less than 50% of the total eligible improvement cost) of an eligible improvement. Program participation shall not exceed 25% of the cost of storm drain longitudinal/parallel and main lines. Storm drain inlets, connectors, laterals and cross culverts shall have full participation in FAST improvement category funding.

Soundwalls are eligible only if they are required as part of the environmental clearance for the proposed project. Program participation for soundwalls shall not exceed 50 percent of the total eligible project costs.

Ineligible Projects

- Seismic retrofit projects (unless combined with eligible capacity enhancements)

Funding Estimates

Funding will be provided on a pay-as-you go basis. The RCP will make an estimated \$1.1 billion available (in 2005 dollars) during the 30-year M2 program. Programming estimates are developed in conjunction with periodic calls for projects. Funding is shared with road widening, intersection and grade separation improvement categories. No predetermined funding set aside has been established for interchange improvements.

Selection Criteria

Specific selection criteria will be used to evaluate competitive program project applications. Emphasis is placed on existing usage, level of services benefits, match funding and overall facility importance. Technical categories and point values are shown on Tables 7-5 and 7-6. Data sources and methodology are described below.

Existing ADT: Current 24-hour traffic counts or OCTA Traffic Flow Map data for proposed arterial segment. "Current" counts are defined as those taken for a typical mid-week period. Arterial ADT is added to exit ramp volume. Average ramp

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intersection volume for each interchange ramp will be used. New facilities will rely on projected ramp volume based upon Caltrans approved projection.

Current Project Readiness: This category is additive. Points are earned for each satisfied readiness stage at the time applications are submitted. Right of Way (all easements and titles) applies where no ROW is needed for the project or where all ROW has been acquired/dedicated). Right of Way (all offers issued) applies where offers have been made for every parcel where acquisition is required and/or offers of dedication have been received by the jurisdiction. Final Design (PS&E) applies where the jurisdiction's City engineer or other authorized person has approved the final design. Preliminary design (35% level) will require certification from the City engineer and is subject to verification. Project Approvals/Environmental Documentation (PA/ED) applies where a Project Report-level analysis has been completed and environmental approvals have been attained.

Cost Benefit: Total project cost (including unfunded phases) divided by the existing ADT (or modeled ADT for new segments).

Funding Over-Match: The percentages shown apply to match rates above a jurisdiction's minimum match requirement. M2 requires a 50% local match for RCP projects. This minimum match can be reduced by up to 25 percentage points if certain eligible components are met. If a jurisdiction's minimum match target is 30% and a local match of 45% is pledged, points are earned for the 15% over-match.

Coordination with Freeway Project: Interchanges planned to coincide with or accommodate planned freeway improvements receive points in this category.

Transportation Significance: Roadway classification as shown in the current Master Plan of Arterial Highways (MPAH).

MPAH Needs Assessment Category: Segment designation as shown in the Regional Capacity Program Assessment study.

Operational Efficiencies: This category is additive. Each category, except Active Transit Routes, must be a new feature added as a part of the proposed project.

- Eliminate left turn conflicts: Ramp intersection reconfiguration which does not permit left turns onto ramps.
- Coordinated signal: Ramp intersections within a coordinated corridor where coordination did not previously exist.
- Add turn lanes: Increase in number of turn lanes on arterial.
- Add traffic control: Signalization of ramp intersection.



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- Enhanced ramp storage: Extension or widening of existing ramp to improvement off-street storage capacity.
- Pedestrian facilities: Add crosswalk and or sidewalk to ramp or bridge crossing within context of interchange improvements.

Level of Service (LOS) Improvement: This category is a product of the existing LOS based upon volume/capacity – or v/c -- and LOS improvement “with project”. **Projects must meet a minimum existing LOS of “D” (.80 v/c) to qualify for funding.**

Improvement Characteristics: Select the attribute that best fits your project definition.

- New facility: New interchange where none exists.
- Partial facility: New interchange which does not provide full access.
- Interchange reconstruction: improvement of existing interchange to provide additional arterial capacity (widening of overcrossing or undercrossing).
- Ramp reconfiguration: Widening of ramp or arterial to improve turning movements or other operational efficiencies.
- Ramp metering: Installation of metering on ramp.

Application Process

Project allocations are determined through a competitive application process. Local agencies seeking funding must complete a formal application and provide supporting documentation that will be used to evaluate the project proposal as outlined below.

- Complete application
 - Funding needs by phase and fiscal year
 - Match funding source
 - Supporting technical information
 - Project development and implementation schedule
 - Right of way status and strategy for acquisition
 - Any additional information deemed relevant by the applicant
- Allocations subject to master funding agreement or cooperative agreement if federal funds are awarded

A call for projects for the initial funding cycle is expected to be issued in 2010, or as determined by the OCTA Board of Directors. Complete project applications must be submitted by the established due date to be considered eligible for consideration.

Applications will be reviewed by the Authority for consistency, accuracy and concurrence. Once applications have been completed in accordance with the program

Chapter 7 – Regional Capacity Program (FAST)



requirements, the projects will be scored, ranked and submitted to the TSC, TAC and Board of Directors for consideration and funding approval.

Minimum Eligibility Requirements

Projects must have a minimum peak hour LOS “D” or worse. Worst peak hour period is used for this evaluation and eligibility purposes.

Caltrans is not eligible to submit applications or receive payment under this program. Only cities or the County of Orange may submit applications and receive funds. This program was designed to benefit local jurisdictions. However, the Orange County Transportation Authority wants to ensure that Caltrans facilities are not negatively affected.

Matching Funds

Local agencies are required to provide match funding for each phase of the project. As prescribed by Ordinance No. 3, a 50% minimum match is required. A lower local match may be permitted if certain eligibility criteria are met.

Reimbursements

This program is administered on a reimbursement basis for capital improvements, planning, design, and right of way acquisition. Reimbursements will be disbursed upon review and approval of a complete initial payment submittal, final report and consistency with Master Funding Agreement.

Caltrans Coordination

Coordination with Caltrans will be essential for most, if not all, of the projects submitted for this program. Agencies should therefore establish contacts at Caltrans District 12 Office (Project Development Branch) to ensure that candidate projects have been reviewed and approved by Caltrans. All other affected jurisdictions should be consulted as well.

Agencies submitting projects for this program must have confirmation from Caltrans that the proposed improvement is consistent with other freeway improvements.

Applications should be submitted so that interchange projects are done in conjunction with construction of other freeway improvements whenever possible. However, if the

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interchange project can be done in advance of the freeway project, verification and/or supporting documentation must be submitted showing the interchange improvement has merit for advanced construction and that it will be compatible with the freeway design and operation. Additionally, the interchange improvements should take into account the ultimate freeway improvements if the interchange is to be improved in advance.

Project Cancellation

Projects deemed infeasible during the planning phase will be cancelled and further expenditures will be prohibited (except where necessary to bring the current phase to a logical conclusion. Right of way acquired for projects which are cancelled prior to construction will require repayment to the contributing funding program(s) within a reasonable time as determined by the OCTA Board of Directors.

Cancelled projects will be eligible for re-application upon resolution of issues that led to original project termination.

Audits

All M2 payments are subject to audit. Local agencies must follow established accounting requirements and applicable laws regarding the use of public funds. Failure to submit to an audit in a timely manner may result in loss of future funding. Misuse or misrepresentation of M2 funding will require remediation which may include repayment, reduction in overall allocation, and/or other sanctions to be determined. Audits shall be conducted by OCTA's Internal Audit department or other authorized agent either through the normal annual process or on a schedule to be determined by the OCTA Board of Directors. See Chapter 11 for detailed audit requirements.

Proceeds from the sale of excess right of way acquired with program funding must be paid back to the project fund as described in Chapter 10 and described in the Master Funding Agreement.

Other Application Materials

Supporting documentation will be required to fully consider each project application. In addition to the funding plan described above, local agencies will be required to submit the following materials:

Council Resolution: A Council Resolution authorizing request for funding consideration with a commitment of project match funding (local sources) must be provided with the project application.

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Project Documentation: If proposed project has completed initial planning activities (such as PSR or equivalent, EIR, or design), evidence of approval should be included with the application. Satisfactory evidence includes project approval signature page, engineer-stamped site plan, or other summary information to demonstrate completion of planning phases. The applicant will be asked for detailed information only if necessary to adequately evaluate the project application.



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TABLE 7-5

Freeway/Arterial Street Transitions Interchange Improvements

	Category	Points Possible	Percentage
Facility Usage	Existing ADT	10	10%
	Current Project Readiness	10	10%
Economic Effectiveness	Cost Benefit	10	10%
	Matching Funds	10	10%
	Coordination with Freeway Project	5	5%
Facility Importance	Transportation Significance	5	5%
	MPAH Assessment Category	10	10%
	Operational Efficiencies	10	10%
Benefit	Existing LOS	10	10%
	LOS Reduction W/Project	10	10%
	Improvement Characteristics	10	10%
TOTAL		100	90%



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TABLE 7-6

Point Breakdown for Freeway/Arterial Street Transitions Program Maximum Points = 100

Facility Usage			Points: 10	Facility Importance			Points: 25
ADT (Arterial plus daily exist volume)				Transportation Significance			
range			points	range			points
55+	thousand		10	Principal or CMP Route			5
50 - 54	thousand		9	Major			4
45 - 49	thousand		8	Primary			3
40 - 44	thousand		6	Secondary			2
35 - 39	thousand		4	Collector			1
30 - 34	thousand		3				
25 - 29	thousand		2	MPAH Assessment Category			
20 - 24	thousand		1	range			points
15 - 19	thousand		0	Category 1			10
10-14	thousand		0	Category 2			8
<10	thousand		0	Category 3			6
				Category 4			4
				Category 5			2
Current Project Readiness		Max. 10 pts.		Operational Efficiencies			Max. 10 pts.
range		points		characteristic(s)			points
Right Of Way (All easement and titles)		6		Eliminate left turn conflict			3
Right Of Way (All offers issued)		4		Coordinated signal			2
Final Design (PS&E)		3		Add turn lanes			3
PA/ED		2		Add traffic Control			1
Project Study Report or Equiv.		1		Enhanced ramp storage			3
				Pedestrian Facilities (New)			3
				*contains a combination of the above			
Points are additive, ROW is highest qualifying designation							
Economic Effectiveness			Points: 25	Benefit			Points: 30
Cost Benefit (Total \$/ADT)				LOS Improvement			Max: 20
range			points	Calculation: Ave LOS Imp + Ave LOS Starting Pt.			
<20			10	LOS Reduction W/Project (exist. volume)			
20-39			8	range			points
40-79			6	.20+			10
80-159			4	.16-.19			8
160-319			2	.1-.15			6
320-640			1	.05-.09			4
>640			0	<.05			2
Funding Over-Match (local match/project cost) minus minimum local match requirement				Existing LOS			
range			Points	range			points
30+ %			10	1.05+			10
25-29 %			8	1.00 - 1.04			8
20-24 %			6	.95 - .99			6
15-19 %			4	.90 - .94			4
10-14 %			2	.85-.89			2
0-9 %			1	.80-.84			1
Range refers to % points above agency min. req.				Improvement Characteristics			
Coordination with Freeway Project				characteristic(s)			points
Range			Points	New facility (full interchange)			10
yes			5	New facility (partial interchange)			8
no			0	Interchange reconstruction			6
				Ramp reconfiguration			4
				Ramp metering			2



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Chapter 7 – Regional Capacity Program



Section 7.4 – Regional Grade Separation Program (RGSP)

Background

Seven rail crossing projects along the Master Plan of Arterial Highways (MPAH) network were identified by the CTC to receive Trade Corridors Improvement Funds (TCIF). These TCIF allocations required an additional local funding commitment. To meet this need, the Board approved the commitment of \$160 million in Regional Capacity Program funds to be allocated from M2. The RGSP captures these prior funding commitments.

Future calls for projects for grade separations are not anticipated.



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Chapter 8 – Regional Traffic Synchronization Program



Overview

The Regional Traffic Signal Synchronization Program includes competitive capital funding for the coordination of traffic signals across jurisdictional boundaries in addition to operational and maintenance funding. OCTA will provide funding priority to programs and projects which are multi-jurisdictional in nature. OCTA will also give priority to projects that use State discretionary funds as local matching funds.

Eligible jurisdictions must contribute matching local funds equal to 20% of the project or program cost. This contribution can be satisfied all or in part by the jurisdiction providing in-kind services for the program or project. These in-kind services can include salaries and benefits of employees who perform work on the project or programs. They also must participate in Traffic Forums to facilitate in the planning of traffic signal synchronization programs and projects.

OCTA will adopt and maintain a Traffic Signal Synchronization Master Plan (Master Plan) as an element of the MPAH. The Master Plan will define the Regional Traffic Signal Synchronization Program, including traffic signal synchronization street routes and traffic signals within and across jurisdictional boundaries, funding and phasing of capital programs, and the means of implementing, operating and maintaining the programs and projects, including necessary governance and legal arrangements. The Master Plan will be reviewed and updated by OCTA every three years and will provide details on the status and performance of the traffic signal synchronization activities over that period.

Local jurisdictions are required to adopt the current Master Plan or adopt and maintain a Local Traffic Signal Synchronization Plan (Local Plan) that is consistent with the Master Plan. The local jurisdiction requirements for both options are summarized below:

1. Adoption of the Master Plan

OCTA will maintain the Master Plan regularly with reviews once every three years including updates to the plan as well as providing summary reports on the status and performance of all traffic signal synchronization activities. The review will demonstrate that the timing of traffic signals included as part of the Master Plan were evaluated and revised, if necessary, during that time. Every three years, the most recent Master Plan would need to be adopted by the jurisdiction and included in the city's M2 eligibility certification.

Chapter 8 – Regional Traffic Synchronization Program



2. Development of a Local Plan

If the local jurisdiction elects to develop and adopt a Local Plan, it must identify traffic signal synchronization street routes and traffic signals and how they may be synchronized with traffic signals on the street routes of adjoining jurisdictions. The local plan must be demonstrated to be consistent with the Master Plan (see the Master Plan for more details on the consistency process and determination). Each plan will include a three-year plan showing cost, available funding and phasing of capital, operations, and maintenance. As part of the certification process, a local plan would need to be developed and adopted by the local jurisdiction and must be included in the city's M2 eligibility certification. This Local Plan would need to be reviewed, updated, and adopted every three years. This Local Plan update must demonstrate that the timing of traffic signals included as part of the Master Plan were evaluated and revised, if necessary, during that time. The review must include reporting on the status and performance of traffic signal synchronization activities.

Funding allocations and program administration requirements are documented in a separate guidance manual.

Chapter 9 – Application Materials



Project Submittal

A RCP call for projects is planned for 2010. A separate application package must be completed for each individual project and uploaded to OCFundtracker. **One copy** of each application should also be mailed or delivered to:

Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, California 92863-1584
Attn: Roger Lopez

Application Review and Program Adoption

1. OCTA staff will conduct a preliminary review of all applications for completeness and accuracy, request supplemental information (i.e., plans, aerial/strip maps, CEQA forms) for projects that appear to rank well during initial staff evaluations, and prepare a recommended program for the TSC. In addition, OCTA may hire a consultant(s) to verify information within individual applications such as, but not limited to, project scope, cost estimates, ADT and Levels of Service (LOS). These applications will be selected through a random process.
2. The TSC will receive and evaluate the project applications and funding allocations.
3. Based on recommendations from the TSC, a program will be presented to the TAC for review and endorsement.
4. Recommendations from the TAC will be presented to the OCTA Board of Directors, who will approve projects for funding under the CTFP.
5. OCTA shall distribute copies of the approved program to all participating local jurisdictions with any qualifying conditions stipulated for the jurisdiction's funded project(s).

Project Guidelines

The following guidelines will be used in reviewing project applications. Any application that does not meet these minimum guidelines must include an explanation of why the guidelines were not met.



Chapter 9 – Application Materials

1. The travel lane width should be no less than 11 feet (12 feet if adjacent to a raised median or other obstruction) for all arterial highways.
2. For divided roadways, the minimum median width should be no less than 10 feet to allow for turning movements.
3. Arterial highways that are designated for uses in addition to automobile travel (e.g., bicycle, pedestrian, parking) shall provide additional right-of-way consistent with local jurisdiction standards to facilitate such uses.
4. An eight-lane roadway should provide for a continuous median, protected dual or single left-turn pockets as warranted at signalized intersections, single left-turn pockets at non-signalized intersections, and a right-turn lane at signalized intersections where determined necessary by traffic volumes. Right-of-way for a free right-turn lane should be provided at locations warranted by traffic demand.
5. A six-lane divided roadway should provide a continuous median, protected dual or single left-turn pockets as warranted by existing traffic at all signalized intersections, and single left-turn pockets at non-signalized intersections. A right-turn option lane should also be provided as warranted by traffic demand.
6. A four-lane divided roadway should provide a continuous median, protected dual or single left-turn pockets at all signalized intersections, and a left-turn pocket at all non-signalized intersections. A right-turn lane should also be provided as warranted by traffic demand.
7. A four-lane undivided roadway shall provide for a single left-turn pocket at all intersections as warranted by traffic demand.

Application Instructions

A single application should be submitted for all phases of a project. **If funding is requested under multiple program components for a single project (i.e., arterials and intersections) a separate application must be prepared for each request.** Final applications MUST be submitted via OCFundtracker and in hard copy format.

Chapter 9 – Application Materials



Checklist Guide

Since each funding program has slightly different application requirements, an "Internal Application Checklist Guide" has been provided. The checklist guide identifies the basic forms and documentation required for each of the program components. In addition, items required at the time of project submittal are differentiated from supplemental items due later. The appropriate checklist should be provided as a cover sheet for **each** application submitted. For any items that are required for the candidate project or program that are missing or incomplete, an explanation should be included in a cover letter with the application. In addition to this checklist guide, please review the **Attachments/Additional Information** section of each program component for a description of supplementary documentation which may be required to support your agency's project application in specific cases.

Attachments

"Priority List of Projects" Form - CTFP Application

Agencies must submit a "Priority List of Projects" with the application submittals. This document is created within the CTFP Application. Although no points are assigned to your top project priorities, this information may be useful in the programming decision process.

"Project Cost Estimate" Form

Include a separate attachment listing all expenditures and costs for the project. Accurate unit prices and a detailed description of work, including design, will be critical when the candidate project is reviewed. For example, design applications should include major tasks that will be performed. ROW cost estimate should include parcel information (including project area needed), improvements taken, severance damages, ROW engineering, appraisal and legal costs. Construction should include a listing of all bid items including a maximum 10% allowance for contingencies and a maximum 15% allowance for construction engineering. The anticipated disbursement of costs (e.g., Agency, Other, Non-Eligible) must also be completed. Agencies should reference the program from which funding is expected to be allocated when completing this portion of the form. Each of the funding programs described in this manual may have differing matching fund requirements.

If more than one project phase is requested to be funded, a separate project cost estimate form is to be completed for each phase, or each phase must be clearly



Chapter 9 – Application Materials

indicated and a subtotal prepared on this form. Separate forms should also be prepared if funding for project phases is being requested over multiple fiscal years.

"Sample Resolution" Form

A resolution or minute action must be approved by the local jurisdiction's governing body. A sample resolution is included as Exhibit 9-1. The mechanism selected shall serve as a formal request for Comprehensive Transportation Program funds and states that matching funds will be provided by the agency, if necessary. All project requests must be included in this action.

Additional Information

The following documentation should be included with your completed project application:

If a project includes more than one jurisdiction and is being submitted as a joint application, one agency shall act as lead agency and must provide a resolution of support from the other agency.

1. Letters of support for the candidate project (optional).
2. Geotechnical\materials reports for all applicable candidate projects (e.g., widening, intersection improvement, new roadway). The reports should contain sufficient detail for an accurate assessment of improvements needed and costs, since funding will be jeopardized if a project is unable to meet proposed schedule and costs.
3. Preliminary plans, if available for the project. The plans (1"=40' preferred) should include:
 - a. Existing and proposed right-of-way (include plat maps and legal descriptions for proposed acquisitions).
 - b. Agency boundaries, dimensions and station numbers.
 - c. Existing and proposed project features such as: pavement width and edge of pavement, curb, gutter and sidewalk, raised median, driveway reconstruction, signal pole locations, etc.
 - d. Typical cross sections.



Chapter 9 – Application Materials

- e. Proposed striping.
- f. Structural sections per the materials report.
- g. Proposed traffic signals, storm drains, bridges, railroad crossing improvements, safety lighting, etc.
- h. If requesting funds for traffic signals, include a traffic signal warrant(s) prepared by the City Traffic Engineer or City Engineer.
- i. If the project includes construction, relocation, alteration or widening of any railroad crossing or facility, include a copy of the letter of intent sent to the railroad, a copy of which must be sent to the Public Utilities Commission (PUC). Any project including work of interest to a railroad will not be considered for eligibility until the railroad and PUC have been notified.
- j. If the project is proposed as a staged project and additional funds will be necessary in subsequent calls for projects, the preliminary project statement should be accompanied with a complete preliminary estimate and schedule for the completion of the entire project.
- k. If the project is proposed as a safety improvement, provide justifying accident data for the past three years and show the expected decrease in intersection or mid-block accident rate.



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Exhibit 9-1
Sample Resolution for Candidate Orange County
Comprehensive Transportation Programs Projects

A resolution of the _____ City Council approving the submittal of _____ improvement project(s) to the Orange County Transportation Authority for funding under the Comprehensive Transportation Program

THE CITY COUNCIL OF THE CITY OF _____ HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS THAT:

(a) WHEREAS, the City of _____ desires to implement the transportation improvements listed below; and

(b) WHEREAS, the City of _____ has been declared by the Orange County Transportation Authority to meet the eligibility requirements to receive Measure M "turnback" funds; and

(c) WHEREAS, the City's Circulation Element is consistent with the County of Orange Master Plan of Arterial Highways; and

(d) WHEREAS, the City of _____ will provide matching funds for each project as required by the Orange County Comprehensive Transportation Program Procedures Manual; and

(e) WHEREAS, the Orange County Transportation Authority intends to allocate funds for transportation improvement projects within the incorporated cities and the County; and

(f) WHEREAS, the City of _____ will not use Measure M funds to supplant Developer Fees or other commitments; and

(g) WHEREAS, the City of _____ will use Arterial Highway Rehabilitation Funding as a supplement to the existing pavement management program; and

NOW, THEREFORE, BE IT RESOLVED THAT:

The City Council of the City of _____ hereby requests the Orange County Transportation Authority allocate funds in the amounts specified in the City's application to said City from the Comprehensive Transportation Programs. Said funds shall be matched by funds from said City as required and shall be used as supplemental funding to aid the City in the improvement of the following street(s):

ADOPTED BY THE CITY COUNCIL on _____, 20____.

SIGNED AND APPROVED on _____, 20____.

City Clerk

Mayor



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Placeholder for program-specific Application Checklist



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Procedures for Receiving Funds

An implementing agency must obligate funds OCTA allocates to a project phase within the fiscal year of the phase allocation. An agency obligates funds by awarding a contract, completing the appraisal for one parcel of right-of-way, or by providing expense reports to prove an agency's workforce costs, provided that the agency intends to complete the phase with agency staff. OCTA shall consider the primary contract or the contract with the largest dollar amount, associated with the phase's tasks, when an agency uses a contract to show obligation of CTFP funds. Once an agency obligates CTFP funds for a phase, it can begin the process for receiving payment of the funds.²

OCTA will release funds through two payments. The initial payment will constitute 75% of the contract award or programmed amount, whichever is less, rounded down to the nearest thousand. OCTA will disburse the final payment, approximately 25% of eligible funds, after it approves the final report.

If, due to project close-out issues that are beyond the jurisdictions control, a jurisdiction cannot file a final report within the 180 day time frame mandated by the M2 Ordinance, an extension may be requested through the TAC. Once the extension is approved through the TAC, the jurisdiction may request an additional 15 percent payment with the submission of a partial final report. The remaining 10 percent will be issued when the outstanding project close-out items are resolved and a complete final report is submitted.

Agencies must submit payment requests through OCTA's online database, OCFundtracker: <http://ocfundtracker.octa.net>. Detailed instructions for OCFundtracker are available online. Staff is also available to assist agencies with this process. Agencies must upload appropriate backup documentation to the database. OCTA may request hardcopy payment requests.

Availability of Funds

The funds allocated by OCTA for each phase will be available on July 1, the first day of the fiscal year. After bids are opened and a contractor is selected, the final allocation will be the lesser amount of the original allocation or the revised project cost estimate.

² Funds from state and federal sources funds will undertake a separate process. Local agencies must contact Caltrans local assistance for reimbursement.



Cancellation of Project

If a local agency decides to cancel a project, for whatever reason, the agency shall notify OCTA as soon as possible. Projects deemed infeasible during the planning phase shall bring that phase to a logical conclusion, file a final report, and cancel remaining phases so that remaining funds can be reprogrammed without penalty. ROW funding received for property acquisition prior to cancellation shall be repaid upon cancellation. Construction funding received prior to cancellation shall be repaid upon cancellation.



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Chapter 10 – Reimbursements and Reporting



Section 10.1 – Initial Payment

Payment Requests

An agency shall use the checklist provided in Exhibit 10-1 in order to determine the documentation requirements for payment requests. Staff may request additional documentation that is not listed on the checklist prior to approving the request.

OCTA will release the remaining balance, approximately 25% of CTFP funds, when the project is complete and OCTA accepts the final report. The balance is determined based on final costs for CTFP eligible program expenditures. Prior to submitting the report, review the section in this manual discussing the final report process.

Measure M informational “Funded By” sign removal costs should be requested in the Final Report. OCTA will reimburse costs associated with the Measure M informational signs (fabrication, installation and removal) and do not count against a project’s allocation.

Below is additional information regarding the documentation requirements of payment requests:

1. Invoice – For initial payments, an agency shall invoice for 75% of the contract amount or programmed amount, whichever is less, rounded down to the nearest thousand dollars. For final payments, an agency shall invoice for the remaining balance of the contract amount or programmed amount, whichever is less. Final payment request invoices shall normally be approximately 25% of the eligible funds. Interest earned by an agency for initial payments received shall be applied to and deducted from the final payment balance amount.
2. Project Certification Letter – The public works director, or appropriate equivalent, shall submit a certification letter, with applicable statements, as described in Exhibit 10-2.
3. Minutes – The agency shall submit a minute order, agency resolution, or other council/board action showing award of the contract and the contract amount. The city clerk, clerk of the board, or appropriate equivalent shall certify minutes. Agencies that use on-call consultants shall submit a purchase order that includes the scope of work for the contractor.
4. Revised Cost Estimate – The agency shall use the same format provided in the application package.



Chapter 10 – Reimbursements and Reporting

5. Work Schedule – OCTA prefers a complete project schedule, but an agency may provide as little as the expected start and completion dates for preliminary engineering, final engineering, right-of-way, and construction phases.
6. Right-of-Way Documents – Each parcel shall include an appraiser's invoice, written offer letter, plat map, and legal description. Agencies attempting to acquire five or more parcels for a project shall include a parcel location map.
7. Plans, Specifications, & Estimate (PS&E) – Agencies shall submit a PS&E as described in Exhibit 10-2. The agency engineer shall certify that the local agency properly prepared and approved plans and specifications in accordance with authorized procedures and adopted standards, followed approved scope of work, and incorporated materials report.
8. Layout Plans – An agency shall not submit layout plans that print on paper larger than 11 inches by 17 inches.

Project Advancement

Agencies that wish to expedite a CTFP project by one or more fiscal years may request a programming advancement. The agency must demonstrate that it will award a contract during the fiscal year it is requesting the advance. Advancement requests will be considered if program funds are available. If approved, OCTA shall de-escalate the allocation for the project to remove inflation adjustments made for the original program year.

Agencies shall request advances during the semi-annual review. The TAC and OCTA Board of Directors shall approve advances. If approved, the agency must meet the new obligation deadline.

If OCTA is unable to accommodate programming advancement requests due to cash flow constraints, an agency may initiate the project using local funds and seek reimbursement during the fiscal year OCTA programmed the funds.

Reimbursement

OCTA shall not reimburse for a project prior to the beginning of the fiscal year of the allocation. If an agency receives an advance and begins work prior to the start of the fiscal year of the allocation, the agency may request an initial payment against the allocation. If an agency receives an advance and completes a project prior to the start

Chapter 10 – Reimbursements and Reporting



of the fiscal year of the allocation, OCTA shall disburse the allocation in a single payment. OCTA must approve the final report prior to issuing a payment.

Calculation of Payment

Once an agency obligates Measure M funds, the agency may request a maximum of 75% of the contract amount or programmed amount, whichever is less, rounded down to the nearest thousand dollars. Examples of calculating the initial funding request are described below.

Example A - **Contract** is awarded for **less than** the estimated construction cost.

Given:

\$200,000 = Total CTFP funds programmed for Project X
\$200,000 = Estimated construction cost (CTFP share)
\$160,000 = Construction contract award (CTFP share)

Calculations:

75% of contract amount = $\$160,000 \times 0.75 = \underline{\$120,000}$.

Example B - **Contract** is awarded for **more than** the estimated construction cost.

Given:

\$200,000 = Total CTFP funds programmed for Project Y
\$200,000 = Estimated construction cost (CTFP share)
\$280,000 = Construction contract award (CTFP share)

Calculations:

Construction costs = \$280,000
Since this amount exceeds \$200,000 programmed, the initial payment is limited to 75% of the programmed amount.
75% of contract amount = $\$200,000 \times 0.75 = \underline{\$150,000}$.

After completing the calculations, agencies must round down the initial payment request to the nearest thousand dollars.



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Placeholder for CTFP Payment Processing Checklist



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Chapter 10 – Reimbursements and Reporting



Section 10.2 – Final Report and Payment Process

The remaining 25% of CTFP funds are made available to the lead agency following completion of the final reporting process. This balance is determined based upon final costs of CTFP eligible expenditures as stated in each applicable program less interest earned against the any related initial payment. Prior to submitting the Final Report, review the following section which includes items important to the final reporting process.

Project Cost Changes

If the contract price is lower than the amount programmed and the agency requested additional items and/or change orders during construction/study, OCTA may approve the additional costs during the review of the final report. OCTA will review these reports to:

1. Determine that the agency submitted proper justification for the change order(s)
2. Determine if the items are eligible for reimbursement
3. Confirm that expenses are within the project's original scope of work
4. The lead agency should provide information supporting the need for the change orders in the final report. Changes in project limits for construction projects are not eligible for reimbursement.

Additional Documentation Requirements

The items listed below are to be submitted to complete the final reporting process. If the local jurisdiction has not submitted a final report for any previous phases of the project, the reporting requirements outlined in Section 10.1 must be followed in addition to the Final Report requirements listed below.

1. Final Report Form – The local agency shall prepare a final report form as described in Exhibit 10-4 for construction projects, Exhibit 10-5 for right-of-way projects, and Exhibit 10-6 for engineering (preliminary, final and/or right of way).
2. OCTA shall distribute general lump sum pay items, appraisal cost, design, and construction engineering in the same ratio as the total right-of-way acquisition or construction costs.



Chapter 10 – Reimbursements and Reporting

3. Proof of Project Payment – This documentation may include, but is not limited to approved contract invoices and supportive material for agency work forces, equipment, and material. Supportive material shall equal the division of costs totals that are located in the final report form.
4. Summary of Right-of-Way Acquisition – Agencies shall submit a summary of right-of-way acquisition as described in Exhibit 10-5.
5. Notice of Completion – An agency may submit a recorded Notice of Completion (NOC) or where a NOC is not typically used, a letter from the public works director that certifies the project completion date.

Delinquent Final Report

OCTA will work with jurisdictions to ensure the timeliness of final reports by utilizing the following procedures:

1. Require jurisdictions to notify OCTA of the project completion date within 30 days of the project completion or by submitting a final payment request within 30 days of the project completion date.
2. Require all jurisdictions to file a final report within 180 days of project phase completion date.
3. Issue a reminder notice to the public works directors or TAC representative(s) 90 days after the project completion date to remind jurisdictions that the final report is due in 90 days. The reminder notice should also include an offer from OCTA to assist in preparation of the final report by using consultant services. The agency shall reimburse OCTA for the consultant services.
4. Issue a final notice letter to the public works directors or TAC representative(s) with a copy to the agency's management and finance director if OCTA does not receive the final report or a request for an extension within 180 days of the project completion date. The final notice letter should inform the jurisdictions that if OCTA does not receive a response to the final notice letter then OCTA shall assume that the agency cancelled the project and OCTA shall request that the agency return disbursed funds.
5. Require the TSC and the TAC to review all final report extension requests. Once an extension request has been approved by the TAC, an agency may request an



Chapter 10 – Reimbursements and Reporting

additional 15% payment with the submittal of a partial final report. The remaining 10% will be held until the complete final report is submitted.

6. Require OCTA to issue the final payment to jurisdictions within 60 days of receiving the final report and all supporting documentation.

Failure to Submit Final Report

Agencies who fail to submit a Final Report will be required to repay applicable M2 funds received for the project in a manner consistent with the master funding agreement.

Excess Right of Way

Agencies that use Net Revenues (through CTFP or Local Fair Share programs) to acquire project right-of-way shall dispose of land deemed in excess of the proposed transportation use. Excess land sold by the lead agency will be in accordance with Government Code, Article 8, Surplus Land, Section 54220-54232, et. Seq., and the agency shall return proceeds from the sale to OCTA. OCTA shall return the funds to the program of origin for future use.

Agencies shall submit right-of-way documents for all parcels utilizing M2 Net Revenues. Agencies must submit the following documents:

- Summary of the right-of-way required for the project
- Plat maps and legal descriptions for right-of-way acquisitions
- Parcel location map
- Identification of anticipated excess right-of-way, if any
- Appraisal reports for excess right-of-way

OCTA shall consider excess right-of-way with a value of \$10,000.00 or less as an unsalable remnant. OCTA shall determine if excess right-of-way is an unsalable remnant.

The agency shall submit a fair market value appraisal report for the excess land of each parcel. Appraisers must conduct appraisals in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). If an agency suspects that the excess right-of-way has a value of \$10,000.00 or less, the agency may conduct a limited fair market value appraisal to confirm the value of the excess right-of-way. The agency shall submit the appraisals with the right-of-way final report.



Chapter 10 – Reimbursements and Reporting

OCTA shall retain from the final payment the value of excess right-of-way that is proportional to OCTA's percentage match rate to the project up to OCTA's match rate of right-of-way allocation.

An agency may include incidental expenditures from the disposal of property in their final report for the right-of-way allocation.

An agency shall begin the process to sell excess right-of-way within 60 days after acceptance of the construction improvements.

OCTA shall not close-out the right-of-way allocation or construction allocation until the agency and OCTA resolve questions regarding excess right-of-way.

Example:

OCTA's right-of-way (ROW) allocation:	\$500,000
OCTA allocation match rate	75%

Parcel Costs:

Cost – Parcel 1:	\$300,000
Cost – Parcel 2:	\$380,000
Cost – Parcel 3:	\$120,000
Cost – Parcel 4:	<u>\$100,000</u>
Total ROW Costs:	\$900,000

Payment with no excess ROW:	\$500,000
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Excess right-of-way:

Value of excess ROW for parcel 1:	\$200,000
Value of excess ROW for parcel 2:	\$105,000
Value of excess ROW for parcel 3:	\$ 0
Value of excess ROW for parcel 4:	<u>\$ 0</u>
Total Value of excess ROW:	\$305,000

OCTA contribution to ROW acquisition:

CTFP ROW contribution ÷ Agency total cost of ROW
 $\$500,000 \div \$900,000 = 56\%$

OCTA's shall reduce the final ROW payment by:

Parcel 1:	$\$200,000 \times 56\% =$	\$112,000
Parcel 2:	$\$105,000 \times 56\% = +$	<u>\$ 58,800</u>
Total:		\$170,800



Chapter 10 – Reimbursements and Reporting

Payment (incorporating excess ROW):	\$500,000
	<u>\$170,800</u>
	\$329,200

Agency Workforce and Equipment Rental

An agency must provide supporting documentation for work completed by agency staff. The agency shall multiple the fully burdened labor rate by the number of hours for each staff person assigned to the project. An agency may add actual overhead costs at an allowable rate up to 30% of payroll and fringe benefits. Where an agency due to size cannot calculate its specific overhead rate, an agency may refer to the Cost Accounting Policies and Procedures Manual of the California Uniform Public Construction Cost Accounting Commission, which allows for a fixed overhead rate billing dependant on city size.

An agency must provide supporting documentation for equipment used by local agency staff. An agency may use local agency or Caltrans surcharge and equipment rental rates.

Audit

Once an agency submits a final report for a project, OCTA shall review the report for compliance with the CTFP guidelines and may conduct a field review. OCTA will use the project cost estimate forms submitted with the application and revised where appropriate, project accounting records and the final report as the primary items to conduct the review. Agencies must maintain separate records for projects (i.e., expenditures, interest) to ensure compliance. OCTA will only reimburse eligible CTFP items listed on the cost estimate. See Chapter 11 for specific audit requirements.

Reporting of Local Fair Share

For the purposes of reporting non-project work (maintenance, repair, and other non-project related costs) funded by Measure M local fair share funds, the Measure M expenditure report cited Measure M Ordinance No. III, Section III(B)(8) shall satisfy reporting requirements. If local fair share funds are used for projects, the local agency shall also include a list of those funds and/or other Measure M funds in the Project Final Report cited in Section III(B)(9).



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Placeholder for Project Certification Letter



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Placeholder for Plans, Specifications, and Estimate Certification

Placeholder for Revised Cost Estimate Form

Placeholder for Initial Report of Engineering and Construction

Placeholder for Initial Report of Right-of-Way

Placeholder for Sample Notice of Completion



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Placeholder for Final Report of Engineering and Construction

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Audit Process Overview

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

If possible, project audits will occur simultaneously with the M2 audit. All programs, including the AHRP, will require an audit of project expenditures. Only CTFP eligible items listed on a project's cost estimate form will be reimbursed.

The project information on file at OCTA will serve as the primary source of information for each audit. If necessary, additional information may be requested of local jurisdictions.

The local agency may also be requested to participate in a field review of the completed project. Consequently, accurate records detailing specific expenditures for each CTFP project must be maintained by local jurisdictions. These records must show that proper accounting and cash management procedures were followed, the project was completed in accordance with the application, and that all records and documentation related to the project were adequately maintained. Consistent with the Measure M ordinance, local jurisdictions must also establish a separate fund accounting system for Measure M funds transactions and expenditures.

Local jurisdictions must cooperate with OCTA or its agent during the audit process and comply with the recommendations of the M2 financial and compliance audits. Project records must be maintained for five (5) years after acceptance of a complete final report.

Technical Review

At the time of the final report or shortly thereafter, OCTA may conduct a technical review of a CTFP project. OCTA may:

- review right-of-way acquisitions and the potential for excess right-of-way
- compare hourly breakdown of staff time compared to staff time sheets
- conduct a project field review – ensure improvements are within scope
- review items that agencies self-certify
- review other items not part of a normal audit

Chapter 11 – Audits



OCTA will have 180 days past the final project disbursement to begin a technical review. OCTA may review all phases of the project.

Records Requirements for Audit Compliance

A description of the required records is given below. OCTA will notify your agency of the audit results. Any discrepancies in, or noncompliance with, Transportation Funding Programs policies and procedures will be discussed with each agency to determine the necessary actions to resolve issues. A closeout letter will be sent upon verification of compliance signifying that no further funds will be disbursed for the project.

Contracts

For all contract expenses the following records must be maintained:

1. The original executed contract
2. Evidence of the competitive bid procedures and selection criteria used
3. All contractor invoices received
4. All contract change order documents
5. Proof of payment to contractors
6. Project "as built" or other final plans
7. Sign-off on completion by Local Agency (letter of acceptance)

Materials and other

For all materials and other miscellaneous expenses charged to the Comprehensive Transportation Programs project, the following records must be maintained:

1. Original invoice and purchase order
2. Proof of delivery
3. Evidence of reasonableness of price, if total cost of purchase is over \$1,000
4. Proof of payment

Direct labor

For all direct labor charged to a project, including engineering labor, the following records must be maintained:

1. Summary time sheets showing total time charged to the project by the different individuals working on it
2. Individual time sheets or time cards showing the total time worked by the individual for each period (day, week, etc.) and the different tasks to which the individual's time was charged
3. Personnel files showing the individuals' pay rates
4. Payroll reports showing the computations of paychecks for the applicable periods



Equipment

Equipment rental charges related to a project shall be documented by the following records:

1. Vendor's or local agency's invoice showing hours, rate, and type of equipment and location of rented equipment
2. Evidence of quotes obtained to determine best rate (documented phone quotes are acceptable)
3. Documentation of project need for equipment

Local agency force work

For all work performed by local agency forces and the decision that local agency forces could perform the work more cost effectively or timely than a contractor must be documented.



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Initial/Final M2 Payments Based on \$500,000 Final Payment Cap

Project Cost	Local Share (25%)	M2 Share (75%)	Initial M2 Payment (> = 75%)	Final M2 Payment (< = 25%)	Payment %
\$ 500,000	\$ 125,000	\$ 375,000	\$ 281,250	\$ 93,750	25.0%
\$ 1,000,000	\$ 250,000	\$ 750,000	\$ 562,500	\$ 187,500	25.0%
\$ 1,500,000	\$ 375,000	\$ 1,125,000	\$ 843,750	\$ 281,250	25.0%
\$ 2,000,000	\$ 500,000	\$ 1,500,000	\$ 1,125,000	\$ 375,000	25.0%
\$ 2,500,000	\$ 625,000	\$ 1,875,000	\$ 1,406,250	\$ 468,750	25.0%
\$ 2,666,667	\$ 666,667	\$ 2,000,000	\$ 1,500,000	\$ 500,000	25.0%
\$ 3,000,000	\$ 750,000	\$ 2,250,000	\$ 1,750,000	\$ 500,000	22.2%
\$ 3,500,000	\$ 875,000	\$ 2,625,000	\$ 2,125,000	\$ 500,000	19.0%
\$ 4,000,000	\$ 1,000,000	\$ 3,000,000	\$ 2,500,000	\$ 500,000	16.7%

1. As an example, under M1, the average MPAH project allocation is approximately \$1.5 million.