

**Date:** Monday, August 24, 2009

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

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



## BOARD AGENDA

Orange County Transportation Authority Board Meeting  
Orange County Transportation Authority Headquarters  
First Floor - Room 154  
600 South Main Street, Orange, California  
*Monday, August 24, 2009, at 9:00 a.m.*

ACTIONS

# REVISED

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

### **Agenda Descriptions**

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

### **Public Comments on Agenda Items**

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

### **Public Availability of Agenda Materials**

All documents relative to the items referenced in this agenda are available for public inspection at [www.octa.net](http://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 Green

### **Pledge of Allegiance**

Director Norby



## **BOARD AGENDA**

ACTIONS

### **Special Matters**

**1. Presentation of Resolutions of Appreciation for Employees of the Month for August 2009**

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2009-49, 2009-50, 2009-51 to Debra Ellis, Coach Operator; Jae Kang, Maintenance; and Fernando Chavarria, Administration, as Employees of the Month for August 2009.

**2. Anaheim Regional Transportation Intermodal Center (ARTIC) Design Award**

Presentation by Ken Ryan, Principal, KTGy, of the Pacific Coast Builders Conference Golden Nugget Award presented to the Orange County Transportation Authority, City of Anaheim, and KTGy in recognition of the Anaheim Regional Transportation Intermodal Center.

### **Consent Calendar (Items 3 through 17)**

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**

**3. Approval of Minutes**

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of August 10, 2009.

**4. Fiscal Year 2008-09 Internal Audit Plan, Fourth Quarter Update**  
Kathleen M. O'Connell

*Overview*

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



## BOARD AGENDA

ACTIONS

4. (Continued)

***Recommendation***

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

5. **Draft Fiscal Year 2009-10 Internal Audit Plan**

Kathleen M. O'Connell

***Overview***

At the direction of the Orange County Transportation Authority's Board of Directors, the Internal Audit Department develops and implements an annual risk-based Internal Audit Plan. Implementation of an annual Internal Audit Plan assists management in the evaluation of the effectiveness and efficiency of projects, programs and operations while ensuring that adequate controls and safeguards are in place to protect Orange County Transportation Authority's assets and resources.

***Recommendations***

- A. Approve the Draft Fiscal Year 2009-10 Internal Audit Plan.
- B. Direct the Executive Director, Internal Audit to provide quarterly updates on the Internal Audit Plan.

6. **Federal Legislative Status Report**

Richard J. Bacigalupo/Kristine Murray

***Overview***

This Federal Legislative Status Report provides a recap of major congressional transportation activities leading up to the August recess, which began in the House on July 31 and in the Senate on August 7.

***Recommendation***

Receive and file as an information item.





## BOARD AGENDA

ACTIONS

**7. Section 5310 Grant Program Recommendations for Fiscal Year 2009**  
Ric Teano/Kristine Murray

*Overview*

The Federal Transit Administration Section 5310 Grant Program provides an opportunity for local agencies and non-profit organizations to purchase paratransit vehicles and related equipment to help meet the transportation needs of elderly persons and persons with disabilities. The Orange County Transportation Authority is responsible for assisting applicants, evaluating applications, and transmitting a prioritized list of projects to the California Department of Transportation for funding consideration.

*Recommendations*

- A. Approve the scores recommended by the regional evaluation committee and authorize staff to include the recommended projects in the Regional Transportation Improvement Program.
- B. Adopt Resolution No. 2009-52 authorizing the Chief Executive Officer to transmit the Section 5310 Regional Priority List and required certification and assurances to the California Department of Transportation for funding consideration.

**8. Cooperative Agreement Between the Orange County Transportation Authority and City of Irvine for Transfer of Congestion Mitigation and Air Quality Funds**

Abbe McClenahan/Kia Mortazavi

*Overview*

The City of Irvine has requested transfer of the remaining Congestion Mitigation and Air Quality funds from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project. An agreement to implement the transfer is presented for Board of Directors' review and approval.



## BOARD AGENDA

ACTIONS

### 8. (Continued)

#### *Recommendations*

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0609 with the City of Irvine to transfer remaining Congestion Mitigation and Air Quality funds, in the amount of \$1,797,278, from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project.
- B. Direct staff to amend the existing Federal Transit Administration grant to allocate remaining funds from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project.
- C. Direct staff to prepare and submit any necessary programming amendments to the Regional Transportation Improvement Program and enter into any necessary agreements to facilitate the above actions.

### 9. **American Recovery and Reinvestment Act Program Update and Amendments to Transit and Surface Transportation Programs**

Abbe McClenahan/Kia Mortazavi

#### *Overview*

The American Recovery and Reinvestment Act of 2009 provides \$212.4 million in formula funding for Orange County, including \$76.8 million in transit capital funding. Recent supplemental legislation allows 10 percent of the transit capital allocations to be used for fixed-route operating assistance. On July 30, 2009, construction bids were opened for the Riverside Freeway (State Route 91) Widening Project resulting in a bid savings. Staff is providing an update on the delivery status of the program of projects, discretionary grant programs, and requesting amendments to program transit funds for fixed-route operating assistance and re-program highway infrastructure cost savings.



## BOARD AGENDA

ACTIONS

### 9. (Continued)

#### *Recommendations*

- A. Authorize staff to direct \$7.68 million of American Recovery and Reinvestment Act transit funds to fixed-route operating assistance.
- B. Authorize staff to apportion cost savings from the Riverside Freeway (State Route 91) Widening Project to the Garden Grove Freeway (State Route 22) West County Connectors Project.
- C. Direct staff to prepare and submit any necessary programming amendments to the Regional Transportation Improvement Program, submit necessary Federal Transit Administration grant applications, and execute any necessary agreements to facilitate above actions.

### 10. **Cooperative Agreements with the California Department of Transportation and the City of Seal Beach for the San Diego Freeway (Interstate 405) West County Connectors Project**

Niall Barrett/Kia Mortazavi

#### *Overview*

The Orange County Transportation Authority proposes to enter into two cooperative agreements as part of the San Diego Freeway (Interstate 405) West County Connectors Project. The first cooperative agreement is with the California Department of Transportation, which covers the construction phase of the east segment project of the West County Connectors Project. The second cooperative agreement is with the City of Seal Beach for construction services in relation to the widening of the Seal Beach Boulevard overcrossing as part of the west segment project of the West County Connectors Project.

#### *Recommendations*

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0628 between the Orange County Transportation Authority and the California Department of Transportation for construction of the east segment project of the West County Connectors Project, in an amount not to exceed \$17,500,000.



## BOARD AGENDA

ACTIONS

### 10. (Continued)

- B. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0631 between the Orange County Transportation Authority and the City of Seal Beach, in an amount not to exceed \$7,174,000, to be received by the Orange County Transportation Authority from the City of Seal Beach for construction related to the widening of the Seal Beach Boulevard overcrossing, as part of the west segment project of the West County Connectors Project.

### 11. Selection of Consultants for Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project Pradeep Gunaratne/Kia Mortazavi

#### *Overview*

On April 27, 2009, the Board of Directors approved the release of Request for Proposals 9-0363 for construction management services for the San Diego Freeway (Interstate 405) West County Connectors Project. Proposals were solicited in accordance with the Orange County Transportation Authority's procurement procedures for the retention of consultants to perform construction management services.

#### *Recommendations*

- A. Select Caltrop Corporation as the firm to perform construction management services for the west segment project of the San Diego Freeway (Interstate 405) West County Connectors Project.
- B. Select Harris & Associates, Inc., as the firm to perform construction management services for the east segment project of the San Diego Freeway (Interstate 405) West County Connectors Project.
- C. Authorize the Chief Executive Officer to request cost proposals from Caltrop Corporation and Harris & Associates, Inc., and negotiate an agreement for services.
- D. Authorize the Chief Executive Officer to execute Agreement No. C-9-0363 between the Orange County Transportation Authority and Caltrop Corporation to perform construction management services for the west segment of the San Diego Freeway (Interstate 405) West County Connectors Project.



## BOARD AGENDA

ACTIONS

### 11. (Continued)

- E. Authorize the Chief Executive Officer to execute Agreement No. C-9-0630 between the Orange County Transportation Authority and Harris & Associates, Inc., to perform construction management services for the east segment of the San Diego Freeway (Interstate 405) West County Connectors Project.

### 12. **Agreement for Oniqua Analytic Suite Maintenance Implementation** Annette L. Hess/Kenneth Phipps

#### *Overview*

As part of the Orange County Transportation Authority's Fiscal Year 2010 Budget, implementation of the Oniqua Maintenance Analytics Software System is planned. A proposal was solicited and received from Oniqua, Inc. in accordance with the Orange County Transportation Authority's sole source procurement procedures.

#### *Recommendation*

Authorize the Chief Executive Officer to execute Agreement No. 9-0555 between the Orange County Transportation Authority and Oniqua, Inc., in an amount of \$129,700, for implementation assistance and expertise with the maintenance module of the Oniqua Analytic Suite. The scope of this effort will include project management, design, configuration, programming, training, testing, and go-live support.



## BOARD AGENDA

ACTIONS

### Orange County Local Transportation Authority Consent Calendar Matters

13. **2008 Audit of Agreement C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. - Project Management Services for Garden Grove Freeway (State Route 22) Design-Build Project**  
Kathleen M. O'Connell

#### *Overview*

At the direction of the Internal Audit Department of the Orange County Transportation Authority, a close-out audit of Agreement No. C-1-2069 between the Orange County Transportation Authority and Parsons Transportation Group, Inc. for project management services for the Garden Grove Freeway (State Route 22) Design-Build Project has been completed. Recommendations have been offered to improve contract management and administration.

#### *Recommendations*

- A. Direct Orange County Transportation Authority staff to implement recommendations in the 2008 Audit of Agreement No. C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. - Project Management Services for the Garden Grove Freeway Design Build Project.
- B. Direct staff to refer finding and recommendation number two related to prevailing wage compliance to the California Department of Industrial Relations, if satisfactory evidence of compliance has not been provided by Parsons Transportation Group, Inc. to the Orange County Transportation Authority Internal Audit Department by August 29, 2009.



## **BOARD AGENDA**

ACTIONS

14. **Los Angeles – San Diego – San Luis Obispo Rail Corridor Grade Separation Project Development**  
Mary Toutouchi/Darrell Johnson

***Overview***

The Orange County Transportation Authority has been working to develop a comprehensive approach for the development of railroad grade separations on the Los Angeles – San Diego – San Luis Obispo rail corridor within Orange County. This report recommends the next five at-grade rail-highway crossings to begin the formal project development process for railroad grade separations.

***Recommendation***

Approve five at-grade rail-highway crossings, located at Ball Road and Orangethorpe Avenue in the City of Anaheim, Main Street in the City of Orange, and Grand Avenue and 17th Street in the City of Santa Ana, to proceed into the project development phase for future grade separations.

15. **Measure M Quarterly Progress Report**  
Norbert Lippert/Kia Mortazavi

***Overview***

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

***Recommendation***

Receive and file as an information item.



## **BOARD AGENDA**

ACTIONS

### **16. Renewed Measure M Environmental Mitigation Program Update** Dan Phu/Kia Mortazavi

#### ***Overview***

Renewed Measure M includes a comprehensive Environmental Mitigation Program to off-set environmental impacts of the 13 freeway projects. At the request of the Transportation 2020 Committee in July 2009, modifications have been made to the property acquisition, restoration, and management criteria, as well as enhancements to the stepwise prioritization process.

#### ***Recommendations***

- A. Approve modification to the property acquisition criteria to include public access as a co-benefit.
- B. Approve the revised Environmental Mitigation Program prioritization process to establish the framework for evaluation of property acquisition and/or restoration.

### **Orange County Transit District Consent Calendar Matters**

### **17. Customer Relations' Report for Fourth Quarter Fiscal Year 2008-09** Adam 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 prior period of April through June 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

ACTIONS

### Regular Calendar

#### Orange County Local Transportation Authority Regular Calendar Matters

18. **Update on Project Alternatives for the San Diego Freeway (Interstate 405) Improvement Project**  
Rose Casey/Kia Mortazavi

##### *Overview*

Staff is presenting information on the viability of the four alternatives under consideration in the environmental phase of the San Diego Freeway (Interstate 405) Improvement Project. Preliminary information is provided on likely right-of-way impacts and funding considerations of the alternatives.

##### *Recommendations*

Receive and file as an information item.

### Discussion Items

19. **Bus Service Reduction Program Update: Historical Data, Night Owl and Public Outreach**  
Kenneth Phipps and Ellen S. Burton

In the coming months, to respond to significant shortfalls in state and other bus transit funding, the Orange County Transportation Authority Board of Directors will be considering reductions to bus service. This presentation provides background information to help the Board with these deliberations. The presentation will include information about bus service types, performance measures, historical bus ridership and Night Owl service. Staff also will provide an overview of planned public outreach. Additional bus service reference materials are available on the Orange County Transportation Authority website at [www.octa.net/marchchange](http://www.octa.net/marchchange).



## **BOARD AGENDA**

*ACTIONS*

### **20. 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.

### **21. Chief Executive Officer's Report**

### **22. Directors' Reports**

### **23. Closed Session**

- A. Pursuant to Government Code Section 54956.9 (a) to discuss Safeway Towing Services, Inc., dba Bob's Towing v. OCTA; OCSC No. 00125512.
- B. Pursuant to Government Code Section 54956.9 (c).
- C. Pursuant of Government Code Section 54957.6 to meet with designated representative Chairman Peter Buffa to discuss compensation of the Chief Executive Officer.

### **24. Consideration of First Amendment of Contract of Employment of Chief Executive Officer, Will Kempton**

### **25. Adjournment**

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, September 14, 2009**, at the OCTA Headquarters.





ORANGE COUNTY  
TRANSPORTATION AUTHORITY

RESOLUTION

**DEBRA ELLIS**

*WHEREAS, the Orange County Transportation Authority recognizes and commends Debra Ellis; and*

*WHEREAS, let it be known that Debra Ellis has demonstrated excellent customer service skills, and has been with the Authority since October 23, 2000. She has distinguished herself by maintaining an outstanding record for safety, attendance and customer relations; and*

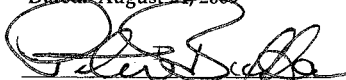
*WHEREAS, Debra's dedication to her duties and desire to excel are duly noted, and she is recognized as an outstanding Authority employee who has consistently demonstrated a level of professionalism that is the embodiment of the Authority's core values; and*

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

**NOW, THEREFORE, BE IT RESOLVED** that the Authority does hereby declare Debra Ellis as the Orange County Transportation Authority Coach Operator of the Month for August 2009; and

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

Dated: August 24, 2009

  
Peter Buffa, Chairman  
Orange County Transportation Authority

  
Will Kempton, Chief Executive Officer  
Orange County Transportation Authority





ORANGE COUNTY  
TRANSPORTATION AUTHORITY

RESOLUTION

**JAE KANG**

WHEREAS, the Orange County Transportation Authority recognizes and commends Jae Kang; and

WHEREAS, be it known that Jae Kang is a valued member of the Maintenance Department. Jae is a very positive and conscientious mechanic. His attention to detail and devotion to assigned tasks are commendable. His commitment to teamwork, standards of excellence and organizational pride make him a strong asset to the Maintenance Rebuild Section;

WHEREAS, Jae Kang is the main operator of the Rebuild Section's laser brake lathe and has maintained equipment in almost new condition;

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

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Jae Kang as the Orange County Transportation Authority Maintenance Employee of the Month for August, 2009; and

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

Dated: August 24, 2009

  
Peter Buffa, Chairman  
Orange County Transportation Authority

  
Will Kempton, Chief Executive Officer  
Orange County Transportation Authority

OCTA Resolution No. 2009-50





ORANGE COUNTY  
TRANSPORTATION AUTHORITY

RESOLUTION

*Fernando Chavarria*

**WHEREAS**, the Orange County Transportation Authority recognizes and commends Fernando Chavarria for superior public communications service; and

**WHEREAS**, be it known that Fernando has performed his duties as an OCTA Community Relations Officer in the Public Communications Department with the highest level of professionalism and integrity in delivering outstanding results for major public involvement programs for the Riverside Freeway (SR-91), Central County Corridor Study, grade separations and outreach to bus customers ; and

**WHEREAS**, Fernando's ability to build strong partnerships with effective results among all OCTA, public agencies and key stakeholders have led to highly successful public involvement programs that keep OCTA's projects and programs moving forward with public consensus; and

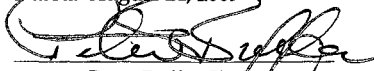
**WHEREAS**, Fernando has demonstrated superior work in sharing results of the SR-22 survey for continuous access carpool lanes, launching the public participation for the Central County Corridor Major Investment Study, crafting the scope for the public outreach plan for grade separation projects, implementing the SR-91 communications plan and spearheading bus customer communications; and

**WHEREAS**, Fernando has a proven track record of navigating complex issues with care and concern to enhance OCTA's positive reputation by proactively addressing issues and concerns raised by elected officials, stakeholders, the news media and the general public.

**NOW, THEREFORE, BE IT RESOLVED** that the Authority does hereby declare Fernando Chavarria as the Orange County Transportation Authority Administration Employee of the Month for August 2009; and

**BE IT FURTHER RESOLVED** that the Orange County Transportation Authority Board of Directors recognizes Fernando Chavarria's outstanding service.

Dated: August 24, 2009

  
Peter Buffa, Chairman  
Orange County Transportation Authority

  
Will Kempton, Chief Executive Officer  
Orange County Transportation Authority





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  
August 10, 2009

## Call to Order

The August 10 2009, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Buffa at 9:03 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

## Roll Call

Directors Present: Peter Buffa, Chairman  
Jerry Amante, Vice Chairman  
Arthur C. Brown  
Bill Campbell  
Carolyn Cavecche  
William J. Dalton  
Paul Glaab  
Cathy Green  
Allan Mansoor  
John Moorlach  
Janet Nguyen  
Chris Norby  
Curt Pringle  
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: Patricia Bates  
Richard Dixon  
Miguel Pulido



## **Invocation**

Director Pringle gave the invocation.

## **Pledge of Allegiance**

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

## **Public Comments on Agenda Items**

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

## **Special Matters**

There were no Special Matters items.

## **Consent Calendar (Items 1 through 5)**

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

### **Orange County Transportation Authority Consent Calendar Matters**

#### **1. Approval of Minutes**

Director Campbell pulled the minutes and inquired if a report on Night Owl service would be provided at this meeting, per the minutes of the July 27 Board meeting.

Beth McCormick, General Manager of Transit, responded that the additional information was presented to the Executive Committee on August 3, and the item will go next to the Transit Committee. When the proposal for the March service change is prepared, the proposal for Night Owl will be part of that package and be brought to the Board.

A motion was made by Director Campbell, seconded by Director Green, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of July 27, 2009.

#### **2. State Legislative Status Report**

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

**3. Excess Liability Insurance Renewal**

A motion was made by Director Green, seconded by Vice Chairman Amante, and declared passed by those present, to authorize the Chief Executive Officer to issue Purchase Order No. A14151, in an amount not to exceed \$550,000, to Marsh Risk and Insurance Services, Inc., for the purchase of excess liability insurance for the period November 1, 2009 to November 1, 2010.

**Orange County Local Transportation Authority Consent Calendar Matters**

**4. Update on Negotiations with City of Irvine Regarding Marine Way Realignment and Metrolink Maintenance Facility Property**

A motion was made by Director Green, seconded by Vice Chairman Amante, and declared passed by those present, to authorize the Chief Executive Officer to execute the revised Cooperative Agreement No. C-9-0303 between the Orange County Transportation Authority and the City of Irvine to define each party's roles and responsibilities for service planning of the Irvine Spectrum Shuttle.

**Orange County Transit District Consent Calendar Matters**

**5. Approval for Release of Request for Proposals for On-Call Architectural/Engineering Design and Construction Support Services for Facility Modification Projects**

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

- A. Approve the proposed evaluation criteria and weightings for Request for Proposals 9-0589 for the selection of consultant services.
- B. Approve the release of Request for Proposals 9-0589 for the on-call architectural and engineering design and construction support services for facility modifications.

**Regular Calendar**

**Orange County Transportation Authority Regular Calendar Matters**

**6. Excess Workers' Compensation Insurance Policy**

Al Gorski, Manager of Risk Management, presented information on the renewal of the excess workers' insurance and introduced Craig Morris, Senior Vice President of Marsh Risk and Insurance Services, OCTA's Broker of Record.

**6. (Continued)**

Mr. Gorski stated that this insurance is intended to provide protection to pay temporary disability, medical treatment, rehabilitation costs, permanent disability, and death benefits for workplace injuries, and illnesses occurring during the course of employment. He further explained the current insurance program and the policy coverages involved.

Mr. Morris provided an overview of the current workers' compensation insurance marketplace in regard to increases which are recommended and suggested that the Board approve the two-year agreement offered at this time.

A motion was made by Director Campbell, seconded by Director Green, and declared passed by those present, to authorize the Chief Executive Officer to execute Purchase Order No. A14027 for the renewal of the Excess Workers' Compensation Insurance Policy at the current guaranteed rate of \$0.4300 at statutory limits with a \$500,000 self-insured retention or less, for an annual premium not to exceed \$500,000, for the policy period of October 1, 2009, through October 1, 2010.

**Orange County Local Transportation Authority Regular Calendar Matters**

**7. Support for High-Speed Intercity Passenger Rail Program Stimulus Funding for the State of California**

Darrell Johnson, Executive Director of Rail Programs, provided an update on the recent activities related to high-speed rail in California, and specifically the status of California's status in seeking American Recovery and Reinvestment Act (ARRA) funds.

Mr. Johnson provided details on the three recommendations before the Board at this time and noted that Recommendation #C (extension of the double-track from Laguna Niguel to San Juan Capistrano) was moved from a previous funding request list to this list for stimulus funding from the State of California.

Director Norby inquired if there would be an additional requirement for a maintenance yard or turn-around yard. Mr. Johnson responded that the environmental process for the Anaheim to Los Angeles segment is underway and includes potential alternative locations for a lay-over facility, but that would not be a heavy maintenance type facility.

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to:

- A. Support the California High-Speed Rail Authority's request for federal High-Speed Intercity Passenger Rail Program funding, including \$3.4 billion for the Anaheim to Los Angeles segment of the system.

**7. (Continued)**

- B. Support the statewide application for \$850 million to fund implementation of positive train control.
- C. Support the California Department of Transportation's application for \$339.9 million in funding for 18 intercity rail projects on the Pacific Surfliner corridor, including six projects in Orange County.

**Discussion Items**

**8. Rail Program Update**

Darrell Johnson, Executive Director of Rail Programs, provided this update and informed Members that this report has also been presented to the Transit Committee as a way of providing a quarterly "snapshot" of the capital program, which is currently led by his division. Mr. Johnson stated that this report would be provided quarterly to the Transit Committee.

Mr. Johnson reported there is a gap in the schedule between the end of design and the beginning of construction, which is disappointing, but was unavoidable due to time needed to transfer funds from the Irvine project, which is no longer going forward, to this project. He stated that \$20 million of Proposition 116 funds were put into this program and construction is expected to start this week.

Director Pringle confirmed that part of Measure M2 was the expansion of Metrolink and investing in current technology. He inquired as to what the request was in Track One funding from the stimulus money, and Mr. Johnson responded that some supporting projects help both the intercity rail and the Metrolink program. Examples of this include "cross-overs," which allow trains to move from one track to the other track, which is very helpful in regard to reliability and capacity.

Vice Chairman Amante requested that this report also be given to the Board quarterly.

**9. Katella Avenue Smart Street Project Status**

Kia Mortazavi, Executive Director of Development, provided opening comments on project status and introduced Harry Thomas, Project Manager, who provided a presentation to the Board on the status of the Smart Street Project.

Mr. Thomas provided background and context regarding this program and stated that the major funding, approved by the Board in 1997, was intended as a 14-year program with funding spread out through the remaining period of Measure M1, which sunsets in 2011. Mr. Thomas advised that there were cash-flow issues in the early years, and the Board earmarked funds from the Master Plan of Arterial Highways account.

**9. (Continued)**

Mr. Thomas reported that at this point in time, with the exception of one project (the intersection of Associated Road and Imperial Highway), all of the projects have been bid, contracts have been awarded for nearly all the projects, construction is completed on the major part of the program, and approximately 95 percent of the Smart Street allocations have been paid out to the cities who are the lead agencies on the project.

Mr. Thomas referred to a map included in the agenda item to show status of the Katella Smart Street Project and stated that the contracts have been awarded for the County project, and construction is expected to start at the end of August or first of September 2009. Bids are open for the Anaheim project from Humor Street to Jean Street, and an award of that contract is expected some time late August/early September 2009; the 9<sup>th</sup> Street to Humor Street project is under construction.

Director Campbell inquired if there were plans to extend the Katella Smart Street to either State Route 57 or State Route 55 from Interstate 5, and Mr. Thomas responded that was part of the original implementation plan; however, due to a shortage of funding, the Board chose not to fund that project.

Director Campbell asked if this segment was promised in the Measure M1 ballot statement, and Mr. Thomas noted that the description contained in the ballot statement was not specific as to the limits of the projects.

Director Campbell requested that a report be provided on commitments met under Measure M regarding Smart Street projects.

**10. Revenue Update**

Kenneth Phipps, Interim Executive Director of Finance and Administration, provided this update and provided details on the shortfalls in revenues and variances in revenue projections, as well as the impacts to various transportation projects.

Discussion followed, and Director Campbell requested statistics for July State Route 91 revenues.

Vice Chairman Amante and Directors Campbell, Pringle, and Moorlach requested follow-up on:

- Comparison of OCTA ridership to other properties, including average weekday ridership for MTA, NCTD, RTA;
- Information on market penetration by OCTA and other properties from 2004 to present;
- Annualized ridership displayed by month;

**10. (Continued)**

- Correlate bus service as to percent of population – OCTA compared to other systems (San Diego, etc.);
- Fare increases and service reductions implemented by other systems.

**11. Public Comments**

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

No public comments were offered.

**12. Chief Executive Officer's Report**

Chief Executive Officer (CEO), Will Kempton, reported:

- Upcoming meetings and events;
- He will be visiting all 34 Orange County cities over the next 90 days, primarily attending city council meetings in order to meet council members and community leaders;
- He will participate in the California Transportation Commission meeting over the next few days in Sacramento. The item of most interest will be that of public/private partnership guidelines being discussed by the Commission;
- Mr. Kempton thanked the Board and staff for the warm welcome as he undertakes his new position as Chief Executive Officer at the OCTA.

**13. Directors' Reports**

Director Brown reported that he attended the American Public Transportation Association's Sustainability Conference in Salt Lake City the first week of August on behalf of OCTA.

Director Pringle reported that last Thursday, the California High-Speed Rail Authority met in Sacramento, and over the next three months will focus on workshops, the finance plan, and a reorganization plan. Decisions ahead will include issues regarding maintenance facilities, equipment selection, and operation actions.

Director Pringle stated that of importance will be the filing and prioritization of application – Track One project submissions deadline is later in August; the Track Two deadline is October 3.

**13. (Continued)**

Director Glaab thanked Mr. Kempton for planning an upcoming visit to Laguna Niguel and taking a tour of the 'Eastern Gateway'.

**14. Closed Session**

A Closed Session was held:

A. Pursuant to Government Code Section 54956.9 (a) to discuss Safeway Towing Services, Inc., dba Bob's Towing v. OCTA; OCSC No 00125512.

B. Pursuant to Government Code Section 54956.9 (c).

Director Nguyen did not attend the Closed Session.

There was no report out of this Closed Session.

**15. Adjournment**

The meeting adjourned at 11:25 a.m. The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, August 24, 2009**, at the OCTA Headquarters.

ATTEST

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Wendy Knowles  
Clerk of the Board

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Peter Buffa  
OCTA Chairman

**13. (Continued)**

Director Glaab thanked Mr. Kempton for planning an upcoming visit to Laguna Niguel and taking a tour of the 'Eastern Gateway'.

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ATTEST

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Wendy Knowles  
Clerk of the Board

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Peter Buffa  
OCTA Chairman







BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Fiscal Year 2008-09 Internal Audit Plan, Fourth Quarter Update

Finance and Administration Committee Meeting of August 12, 2009

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

**Committee Vote**


This item was passed by all Committee Members present.

**Committee Recommendation**

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



**August 12, 2009**

**To:** Finance and Administration Committee  
**From:** Will Kempton, Chief Executive Officer   
**Subject:** Fiscal Year 2008-09 Internal Audit Plan, Fourth Quarter Update

**Overview**

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

**Recommendation**

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

**Background**

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

Internal Audit performs a wide range of auditing services that include overseeing the annual financial 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 2008-09 Internal Audit Plan (Plan) (Attachment A) reflects the status of each project. As indicated in Attachment A, numerous projects were completed or are still underway.

For the Plan year, Internal Audit completed 54 projects, including 32 pre-award price reviews. Staff hours, as reflected in Attachment A, represent total hours available annually for audit activities and are budgeted by project as a

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preliminary estimate of the effort required to meet the audit objective. Actual staff hours for the fiscal year 2008-09 Plan were under budget by approximately 500 hours due to a vacancy in the department's intern position and numerous smaller projects undertaken in response to management, Board of Directors (Board), or other public requests that are of an administrative nature and were not charged to audit projects.

There are 22 audit projects open at June 30, 2009. Four of these are internal audits which have been completed with draft reports under development or in circulation. Nine are in various phases of completion, and six have not yet been initiated. Internal Audit will carry forward all 19 of these projects to the OCTA Fiscal Year 2009-10 Internal Audit Plan (FY 2009-10 Plan).

Internal Audit is proposing that three projects not be carried forward to the FY 2009-10 Plan. The first is a planned audit of the Employment Section of the Division of Human Resources and Organizational Development. The Employment Section is responsible for the recruitment, selection, and hiring of OCTA employees and the objective of the review was to ensure that adequate internal controls govern these processes and that the processes are efficient. With significant reductions in employment activity during fiscal year 2008-09, Internal Audit believes that such a review would be more appropriately scheduled when activity resumes.

Secondly, Internal Audit is proposing that the Business Resumption Planning review be cancelled. The Information Systems Department received approval from OCTA's Chief Executive Officer to proceed with a project to develop a comprehensive business resumption plan. The project, including consultant services, has been included in OCTA's Fiscal Year 2009-10 Budget. A scope of work has been developed and a request for proposal is expected to be issued in the next few months.

Finally, Internal Audit is proposing that the call box maintenance review be cancelled as a result of OCTA's continuing efforts to reduce the number of call boxes in Orange County.

Internal Audit continues to conduct a vast majority of price reviews in-house which contributes to delays in completing other scheduled work. While Internal Audit has a bench of four on-call firms available to conduct these reviews, staff has found that using the firms can add to the time it takes to complete the reviews. OCTA's Contracts Administration and Materials Management (CAMP) Department generally requests quick turnaround of these reviews so that CAMP may begin negotiations with contractors. Internal Audit appreciates this urgency and therefore, commits or redirects resources

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quickly to meet these requests. Internal Audit will incorporate more hours for these reviews in the FY 2009-10 Plan and continue to work with the CAMM Department to improve the timeliness of the price review process.

#### Internal Audit Initiatives

##### Fraud Hotline

In March 2009, the Board authorized the outsourcing of a fraud hotline. The hotline will provide an anonymous reporting mechanism for employees, contractors, and the public to report suspected waste, abuse, or fraud. Internal Audit has contracted with a vendor to provide this service 24 hours a day, seven days a week. Internal Audit staff is working with the vendor to develop and implement the hotline.

##### Quality Assurance and Self-Assessment

As required by Government Auditing Standards (Standards), Internal Audit must have both policies and procedures guiding all of its work as well as a process to periodically evaluate compliance with those policies and procedures. Staff has made a considerable effort in the last six months in conducting this self assessment and refining policies and procedures.

##### Peer Review Participation

In preparation for its first peer review in early 2010, Internal Audit has volunteered to participate on peer reviews of the City of Los Angeles' Auditor/Controller office and the City of Stockton's Internal Audit Department. This participation will serve as both opportunities to gain a better understanding of the peer review process as well as opportunities to glean some best practices from other audit departments. Because the Association of Local Government Auditor's Peer Review Program is entirely voluntary, Internal Audit's participation will earn reciprocal credit for its first peer review.

##### Service Efforts and Accomplishments

In an effort to communicate the value or effectiveness of the internal audit function, Internal Audit is reviewing various methodologies used by other departments in the industry to collect, value, summarize, and communicate internal audit efforts and results. These summations, generally called Service Efforts and Accomplishments Reports, communicate the mission, goals, and major accomplishments of an internal audit function.

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**Audit Software Implementation**

Internal Audit continues to work towards full implementation of Audit Leverage, the department's audit software. Internal Audit has fully implemented the workpaper and timekeeping modules of the software and has prepared the FY 2009-10 Plan using the software's risk assessment module. Internal Audit will continue to populate the database and fine tune reports and other available software features.

**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, Mayer Hoffman McCann P.C.

**Summary**

The Orange County Transportation Authority Fiscal Year 2008-09 Internal Audit Plan is being closed-out. Three projects will be cancelled and other incomplete projects will be carried forward to the Orange County Transportation Authority Fiscal Year 2009-10 Internal Audit Plan.

**Attachments**

- A. Orange County Transportation Authority Internal Audit Department  
FY 2008-09 Internal Audit Plan Fourth Quarter Update
- B. Unresolved Audit Findings and Recommendations (Audit Reports Through  
June 2009)

**Prepared by:**



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

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

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Planned Staff Hours</b>	<b>Staff Hours to Date</b>	<b>Under (Over)</b>	<b>Outsourced Cost / Estimate to Complete (E)</b>	<b>Status (Date to F&amp;A)</b>	<b>Notes (Contract Auditor)</b>
<b>Mandatory External Independent Audits</b>									
Annual Financial Audit	FY09-001-4	Annual contracted financial and compliance audits for fiscal year 2007-08	Financial	325	471	(146)	\$ 307,490	Complete (01/28/09)	(Mayer Hoffman McCann)
Annual Transportation Development Act Audits	FY09-005	Coordination of legally required annual audits of the recipients of Local Transportation Fund for fiscal year 2007-08.	Compliance	100	74	26	\$ 59,900	Complete (01/28/09)	(Mayer Hoffman McCann)
Triennial Performance Audits	FY09-027	Initiate procurement of external auditors to conduct the state triennial performance audit and Renewed Measure M performance assessment for fiscal years 2007, 2008, and 2009	Compliance	50	21	29		Scopes of Work developed. Requisition with CAMM.	
<b>Internal Audit Initiatives</b>									
Risk Assessment and Annual Audit Plan	FY09-006	Annual preparation of the audit plan for next fiscal year; periodic assessment of risk throughout the year.	Risk Assessment	100	135	(35)		Complete (08/12/09)	
Quality Assurance and Self-Assessment	FY09-007	Self assessment of Internal Audit's compliance with Government Auditing Standards.	Quality Assurance	175	236	(61)		Ongoing	
Peer Review Participation	FY09-008	Participation as a review committee member for reciprocal credit.	Peer Review	80	-	80		Ongoing	OCTA will participate in reviews of the cities of Los Angeles and Stockton
Service Efforts & Accomplishments	FY09-025	Evaluation and summarization of the value of Internal Audit activities.	Service Efforts Report	100	14	86		Ongoing	
Price Review Process Improvements (unscheduled)		Evaluation of Internal Audit and CAMM Department price review process, research related to requirements, development of more efficient procedures, and training for CAMM Department staff.	Price Reviews	-	85	(85)		Complete	
Audit Software Implementation (unscheduled)		Implementation of Audit Leverage and troubleshooting	Audit Software	-	149	(149)		Ongoing	
Fraud Hotline (unscheduled)		Board concept approval, vendor solicitation, selection, and implementation plan.	Fraud Hotline	-	69	(69)		Ongoing	
<b>Internal Audits</b>									
<b>Authority-Wide</b>									
Price Reviews	PR09-300	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	500	1,133	(633)	\$ 94,821	32 completed	(Four on-call audit firms)

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

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Planned Staff Hours</b>	<b>Staff Hours to Date</b>	<b>Under (Over)</b>	<b>Outsourced Cost / Estimate to Complete (E)</b>	<b>Status (Date to F&amp;A)</b>	<b>Notes (Contract Auditor)</b>
Other unscheduled Reviews and Special Requests	FY09-100	Time allowed for unplanned audits and requests from the Board of Directors and management.	Varies	250	160	90		Ongoing	
<b>Executive</b>									
Safety Monitoring	FY08-031	Review and follow-up on any American Public Transportation Association (APTA) Safety Review conducted in FY 2008.	Internal Controls	100	1	99		Carryover	Not started
Assembly Bill (AB) 1234 Compliance	FY09-021	Review of Authority recordkeeping evidencing compliance with AB1234 requirements.	Compliance	150	130	20		Complete (02/25/09)	
<b>Planning and Development</b>									
Metrolink	FY08-010	Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	Operational	200	160	40		Carryover	Report in Draft
SR-22 Contract Close-out	FY08-022	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	Compliance	25	74	(49)	\$ 45,102	Complete (08/12/09)	(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	163	(113)	\$ 27,470	Carryover	Report in Draft (Wang Professional Corp.)
Caltrans Cooperative Agreement for I-405/SR-55	FY08-011	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	Compliance	50	86	(36)	\$ 19,790	Complete (01/28/09)	(Mayer Hoffman McCann)
Combined Transportation Funding Program (CTFP) Project Audits/CTFP System	FY08-019	Evaluation of program process and review of a sample of projects funded by the CTFP.	Compliance	100	97	3	\$ 53,360	Carryover	Reports in Draft (Mayer Hoffman McCann)
Buena Park Metrolink Station Closeout Audit	FY08-007	Closeout audit of construction of Metrolink station.	Compliance	25	21	4	\$ 23,700	Carryover	Report in Draft (Mayer Hoffman McCann)
On-Call Service Contracts	FY09-012	Review of on-call contracts for contract compliance and 2008 compliance with procurement policies and procedures.	Compliance	300	22	278		Carryover	In process
Irvine Transportation Center	FY09-013	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	75		75	(E) \$ 20,000	Carryover	Not started
Real Estate and Right-of-Way Administration	FY09-015	Review of right-of-way and other real estate operations and contracts.	Operational	300		300		Carryover	Not started
<b>Transit Operations</b>									
Buy America	FY08-027	Pre-award and post-delivery reviews to ensure vendor is in compliance with federal Buy America requirements.	Compliance	100	313	(213)		4 complete	
Vehicle Maintenance	FY08-020	Review of policies, procedures, management reporting, and regulatory compliance.	Operational	250	103	147		Carryover	In process



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

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<b>Government Relations</b>									
Grant Close-outs	FY09-026	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	Compliance	75	21	54	\$ 12,275	One Complete (10/08/08)	1 in process (Thompson, Cobb, Bazilio & Associates)
<b>Finance</b>									
Treasury	FY09-019	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	Compliance	200	126	74		1 Complete (03/25/09)	1 in process
Revenue Accounting	FY08-024	Review of controls over the collection and processing of sales tax receipts.	Operational	275	287	(12)		<b>Carryover</b>	In process
Grants Management and Accounting	FY08-018	Review of policies, procedures and regulatory compliance with grant requirements.	Operational	150	287	(137)		Complete (07/22/09)	
Capital Assets	FY08-017	Review of policies and procedures for capital assets, including capitalization policy, classifications, depreciation, disposal.	Internal Controls	75	125	(50)		Complete (10/08/08)	
91 Express Lanes Collections	FY08-016	Review of contractual compliance and performance of collections contractor Law Enforcement Services (L.E.S.)	Compliance	200	117	83		<b>Carryover</b>	In process
Purchasing Cards	FY09-029	Review of internal controls over purchasing cards	Internal Controls	120	176	(56)		Complete (02/25/09)	
Investment Management & Service Fees	FY09-011	Review of services and invoices for investment and debt advisory and management services	Compliance	250		250		<b>Carryover</b>	In Process
<b>Human Resources</b>									
Payroll	FY08-001	Audit of the payroll function including internal controls and analytics.	Operational	155	180	(25)		Complete (10/22/08)	
Payroll Information Systems	FY08-001	Information Systems Audit of Lawson payroll system	Operational				\$ 48,790	Complete (12/10/08)	(Thompson, Cobb, Bazilio & Associates)
Medical Examinations	FY08-006	Review of contracted services for medical examinations and programs.	Compliance	75	318	(243)		Complete (11/12/08)	
Veolia Drug and Alcohol Program Monitoring (Unscheduled)		Board initiated unscheduled review of monitoring of Veolia's drug and alcohol program and that of other transportation contracts and programs.	Operational	0	190	(190)		Complete (04/22/09)	
Employment Division	FY09-017	Review of controls and efficiency of candidate recruitment, selection and hiring.	Operational	350		350		<b>Cancel</b>	Employment activity reduction

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

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<b>Contracts &amp; Materials</b>									
Contract Administration	FY08-015	Operational review to identify efficiencies and determine compliance with established policies and procedures. Scope to be further refined.	Operational	200	16	184		Carryover	In process
Southern Counties Oil Company	FY08-026	Contract compliance review of C-5-0467 - diesel and unleaded fuel supply.	Compliance	95	153	(58)		Complete (11/26/08)	
Bridgestone/Firestone Tire Lease	FY09-014	Review of lease of bus tires.	Compliance	175		175		Carryover	Not started
Maintenance Inventory Management	FY09-022	Review of inventory management policies, procedures, controls, and operational efficiency.	Operational	300		300		Carryover	In Process
Warranty Administration	FY09-023	Review of internal controls over warrantied equipment.	Internal Control	175		175		Carryover	Not started
Fuel Controls	FY09-024	Review of controls over dispensing of petroleum products.	Internal Control	150		150		Carryover	Not started
<b>Information Systems</b>									
Business Resumption Planning (BRP)	FY09-009	Review of information systems recovery policies and procedures, testing, and post-event review.	Operational	75		75	(E) \$20,000	Cancel	BRP Plan under development by Information Systems Department
Telecommunications Equipment	FY09-020	Review of telecommunications equipment usage and internal controls.	Internal Control	175	8	167		Carryover	In process
<b>External Affairs</b>									
Vanpool Program	FY08-023	Review of first year operations and contract compliance.	Operational	175	531	(356)		Complete (07/22/09)	
Customer Information Center (Alta Resources)	FY09-018	Review of contractually required service levels and contractor billing.	Contract Compliance	225	245	(20)	(E) \$25,000	Carryover	In Process
<b>Motorist Services</b>									
Call Box Maintenance Services	FY09-028	Review of contract for call box maintenance	Contract Compliance	150		150		Cancel	Call box program under reduction
<b>Monitoring Activities</b>									
Measure M Citizens Oversight Committee/Taxpayers Oversight Committee (COC/TOC) and Administrative Issues	FY09-401	Coordination of audit activities with the Audit Subcommittee of the Measure M COC/TOC.	Monitoring	25	209	(184)		Ongoing	
91 Express Lanes	FY09-402	Ongoing monitoring of 91 Express Lanes activities and participation in roundtables.	Monitoring	25	5	20		Ongoing	

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

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Planned Staff Hours</b>	<b>Staff Hours to Date</b>	<b>Under (Over)</b>	<b>Outsourced Cost / Estimate to Complete (E)</b>	<b>Status (Date to F&amp;A)</b>	<b>Notes (Contract Auditor)</b>
I-5 Gateway Project	FY09-403	Ongoing monitoring to keep apprised of activities and significant issues.	Monitoring	25	8	17		Ongoing	
Compressed Natural Gas (CNG) Station Project	FY09-404	Ongoing monitoring to keep apprised of activities and significant issues.	Monitoring	100	24	76		Ongoing	
Bus Rapid Transit (BRT)	FY09-405	Ongoing monitoring to keep apprised of activities and significant issues.	Monitoring	25	14	11		Ongoing	
Records Management	FY09-406	Ongoing participation on Records Management Task Force.	Monitoring	25	6	19		Ongoing	
<b>Follow-up Reviews</b>									
Follow-up reviews and reporting	FY09-200	Follow-up on audit findings and recommendations.		250	426	(176)			
<b>Total Audit Hours</b>				<b>7,700</b>	<b>7,185</b>	<b>515</b>			



**UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS**

*(Audit Reports Issued Through June 2009)*

<b>Audit Issue Date</b>	<b>Report Number</b>	<b>Division / Department / Agency</b>	<b>Audit Name</b>	<b>Recommendation</b>	<b>Initiate Next Update</b>	<b>Management Response</b>	<b>Auditor</b>	<b>Notes</b>
8/2/2006	06-021	Finance and Administration	Cofiroute Contract Compliance and Operational Audit	The contract with the California Highway Patrol (CHP) should be updated to reflect current billing rates, level of service, responsibilities of each party, and other factors as necessary.	Jun-09	Management concurs. Contracts Administration and Materials Management (CAMM) will meet with the CHP to obtain current rates, level of service, responsibilities of each party and incorporate those items into a new contract.	Ng	A contract amendment will take place which will incorporate the contract changes. Not yet executed as of January 2009.
8/2/2006	06-021	Finance and Administration	Cofiroute Contract Compliance and Operational Audit	In addition to Cofiroute's review of CHP invoices for accuracy, the invoices should be reviewed by OCTA staff for propriety with contract terms.	Jun-09	Management concurs. Management will review all CHP invoices for propriety with contract terms.	Ng	CHP invoice review process will begin once the CHP contract is amended.
6/15/2007	07-032	Finance and Administration	Liquified Natural Gas (LNG) Contract Review	CAMM should revise its policies and procedures to require formal Chief Executive Officer (CEO) approval for substantial changes to terms of inventory contracts.	Sep-09	CAMM agrees to review the procurement policies and procedures as they relate to inventory and to update the Procurement Manual as needed. Funds have been budgeted in the fiscal year 2008 budget for this activity. It is anticipated that this effort will start in the September time frame and will include a procedure for handling inventory purchases as well as amendments to inventory contracts.	Bonelli	OCTA's procurement manual is being revised with expected completion in September 2009. Internal Audit will follow up with this item at that time.
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.	Aug-09	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.	Aug-09	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**

*(Audit Reports Issued Through June 2009)*

<b>Audit Issue Date</b>	<b>Report Number</b>	<b>Division / Department / Agency</b>	<b>Audit Name</b>	<b>Recommendation</b>	<b>Initiate Next Update</b>	<b>Management Response</b>	<b>Auditor</b>	<b>Notes</b>
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.	Aug-09	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.	Aug-09	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.
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.	May-09	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.

**UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS**

*(Audit Reports Issued Through June 2009)*

<b>Audit Issue Date</b>	<b>Report Number</b>	<b>Division / Department / Agency</b>	<b>Audit Name</b>	<b>Recommendation</b>	<b>Initiate Next Update</b>	<b>Management Response</b>	<b>Auditor</b>	<b>Notes</b>
4/24/2008	08-005	Transit	Review of Agreement No. C-5-3021 with Veolia Transportation Services, Inc.	The Community Transportation Services (CTS) Department should clarify the maximum trips specified in the contract or the contract should be amended to be consistent with the terms of the Yellow Cab contract.	May-09	The maximum obligation of the contract with Yellow Cab of North Orange County for the provision of same day taxi service was developed using a maximum number of trips per day. There have been few occasions that the maximum number has been exceeded. There are many occasions that the number of trips requested under this program fall far below the maximum, particularly on weekends. Because of this, trips in excess of the maximum are generally accommodated because this can be done without exceeding the maximum obligation of the contract. The contract language could be clarified to specify that the maximum number of trips is an estimate.	Dunning	Follow-up in process as of July 2009. A contract amendment was approved by the Board on May 11, 2009. Internal Audit workpapers must be prepared and reviewed to close this item out.
10/13/2008	08-006	Human Resources and Organizational Development	Medical Examinations and Services Contract Compliance Review	OCTA should ensure that clinical laboratories are submitting semi-annual reports as required by the contracts. The summary reports should then be reconciled to OCTA data and exceptions should be documented and investigated.	Apr-09	Phamatech, the clinical laboratory used by Pacific Medical Clinic (PMC) for specimen analysis has provided OCTA with the semi-annual statistical summaries as required by the contracts. The last report received was for the period 1/1/08 through 6/30/08. This report was reviewed and verified by Human Resources. We are in the process of establishing this process with Golden West Medical Center (GWMC). We will have this in place by November 15, 2008.	Dunning	Follow-up in process as of July 2009. Management has completed corrective action. Internal Audit workpapers must be prepared and reviewed to close this item out.
10/13/2008	08-006	Human Resources and Organizational Development	Medical Examinations and Services Contract Compliance Review	Human Resources should work with PMC and GWMC to develop a method for obtaining and processing blind urine specimens as required by the contracts. OCTA staff should document the results of the blind urine specimens and investigate any exceptions.	Apr-09	OCTA's contracts with Pacific Medical Clinic (PMC) and Golden West Medical Center (GWMC) require they submit three blind specimens for every 100 OCTA employee specimens tested. PMC had performed 497 drug tests for OCTA for the period of 1/1/08 through 6/30/08. They submitted 15 blind quality control samples and the reported result was the same as the expected result. GWMC has purchased the blind specimens and is in the process of submitting them to the laboratory. GWMC will provide the results to us by November 1, 2008.	Dunning	Follow-up in process as of July 2009. Management has completed corrective action. Internal Audit workpapers must be prepared and reviewed to close this item out.

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10/13/2008	08-006	Human Resources and Organizational Development	Medical Examinations and Services Contract Compliance Review	Human Resources should exercise the contract provision allowing for independent quality assurance (QA) inspections of the medical services and specimen collection requirements of OCTA's contract. Furthermore, due to the safety implications of the Department of Transportation standards and protocols, Internal Audit recommends that the Safety Department monitor the results of such a quality assurance program to ensure all safety issues are addressed in a timely and effective manner.	Apr-09	Management agrees. It is an acceptable practice in the industry for the Human Resources staff to conduct such inspections. Periodically we have conducted inspections of the clinics. Our next inspections which will take place in January 2009 will be conducted without prior notice to the clinics.	Dunning	Follow-up in process as of July 2009. Management has completed corrective action. Internal Audit workpapers must be prepared and reviewed to close this item out.
10/13/2008	08-006	Human Resources and Organizational Development	Medical Examinations and Services Contract Compliance Review	OCTA should work with the contractors to ensure that contract terms related to invoice submittals are followed.	Apr-09	Invoices from PMC do include certifications. We are in the process of establishing this process with GWMC. They will have this in place for the next billing cycle. We will also make some changes to the invoicing procedure. We have requested that PMC and GWMC send duplicate invoices to OCTA. The invoice to Accounts Payable will contain only the total amount due. The invoice to Human Resources will have the total amount due along with the itemized charges. Human Resources made this request to change the procedure due to the confidential information contained in the invoices.	Dunning	Follow-up in process as of July 2009. Management has completed corrective action. Internal Audit workpapers must be prepared and reviewed to close this item out.
10/13/2008	08-006	Human Resources and Organizational Development	Medical Examinations and Services Contract Compliance Review	Internal Audit recommends that OCTA work with the contractor to ensure that only the last four digits of the social security number are included on the invoice.	Apr-09	This has been corrected and is in place as of May 1, 2008. The invoices for Agreement No. C-6-0135 with GWMC no longer include the employee social security numbers. Employees are identified by their badge number.	Dunning	Follow-up in process as of July 2009. Management has completed corrective action. Internal Audit workpapers must be prepared and reviewed to close this item out.



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10/13/2008	08-006	Human Resources and Organizational Development	Medical Examinations and Services Contract Compliance Review	Internal Audit recommends that Human Resources include the contract number on all patient authorization forms in order to expedite the process and reduce the possibility of the wrong service being provided or the wrong contract being invoiced.	Apr-09	Through our invoice reconciliation process, all charges are reviewed and verified to be correct before being processed to accounts payable. Any charges which appear on the invoice that do not pertain to services rendered under Agreement No. C-6-0339 with PMC are first reviewed and verified with the clinic and then removed from the invoice. Human Resources will prepare a separate patient authorization form that the Employment Section will use for pre-employment (post offer) exams and drug/alcohol testing when applicable.	Dunning	Follow-up in process as of July 2009. Management has completed corrective action. Internal Audit workpapers must be prepared and reviewed to close this item out.
10/24/2008		General Manager of the 91 Toll Roads	2008 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	The third-party contractor should establish procedures to strengthen information systems controls associated with the OCTA contract.	Sep-09	Staff agrees with the auditors' recommendation regarding backup tapes, which are now being stored at a secure, offsite location. Staff agrees with the auditors' recommendation regarding password controls. The system developer of TollPro will be modifying the password complexity to match industry best practices. Staff agrees with the auditors' recommendation of removing user access to systems immediately following termination. Cofiroute will implement a policy to ensure all terminated employees are removed by the close of the following business day.	Sutter and Mayer Hoffman McCann LLC (MHM)	Contractor has submitted documentation to OCTA's external financial auditors which will be reviewed when the auditors return in September 2009.
10/24/2008		Development	2008 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	The Project Delivery Department should ensure proper documentation is maintained regarding any withholding or delay of payments resulting from a lack of documentation provided by the entity awarded Combined Transportation Funding Program (CTFP) funds.	Jun-09	Staff is currently developing an electronic tracking system that will address this recommendation. This effort was in process prior to the audit report. Once completed, the system will provide an electronic log of invoice issues, missing documentation, correspondence with the cities, and will track the dates missing documentation is both requested and received.	Sutter and MHM	Contractor has submitted documentation to OCTA's external financial auditors which will be reviewed when the auditors return in September 2009.
10/24/2008		Development	2008 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	OCTA should establish procedures or protocols to ensure that all information of a financial nature is communicated to the Financial Planning and Analysis (FP&A) Department or Accounting Department, as appropriate.	Jun-09	This unique situation resulted from revisions to a standard Caltrans funding agreement. Had an amendment been executed to the original cooperative agreement, a copy would have been transmitted to FP&A. The normal processing and transmittal of agreements and amendments by CMM should provide the required financial information needed by FP&A.	Sutter and MHM	Contractor has submitted documentation to OCTA's external financial auditors which will be reviewed when the auditors return in September 2009.

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10/30/2008	08-026	CAMM	Southern Counties Oil Company Contract Compliance Review	Future procurements of inventory products priced on indexes should be limited to quotes on discounts, premiums, mark-ups, or mark-downs. CAMM should implement a review process to ensure that the language and requirements in invitations for bid (IFB) are clear, concise, and relevant to better enhance bidding and the subsequent evaluation processes. CAMM should also immediately solicit bids for fuel.	May-09	CAMM is currently preparing a new solicitation for unleaded and diesel fuels. The invitation for bid (IFB) is scheduled for release on November 14, 2008, with the bids being submitted on December 11, 2008. The bidders will be required to quote only their discounts, delivery charges and any applicable taxes. CAMM management will also ensure that the IFB package is thoroughly reviewed prior to being released and that the recommended bid is inspected to ensure compliance with all IFB requirements.	Bonelli	Follow-up in process as of July 2009.
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.	May-09	CAMM agrees to strengthen the procurement procedures for all types of purchases to require an 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 IFB package before it is released. CAMM will formalize this procedure.	Bonelli	Follow-up in process as of July 2009.
10/30/2008	08-026	CAMM	Southern Counties Oil Company Contract Compliance Review	Contract provisions related to temperature control should be enforced. Unnecessary or inapplicable provisions should be amended out of the contract.	May-09	The requirement was originally placed in the contract as a safeguard. However, OCTA's experience is that only full loads of fuel are delivered and accepted. In the solicitation being developed to reprocur the fuel, this requirement has been removed.	Bonelli	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should develop and implement password administration controls to address weaknesses.	Jun-09	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)	Follow-up in process as of July 2009.

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11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should ensure that adequate controls exist within the payroll and human resources process, including policies restricting pay rate changes and personnel data changes to only authorized personnel and establishing an audit trail and independent reviews of edits made to data.	Jun-09	Management will implement mitigating controls in the form of new variance reports and review processes. A "Variance Audit Report" will be developed and provided to Human Resources, a "Rate Change Personnel Action Form Audit" report will be provided to Payroll, and a "Dollars Only Payments" report will be provided to Human Resources.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Timesheets should be completed in ink, changes should be properly authorized and Payroll should maintain documentation in the file authorizing any changes made.	Jun-09	Management will require that all timesheets be completed in ink and that all corrections be initialed by the person making the change. If the change is made by Payroll staff, the basis of the change will be noted and communicated back to the employee. Once on-line entry of timesheets is implemented, manual timesheets will no longer be required.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Payroll should ensure that all changes made to employee records are independently reviewed and verified as authorized. Changes to employee files that are accepted verbally should be properly documented.	Jun-09	Payroll will ensure that all changes in direct deposit status for active employees are fully documented and that verbal requests are verified. Payroll will also change the direct deposit flag to NO for terminated employees.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	The IS Department is dependent on one employee for all critical Lawson administration functions. Management should develop and implement a knowledge transfer and training program.	Jun-09	OCTA maintains an annual service agreement with Hitachi Consulting, the original developer of many of the data interfaces involving Lawson. They are capable of providing programming services and this is the planned means of providing backup support for interfaces in the absence of this employee. However, IS may also implement one of five other strategies to address this issue.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should strengthen access controls to the Lawson databases to ensure that unauthorized access and modification of data in the databases is prevented or detected.	Jun-09	For those passwords for which IS staff has control, strengthened controls will be implemented. However, some of these parameters are imbedded in the application and IS staff will be unable to modify.	Bonelli and TCBA	Follow-up in process as of July 2009.

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11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	IS Help Desk service level agreements should be developed and documented.	Jun-09	Management concurs with the concept; however, management believes that current service levels meet business unit requirements. If they do not, Information Systems will meet with the affected business units to develop such agreements.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should ensure that all requests for service go through the IS Help Desk.	Jun-09	Current policies and procedures require that all requests go through the IS Help Desk for proper logging, documentation and problem resolution. IS management will reinforce this through communication with staff.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should adopt security measures for laptops including hard drive encryption and Bios passwords.	Jun-09	Staff is currently developing a new user policy which outlines OCTA's current security policies, standards and processes for securing laptops and smart phones. IS staff will review current laptop hard drive encryption technologies as well as other security measures and, if feasible, may implement these on select or all laptops.	Bonelli and TCBA	Follow-up in process as of July 2009.
11/19/2008	08-001A	Information Systems	Payroll Systems Controls Review	Management should prioritize the development of a comprehensive business continuity plan.	Jun-09	OCTA's business continuity plan will be updated in 2009.	Bonelli and TCBA	Follow-up in process as of July 2009.
10/31/2007 and 10/24/2008	07-030	Transit	2007 and 2008 Management Letters / Single Audit Reports of Federal Awards	MHM recommends that OCTA adhere to the Buy America requirements and ensure that all documentation is contained in the procurement files to support OCTA's compliance.	Sep-09	OCTA Transit Division Maintenance Department will follow the Buy America guideline. OCTA will ensure that contract administration has the necessary paperwork on file for the closing of contracts for the post filings.	Sutter, Bonelli and MHM	Vehicle procurement and acceptance policies are being developed to address several issues related to OCTA's compliance with Buy America. Internal Audit has taken the lead in reviewing these, once complete.
2/18/2009	09-021	Clerk of the Board	Assembly Bill 1234 Review	Management should revise procedures to ensure Director's are requested to review, sign and return these forms to the Clerk of the Board's (COB) office and that timely follow-up for receipt of these forms is performed and documented.	Aug-09	In January 2009, the COB's office will implement follow-up procedures to ensure all forms are signed and returned in a timely manner.	Sutter	
2/18/2009	09-021	Clerk of the Board	Assembly Bill 1234 Review	Management should develop and document written procedures outlining the requirements for submission and approval of expense reimbursements.	Aug-09	The COB will revise practices to require expense reimbursement forms to be signed by Directors and will develop desk procedures whereby the forms are signed by the COB or a designee to evidence verification of receipts provided and compliance with policies. Any concerns will be escalated to the CEO for resolution.	Sutter	

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2/18/2009	09-021	Clerk of the Board	Assembly Bill 1234 Review	Internal Audit recommends that management develop and document procedures for timely follow-up to ensure training records are on file. Management should also ensure that required communications related to available ethics training be provided annual to the directors.	Aug-09	The COB will develop and implement more detailed procedures for the tracking and monitoring of training requirements to ensure compliance. The COB will also provide training material to Directors annually as required by Assembly Bill 1234.	Sutter	
2/18/2009	09-021	Clerk of the Board	Assembly Bill 1234 Review	Internal Audit recommends that the Board of Directors clarify the policy with regard to ethics training for Directors who do not receive or accept compensation or reimbursement of expenses.	Aug-09	Upon direction from the Board of Directors, legal counsel will recommend revisions to the policy with regard to Directors who do not receive or accept compensation or reimbursement of expenses.	Sutter	
2/9/2009	09-029	Development	Purchasing Card Program Review	Internal Audit recommends management take appropriate action with an employee and supervisor related to inappropriate purchasing card activity and work schedule.	Aug-09	Management has taken corrective action with regard to vehicle usage and will take appropriate disciplinary action with both the employee and supervisor.	Sutter	
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.	Aug-09	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 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	
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.	Aug-09	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	

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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.	Aug-09	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	
2/9/2009	09-029	CAMM	Purchasing Card Program Review	Internal Audit recommends that management revise procedures to include a semi-annual inventory of cards.	Aug-09	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	
2/9/2009	09-029	CAMM	Purchasing Card Program Review	Internal Audit recommends that management implement available automated restrictions to enhance the control environment and prevent purchasing card misuse or abuse.	Aug-09	CAMM and the Accounting Department are currently working with Bank of America to enhance and automate the purchasing card system. These available automated restrictions will be implemented to control the environment and prevent purchasing care misuse.	Sutter	
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.	Sep-09	The Board of Directors has directed staff to clarify the ordinance through amendment.	Sutter	
3/3/2009	09-019	Treasury Department	Investment Activities January 1 through June 30, 2008	While the misstatement of OCTA's total investment portfolio value resulted from a custodial bank error, Internal Audit recommends that the Treasury Department investigate anomalies in the custodial bank statements prior to preparing the quarterly debt and investment reports.	Sep-09	The Treasury Department notified the bank of the error. Upon investigation by the bank, it was determined that the bank had not properly cleared a security. Moving forward, the Treasury Department shall make every effort to thoroughly investigate anomalies in the bank statements during the report-writing process to ensure an accurate and timely debt and investment report.	Ng	As of June 2009, Internal Audit is conducting another Investment Activities review and will follow-up during the course of the review.

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3/3/2009	09-019	Treasury Department	Investment Activities January 1 through June 30, 2008	Internal Audit recommends that the Treasury Department update the Debt & Investment Management Manual with all individuals authorized to initiate and approve wire transfers.	Sep-09	Staff is currently updating the manual to reflect recent changes. The changes will include the addition of the Principal Transportation Analyst within the Treasury/Public Finance Department, updated vendor relationships as well as any other relevant changes.	Ng	As of June 2009, Internal Audit is conducting another Investment Activities review and will follow-up during the course of the review.
3/3/2009	09-019	Treasury Department	Investment Activities January 1 through June 30, 2008	Internal Audit recommends that Accounts Payable require the CTS Department to submit complete invoice packages for payment and file these complete packages.	Sep-09	Accounting is working with the CTS Department to ensure that payment packages include original invoices and other relevant documentation prior to disbursement of funds.	Ng	As of June 2009, Internal Audit is conducting another Investment Activities review and will follow-up during the course of the review.
4/1/2009	09-032	CAMM and Maintenance	New Flyer of America, Inc. Post-Delivery Buy America Review	Internal Audit recommends that the CAMM Department develop policies and procedures to ensure that OCTA complies with pre-award and post-delivery requirements with respect to the purchase of vehicles.	Oct-09	CAMM and Maintenance are working cooperatively to develop a procedure that fully complies with the audit findings and ensure that the Federal Transit Administration (FTA) requirements are met. This corrective action will be implemented to ensure that FTA Buy America standards are adhered to in all future procurements. Any amendment change in parts will trigger a request for a post-award Buy America audit prior to the amendment being initiated.	Bonelli	Vehicle procurement and acceptance policies are being developed to address several issues related to OCTA's compliance with Buy America. Internal Audit has taken the lead in reviewing these, once complete.
3/4/2009	09-104	Human Resources and Organizational Development	Review of Contractor Drug and Alcohol Program Monitoring	Internal Audit recommends that OCTA develop a centralized and coordinated approach to oversight of drug and alcohol programs. Furthermore, Internal Audit recommends that management evaluate all transportation programs and related contracts for drug and alcohol program components to ensure there is adequate OCTA monitoring and oversight.	Sep-09	Human Resources recommends that OCTA create a Contractor Drug and Alcohol Program Monitoring Committee. Under direction of the Executive Director of Human Resources and Organizational Development, he will chair the committee. The committee members would include representatives from Human Resources, CAMM, Health, Safety, and Environmental Compliance, Risk Management, Transit, and OCTA's legal counsel. This committee would meet on a quarterly basis or more frequently if necessary. It would be the committee's responsibility to monitor contractors' drug and alcohol programs.	Dunning	

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3/4/2009	09-104	CAMM Department	Review of Contractor Drug and Alcohol Program Monitoring	Internal Audit recommends that the Human Resources and Organizational Development and CAMM, together with legal counsel, evaluate the necessity and appropriateness of contract boiler plates related to drug and alcohol, and then establish monitoring or follow-up procedures as appropriate.	Sep-09	Human Resources recommends the evaluation of the necessity and appropriateness of contract boiler plates related to drugs and alcohol be reviewed by the newly created Contractor's Drug and Alcohol Program Monitoring Committee.	Dunning	
3/4/2009	09-104	CTS Department	Review of Contractor Drug and Alcohol Program Monitoring	Internal Audit recommends that the CTS Department enhance formal monitoring procedures of Veolia's compliance with its drug and alcohol policy and related regulatory requirements.	Sep-09	The Transit Division in CTS has established a Drug and Alcohol Instruction Manual intended to clarify the instructions for administering the drug and alcohol audit process.	Dunning	







BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Draft Fiscal Year 2009-10 Internal Audit Plan

Finance and Administration Committee Meeting of August 12, 2009

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

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendations**

- A. Approve the Draft Fiscal Year 2009-10 Internal Audit Plan.
- B. Direct the Executive Director, Internal Audit to provide quarterly updates on the Internal Audit Plan.



**August 12, 2009**

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

**Overview**

At the direction of the Orange County Transportation Authority's Board of Directors, the Internal Audit Department develops and implements an annual risk-based Internal Audit Plan. Implementation of an annual Internal Audit Plan assists management in the evaluation of the effectiveness and efficiency of projects, programs and operations while ensuring that adequate controls and safeguards are in place to protect Orange County Transportation Authority's assets and resources.

**Recommendations**

- A. Approve the Draft Fiscal Year 2009-10 Internal Audit Plan.
- B. Direct the Executive Director, Internal Audit to provide quarterly updates on the Internal Audit Plan.

**Background**

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

**Discussion**

The Internal Audit Department is presenting the Draft Fiscal Year 2009-10 Internal Audit Plan (Audit Plan) for the Board of Directors' approval. The Audit Plan was developed using an enterprise-wide risk assessment. The Audit Plan will be implemented using Internal Audit Department staff, on-call consultants, the independent auditors for the annual financial audit of OCTA, and other firms as needed.

During the fiscal year, priorities and circumstances may change, requiring that changes be incorporated into the Audit Plan. Internal Audit reports quarterly to the Board of Directors on the status of the Audit Plan and will revise the Audit Plan as needed to address these changes in priorities and circumstances.

**Fiscal Impact**

The Audit Plan has been developed within the resources available in the adopted budget for fiscal year 2009-10.

**Summary**

The Audit Plan has been developed to support the Board of Directors and OCTA management in the discharge of their duties and responsibilities to safeguard the assets of OCTA while ensuring those assets are used in an efficient and effective manner.

**Attachment**

- A. Draft Fiscal Year 2009-10 Internal Audit Plan

**Prepared by:**



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

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
Internal Audit Department**



**Draft Fiscal Year 2009-10  
Internal Audit Plan**



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

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**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Internal Audit Department**  
**Fiscal Year 2009-10 Internal Audit Plan**

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## **Mission of the Internal Audit Department**

The mission of the Internal Audit Department (Internal Audit or Department) of the Orange County Transportation Authority (Authority or OCTA) is to assist management and the Board of Directors (Board) in the effective discharge of their duties and responsibilities to safeguard the assets of the Authority while ensuring those assets are used in an efficient and effective manner. To this end, Internal Audit serves as an independent appraisal function to examine and evaluate the Authority's operations, activities, internal controls, compliance, opportunities, and risks.

## **Internal Audit Department Activities**

Internal Audit is responsible for examining and evaluating financial, administrative and operational activities of the Authority, and supplying management with information to assist in its control of the assets and operations for which it is responsible.

Internal Audit provides a wide range of auditing services including annual financial audit oversight, operational reviews, contract compliance reviews, internal control assessments, investigations, pre-award and post-delivery Buy America reviews, and pre-award price reviews. All audits initiated by entities outside of the Authority are coordinated through Internal Audit.

In July 2007, the Government Accountability Office (GAO) broadly defined audits as financial, attestation or performance audits. Financial audits, including financial statement audits, are assessments of, and assurances about, an entity's reported financial condition, operating results, or other defined financial criteria. Attestation engagements are both financial and non-financial and result in varying degrees of assurances about specific subject matter. Price reviews conducted by the Internal Audit Department are an example of attestation engagements whereby Internal Audit opines on specific elements of contractor price proposals.

Internal Audit's efforts, however, are focused primarily on the third category of audits, performance audits, as defined by the GAO. Performance audit objectives vary widely and include assessments of program effectiveness, economy and efficiency, internal control, compliance, and prospective analysis. To more accurately define the objectives of these performance audits, Internal Audit categorizes audit projects in a more descriptive manner as indicated below. It is important to note, however, that most audit projects include objectives consistent with one or more of these audit types.

**Compliance** – Compliance audits are performed to ensure that the terms and conditions of contracts, grants, memorandums of understanding or other agreements are being followed and that there is compliance with Board adopted policies and procedures, management policies and procedures, contract provisions, or regulatory requirements.

**Price Review** – Price reviews are conducted to determine if proposed pricing or costs are fair, reasonable, and/or necessary. Certain price reviews are mandated by federal or state statutes, and others by Authority procurement policy.

**Financial** - Financial audits focus on verification of financial transactions and balances. Financial audits include the financial statement audits of the Authority and related legal entities, as well as other attestation audits performed by external auditors to ensure compliance with debt covenants and restrictions, or other legally mandated requirements.

**Internal Control** – Internal control audits are performed to ensure that there are adequate controls in place to protect assets or resources. Internal controls include processes for safeguarding assets as well as segregating incompatible duties.

**Operational** - An operational audit is performed to evaluate current operating procedures and to determine if there are more efficient or effective ways to accomplish the goals of the project, program, or activity. Operational audits generally include elements of an internal control audit or a compliance audit.

**Information Systems** – Information systems (IS) audits are designed to evaluate controls over the accuracy and reliability of electronic data. These audits focus on the IS system life-cycles of planning and organization, acquisition and implementation, delivery and support, and monitoring and evaluation.

**Monitoring** - Monitoring activities are carried out to gain insight into newly developed or developing programs, or projects to allow auditors to continuously identify associated risk.

**Follow-Up Activities** – Activities and procedures undertaken to ensure that audit recommendations are implemented or otherwise satisfactorily addressed.

**Investigations** – Activities undertaken in response to a complaint or allegation.

## **Fiscal Year 2008-09 Accomplishments**

- Coordinated and assisted external auditors with the annual financial audit, including full staff support for the National Transit Database Agreed-Upon-Procedures.
- Completed 52 audit projects and provided over 50 recommendations for improvements in operations, policies and procedures, internal controls, and compliance.
- Issued OCTA's first audit report in compliance with Government Auditing Standards issued by the GAO.
- Worked with the audit subcommittee of the Orange County Local Transportation Authority Taxpayers Oversight Committee to ensure the audit requirements of the subcommittee were achieved during the annual financial audit and assisted the subcommittee in addressing clarifications to the Measure M Ordinance or guidelines.
- Implemented the workpaper, time reporting, and risk assessment modules of the Department's audit software (Audit Leverage) and completed a full year's audit work using the system, drastically reducing the Department's paper usage and creating efficiency in the review and approval of audit work.
- Conducted follow-up reviews of the implementation of audit recommendations and reported progress quarterly to the Finance and Administration Committee.



- Participated on numerous internal and external committees and task forces, including the Professional Issues Committee of the Association of Local Government Auditors. This committee provides feedback to standards-setting bodies on exposure drafts and other proposed professional pronouncements.
- Collaborated with the Contracts Administration and Materials Management (CAMM) Department to create greater efficiency in OCTA's review of prices proposed by architectural and engineering (A&E) firms.
- Conducted a training course for the CAMM Department to assist procurement administrators in their review of smaller A&E price proposals.
- Completed the procurement of a vendor to provide 24/7 fraud hotline service.

### **Fiscal Year 2009-10 Goals**

- Complete the implementation of OCTA's fraud hotline, including the development of a website, policies and procedures for investigation and reporting of activities, and a public outreach plan.
- Assist the Human Resources and CAMM departments in the development of a training program for OCTA's newly adopted Code of Conduct.
- Customize Audit Leverage reports to further improve the efficiency of the Department.
- Complete an in-house self assessment of Internal Audit's compliance with Government Auditing Standards and modify or update policies and procedures accordingly.
- Participate on two quality assurance (Peer) review teams to accrue reciprocal credit.
- Undergo Internal Audit's first Peer review.
- Develop a formal training assessment for each internal auditor in the Department.
- Complete the Fiscal Year 2009-10 Internal Audit Plan.

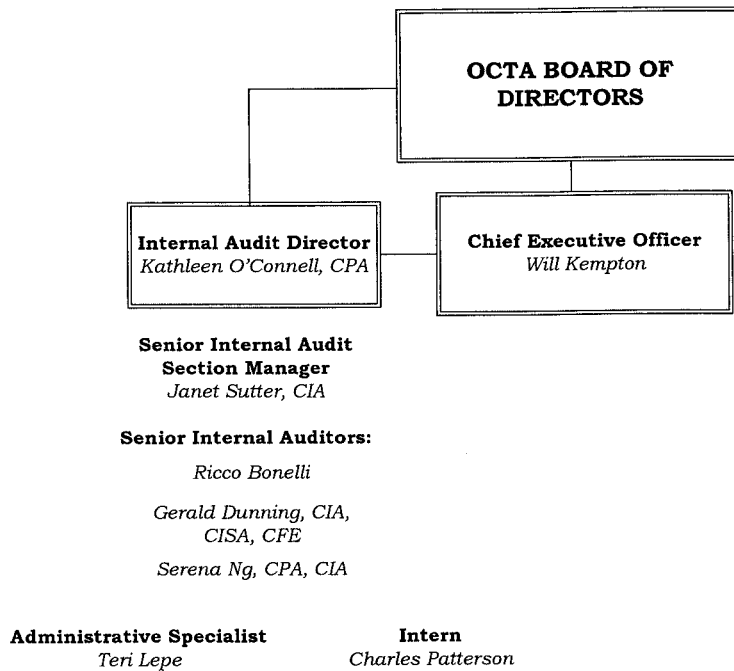
### **Internal Audit Organization**

Government Auditing Standards require that auditors be independent in both fact and appearance with respect to the entities for which they perform audit or attestation services. Impairments to independence arise from three general classes – personal, external, and organizational. Personal impairments result from relationships or beliefs that cause auditors to limit the extent of inquiry, disclosure, or weaken or slant audit findings in any way. External impairments to independence arise from external interferences that deter auditors from acting objectively and exercising professional skepticism by pressures, actual or perceived, from management and employees of the audited entity or oversight organizations. Organizational impairments to independence result when the audit function is organizationally located within the reporting line of the areas under audit or when the auditor is assigned or takes on responsibilities that affect operations of the area under audit.

The Internal Audit Department has established mechanisms to identify and remedy personal and external impairments to independence and OCTA has established an internal audit function that is organizationally independent. The Internal Audit Department reports functionally to the Board of Directors, and administratively to the Chief Executive Officer.

Among all the organizational alternatives for government entity internal audit departments, the GAO finds a presumption of independence where the audit organization is “elected or appointed by a legislative body, subject to removal by a legislative body, and reports the results of audits to, and is accountable to, a legislative body.”

**Internal Audit Departmental Organization Chart**



**Risk Assessment Process**

It is the responsibility of management of the Authority to identify, assess, and manage risk. It is Internal Audit’s responsibility to facilitate the identification and assessment of risk, and to monitor and report on how well risks are being managed by the Authority. All organizations face risks, which are defined as those events, actions, or inactions that could cause key business objectives not to be achieved. To mitigate and manage these risks, an organization typically implements internal controls, anticipates and plans for disruptions, develops risk management programs, and engages in other risk mitigation activities.

The key business objective of the Authority is defined in its mission statement “*Enhancing the quality of life in Orange County by delivering safer, faster, and more efficient transportation solutions.*” Those solutions are imbedded in the core business units of the Authority which include transit operations, regional transportation planning, development and rail programs. These business units are supported by administrative functions. All of these services are delivered through a variety of projects, programs, and activities.

In planning for fiscal year 2009-2010 audit activities, Internal Audit began populating the department's new audit software, Audit Leverage, with risk assessment criteria by program, project or contract, along with risk weightings and ratings. This process has allowed a much more dynamic and flexible approach to risk assessment than has been used in years past.

### Risk Assessment Methodology

First, Internal Audit created a comprehensive listing of projects, programs, or contracts (auditable entities). Each was then classified by type:

- Transportation Project
- Transportation Program
- Highway Project
- Rail Program
- Administrative Program
- Information System
- Account or Fund Balance
- Contract

Next, Internal Audit defined a universe of risks that could be applicable to one, some, or all of these project or program types:

**Compliance Risk** – The degree of regulatory oversight and the volume of regulations with substantial fines, penalties, or other sanctions for noncompliance

**Financial Risk** – Financial exposure to the Authority

**Complexity of Operations** – The number of individuals, departments, contractors, information systems, and manual processes involved in the delivery of this project or program. The degree to which transactions require professional judgment or technical expertise

**Operational Risk** – The severity of impact of a disruption in the operation of this Authority project or program on travelers in Orange County

**Strategic Risk** – The significance of this project or program to the Authority's long term success

**Image and Reputation Risk** – The intensity of public interest and awareness, and the visibility of the project or program to the media

**Internal Controls Risk** – The extent to which internal controls have been designed, implemented, and/or are operating effectively

**Audit Committee Interest** – Level of interest shown in this project or program by the Finance and Administration Committee or the Board of Directors

**Security Risks** – The impact of a security breach to Authority customers, contractors, employees, or the public

**Safety Risks** – The degree of severity resulting from incidents or accidents

**Control Environment** – The degree to which management has fostered a culture that includes appropriate internal control conscientiousness

**Time Since Last Audit** – The length of time since the last audit or review was conducted

The creation of a universe of project types and a compilation of all types of risk allowed Audit Leverage to create, in a “batch” manner, a risk assessment unique to each type of project or program.

Next, Internal Audit defined a five-point rating scale:

Rating	Description
5	High Risk
4	Moderate to High Risk
3	Moderate Risk
2	Low to Moderate Risk
1	Low Risk

Finally, for each project type and risk, Internal Audit assigned ratings and weighted the appropriate risks. The following tables demonstrate this process.

Example of an Administrative Program Risk Assessment:

Auditable Entity		Financial Risk	Compliance Risk	Control Environment	Safety Risk	Security Risk	Audit Committee Interest	Operational Risk	Strategic Risk	Complexity of Operations	Image & Reputation	Time Since Last Audit	Weighted Average Risk
Purchasing Cards	Risk	2	4	3	-	2	4	2	-	4	5	1	3.2
	Weight	20%	10%	10%	-	5%	5%	15%	-	10%	20%	5%	100%

Example of a Highway Project Risk Assessment:

Auditable Entity		Financial Risk	Contract Compliance Risk	Safety Risk	Audit Committee Interest	Image and Reputation	Weighted Average Risk
I-5 Gateway	Risk	5	5	4	3	5	4.6
	Weight	40%	25%	10%	15%	10%	100%

As can be seen in the first example, several of the risk factors that were pre-populated by Audit Leverage for this administrative program were not used, as they were not considered appropriate risk factors for this particular auditable entity. Neither safety nor strategic risks were considered applicable to a purchasing card program. For the I-5 Gateway highway project, all risk factors were considered relevant. However, as can be seen, fewer risks were applied to this project type. For example, operational risk, defined as the impacts of service disruptions, would generally relate to an ongoing program rather than a construction project. Thus, this risk would generally not apply to highway projects.

Like projects and programs, Internal Audit risk assessed all contracts with a term beginning June 30, 2009 and greater than \$1.5 million.

Following the risk assessment of each of approximately 200 auditable entities within OCTA, Internal Audit summarized the results on the heat chart in Appendix A. The heat chart translates the numerical risk ratings of each auditable entity into a more visually appealing format.

The Risk Assessment also includes the results of an Information Systems Risk Assessment that was conducted during fiscal year 2008-2009 by the professional services firm, Control Solutions, Inc. That risk assessment identified five major control areas within the information systems environment which should be reviewed on a periodic basis. These included system continuity, information security, systems development, change management, and information systems operations. Each has been included in the comprehensive OCTA Risk Assessment at Appendix A, along with the risk ratings as determined by Control Solutions, Inc.

The Information Systems Risk Assessment did not include an assessment of risks relevant to specific system applications. Therefore, Internal Audit bundled OCTA's approximately 100 applications by function and assessed the risk of each bundle using specifically defined information system risk assessment criteria. The results of these risk assessments are also included in Appendix A.

## **Internal Audit Plan Development**

The Internal Audit Plan for fiscal year 2009-2010 at Appendix B calls for approximately 7,300 Internal Audit hours. Of these hours, approximately 725 relate to mandatory audit activities and 645 relate to Internal Audit Department initiatives. The budget also includes 800 hours for price review services. While the Department has external audit contractors that perform these on an on-call basis, OCTA's CAMM Department generally requests quick turnaround of these reviews so as to assist them in contract negotiations with architectural and engineering firms and in an effort to accommodate these requests, Internal Audit has been conducting more price reviews in-house. This leaves approximately 5,900 hours for traditional internal audits.

The Internal Audit Plan seeks to align limited audit resources with risk throughout the organization while considering prior audit effort as identified in the Appendix B Risk Assessment. The Internal Audit Plan also includes some subjective evaluation of other factors that were not risk rated during the risk assessment process. For example, some high risk entities in the Risk Assessment are not included in the Internal Audit Plan because they are projects in their infancy. Several highway projects, while considered high risk due to financial exposure, would be more suitably audited when more expenditures are incurred. Other high risk entities were not included in the Internal Audit Plan because of current situational factors. Such is the case with employment services. This audit project which was included in the 2008-2009 Internal Audit Plan has been cancelled due to OCTA's hiring freeze and the redeployment of employment staff to other human resources activities.

OCTA also has several on-going initiatives that are proactively addressing risks related to security and business resumption planning, therefore, these high risk auditable entities have not been included in the Internal Audit Plan. For example, the Information Systems Department is currently developing a scope of work for the preparation and implementation of a disaster recovery plan. In addition, OCTA has embarked on a multi-year security program which will address gaps found between newly developed security policies and the current OCTA environment, as well as address compliance with regulations such as the Homeland Security Act, the U.S. Patriot Act, the Health Insurance Portability Accountability Act, and payment card security requirements.

Internal Audit will continue to refine the risk assessment module of Audit Leverage to include emerging OCTA projects, programs, and contracts. Internal Audit will also continue to assess the risk ratings and weightings included in Audit Leverage to most accurately reflect risk to the organization and to allow the greatest coverage of that risk in the annual audit planning process.

## **APPENDIX A: Risk Assessment by Program/Project/Contract**

Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

**Division**

**Functional Area**  
**Project/Program**  
**Contract**

<b>Executive</b>	<b>RISK ASSESSMENT</b>	<b>5 Year Audit History</b>
<b>Clerk of the Board</b>		
Public Records Requests	Low to Moderate	
Form 700 Disclosures	Moderate	
Public Meeting Notice	Low to Moderate	
Board of Directors Compensation and Ethics Compliance	Moderate	2009
<b>Legal Services</b>		
Contracts > \$1.5 million:		
Woodruff, Spradlin and Smart P.C. (\$2.8 million)	Low to Moderate	2007
<b>Motorist Services</b>		
Freeway Service Patrol Program and contracts (\$1.6 to \$5.1 million)	Moderate to High	2007
Call Box Program and Contracts > \$1.5 million:		
Comarco Wireless Technologies (\$3 million)	Low to Moderate	
Republic ITX (\$1.6 million)	Low to Moderate	
511 Motorist Aid Program	Moderate	
Taxicab Administration Program	Moderate to High	
Service Authority for Abandoned Vehicles	Moderate	
<b>Planning and Development</b>		
American Recovery and Reinvestment Act (ARRA)	Moderate to High	2010
<b>Highway Project Delivery</b>		
Contracts > \$1.5 million:		
<b>I-5 Gateway</b>		
URS (\$12 million)	High	2010
Caltrans Cooperative Agreement (\$28.3 million)	High	2010
Inspection, Survey & Public Awareness - Caltrop (\$18 million)	High	
Caltrans Cooperative Agreement (\$124 million)	High	2010
Cooperative Agreement with City of Buena Park (\$2.3 million)	Moderate	
<b>I-5 Pico to PCH Improvements (M2 - Project C) - P/A E/D</b>		
RMC, Inc. (\$4.7 million)	Moderate	
<b>I-5 from I-405 to SR-55 and I-5 at Baranca</b>		
Caltrans Cooperative Agreement for PS&E (\$2.5 million)	Low to Moderate	
<b>I-5 Oso Parkway</b>		
Plans, Specifications and Estimates - CH2MHill (\$1.5 million)	Low to Moderate	
<b>I-5 / SR-55 Transitway Connector</b>		
Caltrans Cooperative Agreement for Alternative Designs C12-054 (\$2.0 million)	Moderate	
<b>I-405 Jamboree to SR-73 and SR-55 from I-405 to MacArthur</b>		
Caltrans Cooperative Agreement (\$19.5 million)	High	
<b>I-405 from SR-55 to I-605</b>		
RFP Preparation for Improvements - PTG (\$9.6 million)	Moderate	
<b>I-405/SR-55 Inspection Support Services for MOS-1</b>		
Jacobs Civil Inc. (\$2.3 million)	Moderate	



Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

	RISK ASSESSMENT	5 Year Audit History
<b>SR-57 Improvements</b>		
Caltrans Cooperative Agreement for ROW Support Services - Jacobs Civil (\$6.5 million)	High	
Design - CH2MHill C71247 (M2 - Project G) (\$6.0 million)	Moderate	
Design - RFB C70887 (M2 - Project G) (\$6.7 million)	Moderate	
<b>SR-22 Projects</b>		
SR-22 Design Build Management Contract - PTG	Moderate to High	2010
Design/Construct Thunderbird Sewer Station Improvements - GG Sanitation Dist. (1.9 million)	Low to Moderate	
Cooperative Agreement with OCFCD (\$1.5 million)	Low to Moderate	
<b>SR-91 Improvements</b>		
Caltrans Cooperative Agreement for Design Services (\$1.7 million)	Low to Moderate	
<b>West County Connectors</b>		
Design Services – Parsons Transportation Group (\$9.6 million)	High	
On-call Environmental Services - Kleinfelder (\$2.5 million)	Moderate to High	2010
On-call Design Services - Carter & Burgess, Miralles Associates, STV Inc. (\$1.9 million)	Moderate to High	2010
Project Management Consultant Services - Hatch Mott McDonald (\$1.7 million)	Moderate	
<b>Grade Separation Projects</b>		
Contracts > \$1.5 million:		
<b>Kraemer Boulevard</b>		
Design - HTNB (\$4.7 million)	Moderate to High	
<b>Lakeview Avenue</b>		
Design - CH2MHill (\$3.5 million)	Moderate to High	
<b>Orangethorpe Avenue</b>		
Design - DMJM Harris AECOM (\$6.2 million)	Moderate to High	
<b>Tustin Avenue</b>		
Design - Biggs Cardosa Associates \$4.4 million	Moderate to High	
<b>Placentia Boulevard</b>		
Design - MTK Engineering (\$1.8 million)	Moderate to High	
Raymond Avenue	Moderate to High	
State College Boulevard	Moderate to High	
Plan Check Services for 5 Grade Separation Projects - Althalye Consulting (\$2.0 million)	Moderate to High	
<b>Highway Project Management</b>		
Project Controls	Moderate to High	2006
Change Order Controls	High	
Highway Project Mitigation Program	Moderate to High	
<b>Local Projects</b>		
Combined Transportation Funding Program – Measure M Competitive	High	2010
Measure M Turnback	High	Annual
<b>Measure M Go-Local Projects</b>		
Contracts > \$1.5 million:		
City of Anaheim Fixed Guideway Alternatives Analysis & Env. Clearance (\$5.9 million)	Moderate to High	
City of Santa Ana Fixed Guideway (\$5.9 million)	Moderate to High	
City of Irvine Fixed Guideway Cooperative Agreement (\$5.2 million)	Moderate to High	
Measure M2 Environmental Mitigation Program	Moderate to High	
Measure M2 Water Quality Program	Moderate to High	
Measure M1/Prop 1B Signal Synchronization Program - 10 corridors	Moderate to High	
Measure M2 Regional Transportation Signal Synchronization Program	Moderate to High	

Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

	RISK ASSESSMENT	5 year Audit History
<b>Facility Projects</b>		
Facility Project Management	Moderate	
Contracts > \$1.5 million:		
Sand Canyon CNG Fueling Facility - Clean Energy (\$3.7 million)	Moderate to High	
Fullerton Parking Expansion - City of Fullerton ROW Acquisition (\$3.2 million)	Moderate to High	
Irvine Transportation Center Parking Structure	Moderate to High	2010
Sand Canyon Base Building Modifications - Dalke & Sons Construction (\$2.6 million)	Moderate	
Revenue and Revenue Sharing Contracts	High	2010
Right of Way and Real Estate Administration	High	2010

**Rail Programs**

Metrolink

Contracts > \$1.5 million:

Metrolink Cooperative Agreement for 30 Minute Service (\$87.9 million)	High	
Metrolink Cooperative Agreement for Grade Crossing/Quiet Zones (\$60 million)	High	
Atchinson, Topeka & Santa Fe Track Construction along SB Subdivision (\$26.5 million)	High	
Parsons Brinkerhoff Project Management for Metrolink Expansion (\$5 million)	Moderate to High	
Soundwall Esparanza/Orangethorpe at Imperial - City of Anaheim (\$2.3 million)	Moderate to High	

Metrolink Audit Activities

Metrolink Ridership and Revenue & Expense Allocations

High  
High

2010

High Speed Rail

Contracts > \$1.5 million:

CHSRA Cooperative Agreement for E.I.R. for Anaheim to Los Angeles Segment (\$7.0 million)	Low to Moderate	
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Anaheim Regional Transportation and Intermodal Center (ARTIC)

Contracts > \$1.5 million:

City of Anaheim Cooperative Agreement (\$6.0 million)	Moderate	
Environmental & Advanced Design - Jones & Stokes (\$2.9 million)	Moderate	

Rail Right of Way Maintenance Services

Moderate

**Transit Operations**

Community Transportation Services

ACCESS Eligibility

High

2007

ACCESS Service

Contracts > \$1.5 million:

Veolia Transportation ACCESS, Fixed Route, etc through June 2009 (\$95.6 million)	High	2007
MV Transportation Contracted Fixed Route, etc. through 2013 (\$33.7 million)	High	2010

Senior Mobility Programs

Contracts > \$1.5 million:

Funding agreements with Orange County Cities for Senior Mobility Programs (\$6.0 million)	Moderate to High	
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Maintenance

Base Facilities

Moderate

Vehicles

Moderate to High

2010

Stops & Zones

Moderate

Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

	RISK ASSESSMENT	5 Year Audit History
<b>Fixed Route Operations</b>		
Operations Training	Moderate to High	2007
Company Equipment Assigned Vehicles	Moderate	2006
Operations Field Supervision	Moderate	
Fare Evasion	Moderate	
Lost and Found Operations	Low	
<b>Central Communications</b>		
Radios and Dispatch	High	
<b>Transit System Security</b>		
Contracts > \$1.5 million:		
Orange County Sherrifs Department (\$9.9 million)	Moderate to High	
<b>Bus Rapid Transit</b>		
Contracts > \$1.5 million:		
Design Services Bus Stop Enhancements - IBI Group (\$2.5 million)	Moderate to High	
Bus Service Reduction Program	Moderate	
Vehicle Dispositions	Moderate	
Measure M Transit Programs	Moderate	
Project S - Shuttle Services	Moderate	
Project V - Community Circulators	Moderate	
Janitorial Service Contracts	Low to Moderate	
<b>Security</b>		
Security – Infrastructure	Moderate to High	
Security – Documents and Critical Information	Moderate to High	
Security – Rolling Stock	Moderate to High	
Disaster Preparedness and Business Resumption	High	

**Finance and Administration**

<b>Financial Planning &amp; Analysis</b>		
Budget Development & Monitoring	Moderate	
Performance Measures	Moderate	
Comprehensive Business Plan	Moderate	
<b>Treasury / Public Finance Management</b>		
Investments	High	2010
Contracts > \$1.5 million:		
Investment Advisory & Management Fees - Saloman Smith Barney (\$3.4 million)	Moderate to High	2010
Investment Advisory & Management Fees - Bear Stearns (\$3.5 million)	Moderate to High	2010
Investment Advisory & Management Fees - Payden & Rygel (\$2.3 million)	Moderate to High	2010
Investment Advisory & Management Fees - State Street Global Advisors (\$2.1 million)	Moderate to High	2010
Arbitrage Rebates	Moderate	
<b>Toll Roads</b>		
Toll Road Revenue Collection	High	2010
Toll Road Contracts > \$1.5 million		
Toll Road Operations - Cofiroute USA LLC (\$30.1 million)	Moderate to High	2006
Toll Road Transponders - SIRIT Corp. (\$2.2 million)	Moderate	
Toll Road Building Lease - LBA Realty Fund (\$1.5 million)	Moderate	
Investor Relations	Moderate	

Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

	<b>RISK ASSESSMENT</b>	<b>5 Year Audit History</b>
<b>Accounting and Financial Reporting</b>		
General Accounting	Moderate	
Financial Reporting	Moderate	Annual 2010
Cost Allocation Plan	Moderate to High	
National Transit Data Reporting	Moderate to High	Annual
Measure M Accounting & Reporting	Moderate	Annual
Sales Tax Revenue	High	2010
Farebox Revenue Collection and Armored Car Services	High	2008
Contracts > \$1.5 million:		
Sectran Security Armored Car and Revenue Counting (\$3 million)	Moderate to High	2008
Grants Management & Accounting	High	2009
Accounts Payable	Moderate to High	
Purchasing Cards	Moderate to High	2009
Corporate Credit Cards	Moderate to High	
Accounts Receivable	Moderate to High	
Capital Assets	Moderate to High	2009
<b>General Services</b>		
Printing and Reprographics	Low	
Records Management	Moderate	2007
Building Operations / Lease Administration		
Contracts > \$1.5 million		
P M Realty (Administration Building Lease)	Moderate	
Access & Identification Cards	Moderate	2007
<b>Risk Management</b>		
Insurance Program Administration	Moderate	
Liability Claims Management	Moderate to High	2007
Workers Compensation	Moderate to High	2006
<b>Human Resources and Organizational Development</b>		
<b>Employment</b>		
Preemployment Testing and Background	High	
Performance Management and Discipline	Moderate to High	
Transfers and Terminations	Low	
Merit and Promotion	Low	
Restricted Duty	Moderate	
Personnel Records	Moderate	
Extra Help and Contract Staffing	Low	
<b>Compensation, Payroll and Benefits</b>		
Payroll	High	2009
Payroll – Overtime	Moderate to High	2009
Payroll – Special (Termination Pay, Lump Sum Pay, etc.)	Moderate to High	2009
Payroll – Garnishments	Low to Moderate	
<b>Healthcare Plans</b>		
Contracts > \$1.5 million:		
AETNA Healthcare (\$2.9 million)	Moderate to High	2006
Family Medical Leave Act	Moderate	
Flexible Benefits	Low to Moderate	
Orange County Employees Retirement System	Moderate	2008

Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

	<b>RISK ASSESSMENT</b>	<b>5 Year Audit History</b>	
Health Insurance Portability and Accountability Act	Moderate	2007	
Teamsters Pension Trust Fund	Low to Moderate		
Employee Assistance Program	Low		
<b>Employee and Labor Relations</b>			
Contract Negotiations	Moderate	2007	
Unemployment Claims	Low to Moderate		
Grievances	Low		
Employee Relations Training	Low		
Equal Employment Opportunity	Moderate		
<b>Training &amp; Development</b>			
Mandated Training	Moderate	2010 2009 2009 2007	
Training and Development Programs	Moderate		
<b>Safety &amp; Environmental Compliance</b>			
Safety Programs	High		
Drug and Alcohol Program	High		
Medical Examinations	High		
Loss Control and Accident Analysis	Moderate to High		
Department of Motor Vehicles Pull Notice Program	High		
Wellness Program	Low		
Environmental Compliance Program	Moderate to High		
<b>Contracts &amp; Materials</b>			
<b>Procurement</b>			
Procurement Activities - Contract Modifications & Terminations	Moderate	2010	
Procurement Activities - Cost Estimates	Moderate to High		
Procurement Activities - Cost Proposal Evaluation	High		
Procurement Activities - IFB & RFP Development	Moderate		
Procurement Activities - Protests	Moderate		
Procurement Activities - Retainage	Moderate		
Procurement Activities - Small Purchases	Moderate		
<b>Rolling Stock and Inventory Contracts</b>			
<b>Contracts &gt; \$1.5 million:</b>			
New Flyer 40 foot low floor CNG buses (\$130.2 million)	High	2008	
Creative Bus Sales 31 CNG Buses (\$12.4 million)	Moderate to High		
Creative Bus Sales 33 Paratransit Cutaways (\$3.4 million)	Moderate to High		
Southern Counties Oil - Deisel fuel purchases through 2013 (\$15.2 million)	High		
IPC USA - Unleaded fuel purchases through 2013 (\$15.1 million)	High	2010	
Bridgestone/Firestone Tires (\$10.2 million)	Moderate to High		
Applied Liquid Natural Gas Technologies	High	2007	
Buy America Compliance	High	Annual	
<b>Maintenance Inventory</b>			
Maintenance Inventory Management	Moderate to High	2010	
Warranty Administration	Moderate to High	2010	
Fuel Dispensing Controls	High	2010	
Disadvantaged Business Enterprise Program	Moderate	2007	

Orange County Transportation Authority  
Internal Audit Department  
**Risk Assessment by Program/Project/Contract**  
Fiscal Year 2009-10

Information Systems	RISK ASSESSMENT	5 Year Audit History
Information Systems Continuity	High	
Information Systems Security	Moderate to High	
Information Systems Development	Moderate	
Information Systems Change Management	Moderate to High	2010
Information Systems Operations	Moderate	
Critical Information Systems Applications		
Fixed Route Radio Systems (software supporting all radio communicatinos)	High	Monitor 2010
Fixed Route Planning Information Systems ( dispatch, scheduling, routing, runcutting)	High	
Fixed Route Data Information Systems (farebox data, passenger counts and reporting, etc.)	High	
Procurement and Inventory Information Systems (Ellipse, CAMMNet)	Moderate	
Time Reporting and Payroll Information Systems	High	2009
Customer Service Information Systems (Call center, Rideshare, FSP, etc.)	Moderate to High	
Safety and Security Systems (Video cameras, Hazmat tracking, etc.)	Moderate	
Financial Transactions and Records Systems (fund accounting, budgeting, data warehousing)	Moderate to High	
Interagency Communications (voice response for operations scheduling, voicemail, phone)	Moderate	
Information Systems Hardware	Moderate to High	
Telecommunications Equipment	Moderate to High	2010
<b>External Affairs</b>		
Communications, Customer Relations, Marketing		
Bus Advertising	Moderate	2007
Marketing Programs and Contracts	Moderate	
Media Relations	Moderate	
VanPool Program	High	2009
Web Development	Low to Moderate	
Pass Sales Programs	High	
Pass Sales – Special Programs (Reduced Fare)	Moderate to High	
Customer Service	Moderate	
Contracts > \$1.5 million:		
Customer Information Center Alta Resources (\$6.9 million)	Moderate to High	2010
<b>Government Relations</b>		
Federal Relations	Moderate	
State Relations	Moderate	
Local Outreach	Moderate	

## **APPENDIX B: Fiscal Year 2009-10 Internal Audit Plan**

**Orange County Transportation Authority  
Internal Audit Department  
FY 2009-10 Internal Audit Plan**

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Staff Hours</b>	<b>External Auditor(s)</b>	<b>Notes</b>
<b>Mandatory External Independent Audits</b>						
Annual Financial Audit	FY10-000	Annual financial and compliance audit for fiscal year 2008-09.	Financial	455	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	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	Procurement Underway	
Triennial Performance Audit - Renewed Measure M	FY10-020	Participate in procurement of external consultant to conduct performance assessment of the Renewed Measure M program for the triennial period November 7, 2006 through June 30, 2009.	Performance	25	Scope of Work has been developed	
Orange County Council of Governments Financial Statement Audit	FY10-011	Management of external audit of OCCOG financial statements.	Financial	15		
<b>Internal Audit Initiatives</b>						
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		
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		
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		
Service Efforts & Accomplishments	FY10-103	Evaluation and summarization of the value of Internal Audit activities.	Service Efforts Report	100		
Fraud Hotline	FY10-104	Implementation of an outsourced fraud hotline.	Fraud Hotline	120		
Audit Leverage Implementation	FY10-105	Continuing implementation of internal audit software.	Audit Leverage	120		
<b>Internal Audits</b>						
<b>Executive</b>						
Safety Monitoring	FY08-031	Review and follow-up on any APTA Safety Review conducted in FY 2008. Most recommendations have been implemented.	Internal Controls	100		



**Orange County Transportation Authority  
Internal Audit Department  
FY 2009-10 Internal Audit Plan**

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Staff Hours</b>	<b>External Auditor(s)</b>	<b>Notes</b>
<b><i>Planning and Development</i></b>						
American Recovery and Reinvestment Act (ARRA)	FY10-502	Review of Authority's compliance with ARRA reporting requirements.	Compliance	175		
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	GCAP Services	Complete (F&A 8/12/09)
I-5 Gateway Contract	FY08-014	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	50	Wang Accountancy Corporation	Report in Draft
CTFP Project Audits/CTFP System	FY08-019	Evaluation of program process and review of a sample of projects funded by the CTFP.	Compliance	50	Mayer Hoffman McCann	In Process
On-Call Service Contracts	FY09-012	Review of on-call contracts for contract compliance and 2008 compliance with procurement policies and procedures.	Compliance	275		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		
<b><i>Rail Projects and Programs</i></b>						
Metrolink Audit Activities	FY08-010	Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	Operational	50		Report in Draft
Buena Park Metrolink Station Closeout Audit	FY08-007	Closeout audit of construction of Metrolink station.	Compliance	15	Mayer Hoffman McCann	Report in Draft
Irvine Transportation Center	FY09-013	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	75		
<b><i>Transit Operations</i></b>						
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		
Contracted Operations	FY10-503	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	175		
Vehicle Maintenance	FY08-020	Review of policies, procedures, management reporting and regulatory compliance.	Operational	150		In Process

**Orange County Transportation Authority  
Internal Audit Department  
FY 2009-10 Internal Audit Plan**

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Staff Hours</b>	<b>External Auditor(s)</b>	<b>Notes</b>
<b><i>Government Relations</i></b>						
Grant Close-outs	FY10-400	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	Compliance	75		STIP-PPM FY07 08 In process.
<b><i>Finance</i></b>						
Treasury	FY10-504	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	Compliance	250		One Semi-Annual Review In Process
Cost Allocation Plan	FY10-506	Review of OCTA's methodology for, and application of, cost allocation.	Financial	175		
Revenue Accounting	FY08-024	Review of controls over the collection and processing of sales tax receipts.	Operational	50		In Process
91 Express Lanes Collections	FY08-016	Review of contractual compliance and performance of collections contractor L.E.S.	Compliance	75		In Process
Investment Management & Service Fees	FY09-011	Review of services and invoices for investment and debt advisory and management services.	Compliance	250		In Process
<b><i>Contracts &amp; Materials</i></b>						
Price Reviews	PR-000	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	800	TCBA, KNL Services, Mayer Hoffman McCann, Mendoza Berger	
Procurement Activities - Proposal Evaluations	FY08-015	Review of policies, procedures, protocols and best practices for the empanelment of procurement selection teams.	Operational	250		
Revenue and Revenue Sharing Contracts	FY10-501	Review of revenue generating/sharing agreements to determine adequate controls exist to ensure collection.	Operational	300		
Bridgestone/Firestone Tire Lease	FY09-014	Review of lease of bus tires.	Compliance	175		
Maintenance Inventory Management	FY09-022	Review of inventory management policies, procedures, controls, operational efficiency and analytic tools.	Operational	175		
Warranty Administration	FY09-023	Review of internal controls over warrantied equipment.	Internal Control	175		
Fuel Controls	FY09-024	Review of controls over dispensing of petroleum products.	Internal Control	150		

**Orange County Transportation Authority  
Internal Audit Department  
FY 2009-10 Internal Audit Plan**

<b>Audit Activity</b>	<b>Project Number</b>	<b>Description</b>	<b>Primary Audit Type</b>	<b>Staff Hours</b>	<b>External Auditor(s)</b>	<b>Notes</b>
<b>Information Systems</b>						
Information Systems Change Management Controls	FY10-508	Review of information systems change management policies, procedures and controls.	Operational	225		
Telecommunications Equipment	FY09-020	Review of telecommunications equipment usage and internal controls.	Internal Control	175		
<b>External Affairs</b>						
Customer Information Center (Alta Resources)	FY09-018	Review of contractually required service levels and contractor billing.	Contract Compliance	50		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		Complete (F&A 7/22/09)
<b>Authority-Wide</b>						
Unscheduled Reviews and Special Requests	FY10-200	Time allowed for unplanned audits and requests from the Board of Directors and management.	Varies	250		
<b>Monitoring Activities</b>						
Measure M Taxpayers Oversight Committee	FY09-401	Coordination of audit activities with the Audit Committee of the Measure M Taxpayers Oversight Committee.	Monitoring	75		
BRT	FY09-405	On-going monitoring to keep apprised of activities and significant issues.	Monitoring	25		
Radio Upgrade	FY10-602	Monitoring of upgrade to Radio System contemplated in FY 2010.	Monitoring	25		
Records Management	FY09-406	On-going participation with contractor on Information Classification - Document Collection project.	Monitoring	25		
Highway Projects	FY10-402	On-going monitoring of highway projects.	Monitoring	50		
Bus Base Inspections & Inventory Testing	FY10-603	Participation on base inspection teams and periodic testing of base inventory records.	Monitoring	40		
<b>Follow-up Reviews</b>						
Follow-up reviews and reporting	FY09-200	Follow-up on audit findings and recommendations.		300		
				<b>7,270</b>		





**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** Will Kempton, Chief Executive Officer  
**Subject:** Federal Legislative Status Report

**Overview**

This Federal Legislative Status Report provides a recap of major congressional transportation activities leading up to the August recess, which began in the House on July 31, and in the Senate on August 7.

**Recommendation**

Receive and file as an information item.

**Discussion**

Prior to leaving Washington for a summer recess on July 31 in the House and August 7 in the Senate, Congress acted to temporarily preserve the solvency of the Highway Trust Fund, significantly advance fiscal year 2010 appropriations, and indicate the likely postponement of any substantive action this year on reauthorization. These areas are discussed in detail below.

**Highway Trust Fund Solvency**

On July 30 the Senate passed H.R. 3357, clearing legislation to transfer \$7 billion to the Highway Trust Fund (HTF) from the federal General Fund. The action will preserve sufficient funding in the HTF until beyond the end of the fiscal year (FY) on September 30. A number of offered amendments to the measure were all defeated, including a proposal by Senator Christopher Bond (R-MO) to repeal a scheduled rescission of \$8.7 billion in current unobligated highway contract authority. This planned rescission is part of the present transportation authorization bill and will need to be reconciled as part of the long term future viability of the HTF. Senate Environment and Public Works Chairman Barbara Boxer (D-CA) encouraged members to vote against all amendments in order to facilitate final passage of the measure, as approved by the House. Senator Boxer expressed support for Bond's amendment in

principle and assured her colleagues that the issue would be addressed. This bill now goes to President Obama for his expected approval.

#### FY 2010 Appropriations

On July 23, the House concluded its work on the Transportation Housing and Urban Development (THUD) appropriations bill for FY 2010. The Senate brought its version of the bill through Committee mark up and approval on July 30, but recessed without floor action. The Senate bill includes \$42.5 billion for the Federal Highway Program and \$11.1 billion for transit funding. These numbers are up slightly from the House version (\$41.1 billion for highways and \$10.5 billion for transit). Both totals are up slightly from the FY 2009 appropriations.

Key differences between the House and Senate versions are in the appropriations for high-speed rail (\$4 billion in the house versus \$1.2 billion in the Senate), appropriations for new transit rail starts (\$1.827 billion in the House versus \$2.307 in the Senate) a new Senate appropriation of \$1.1 billion for a national infrastructure investment program, similar to the Transportation Investment Generating Economic Recovery (TIGER) program contained in the current economic stimulus legislation, and Senate inclusion of \$50 million for Positive Train Control (PTC) implementation, as authorized by the Rail Safety Improvement Act of 2008.

The House bill contains four Orange County Transportation Authority (OCTA) earmarks as follows: \$725,000 for the Anaheim Regional Transportation Intermodal Center (ARTIC) offered by Representatives Sanchez, Royce and Miller; \$750,000 for improvements on the San Diego Freeway (Interstate 5) south offered by Representative Calvert; \$750,000 for improvements on the San Diego Freeway (Interstate 405) offered by Representative Rohrabacher, and \$350,000 for Bristol Street widening offered by Representative Sanchez. The Senate bill contains a \$500,000 earmark for Metrolink PTC implementation offered by Senator Feinstein.

Once the full Senate acts in September, a House-Senate conference committee will meet to resolve differences between the two bills. It is anticipated that the conference report will be issued by Congress and sent to the President by October 1.

#### Authorization

Regarding authorization, it is becoming more likely that Congress will pass an extension of the existing Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Three Senate committees

have now passed an 18-month extension of the existing SAFETEA-LU law. However, House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) adamantly opposes an extension and is pushing for a longer-term reauthorization proposal. The House Subcommittee on Highways and Transit has approved a six-year \$500 billion surface transportation authorization proposal that Chairman Oberstar has vowed to bring to the House floor in September. In order to accomplish this, the House Ways and Means Committee would need to find a source of funding for the bill. With other legislative issues such as health care consuming congressional attention, it is unlikely that Chairman Oberstar's measure will move this year. Therefore, Congress will need to take action on a continuing resolution before SAFETEA-LU sunsets on September 30.

**Summary**

Prior to recessing for August, Congress took action to temporarily fund the Highway Trust Fund, moved FY 2010 appropriations forward, and indicated a likely postponement of new transportation reauthorization legislation. The June and July monthly reports of Smith Dawson and Andrews and Potomac Partners, are included as Attachments A and B.

**Attachments**

- A. Potomac Partners June and July 2009 Monthly Report to OCTA.
- B. Smith Dawson and Andrews June and July 2009 Monthly Report to OCTA.

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## Potomac Partners DC Monthly Report

### Report to Orange County Transportation Authority

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

**June 2009**

#### **1. Surface Transportation Authorization Act (STAA) of 2009 Update**

On June 22<sup>nd</sup> Chairman Jim Oberstar unveiled his draft bill, the Surface Transportation Authorization Act (STAA) of 2009. Chairman Oberstar and Ranking Member John Mica together are leading a concerted, bi-partisan effort to push this bill to the floor of the House despite the Administration's desire to hold off on the bill and instead enact an 18 month extension of the previous SAFETEA-LU. Potomac Partners DC is continuing to study the 775-page draft bill and look for opportunities to suggest improvements in the legislative language for OCTA and a "Goods Movement" program.

In general, the STAA is an ambitious six-year surface transportation authorization bill that hopes to transform DOT's ability to deliver projects that improve our national transportation infrastructure. The STAA draft bill currently does not contain any authorization funding levels, budget authority, obligation ceilings, or apportionment formulas. The bill, a "work in progress," also contains no earmarked project lists. A more complete version of this bill to include a list of Members' High Priority Projects (HPPs) is expected to be marked up by the full committee in July, but that is contingent on a financing and revenue deal being reached with the Ways and Means Committee, the Democratic leadership, and the Obama Administration.

The near term challenge for the T&I committee is how to maintain a solvent Highway Trust Fund (HTF), while the bill works its way through the Congressional process. In the past, Congress has approved a transfer for funds from the General Fund to the HTF to stave off any potential shortfalls. The Administration, however, is now contemplating offsetting this round of aid to the HTF, and Chairman Oberstar does not want to introduce a stop-gap measure that could slow the progress of STAA until it is absolutely necessary.

The overall financing deal that Oberstar and Mica hope to finalize soon could include a mix of new pilot programs for Vehicles Miles Traveled (VMT) and an increase in the federal gas tax. CBO has estimated that will require \$140 billion in new revenues above existing gasoline tax baseline funding. The Ways and Means Committee, however, has shown little inclination to raise that kind of money at this point. Chairman DeFazio has suggested other alternatives for raising the needed revenues such as indexing the gas tax for inflation after two years, which could be used to back a bond issue raising \$50 billion to \$60 billion,



including \$13 billion available upfront in FY10. Another proposal would raise \$190 billion through a 0.02 percent tax on crude oil futures and a 0.5 percent tax on crude oil options transactions.

### ***June 25<sup>th</sup> STAA Markup***

On June 25, the House Highways and Transit Subcommittee approved, by voice vote and without amendment, the draft bill that Oberstar had circulated three days prior. The markup session was mostly ceremonial, as Democrats had agreed not to offer any amendments during the subcommittee markup and Republicans had agreed to offer a few amendments, but then withdraw them without a vote in the hopes that the chairmen and ranking minority members would continue to work on those issues before the bill is marked up in full committee. Oberstar did use the opportunity to make a passionate plea for his colleagues to continue working on the legislation and not be deterred by the Administration's fear that they are moving too fast. Oberstar and others at the markup also pointed out this STAA is an important economic "stimulus" bill that is needed now more than ever with increasing unemployment. With some key administration officials and Democrat Members of Congress contemplating a *second stimulus bill*, the likelihood of STAA becoming that vehicle is possible.

The following amendments were offered and then withdrawn during the subcommittee markup session on June 25th:

- Moran (R-KS) amendment allowing states to use not less than five percent of their Critical Asset Investment formula funds on off-system bridges.
- Gary Miller (R-CA) amendment striking the requirement in section 1508 of the bill that metropolitan planning take into account land use patterns, adequate housing supply, and greenhouse gas emission reductions.
- Gary Miller (R-CA) amendment making the existing Surface Transportation Project Delivery Pilot Program permanent and ensuring California's continued participation therein.
- Brown (R-SC) requiring DOT to consider emergency evacuation time, Interstate designation, and Interstate segment completion as factors when evaluating Projects of National Significance.
- Capito (D-WV) amendment allowing West Virginia a truck weight exemption for trucks up to 126,000 pounds on a specific 11-mile stretch of Interstate 77.
- Mario Diaz-Balart (R-FL) amendment striking section 1119(a) of the bill which repeals 23 U.S.C. 126 and allowing continued transferability of bridge apportionments.
- Dent (R-PA) amendment declaring vehicles powered by hydrogen blend fuel cells to be "clean fuel vehicles".
- Mack (R-FL) amendment repealing Davis-Bacon Act applicability to the federal-aid highway and public transportation programs.

- Mario Diaz-Balart (R-FL) amendment expressing the sense of Congress that the final bill should have a 92 percent rate of return for highway donor states.
- Fallin (R-OK) amendment raising the threshold for a project having to file a financial plan from \$500 million to \$1 billion.
- Fallin (R-OK) amendment exempting trucks carrying certain agricultural shipments from federal hours of service requirements.
- Schock (R-IL) amendment requiring the Secretary take into account equitable geographic distribution and rural/urban balance when distributing Projects of National Significance funds.

Additional amendments are expected to be offered at the full committee markup. Chairman Oberstar is hard at work galvanizing House Leadership support to move forward with the bill. At this time, however, it appears that the Senate is acquiescing to the Administration's desire for that 18 month extension and not pressing forward with its own bill.

## 2. FY 10 Appropriations Update

The House and Senate finally passed the **Conference Report on H.R. 2346 - Supplemental Appropriations Act, 2009** (on June 16<sup>th</sup> and June 18<sup>th</sup> respectively) clearing the way for Congress to continue with the FY 2010 Appropriation process. The President signed the Supplemental into law on June 24<sup>th</sup>. Included in the Supplemental Appropriations Act was the provision that allows up to ten percent of funds apportioned in the Recovery Act for the urbanized (Section 5307) and non-urbanized (Section 5311) formula programs to be used for operating assistance. As FTA Administrator, Peter Rogoff, mentioned in his June 24<sup>th</sup> letter, "this provision should provide some much needed relief to transit agencies that have been required to layoff employees and/ or curtail service during this period of economic uncertainty." Rogoff also point out that "while this new law alters the eligible purposes of ARRA funds, it does not alter in any way the requirement that 50 percent of ARRA transit formula funds be obligated by September 1st."

The *House appropriations schedule* for the THUD bill in July is as follows:

July 15: SUB: THUD  
FLOOR: Energy and Water

July 21: FULL: THUD

July 28: FLOOR: THUD

July 29: FLOOR: THUD

July 30: FLOOR: THUD

### **3. Cap and Trade Legislation: H.R. 2454, The American Clean Energy and Security Act (ACESA)**

On June 26<sup>th</sup> the House passed a contentious cap and trade bill. The American Clean Energy and Security Act (ACESA), HR 2454, passed 219-212 with 44 Democrats voting NO and 8 Republicans voting YES. The bill's future is uncertain in the Senate, and many Senators believe it is unlikely to be brought up in the same form given the difficulty they had in passing it in the House. Senator Boxer has publicly stated that she would like to schedule a hearing in July with a possible mark-up before the August recess. With a stronger Democrat Majority in the Senate it is possible the bill could be fast-tracked. Republicans, however, are making a strong case that this system will increase energy bills for the average American and will put some people involved in big industries out of work. Centrist Democrats in the Senate are also working to slow the progress of the bill.

The House-passed ACESA unfortunately does not invest any of the allowance revenues created under a cap-and-trade program in public transportation and other transportation infrastructure that reduces emissions. This major short coming of the bill could potentially be addressed in a Senate compromise bill, if the Senate Majority Leader decides to schedule floor time.

### **4. Other Activities on Behalf of OCTA**

- In June we investigated the current disposition of the request for right of way acquisitions by OCTA at Naval Weapons Station Seal Beach. We are following up with our personal contacts at Naval Facilities Command Southwest Region and are standing by to provide additional advocacy support with the Department of the Navy, when directed by OCTA.
- Following Ranking Member Shuster's visit to Orange County in May, he expressed great interest in the "goods movement" issue and asked Potomac Partners DC if we could facilitate additional tours of key projects in the County and a tour of the Port of Long Beach and LA. Rep. Shuster plans to be key proponent of the "goods movement" program in the next STAA that recognizes the impact that it has on the local communities and the shared transportation infrastructure.

## **Potomac Partners DC Monthly Report**

### **Report to Orange County Transportation Authority from**

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

**July 2009**

#### **1. Surface Transportation Authorization Act (STAA) of 2009 Update**

In June Chairman Jim Oberstar introduced his Surface Transportation Authorization Act in draft form, and the Highways subcommittee proceeded with a mark up of that bill on June 25<sup>th</sup>. While Oberstar anticipated a full committee markup of that bill in July, he was not able to move the House Ways and Means Committee to finalize its proposals for funding the bill. Oberstar was also thwarted by the Senate, which was inclined to support the Administration's request for an 18 month extension of the SAFETEA LU transportation bill.

In July two versions of the Senate 18 month extension were introduced: the first by Senator Boxer for the EPW Committees, and the second by Senator Baucus for the Finance Committee. Depending on the House action in September many Senate staffers believe the Baucus bill could receive floor time or be merged with the Boxer bill. If such an extension does become necessary, Chairman Oberstar has frequently stated that he would endeavor to keep it as short as possible and would continue to push his multi-year bill. The Obama Administration, on the other hand, has indicated that it has no appetite for a potential tax increase on motor fuels or other potential funding mechanisms for Oberstar's transportation bill, while they are in the midst of a major legislative push for cap-and-trade and health care reform that may include additional tax increases.

As a consequence of the current legislative impasse with Oberstar's multi-year authorization bill and the repeated warnings of the Federal Highway Administration that without additional funds for the Highway Trust Fund (HTF), they would not be able to guarantee payments to states through the end of the fiscal year, Congress was forced to act. With time running out before the August recess, the House moved to shore up the HTF with a \$7B infusion from the General fund. The House passed H.R. 3357 on July 29<sup>th</sup> by a vote of 363-68.

Prior to passage of H.R. 3357 Chairman Oberstar addressed the issue of the faltering economy on the House floor and he pointed out that in the first time since the establishment of the HTF the number of vehicles miles traveled on the nation's highway interstate system decreased thus reducing the amount of revenue realized through the federal motor fuels tax. He went on to say that it is

his strong belief that improving the national infrastructure will make passenger travel and goods movement more efficient thus making our economy more efficient and helping mollify this deepening recession.

Passage of H.R. 3357 was considered a victory for House Transportation and Infrastructure Committee leaders who do not want to extend SAFETEA LU beyond this fiscal year when the bill expires in order to keep pressure on lawmakers to act on a multi-year surface transportation reauthorization bill in September. The Senate on July 30<sup>th</sup> followed the lead of the House and approved the short term fix to the federal highway program and did not extend current law beyond Sept 30<sup>th</sup>.

Senator Inhofe (R-OK), the Ranking Member of the EPW committee, and one of the more fiscally conservative Senators voted against the Vitter amendment to H.R. 3357 that would have diverted stimulus money to the HTF instead of a general fund transfer. In defending his vote Senator Inhofe said that infrastructure spending is an important exception to his fiscal policy. With the bill now cleared by Congress, the President is expected to sign it into law. Other sections of H.R. 3357 besides the HTF fix included the following:

- Sec. 2 Amends the FY09 Act to strike the bill's \$22M repayable advanced to the Unemployment Trust Fund and replaced it with "such sums as necessary" to prevent the Trust Fund from running out of money.
- Sec. 3 Amends the FY09 Appropriations Act to increase the FHA mortgage insurance program loan limit from \$315B-\$400B.
- Sec. 4 Amends the FY09 Appropriations Act to increase the Government National Mortgage Association- Guarantees of Mortgage Back Securities Loan Guarantee Program loan limit from \$300B-\$400B.

Chairman Oberstar is currently working with the House Ways and Means Committee to find the additional funding mechanisms to pay for the level of funding Congressional leaders deem necessary. On July 23<sup>rd</sup>, the Ways and Means held a hearing to discuss the long-term financing options for the highway trust fund. At the hearing Chairman James Oberstar again spoke against the administration's plan to extend the current transportation bill and put off a new transportation authorization act.

There was a general consensus with both Democrat and Republican Members at the hearing that a new bill was needed and that this multi-year reauthorization would act as a second stimulus and create new stable jobs while investing back into a deteriorating highway system. Chairman Oberstar also called for \$3 billion cash infusion for the HTF to prevent a September shortfall before the new transportation reauthorization can be passed. (*Note: Based on the Senate's insistence of an additional cushion in the HTF, that number was*

later increased to \$7B in H.R. 3357. It is believed that the \$7B number will keep the HTF in the black through the rest of 2009. An extension of contract authority, however, will still be necessary if Chairman Oberstar fails to muscle through Congress his multi-year authorization in September.)

Also at the hearing Representative Mica pointed out that public/private partnerships are going to be critical in funding the long term projects of the STAA of 2009, which would be a great benefit to the OCTA and the innovative programs like the SR-91. Like many he believes the current gas tax is no longer raising sufficient revenues. Mr. Mica also continued to support Chairman Oberstar's plan to move forward with the multi-year authorization.

Following Mr. Mica's testimony, Congressmen Peter DeFazio reiterated the need of the Congress to create new revenue streams and he proposed a \$1 tax/barrel of crude oil, a tax that would generate more than \$24 billion over 6 years. Other suggestions that he and Oberstar later addressed included a transfer of \$27.5 billion from the general fund to the HTF, the issuance of \$60 billion of ten-year Treasury bonds to be deposited immediately into the HTF and be repaid beginning in FY2012.

After the opening statements, Oberstar himself also referenced the recent Financing Commission report regarding other possible users' fees like increasing the Heavy Vehicle Use Tax, and imposing national vehicle registrations fees. Oberstar also proposed establishing a fee on intermodal cargo containers and goods movement to pay for infrastructure improvements.

Along with the ranking members of the Transportation and Infrastructure Committee, other Members testified before the Ways and Means Committee to introduce their proposals for long-term financing options for the highway trust fund. A summary of those proposals include the following:

<u>Bill #</u>	<u>Bill Name</u>	<u>Bill Description</u>
H.R. 947	ON TIME Act (Rep. Calvert, Rep. Jackson)	The ON TIME Act is designed to target funds to key transportation improvement projects in areas surrounding points of entry across the United States. The On TIME Act has five major components: (1) directs the D.O.T. to designate key trade transportation corridors, referred to as National Trade Gateway Corridors. (2) creates a capped, ad valorem fee on all goods entering and exiting through official ports of entry. The ad valorem fee shall be equal to .075% of value of shipment, with a cap maximum of \$500, which will be paid equally on both imports and exports. (3) appropriation of all funds collected by the newly established fee to transportation improvement projects within the National Trade Gateway Corridor in which it was collected. (4) only projects located within a National Trade Gateway Corridor are defined as eligible to receive funding. These projects must also be eligible for assistance under Chapter 1 of Title 23 of the U.S. Code. (5) requires D.O.T to establish a comprehensive project selection process each state must follow when determining which

		projects receive funding.
H.R. 2707	National Freight Mobility Infrastructure Act (Rep. Smith)	Establishes a program to improve freight mobility and the National Freight Mobility Infrastructure Fund. The Secretary shall establish a program to provide grants to States and designated entities for projects to improve the efficiency of freight mobility in areas that are eligible under the criteria in section 104 of the bill. In carrying out the program, the Secretary shall seek to minimize administrative costs, including overhead, enforcement, and auditing costs. Projects financed under this bill will be done so with Full Funding Grant Agreements. There is established in the Treasury a separate account which shall be known as the 'National Freight Mobility Infrastructure Fund'. The account shall consist of amounts transferred to the Fund under section 4286 of the Internal Revenue Code of 1986. Not more than 4 percent of the amounts made available to the Secretary under this section for a fiscal year may be used for administrative expenses of the Secretary in carrying out this Act. The bill also imposes upon taxable ground transportation of property within the United States a tax equal to 1 percent of the fair market value of such transportation.
H.R. 1806	Freight Rail Infrastructure Capacity Expansion Act of 2009 (Rep. Meek)	Amends the Internal Revenue Code to allow: (1) a tax credit for 25% of the cost of new qualified freight rail infrastructure property and qualified locomotive property; and (2) a taxpayer election to expense the cost of qualified freight rail infrastructure property (i.e., deduct all costs in the current taxable year). Terminates such credit and expensing election after 2015. Requires compliance with federal wage rate requirements under the Davis-Bacon Act as a condition of eligibility for the tax credit and expensing allowance provided by this Act.

In addition to these proposals Congressmen Brady from Texas offered up additional policy ideas for the authorization bill. For instance, he proposes the establishment of a National Mobility Summit to discuss current funding problems and determine the best solutions for closing those funding gaps in the HTF. Additionally, he would like to further consider how the bill could accelerate highway construction projects and reduce regulatory burdens.

## 2. FY 10 Appropriations Update

Before adjournment the House managed to pass all 12 of the FY10 Appropriations bills (a rare feat in recent history). The main reason for the swift floor passage of the 12 House bills was the Democrat leadership's use of a closed rule on the floor, which limited the number of amendments the minority party could offer and limited time for debate. The Senate is working through its remaining nine appropriations bills with committee action complete for all bills except the Defense Appropriations bill, which the committee plans to take up quickly in September. With Senate floor passage of these bills also expected in September, the next major step in the appropriation process will be the House and Senate conference committees getting together to work out the differences

in each chambers' bills. If this pace continues, we expect the appropriations process to be concluded in September and the bills to be signed into law before the current fiscal year ends forgoing any additional supplemental appropriations. It is our strategy for the OCTA to engage House and Senate Appropriations Committee and potential conferees to protect current funding levels and look for opportunities to increase funding.

### **FY 10 THUD Appropriations**

On July 23<sup>rd</sup> the House passed the THUD appropriations bill for fiscal year 2010 by a mostly party-line vote of 256-168. H.R. 3288 contains a total of \$68.8 billion in discretionary spending, an increase of \$13 billion or 25 percent above the non-emergency discretionary spending level for FY 2009. The Senate Appropriations Committee marked up its bill on July 29<sup>th</sup>, but floor time will likely wait until September. The Senate Committee hopes to file its report on August 5<sup>th</sup> making additional details available. A major difference in the Senate bill is that it contains no funding for the National Infrastructure Bank. The House version contains a provision that if a Bank was authorized by October 1, 2010 \$2B of the \$4B appropriated for High Speed Rail would be transferred to the new bank. The Senate also provides only \$1.2B for High Speed Rail. The additional money in the Senate bill is instead diverted to \$900M for highway formula, and extra \$500M for the TIFIA loan program, and \$480M for transit new starts.

Currently in the House bill, the OCTA earmarks are as follows:

- **ARTIC:** \$725,000; Sanchez, Royce, Miller
- **San Diego Freeway (I-5 widening and improvements):** \$750,000; Calvert
- **I-405 Widening and Improvements:** \$750,000; Rohrabacher
- **Bristol Street Widening:** \$350,000; Sanchez

Currently in the Senate version only \$500,000 is provided for Metrolink's Positive Train Control.

### **3. Cap and Trade Legislation: H.R. 2454, The American Clean Energy and Security Act (ACESA)**

Cap and Trade Legislation is still being considered by the Senate after the House of Representatives passed H.R. 2454 on June 26th. Senator Boxer held a hearing on July 30<sup>th</sup> focusing on climate change and national security. Throughout the hearing the Senator Boxer stressed the importance of building a new American clean energy economy. The Ranking Senator Inhofe offered a



skeptical view of the efficacy of H.R. 2454 in building that clean energy economy and pointed out that Waxman-Markey won't achieve the main goal its supporters routinely trumpet. He added that in the EPA's own analysis of Waxman-Markey, they found that cap-and-trade would not "substantially change consumer behavior in their vehicle miles traveled or vehicle purchases at the prices at which low GHG emitting automotive technologies can be produced." HE also pointed out that Waxman-Markey creates little incentive for the introduction of low-GHG automotive technology.

A markup of a Senate version of Cap and Trade could be possible this fall and remains a legislative priority for Congressional Democrats and the Administration. A potential Senate version of Cap and Trade would be the prime target for including legislative language that provides for an investment of the potential allowance revenues created under a cap-and-trade program in public transportation and other transportation infrastructure that reduces emissions.

#### **4. Positive Train Control Funding**

The Rail Safety Improvement Act of 2008 (RSIA) (signed by the President on October 16, 2008) mandates the widespread implementation of "interoperable" positive train control systems for Class I freight and passenger rail carriers. It also authorizes \$250 million in "Railroad Safety Technology Grants" (\$50 million per year) to help operators implement the technology. The grants require a 20% local match, and priority will be given to projects that advance PTC technology and benefit both freight and passenger rail. So far a small fraction of that authorization has been appropriated for PCT.

As mentioned above, in the Senate FY 10 THUD Appropriations Bill, Senators Feinstein and Boxer earmarked \$500,000 for Metrolink Positive Train Control in the FRA Research and Development account. PPDC's strategy for increasing that funding is to work with House Appropriators and help them communicate to conferees the need for additional appropriations funding that is much closer to the authorized amount in the Conference THUD appropriation bill. PPDC has already had positive discussions with Ranking Member Lewis' office regarding this subject.

#### **5. Other Activities on Behalf of OCTA**

- In July Potomac Partners DC PPDC coordinated a follow-up trip by Rep. Bill Shuster, Ranking Member of the Railroad's subcommittee for the House T&I committee, to the Ports of LA and Long Beach. Rep. Shuster is a strong advocate for transportation infrastructure and is now engaged in addressing the impacts of goods movement in key transportation corridors in Southern California. Potomac Partners DC is working to incorporate a new proposal for

the Transportation bill that would recognize the negative impacts of congestion and air pollution as result of the *goods movements* that are borne mostly by the communities in close proximity to the ports and address those impacts with a dedicated federal funding stream for those key gateway corridors.

- On July 20<sup>th</sup>, Potomac Partners DC participated in a Mobility 21 meeting in DC to discuss the agenda for the group's proposed Hill meetings and the current outlook for Transportation reauthorization. Other attendees of the meeting included SANBAG, AAA, LA Chamber, METRO, RCTC, and SCAG. Based on the House and Senate disagreement on a multi-year bill versus an extension of current law it was determined by the Mobility 21 group that the agenda items for any upcoming Hill meetings should include re-iterating the region's support for Positive Train Control funding, High Speed Rail in Southern California, protecting CMAQ for Southern California, ARRA projects' progress in the region, and linking transit funding to climate change legislation. Potomac Partners DC also suggested they communicate their support for an extension of the alternative fuel tax credit that will expire at the end of 2009.

**Smith Dawson and Andrews**  
**Monthly Report to**  
**Orange County Transportation Authority**

**ATTACHMENT B**

Report  
to the  
**ORANGE COUNTY TRANSPORTATION AUTHORITY JUNE 2009**

From  
Smith, Dawson & Andrews

Focus: Presidential, Congressional & DOT Action regarding Reauthorization,  
ARRA & Appropriations  
August 2009

**Highlights**

Congressional focus for the summer months will start with transportation appropriations. House mark up is slated for July 15. Unclear is how action to address the reported \$20 billion Highway Trust Fund shortfall will unfold. Senate appropriations is not yet on the calendar.

As the Surface Transportation Reauthorization Act of 2009 was introduced and marked up less than a week later, several new elements to federal transportation programs were included: the establishment of the number three position in DOT leadership--the Under Secretary for Intermodalism; the establishment of a livability program as well as a public benefit program as well as a freight program; streamlining procedures; expediting project delivery processes; advancement of high speed rail adoption; and a new metropolitan mobility program. Several items were also missing: the source of the total \$500 billion funding needed to execute the bill; the section on high priority projects; and a section titled Transportation Discretionary Pending Guarantee.

The House Subcommittee on Highways and Transit passed this version of the next reauthorization on June 24. That same day a letter to the President signed by the full committee membership conveyed total disappointment in the Administration's approach to delaying action on a new federal transportation program until 2011.

During the Subcommittee markup, members largely praised committee leadership, condemned the Administration's recommendation of an 18-month delay and praised the bipartisan nature of the deliberations so far. In addition, Members voiced their concern for various issues in the bill, such as addressing the donor/donee issue. A handful of amendments were offered, but due to a previously agreed to procedure, all amendments were immediately withdrawn, to be taken up at the full committee mark up in July. House Transportation & Infrastructure Chairman James Oberstar has asked that any amendments to be offered at full committee be discussed with committee leadership and staff prior to the mark up, presumably so issues can be resolved and the committee can move through mark up swiftly.

Because DOT Secretary Ray LaHood officially called for an 18-month delay in deliberations on reauthorization, and was then followed by Senate Environment & Public Works Chair Barbara Boxer supporting the Administration in seeking a delay, further action on the House reauthorization bill is facing significant obstacles. T&I Chairman Oberstar has not adjusted his goals for full committee mark up in July and House passage before the August recess. He firmly believes a new federal transportation law must be enacted before the end of September or all the benefits of ARRA will dissipate as transportation construction, especially on major projects, comes to a halt.

Other hearings during the month added to the complexity of comprehensive and coordinated action needed to ensure a new federal transportation program. Although the House Subcommittee on Select Revenue Measures indicated it would hold two weeks of hearings in June on federal transportation financing, only one hearing was held on June 25. Discussion focused on the HTF dilemma and the need to address its needs rather than future financing options for the next reauthorization. That same day, during a Senate Environment & Public Works hearing on the Highway Trust Fund, no clear solutions were agreed upon or floated by the Administration or the legislators about near term action on the HTF's emerging funding gap.

In July, the Senate EPW Committee is expected turn its attention to the climate change bill that completed House action on June 27--- the American Clean Energy and Security Act or ACES. It is important to note that climate change language to increase benefits slated for transit still needs to be solidified in more concrete terms through the Senate action. ACES added a provision that permits states to use up to one percent of their allocations as potential revenue for surface transportation projects that could include transit.

American Reinvestment and Recovery Act activity related to high speed rail continued to unfold with the U.S. DOT June 17 release of the High Speed Intercity Passenger Rail Program interim program guidance. It delineates how States and regions will be able to apply for these funds with the application requirements and procedures.

Also of note is the June 16 joint announcement by DOT Secretary LaHood, Housing & Urban Development Secretary Shaun Donovan and Environmental Protection Administrator Lisa Jackson to form a Partnership for Sustainable Communities. Each pledged to ensure their activities would foster livable community options in transportation, housing and the environment. For further elaboration, a fact sheet was released with the announcement and can be found at <http://www.hud.gov/content/releases/pr2009-06-16factsheet.pdf>

DOT appointments continue with the addition of David Kim as Deputy Assistant Secretary for Intergovernmental Affairs. Kim, former deputy executive officer of

federal advocacy & government relations for LA MTA, will focus on Senate activities.

### **SDA Outreach**

#### **Contact on Capitol Hill on behalf of OCTA**

-Smith with appropriations and authorizing committee staff on recovery funding distributions, 2010 appropriations as well as movement on reauthorization and climate change legislation;

-Andrews with *Sen. Patty Murray and Rep. John Oliver* and Senate EPW staff on status on fiscal 2010 appropriations process and reauthorization;

-Gaines with *Rep. Loretta Sanchez* staff on reprogramming appropriations, climate change legislation and earmarks process

-Newman with House Energy & Commerce Committee staff on timeline for Committee-passed version of 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 21<sup>st</sup> century mobility options.

#### **Contact with Administration on behalf of OCTA**

-Burrell—June 16 lunch with David Kim, newly appointed DOT Assistant Secretary for Intergovernmental Affairs

#### **Contact with relevant organizations on behalf of OCTA**

-Burrell –National League of Cities on reauthorization and transportation livability initiative

-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 JULY 2009**

From  
Smith, Dawson & Andrews

Focus: Presidential, Congressional & DOT Action regarding Appropriations,  
Reauthorization & ARRA  
September 2009

**Highlights**

On July 31, the House began their summer recess for six weeks. Before they left town, the House approved a \$7 billion transfer of general revenue funds to sustain the Highway Trust Fund through the end of fiscal year 2009. This is a short-term fix, and the Senate is expected to approve the measure as well before exiting Washington for their summer recess on August 7.

By July 23, the House had also completed Subcommittee, full Committee and floor action on the Transportation Appropriations for fiscal 2010. The bill totals \$123.1 billion, which is 13 percent more than 2009 funding levels, but is \$53 million below the President's request. This includes \$10.4 billion for transit, an increase of \$148 million over last year. A \$4 billion boost to high speed and intercity passenger rail was also included as has been expected. Highway funds were approved at \$41.1 billion, which is \$407 million above 2009 figures. In addition, \$1.48 billion was approved for AMTRAK; \$64 million was included for railroad safety--an increase of \$30.2 from 2009 levels. A complete summary of the House approved levels can be found at

[http://appropriations.house.gov/pdf/TH\\_FY10\\_FC\\_Summary\\_07-17-2009-revised\\_LH.pdf](http://appropriations.house.gov/pdf/TH_FY10_FC_Summary_07-17-2009-revised_LH.pdf)

The Senate completed subcommittee mark-up of 2010 transportation appropriations on July 29 and full committee mark up the following day. The Senate will likely consider this bill either the first or second legislative week in September when they return from recess. A \$1.1 billion program for significant transportation projects across modes (transit, bridges, highways, passenger and freight railroads, and ports) was added and requires that \$250 million of the total be spent in rural areas. Funds totaling \$43.5 billion are slated for highways only \$1.2 billion was set aside for high speed and intercity passenger rail projects. For rail safety projects, including positive train control \$50 million was included with two designated projects in the area: \$500,000 for Caltrain PST and \$500,000 for MetroLink PST. A \$480 million increase was added for transit "New Starts" projects. And \$100 million was included for transit energy efficiency grants that

would support capital improvements in operations. A summary of the Senate Subcommittee mark can be found at

[http://appropriations.senate.gov/transportation/2009\\_07\\_29\\_Summary\\_of\\_FY\\_2010\\_THUD\\_Appropriations.pdf?CFID=7938538&CFTOKEN=57635137](http://appropriations.senate.gov/transportation/2009_07_29_Summary_of_FY_2010_THUD_Appropriations.pdf?CFID=7938538&CFTOKEN=57635137)

The House Highways & Transit Subcommittee approved Surface Transportation Reauthorization Act of 2009 has not moved to full committee deliberation. No date has been set for such action, as the bill waits for a funding source measure to be moved through the House Ways & Means Committee. A Select Revenue Subcommittee meeting was held on July 23, but no further action occurred, other than cooperation on the measure that transferred \$7 billion from the treasury to the Highway Trust Fund.

When the Senate Environment & Public Works Committee extended the current surface transportation program for 18 months on July 15, the bill did not include other provisions that were suggested by the Administration. They may be part of the floor debate. The Administration seeks changes that they believe will help states and local governments' abilities to collect and analyze more data to measure transportation goals and results, such as ridership, accidents and fatalities, travel times and environmental impacts among other topics. This voluntary option would be a forerunner to tracking outcomes of federally funded projects. It may also assist in the Administration's efforts to leverage livability measures in future federal programs.

No Senate hearings on transportation reauthorization were held after the 18-month extension was approved. The Senate EPW Committee focused its attention on climate change and held three hearings on the subject: Ensuring and Enhancing U.S. Competitiveness while Moving toward a Clean Energy Economy on July 16; Clean Energy Jobs, Climate-Related Policies and Economic Growth - State and Local Views on July 21, and Climate Change and National Security on July 30. Increased funding for transit is still being pushed by APTA and individual transit agencies from across the country. No mark-up action has been scheduled for a climate change bill to match up to the House-passed ACES-- American Clean Energy and Security Act.. Reid has given six Senate committees until Sept. 28 to sign off on their pieces of a climate bill, with a floor debate tentatively slated for October. Senator's Baucus, Boxer and Kerry all said today that they plan to meet their deadlines, although that tentative deadline could slip given the press of health care legislation and the ongoing appropriations process.

Climate change language to increase benefits slated for transit are still a concern as the House passed ACES provision that permits states to use up to one percent of their allocations as potential revenue for surface transportation projects that could include transit remains unchanged.

American Reinvestment and Recovery Act activity related to high speed rail continued to unfold with the U.S. DOT announcing that they had received 278 pre-applications, which comprised a total of \$102 billion. Final applications are due August 24, and the Federal Railroad Administration is expected to announce the first set of awards in the fall.

Also of note, U.S. DOT Secretary Ray LaHood indicated he will award the \$1.5 billion in TIGER (Transportation Investment Generating Economic Recovery) Discretionary Grants for capital investment in surface transportation projects before the statutory February deadline. The applications for the TIGER program are due on September 15, and the Secretary intends to make announcements by December 2009 or January 2010.

### **SDA Outreach**

#### **Contact on Capitol Hill on behalf of OCTA**

- Smith with appropriations and authorizing committee staff on recovery funding distributions, 2010 appropriations as well as movement on reauthorization and climate change legislation;

- Andrews with House T & I and Ways & Means and Senate EPW staffs on status on fiscal 2010 reauthorization process;

- Gaines with *Rep. Loretta Sanchez* staff on reprogramming appropriations (forwarded OCTA audit letter), climate change legislation and earmarks

- Newman with House Energy & Commerce Committee staff on timeline for Committee-passed version of 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 21<sup>st</sup> century mobility options.

#### **Contact with relevant organizations on behalf of OCTA**

- Burrell on coordinating next meeting of Southern California Washington reps

- Burrell & Garson attendance at July 20 Mobility 21 legislative update meeting in Washington

- Burrell –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

- Garson – Participation in CAGTC conference calls, meetings and Hill outreach.

- Garson – Attending Select Revenue Measures Subcommittee on Ways & Means Hearing on July 23<sup>rd</sup> – “Possible long-term measures that would finance the Highway Trust Fund.







BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Section 5310 Grant Program Recommendations for Fiscal Year 2009

Transit Committee Meeting of August 13, 2009

**Present:** Directors Brown, Dalton, Dixon, Green, Nguyen, and Winterbottom  
**Absent:** Director Pulido

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendations**

- A. Approve the scores recommended by the regional evaluation committee and authorize staff to include the recommended projects in the Regional Transportation Improvement Program.
- B. Adopt Resolution No. 2009-52 authorizing the Chief Executive Officer to transmit the Section 5310 Regional Priority List and required certification and assurances to the California Department of Transportation for funding consideration.



**August 13, 2009**

**To:** Transit Committee

**From:** Will Kempton, Chief Executive Officer

**Subject:** Section 5310 Grant Program Recommendations for Fiscal Year 2009

### **Overview**

The Federal Transit Administration Section 5310 Grant Program provides an opportunity for local agencies and non-profit organizations to purchase paratransit vehicles and related equipment to help meet the transportation needs of elderly persons and persons with disabilities. The Orange County Transportation Authority is responsible for assisting applicants, evaluating applications, and transmitting a prioritized list of projects to the California Department of Transportation for funding consideration.

### **Recommendations**

- A. Approve the scores recommended by the regional evaluation committee and authorize staff to include the recommended projects in the Regional Transportation Improvement Program.
- B. Adopt Resolution No. 2009-52 authorizing the Chief Executive Officer to transmit the Section 5310 Regional Priority List and required certification and assurances to the California Department of Transportation for funding consideration.

### **Background**

In existence since 1975, the Federal Transit Administration (FTA) Section 5310 Program is a capital grant program that facilitates the purchase and replacement of paratransit vehicles and related equipment to help local agencies and non-profits meet the transportation needs of seniors and disabled persons. Funds are allocated by the FTA to all states based on its respective population share of elderly individuals and individuals with disabilities. As the designated state administrative agency, the California Department of

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Transportation (Caltrans) makes funds available statewide on a competitive basis. Over \$12.6 million is available statewide for fiscal year (FY) 2009.

As a regional transportation planning agency (RTPA), the Orange County Transportation Authority (OCTA) is responsible for assisting applicants as well as evaluating and scoring applications in Orange County. The California Transportation Commission provides RTPAs with prescriptive project-scoring criteria, and successful applicants enter into agreements directly with Caltrans. Once grants are awarded, Caltrans is responsible for project management and ensuring that all applicants comply with federal regulations.

***Discussion***

As in past years, OCTA continues to provide assistance to potential grant applicants in Orange County. On March 26, 2009, OCTA hosted a Caltrans workshop to provide an opportunity to discuss the requirements and prepare for the upcoming FTA Section 5310 grant program. The workshop was well attended with 22 representatives from 17 agencies present. Throughout the application development period, OCTA staff assisted applicants, reviewed draft applications, and provided suggestions to enhance the likelihood of grant funding.

On June 12, 2009, OCTA staff received final grant applications from six local agencies, including Abrazar Inc., Aids Services Foundation of Orange County, Golden Rain Foundation of Laguna Woods, Irvine Adult Day Health Services, South County Senior Services, and St. Anselm's Cross Cultural Community Center (St Anselm's). The applications were reviewed by a regional evaluation committee comprised of five representatives from a variety of organizations, including the Riverside Transit Agency, Circle of Friends, and OCTA's Special Needs in Transit Advisory Committee. OCTA staff from the departments of Federal Relations and Community Transportation Services also took part in the evaluation. The committee scored the applications based on Caltrans' statewide scoring criteria and then met to review scores and discuss any variances.

Collectively, the six grant applications pursue over \$1.7 million in grant assistance for four paratransit vans, 19 buses, and related equipment. The requests were scored and ranked to arrive at the recommended regional priority list which is presented for consideration in Attachment A. Information regarding the types of vehicles and standard seating capacities are provided in Attachment B.

OCTA has cooperative agreements with several of the applicants to subsidize alternative transportation services. South County Senior Services and St. Anselm's are transportation providers for two adult day healthcare facilities, and Abrazar, Inc., is a participant in OCTA's Senior Mobility Program. Together, these three programs have provided more than 39,943 trips which helped reduce demand for ACCESS trips and resulted in approximately \$361,000 in deferred expenses to OCTA in FY 2009. An award of the Section 5310 grant funds to these agencies will help alleviate demands on ACCESS and ensure quality transportation services are available to disabled and senior communities in Orange County.

Upon the Board of Directors' (Board) approval, the regional priority list will be transmitted to Caltrans for statewide competition. As part of the transmittal, OCTA is required to include a Certification and Assurances (Attachment C) and Board resolution (Attachment D). Both documents are general attestations that OCTA has complied with program requirements.

It should be noted that the regional priority list is advisory in nature and may be changed by the state for a variety of reasons. The local process is intended to ensure applications are complete and to encourage coordination and cooperation among local organizations. Final funding recommendations are expected to be announced in November 2009.

#### **Fiscal Impact**

There are no fiscal impacts associated with this action. The federal share for projects under the Section 5310 Grant Program may not exceed 88.53 percent of the total project cost. Successful applicants will be required to provide an 11.47 percent local, non-federal match contribution.

#### **Summary**

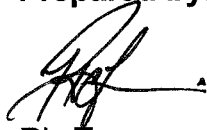
OCTA reviewed six proposals to assist in the pursuit of over \$1.7 million in FTA Section 5310 grant funds to help meet the transportation needs of elderly persons and persons with disabilities in Orange County. A regional evaluation committee scored and ranked the proposals based on the prescribed criteria, and is presenting a regional priority list, certification and assurances, and resolution to the Board for consideration.

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***Attachments***

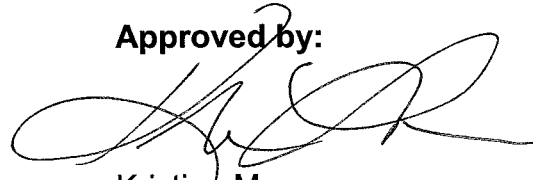
- A. Orange County FTA Section 5310 Grant Program Recommended Regional Priority List Fiscal Year 2009
- B. Available Vehicle Types FTA Section 5310 Grant Program Fiscal Year 2009
- C. MPO/RTPA Section 5310 Certification and Assurances
- D. Resolution of the Board of Directors of the Orange County Transportation Authority

**Prepared by:**



Ric Teano  
Grant Specialist  
(714) 560-5716

**Approved by:**



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

**Orange County**  
**FTA Section 5310 Grant Program**  
**Recommended Regional Priority List Fiscal Year 2009**

<b>Applicant</b>	<b>Project Description</b>	<b>Request</b>	<b>Score (100 max)</b>
Abrazar, Inc.	Minivan (Type VI) for replacement service	\$48,000	98
Abrazar, Inc.	Minivan (Type VI) for replacement service	\$48,000	98
Abrazar, Inc.	Small bus (Type IA) for replacement service	\$57,000	98
Abrazar, Inc.	Small bus (Type IA) for replacement service	\$57,000	98
Abrazar, Inc.	Medium bus (Type IIA) for replacement service	\$66,000	98
Abrazar, Inc.	Medium bus (Type IIA) for replacement service	\$66,000	98
Abrazar, Inc.	Medium bus (Type IIA) for replacement service	\$66,000	98
Abrazar, Inc.	Medium bus (Type IIIA) for replacement service	\$71,500	98
Abrazar, Inc.	Medium bus (Type IIIA) for replacement service	\$71,500	98
Abrazar, Inc.	Base station (1), radios (20)	\$22,500	93
Golden Rain Foundation Laguna Woods	Larger bus (Type VII) for replacement service	\$105,000	93
Golden Rain Foundation Laguna Woods	Larger bus (Type VII) for replacement service	\$105,000	93
Golden Rain Foundation Laguna Woods	Larger bus (Type VII) for replacement service	\$105,000	93
South County Senior Services	Medium bus (Type IIIA) for service expansion	\$71,500	92
South County Senior Services	Medium bus (Type IIIA) for service expansion	\$71,500	92
South County Senior Services	Medium bus (Type IIIA) for service expansion	\$71,500	92
South County Senior Services	Medium bus (Type IIIA) for service expansion	\$71,500	92
South County Senior Services	Medium bus (Type IIIA) for service expansion	\$71,500	92
South County Senior Services	Larger bus (Type VII) for service expansion	\$105,000	92
South County Senior Services	Larger bus (Type VII) for service expansion	\$105,000	92
Aids Services Foundation Orange County	Medium bus (Type IIA) for replacement service	\$66,000	88
Irvine Adult Day Health Services	Medium bus (Type IIA) for service expansion	\$66,000	88
St. Anselm's Cross Cultural Center	Minivan (Type VI) for service expansion	\$48,000	85
St. Anselm's Cross Cultural Center	Minivan (Type VI) for service expansion	\$48,000	85
<b>Total</b>		<b>\$1,684,000</b>	

<b>Total Request per Applicant</b>	
Abrazar, Inc.	\$573,500
Golden Rain Foundation Laguna Woods	\$315,000
South County Senior Services	\$567,500
Aids Services Foundation Orange County	66,000
Irvine Adult Day Health Services	66,000
St. Anselm's Cross Cultural Center	96,000
<b>Total</b>	
<b>\$1,684,000</b>	

**Available Vehicle Types**  
**FTA Section 5310 Grant Program Fiscal Year 2009**

<b>Available Vehicle Types</b>	<b>Standard Seating Capacity</b>	<b>Unit Cost <sup>2</sup></b>
Minivan (Type IV)	5 Ambulatory Passengers	\$48,000
Small Bus (Type IA)	8 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$57,000
Small Bus (Type IB)	8 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$64,000
Medium Bus (Type IIA)	12 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$66,000
Medium Bus (Type IIA) Compressed Natural Gas	12 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$89,000
Medium Bus (Type IIA) Gas Hybrid	12 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$116,000
Medium Bus (Type IIB)	12 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$70,000
Medium Bus (Type IIB) Compressed Natural Gas	12 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$95,000
Large Bus (Type IIIA)	16 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$71,500
Large Bus (Type IIIA) Optional Compressed Natural Gas	16 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$96,500
Larger Bus (Type VII)	20 Ambulatory Passengers; 2 Wheelchairs <sup>1</sup>	\$105,000

<sup>1</sup> Rear wheelchair lift floor plan

<sup>2</sup> Costs shown includes accessibility equipment and are estimated costs of the vehicle



**MPO/RTPA SECTION 5310  
CERTIFICATION AND ASSURANCES**

The Orange County Transportation Authority certifies and assures that the requirements and conditions of 49 U.S.C. 5310 have been met by all applicants recommended for funding.

The Orange County Transportation Authority certifies and assures that the Section 5310 applications recommended for funding will be included in the region's public participation process as required by Statewide and MPO Planning Regulations.

The Orange County Transportation Authority certifies by resolution, *attached*, that the projects recommended for funding are consistent with the local area's Regional Transportation Plan. In an urbanized area, the projects recommended for funding will also be included in the Federal Transportation Improvement Program (TIP).

*Certifying Representative:*

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY**

**FEDERAL TRANSIT ADMINISTRATION SECTION 5310  
REGIONAL PRIORITY LIST**

**WHEREAS**, the Federal Transit Administration Section 5310 Program makes funding available to private nonprofit corporations and public agencies under certain circumstances, for capital expenditures to provide transportation services to meet the special needs of elderly persons and persons with disabilities, for whom mass transportation is otherwise unavailable, insufficient, or inappropriate;

**WHEREAS**, the Orange County Transportation Authority, at the designation of the California Department of Transportation, has assumed and carried out the responsibilities of the Regional Transportation Planning Agency for the Section 5310 Fiscal Year 2009 Program in Orange County;

**WHEREAS**, all applications submitted for the Section 5310 Fiscal Year 2009 Program were reviewed and scored by the Regional Evaluation Committee;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Orange County Transportation Authority;

1. That the Fiscal Year 2009 Section 5310 Regional Priority List has been presented and approved by the Board of Directors.
2. That the Fiscal Year 2009 Section 5310 Regional Priority List shall be forwarded from the Orange County Transportation Authority's Chief Executive Officer to the California Department of Transportation for inclusion in the Statewide Priority List.

ADOPTED, SIGNED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2009.

AYES:

NOES:

ABSENT:

ATTEST:

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Wendy Knowles  
Clerk of the Board

---

Peter Buffa, Chairman  
Orange County Transportation Authority





*BOARD COMMITTEE TRANSMITTAL*

**August 24, 2009**

**To:** Members of the Board of Directors

**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board

**Subject:** Cooperative Agreement Between the Orange County Transportation Authority and City of Irvine for Transfer of Congestion Mitigation and Air Quality Funds

Transit Committee Meeting of August 13, 2009

**Present:** Directors Brown, Dalton, Dixon, Green, Nguyen, and Winterbottom

**Absent:** Director Pulido

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendations**

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0609 with the City of Irvine to transfer remaining Congestion Mitigation and Air Quality funds, in the amount of \$1,797,278, from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project.
- B. Direct staff to amend the existing Federal Transit Administration grant to allocate remaining funds from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project.
- C. Direct staff to prepare and submit any necessary programming amendments to the Regional Transportation Improvement Program and enter into any necessary agreements to facilitate the above actions.



**August 13, 2009**

**To:** Transit Committee

**From:** Will Kempton, Chief Executive Officer

**Subject:** Cooperative Agreement Between the Orange County Transportation Authority and City of Irvine for Transfer of Congestion Mitigation and Air Quality Funds

### **Overview**

The City of Irvine has requested transfer of the remaining Congestion Mitigation and Air Quality funds from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project. An agreement to implement the transfer is presented for Board of Directors' review and approval.

### **Recommendations**

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0609 with the City of Irvine to transfer remaining Congestion Mitigation and Air Quality funds, in the amount of \$1,797,278, from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project.
- B. Direct staff to amend the existing Federal Transit Administration grant to allocate remaining funds from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project.
- C. Direct staff to prepare and submit any necessary programming amendments to the Regional Transportation Improvement Program and enter into any necessary agreements to facilitate the above actions.

### **Discussion**

On October 22, 2007, the Board of Directors (Board) authorized Congestion Mitigation and Air Quality (CMAQ) funding, in the amount of \$5,200,000, for the Irvine Fixed Guideway Project preliminary engineering and environmental clearance. The construction of the guideway project was also funded with state Proposition 116 funds and local city match funds. The guideway project

**Cooperative Agreement Between the Orange County Transportation Authority and City of Irvine for Transfer of Congestion Mitigation and Air Quality Funds** **Page 2**

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was subsequently halted in December 2008 prior to expending all of the CMAQ funds.

On January 26, 2009, the Board authorized the Chief Executive Officer to enter into a cooperative agreement with the City of Irvine (City) to transfer the Proposition 116 funds designation to the Orange County Transportation Authority (OCTA). OCTA further agreed to process a grant amendment to transfer any remaining CMAQ funds to another City eligible project. The remaining balance of CMAQ funds from the guideway project is \$1,797,278.

On May 5, 2009, the City requested that the remaining CMAQ funds be used toward construction of the Jeffrey Road Grade Separation Project. Additional costs have been incurred due to delays associated with utility relocations and conflicts, as well as track clearance delays. The project is eligible to receive CMAQ funds and has obtained the required National Environmental Policy Act clearance. Construction is currently underway and funds requested will be expended beginning in fiscal year 2010-11. The project is expected to be complete December 2010.

Staff is seeking Board approval for the Chief Executive Officer to enter into a cooperative agreement (Attachment A) with the City and amend the Federal Transit Administration grant to move the funds from the guideway project to the grade separation project. Staff further requests authorization to amend the Regional Transportation Improvement Program to program the funds.

**Fiscal Impact**

Funds have been transferred from Account 1720-7831-A4474-HHG, Irvine Fixed Guideway Project, to Account 1532-7831-A4476-N4X, Jeffrey Road Grade Separation Project.

**Summary**

The Orange County Transportation Authority intends to enter into a cooperative agreement with the City of Irvine to transfer remaining Congestion Mitigation and Air Quality funds from the Irvine Fixed Guideway Project to the Jeffrey Road Grade Separation Project, subject to Federal Transit Administration approval, and recommends an amendment to the Regional Transportation Improvement Program.

**Cooperative Agreement Between the Orange County Transportation Authority and City of Irvine for Transfer of Congestion Mitigation and Air Quality Funds** *Page 3*

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***Attachment***

- A. Cooperative Agreement No. C-9-0609 Between Orange County Transportation Authority and City of Irvine for Transfer of Congestion Mitigation and Air Quality Funds to the Jeffrey Grade Separation Project

**Prepared by:**

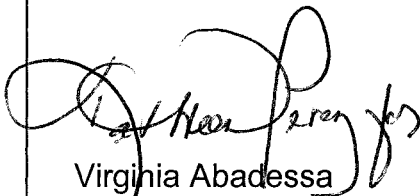


Abbe McClenahan  
Capital Programs Manager  
(714) 560-5673

**Approved by:**



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



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

**COOPERATIVE AGREEMENT NO. C-9-0609**

**BETWEEN**

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**AND**

**CITY OF IRVINE**

**FOR**

**TRANSFER OF CONGESTION MITIGATION AND AIR QUALITY FUNDS TO THE JEFFREY  
GRADE SEPARATION PROJECT**

**THIS COOPERATIVE AGREEMENT** is effective this \_\_\_\_ day of \_\_\_\_\_, 2009, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), and the City of Irvine, One Civic Drive, Irvine, California 92623, a municipal corporation (hereinafter referred to as "CITY".)

**RECITALS:**

**WHEREAS**, AUTHORITY'S Board of Directors on October 22, 2007, approved Congestion Mitigation and Air Quality (CMAQ) funds in the amount of \$5,200,000 for the Alternative Analysis, National Environmental Protection Act (NEPA) compliance, California Environmental Quality Act (CEQA) compliance, and associated preliminary engineering design for the Irvine fixed guideway project; and

**WHEREAS**, Through the environmental analysis the CITY determined that the guideway concept should be replaced and halted the project in December 2008; and

**WHEREAS**, per Article 3, Paragraph D of Cooperative Agreement No. C-8-1400 between AUTHORITY and CITY, the parties agreed that AUTHORITY would process a grant amendment for any remaining CMAQ funds provided to CITY for the Irvine Fixed Guideway Demonstration Project for AUTHORITY'S Board approval to allocate to another eligible CITY project; and

**WHEREAS**, AUTHORITY and the CITY desire to enter into a Cooperative Agreement to



1 transfer unused balance of Congestion Mitigation and Air Quality (CMAQ) funds from the Irvine  
2 fixed guideway project to CITY's Jeffrey Road grade separation project (hereinafter referred to as  
3 PROJECT); and

4 **WHEREAS**, the AUTHORITY's Board of Directors, on August 24, 2009, approved the  
5 transfer of unused CMAQ funding in the amount of \$1,797,278 from the Irvine fixed guideway project  
6 to the PROJECT ; and

7 **WHEREAS**, AUTHORITY is the applicant and eligible recipient of Federal Transit  
8 Administration (FTA) funding through the Congestion Mitigation and Air Quality (CMAQ) Program;  
9 and

10 **WHEREAS**, per Federal Transit Administration (FTA) Circular 4220.1E, AUTHORITY has the  
11 option to designate another agency as subrecipient of its CMAQ funds to carry out the purposes of  
12 its agreement with the FTA (FTA Grant No. CA-95-X043-00), (herein referred to as "Grant  
13 Agreement"); and

14 **WHEREAS**, AUTHORITY and CITY agree to comply with all provisions required by FTA for  
15 reimbursement of funds and agree to all terms and conditions set forth in the Grant Agreement; and

16 **WHEREAS**, AUTHORITY and CITY agree that FTA authorization is required following the  
17 AUTHORITY's amendment to the Regional Transportation Improvement Program (RTIP), for  
18 performance under this Agreement; and

19 **WHEREAS**, CITY is the lead agency for the PROJECT; and

20 **WHEREAS**, this Cooperative Agreement defines the specific terms and conditions for the  
21 transfer of CMAQ funds to the eligible CITY PROJECT; and

22 **WHEREAS**, the AUTHORITY's Board of Directors approved the Cooperative Agreement on  
23 August 24, 2009.

24 **NOW, THEREFORE**, it is mutually understood and agreed by AUTHORITY and CITY as  
25 follows:

26 /

1                   **ARTICLE 1. COMPLETE AGREEMENT**

2                   A.       This Agreement, including any exhibits and documents incorporated herein and made  
3 applicable by reference, constitute the complete and exclusive statement of the terms and conditions  
4 of this Agreement between AUTHORITY and CITY concerning funding of PROJECT. The above-  
5 referenced Recitals are true and correct and are incorporated by reference herein.

6                   B.       AUTHORITY'S failure to insist on any instance(s) of CITY's performance of any  
7 term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of  
8 AUTHORITY's right to such performance or to future performance of such term(s) or condition(s),  
9 and CITY's obligation in respect thereto shall continue in full force and effect. Changes to any  
10 portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed  
11 in writing by an authorized representative of AUTHORITY by way of a written amendment to this  
12 Agreement and issued in accordance with the provisions of this Agreement.

13                   **ARTICLE 2. RESPONSIBILITES OF AUTHORITY**

14                   AUTHORITY agrees to the following responsibilities for the PROJECT:

15                   A.       AUTHORITY agrees to work cooperatively with the CITY to formally request on behalf  
16 of the CITY that the Southern California Association of Governments amend the RTIP as required  
17 for use of CMAQ funds, whereby AUTHORITY's performance under this Agreement is contingent  
18 upon SCAG and FTA approval.

19                   B.       AUTHORITY agrees to act as grantee for the CMAQ funds and to secure  
20 reimbursement of the grant funds.

21                   C.       Upon receipt of an acceptable invoice, the AUTHORITY shall reimburse CITY at a  
22 ratio of not greater than 80 (eighty) percent on each dollar spent up to a not to exceed amount of  
23 One Million, Seven Hundred Ninety Seven Thousand and Two Hundred Seventy Eight Dollars  
24 (\$1,797,278) for CMAQ funds transferred to PROJECT.

25                   D.       AUTHORITY shall keep on file the CITY submitted invoices, procurement documents  
26 and environmental clearance for FTA reimbursement and review.

1 E. AUTHORITY shall not be obligated to program any amount beyond One Million,  
2 Seven Hundred Ninety Seven Thousand and Two Hundred Seventy Eight Dollars (\$1,797,278).

3 F. AUTHORITY shall seek FTA authorization for use of funds on PROJECT.

4 G. AUTHORITY shall make payment to CITY within 90 days of receipt of an acceptable  
5 invoice for allowable CMAQ costs for the PROJECT.

6 **ARTICLE 3. RESPONSIBILITIES OF CITY**

7 CITY agrees to the following responsibilities for the PROJECT:

8 A. CITY agrees to provide the required 20 percent local match, as required by FTA.

9 B. CITY agrees that any cost overruns shall be the responsibility of the CITY.

10 C. CITY shall submit to AUTHORITY monthly invoices, for work performed for the  
11 PROJECT which shall comply with FTA grant funding requirements, for AUTHORITY's review and  
12 signature. CITY will comply with all federal, state and local laws and regulations.

13 D. CITY will comply with all FTA reporting requirements.

14 E. CITY agrees to comply with all FTA third party contracting laws and regulations  
15 pursuant to including but not limited to federal, state, and local laws, and shall include all  
16 laws and regulations in any PROJECT related contract entered into by the CITY.

17 F. CITY shall indemnify, defend and hold harmless AUTHORITY, its officers, directors,  
18 employees and agents from and against any and all claims (including attorney's fees and reasonable  
19 expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, worker's  
20 compensation subrogation claims, damage to or loss of use of property alleged to be caused by the  
21 negligent acts, omissions or willful misconduct by CITY, its officers, directors, employees or agents in  
22 connection with or arising out of the performance of this Agreement.

23 G. The indemnification and defense obligations of this Agreement shall survive its  
24 expiration or termination.

25 /

26 **ARTICLE 4. DELEGATED AUTHORITY**

1 The actions required to be taken by CITY in the implementation of this Agreement are  
2 delegated to its City Manager or his designee and the actions required to be taken by AUTHORITY  
3 in the implementation of this Agreement are delegated to its Chief Executive Officer.

4 **ARTICLE 5. AUDIT AND INSPECTION**

5 CITY shall maintain a complete set of records in accordance with generally accepted  
6 accounting principles. Upon reasonable notice, CITY shall permit the authorized representatives of  
7 AUTHORITY to inspect and audit all work, materials, payroll, books, accounts and other data and  
8 records of CITY for a period of four (4) years after final payment of CMAQ funds, or until any on-  
9 going audit is completed. AUTHORITY shall also have the right to reproduce any such books,  
10 records and accounts. Contracts with CITY's contractors shall include the above provision with  
11 respect to audits.

12 **ARTICLE 6. IT IS MUTUALLY UNDERSTOOD AND AGREED:**

13 All parties agree to the following mutual responsibilities regarding PROJECT:

14 A. This Agreement shall continue in full force and effect through PROJECT close out of  
15 September 30, 2011. This Agreement may only be extended upon mutual agreement by both  
16 parties.

17 B. This Agreement may be terminated by either party after giving thirty (30) days written  
18 notice. This Agreement shall not be terminated without mutual agreement of both parties.

19 C. This Agreement may be amended in writing at any time by the mutual consent of both  
20 parties. No amendment shall have any force or effect unless executed in writing by both parties.

21 D. The persons executing this Agreement on behalf of the parties hereto warrant that  
22 they are duly authorized to execute this Agreement on behalf of said parties and that, by so  
23 executing this Agreement, the parties hereto are formally bound to the provisions of this Agreement.

24 E. All notices hereunder and communications regarding the interpretation of the terms of  
25 this Agreement, or changes thereto, shall be effected by delivery of said notices in person or by  
26 depositing said notices in the U.S. mail, registered, or certified mail and addressed as follows:

To CITY:	To AUTHORITY:
CITY of Irvine	Orange CITY Transportation Authority
1 Civic Center Plaza P.O. Box 19575 Irvine, California 92623-9575	550 South Main Street P. O. Box 14184 Orange, CA 92863-1584
Attention: Manuel Gomez Director of Public Works cc: Shohreh Dupuis, Manager of Transit & Transportation	Attention: Venita Todd Principal Contract Administrator cc: Abbe McClenahan, Capital Programs Manager
Tel: (949) 724-7509	Tel: (714) 560-5427; Fax: (714) 560-5734
Email: mgomez@ci.irvine.ca.us	Email: vtodd@octa.net

F. The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not part of and not intended to govern, limit or aid in the construction or interpretation of any terms or provision thereof.

G. The provision of this Agreement shall bind and inure to the benefit of each of the parties hereto and all successors or assigns of the parties hereto.

H. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

I. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

J. Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering

1 of material, products, plants or facilities by the federal, state or local government; national fuel shortage;  
2 or a material act or omission by the other party; when satisfactory evidence of such cause is presented  
3 to the other party, and provided further that such nonperformance is unforeseeable, beyond the control  
4 and is not due to the fault or negligence of the party not performing.

5 K. Neither this Agreement, nor any of the Parties rights, obligations, duties, or authority  
6 hereunder may be assigned in whole or in part by either Party without the prior written consent of the  
7 other Party in its sole and absolute discretion. Any such attempt of assignment shall be deemed void  
8 and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent  
9 assignment, nor the waiver of any right to consent to such subsequent assignment.

10 L. Nothing herein shall be deemed nor construed to authorize or require any Party to issue  
11 bonds, notes or other evidences of indebtedness under the terms, in amounts, or for purposes other  
12 than as authorized by local, state or federal law.

13 M. The laws of the State of California and applicable local and federal laws, regulations and  
14 guidelines shall govern this Agreement.

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26 This Agreement shall be effective upon execution by both parties.

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement No. C-9-0609 be executed on the date first above written.

**CITY OF IRVINE**

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_  
Sean Joyce  
City Manager

By: \_\_\_\_\_  
Will Kempton  
Chief Executive Officer

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Kennard R. Smart, Jr.  
General Counsel

**APPROVAL RECOMMENDED:**

By: \_\_\_\_\_  
Kia Mortazavi  
Executive Director, Development

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_







BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** American Recovery and Reinvestment Act Program Update and Amendments to Transit and Surface Transportation Programs

Highways Committee Meeting of August 17, 2009

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

**Committee Vote**

This item was passed by all Committee Members present.


**Committee Recommendations**

- A. Authorize staff to direct \$7.68 million of American Recovery and Reinvestment Act transit funds to fixed-route operating assistance.
- B. Authorize staff to apportion cost savings from the Riverside Freeway (State Route 91) Widening Project to the Garden Grove Freeway (State Route 22) West County Connectors Project.
- C. Direct staff to prepare and submit any necessary programming amendments to the Regional Transportation Improvement Program, submit necessary Federal Transit Administration grant applications, and execute any necessary agreements to facilitate above actions.



**August 17, 2009**

**To:** Highways Committee

**From:** Will Kempton, Chief Executive Officer 

**Subject:** American Recovery and Reinvestment Act Program Update and Amendments to Transit and Surface Transportation Programs

### **Overview**

The American Recovery and Reinvestment Act of 2009 provides \$212.4 million in formula funding for Orange County, including \$76.8 million in transit capital funding. Recent supplemental legislation allows 10 percent of the transit capital allocations to be used for fixed-route operating assistance. On July 30, 2009, construction bids were opened for the Riverside Freeway (State Route 91) Widening Project resulting in a bid savings. Staff is providing an update on the delivery status of the program of projects, discretionary grant programs, and requesting amendments to program transit funds for fixed-route operating assistance and re-program highway infrastructure cost savings.

### **Recommendations**

- A. Authorize staff to direct \$7.68 million of American Recovery and Reinvestment Act transit funds to fixed-route operating assistance.
- B. Authorize staff to apportion cost savings from the Riverside Freeway (State Route 91) Widening Project to the Garden Grove Freeway (State Route 22) West County Connectors Project.
- C. Direct staff to prepare and submit any necessary programming amendments to the Regional Transportation Improvement Program, submit necessary Federal Transit Administration grant applications, and execute any necessary agreements to facilitate above actions.

### **Background**

President Obama signed the American Recovery and Reinvestment Act (ARRA) into law in February 2009. ARRA provides \$212.4 million in transportation formula funding for Orange County. The ARRA was enacted to preserve/create jobs

and promote economic recovery through numerous programs including investments in transportation. In addition to swift implementation goals, the act calls for transparency, accountability, and full compliance with federal requirements.

The State of California (State) enacted a bill to streamline the allocation process for ARRA highway funds, resulting in the successful obligation of over 50 percent of the funds within 120 days. The State has set December 15, 2009, as the deadline for the regions and local agencies to obligate the remaining 50 percent of funds to ensure 100 percent obligation of all highway funds by March 2010.

On March 9, 2009, the Orange County Transportation Authority's (OCTA) Board of Directors (Board) approved the overall programming strategy to deliver the OCTA program of projects. The programming strategy provides flexibility to fine-tune the list and process Regional Transportation Improvement Program (RTIP) amendments based on final estimates, such that no money will be returned to the State for expenditure elsewhere. OCTA's program of projects includes \$130 million for highway projects including local agency rehabilitation projects, \$76.8 million for transit, \$1.2 million for rail modernization, and \$4 million for transportation enhancement projects.

On May 4, 2009, the OCTA Executive Committee concurred with a request from the City of Laguna Beach to transfer \$500,000 of ARRA funding allocated for street projects to transit capital projects due to a lack of federal aid roads in the City of Laguna Beach. Transferring of these funds from highways to transit is allowable under ARRA and accounts for changes in the funding subtotals (Attachment A).

#### **ARRA Discretionary Programs**

In addition to ARRA formula funding, two discretionary competitive grant programs provide funding opportunities to OCTA. Transportation Investment Generating Economic Recovery (TIGER) is a \$1.5 billion competitive grant program expected to provide up to \$300 million to the State. The high-speed Intercity Passenger Rail Program is an \$8 billion competitive program. The Federal Railroad Administration (FRA) released guidance to allocate the funds in four different "tracks" based on project readiness. Track 1 projects are due to the FRA by August 24, 2009.

With respect to TIGER, on July 27, 2009, the Board authorized staff to support the City of Anaheim in its nomination for funding the Gene Autry Way and Santa Ana Freeway (Interstate 5) interchange construction project (Project), in the

amount of \$29 million. The Board previously approved support of Metrolink's \$38.3 million positive train control (PTC) nomination.

On August 10, 2009, the Board reviewed the high-speed rail project nominations, including support for the California High-Speed Rail Authority's proposed \$3.4 billion application for projects on the California high-speed rail system (between Anaheim and Los Angeles) and the California Department of Transportation (Caltrans) proposed, \$339.9 million in Track 1 funding for 18 intercity rail projects on the Pacific Surfliner corridor (including six projects in Orange County), and the statewide application for \$850 million to fund implementation of PTC.

### ***Discussion***

OCTA's program of projects has been updated to include the additions described above, funding for fixed-route operating service described below, and other programming adjustments to account for cost savings (Attachment A). The table also reflects minor adjustments to the programmed funds to account for differences between the estimated funding levels and final approved apportionment figures.

#### **Fixed-Route Operating Assistance**

OCTA was allocated \$76.8 million in formula funds for transit capital assistance which were programmed to bus preventive maintenance and capital cost of contracting. ARRA guidelines require that half of these funds be obligated by September 2009 and the other half by March 2010. On July 10, 2009, OCTA obligated 100 percent of the transit funds, far exceeding the required deadlines. On June 24, 2009, the Supplemental Appropriations Act of 2009 went into effect allowing recipients of ARRA transit capital assistance funds the opportunity to use up to 10 percent of the amount apportioned towards fixed-route operating assistance. Staff is requesting Board authorization to shift \$7.68 million from capital costs of contracting to fixed-route operating assistance, and to amend the RTIP to reflect this change. This change does not increase ARRA funding but increases OCTA's flexibility in using other federal grants for preventive maintenance.

#### **Status of Projects**

OCTA's first priority project, the Riverside Freeway (State Route 91), was obligated on May 29, 2009, and met the 120-day deadline for obligating 50 percent of the apportioned highway funds. Bids were opened on

July 30, 2009, with a construction start date planned for September 2009. A bid analysis is being performed to determine the lowest responsible and responsive bidder. It is anticipated that there will be a cost savings between \$16 and \$22 million as a result of lower engineer's estimate and bid savings. Upon contract award, the Federal Highway Administration will de-obligate any bid savings and make funds available for re-distribution if the funds are not re-obligated by March 2, 2010. OCTA must re-obligate earlier in order to meet the State imposed deadline of December 2009; therefore, staff is recommending that the cost savings be apportioned to the Board-approved Garden Grove Freeway (State Route 22)/San Diego Freeway (Interstate 405)/San Gabriel River Freeway (Interstate 605) West County Connectors Project (WCC). The WCC is capable of receiving additional funds within the very narrow deadline as it is programmed to receive ARRA funds and meets the schedule requirements for environmental clearance and re-obligation of funds under an emergency administrative amendment. The ARRA funds will reduce the amount of Congestion Mitigation and Air Quality (CMAQ) funding currently budgeted for the project, which will be made available to other OCTA projects. Staff will return to the Board with a proposal for re-programming these CMAQ funds. Phase I of the WCC is expected to be under construction in December 2009.

At the time of this writing, all but one of the 41 local agency rehabilitation projects have received environmental clearance, as well as federal 1511 certification and Caltrans' website posting. Ten of the certified projects have been obligated and are awaiting contract award. Thirty of the remaining projects are expected to be obligated by September 30, 2009. Obligation of funds occurs when the local agency receives federal authorization to proceed.

The City of San Clemente (City) has not received environmental clearance and is working through delays and expects to certify the one remaining local project in late summer, followed by obligation in fall 2009. After discussion with the City and Caltrans, staff granted the City an extension to obtain certification and obligation of funds by late fall of 2009.

Four of the seven Transportation Enhancement (TE) projects have been obligated and are now awaiting contract award. The remaining three expected to be obligated by September 30, 2009.

To date, a total of \$78 million or 60 percent of highway and TE projects have been obligated and are waiting contract award. The total combined obligation

amount for transit, highway, and TE formula funds is \$153 million or 72 percent. The number of jobs expected to be created is approximately 5,900. Construction for the first project is expected to begin in September 2009, with the State Route 91 (SR-91) Widening Project, followed by the TE, WCC, and local agency rehabilitation projects.

Staff will return to the Board with an ARRA update with additional reporting and reprogramming of funds as a result of any bid savings from the local agency rehabilitation projects. Any funds de-obligated after March 2, 2010, have until September 2010 to be re-obligated. All funds must be expended by September 30, 2015, otherwise the funds will lapse. Funds that are de-obligated prior to March 2, 2010, as a result of bid savings, will have a very narrow window for obligation and are subject to redistribution.

***Summary***

The ARRA provides \$212.4 million in formula funding for Orange County. Due to recent changes in legislation, 10 percent of the transit capital allocations are proposed to be used to fund fixed-route operating assistance. The SR-91 Widening Project will generate a bid savings proposed to be apportioned to the WCC project. The program of projects list has been updated to reflect changes and project additions including discretionary grant nominated projects. OCTA has obligated 72 percent of apportioned ARRA highway, transit, and TE funds.

***Attachment***

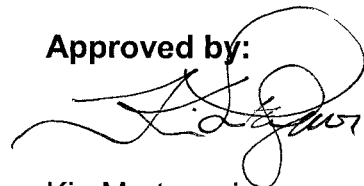
- A. Orange County Economic Recovery Program of Projects

**Prepared by:**



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**Approved by:**



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

## Orange County Economic Recovery Program of Projects

Project Description	Approved Estimated Allocation \$ x 1,000	Proposed Allocation** \$ x 1,000
<b>Highway Infrastructure</b>	<b>\$ 130,372</b>	<b>\$ 129,881</b>
SR-91 Eastbound New Lane from SR-241 to SR-71*	\$ 71,440	\$ 49,852
SR-22/I-605/I-405 Carpool Connectors*	\$ 26,432	\$ 47,660
Local Agency Projects	\$ 32,500	\$ 32,369
<b>Sub-total</b>	<b>\$ 130,372</b>	<b>\$ 129,881</b>
<b>Transit Capital Assistance</b>	<b>\$ 76,542</b>	<b>\$ 77,302</b>
Bus Preventative Maintenance/Cost of Contracting	\$ 75,292	\$ 68,372
Fixed-Route Operating Assistance		\$ 7,680
Fall Protection Bus Base Capital Improvements	\$ 500	\$ 500
Joint Sealant - Irvine Base	\$ 250	\$ 250
Laguna Beach Transit Capital	\$ 500	\$ 500
<b>Sub-total</b>	<b>\$ 76,542</b>	<b>\$ 77,302</b>
<b>Rail Modernization Revenues (Metrolink)</b>	<b>\$ 1,234</b>	<b>\$ 1,234</b>
Metrolink Positive Train Control (PTC) (OCTA share)	\$ 1,234	\$ 1,234
<b>Sub-total</b>	<b>\$ 1,234</b>	<b>\$ 1,234</b>
<b>Transportation Enhancement Revenues</b>	<b>\$ 4,000</b>	<b>\$ 4,049</b>
Costa Mesa - Fairview Avenue/I-405 Landscape Enhancement Project	\$ 500	\$ 500
Cypress - Moody Street Beautification Project	\$ 500	\$ 500
Huntington Beach - Edinger Avenue Parkway Improvements, Phase 2	\$ 156	\$ 156
Irvine - Jeffrey Road/I-405 Bike Bridge Landscaping	\$ 344	\$ 354
Laguna Niguel - Landscape and Street Improvements for Camino Capistrano	\$ 500	\$ 500
Orange - Tustin Branch Rail Trail	\$ 1,850	\$ 1,889
Villa Park - Taft Avenue Landscape	\$ 150	\$ 150
<b>Sub-total</b>	<b>\$ 4,000</b>	<b>\$ 4,049</b>
<b>TOTAL Formula Apportionments</b>	<b>\$ 212,148</b>	<b>\$ 212,466</b>
<b>Transportation Investment Generating Economic Recovery</b>		<b>\$ 67,300</b>
Gene Autry Way		\$ 29,000
PTC		\$ 38,300
<b>Sub-total</b>		<b>\$ 67,300</b>
<b>High-Speed Intercity Passenger Rail - Track 1</b>		<b>\$ 152,000</b>
Laguna Niguel-San Juan Capistrano Double Track		\$ 48,000
LOSSAN Crossovers and Additional Track		\$ 11,000
LOSSAN Systemwide Track Upgrades		\$ 67,000
LOSSAN Signal Communications Upgrades		\$ 10,000
LOSSAN Signal and Wayside Detector Upgrades and Re-Spacing		\$ 14,000
New Maintenance of Way Spurs		\$ 2,000
<b>Sub-total</b>		<b>\$ 152,000</b>
<b>TOTAL Discretionary Grants</b>		<b>\$ 219,300</b>
<b>Jobs Created - Formula Funds</b>	<b>5,897.7</b>	<b>5,906.6</b>
<b>Jobs Created - Discretionary Grants</b>		<b>6,096.5</b>

\*Proposed allocation assumes a revised cost/bid savings of \$21.5 million from the SR-91 Eastbound project

\*\* Proposed allocations vary slightly from the estimated allocations and are based on final apportionments

SR-91 - Riverside Freeway (State Route 91)  
SR-241 - Foothill Transportation Corridor  
SR-71 - Corona Expressway (State Route 71)  
SR-22 - Garden Grove Freeway (State Route 22)  
I-605 - San Gabriel River Freeway (Interstate 605)  
I-405 - San Diego Freeway (Interstate 405)  
LOSSAN - Los Angeles - San Diego Rail Corridor







*BOARD COMMITTEE TRANSMITTAL*

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Cooperative Agreements with the California Department of Transportation and the City of Seal Beach for the San Diego Freeway (Interstate 405) West County Connectors Project

Highways Committee Meeting of August 17, 2009

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

**Committee Vote**

This item was passed by all Committee Members present.

Director Norby was not present to vote on this matter.

**Committee Recommendations**

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0628 between the Orange County Transportation Authority and the California Department of Transportation for construction of the east segment project of the West County Connectors Project, in an amount not to exceed \$17,500,000.
- B. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0631 between the Orange County Transportation Authority and the City of Seal Beach, in an amount not to exceed \$7,174,000, to be received by the Orange County Transportation Authority from the City of Seal Beach for construction related to the widening of the Seal Beach Boulevard overcrossing, as part of the west segment project of the West County Connectors Project.



**August 17, 2009**

**To:** Highways Committee

**From:**  Will Kempton, Chief Executive Officer

**Subject:** Cooperative Agreements with the California Department of Transportation and the City of Seal Beach for the San Diego Freeway (Interstate 405) West County Connectors Project

### **Overview**

The Orange County Transportation Authority proposes to enter into two cooperative agreements as part of the San Diego Freeway (Interstate 405) West County Connectors Project. The first cooperative agreement is with the California Department of Transportation, which covers the construction phase of the east segment project of the West County Connectors Project. The second cooperative agreement is with the City of Seal Beach for construction services in relation to the widening of the Seal Beach Boulevard overcrossing as part of the west segment project of the West County Connectors Project.

### **Recommendations**

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0628 between the Orange County Transportation Authority and the California Department of Transportation for construction of the east segment project of the West County Connectors Project, in an amount not to exceed \$17,500,000.
- B. Authorize the Chief Executive Officer to execute Cooperative Agreement No. C-9-0631 between the Orange County Transportation Authority and the City of Seal Beach, in an amount not to exceed \$7,174,000, to be received by the Orange County Transportation Authority from the City of Seal Beach for construction related to the widening of the Seal Beach Boulevard overcrossing, as part of the west segment project of the West County Connectors Project.

***Discussion***

The West County Connectors Project will construct direct high-occupancy vehicle (HOV) connectors from the Garden Grove Freeway (State Route 22) to the San Diego Freeway (Interstate 405), and from Interstate 405 to the San Gabriel River Freeway (Interstate 605), with a second HOV lane in each direction on Interstate 405 between the two direct HOV connectors. The West County Connectors Project includes reconstruction of the Valley View Street, the Seal Beach Boulevard, and the north Interstate 405/west State Route 22 connector overcrossings.

The project is being developed as two separate design and construction segments. This is due to the large size of the project and to enhance construction industry bidding and competition. The east segment project is from Valley View Street to just east of the Seal Beach Boulevard overcrossing, encompassing the State Route 22/Interstate 405 interchange. The west segment project is from just east of the Seal Beach Boulevard overcrossing to Interstate 605, encompassing the Interstate 405/Interstate 605 interchange.

Cooperative agreements are now required to finalize funding responsibilities between the Orange County Transportation Authority (Authority), the California Department of Transportation (Caltrans), and the City of Seal Beach (City) related to the completion of the West County Connectors Project. The proposed cooperative agreements define the terms, conditions, and overall responsibilities of each party.

**Caltrans Construction Cooperative Agreement No. C-9-0628**

The Authority and Caltrans have agreed to jointly participate in the construction management of the West County Connectors Project. The advertisement and award for construction for the east segment project will be performed by Caltrans. Caltrans will also administer the contract with the general contractor, lead the construction management effort, and perform a portion of the construction inspection work, for a total of \$8,000,000. The Authority will hire private consulting firms to perform the remaining construction management and a portion of construction inspection, for a total of \$9,500,000. The total of these two amounts, \$17,500,000, will be drawn directly from the American Recovery and Reinvestment Act and the Congestion Mitigation and Air Quality Improvement Program. The approach of sharing construction management and inspection responsibilities between Caltrans and private firms is patterned after the successful working relationship that was developed

**Cooperative Agreements with the California Department of Transportation and the City of Seal Beach for the San Diego Freeway (Interstate 405) West County Connectors Project**

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**Page 3**

on the Santa Ana Freeway (Interstate 5) Gateway Project. The proposed cooperative agreement specifies the terms, conditions, and overall responsibilities of each party (Attachment A).

As defined in the cooperative agreement, the Authority is the funding agency for construction and Caltrans is the implementing agency for construction and adherence to the California Environmental Quality Act and the National Environmental Policy Act.

City of Seal Beach Cooperative Agreement No. C-9-0631

The West County Connectors Project will reconstruct the Seal Beach Boulevard overcrossing to accommodate the proposed additional HOV lanes on Interstate 405. The Seal Beach Boulevard overcrossing currently has four travel lanes. As part of the scope of work of the West County Connectors Project, this overcrossing will be reconstructed to have seven travel lanes. Seal Beach Boulevard will be widened to six lanes between Beverly Manor Road and Old Ranch Parkway, with an additional auxiliary lane connecting the southbound Interstate 405 off-ramp to the northbound Interstate 405 on-ramp. The City has agreed to fund the additional construction cost of widening the Seal Beach Boulevard overcrossing to provide additional travel lanes with developer fees and various outside funding sources, including Measure M grants to the City.

The cooperative agreement specifies that the Authority will construct the widening of the Seal Beach Boulevard overcrossing from the existing four lane structure to a new seven lane structure, and the City will reimburse the Authority for actual costs of the widening, in a total amount not to exceed \$7,174,000 (Attachment B).

**Fiscal Impact**

Through the Caltrans cooperative agreement, the Authority will receive \$9,500,000 from the American Recovery and Reinvestment Act and the Congestion Mitigation and Air Quality Improvement Program. Revenue Account 0010-9085/F7200-QPQ has been set up for receipt of these funds.

Through the City cooperative agreement, the Authority will receive \$5,304,983 in funds awarded to the City by the Authority, and \$1,869,017 in City funds, for a total of \$7,174,000. Revenue Account 0010-6062/F7210-XB1 has been set up for receipt of these funds. Reimbursement may be adjusted based upon the construction bid of the lowest responsible bidder.

**Cooperative Agreements with the California Department  
of Transportation and the City of Seal Beach for the  
San Diego Freeway (Interstate 405) West County Connectors  
Project**

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**Page 4**

***Summary***

Staff requests Board of Directors approval for the Chief Executive Officer to execute a cooperative agreement between the Authority and Caltrans (Agreement No. C-9-0628), in an amount not to exceed \$17,500,000, for construction management of the east segment project, and between the Authority and the City (Agreement No. C-9-0631) for \$7,174,000 to widen the Seal Beach Boulevard overcrossing, as part of the West County Connectors Project.

***Attachments***

- A. Draft Cooperative Agreement No. C-9-0628 Between Orange County Transportation Authority and the California Department of Transportation
- B. Draft Cooperative Agreement No. C-9-0631 Between Orange County Transportation Authority and City of Seal Beach

**Prepared by:**

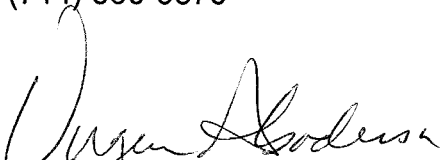


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**Approved by:**



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Virginia Abadessa  
Director, Contracts Administration and  
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**DRAFT COOPERATIVE AGREEMENT**  
**NO. C-9-0628 BETWEEN**  
**ORANGE COUNTY TRANSPORTATION**  
**AUTHORITY AND THE CALIFORNIA**  
**DEPARTMENT OF TRANSPORTATION**

**ATTACHMENT A**

This agreement is not approvable.  
It must be sent to the HQ Office of Cooperative Agreements for review.

**COOPERATIVE AGREEMENT**

This agreement, effective on \_\_\_\_\_, is between the State of California, acting through its Department of Transportation, referred to as CALTRANS, and:

Orange County Transportation Authority, a political subdivision of the State of California, referred to as OCTA.

**RECITALS**

1. CALTRANS and OCTA, collectively referred to as PARTNERS, are authorized to enter into a cooperative agreement for improvements within the SHS right of way per Streets and Highways Code sections 114 and/or 130.
2. WORK completed under this agreement contributes toward the construction of a high occupancy vehicle (HOV) connector for State Route 22/Interstate 405 (SR-22/I-405) and related improvements, referred to as PROJECT.
3. PARTNERS will cooperate to prepare the contract documents and advertise, award and administer construction contract for PROJECT.
4. This agreement is separate from and does not modify or supersede prior Cooperative Agreement No. 12-564 .
5. Prior to this agreement, OCTA developed the Plans, Specifications and Estimate; OCTA developed the Right of Way Certification; CALTRANS developed the Project Report; and CALTRANS developed the Project Initiation Document.
6. CALTRANS prepared the environmental documentation for PROJECT.
7. The estimated date for COMPLETION OF WORK is February 1, 2015.
8. PARTNERS now define in this agreement the terms and conditions under which they will accomplish WORK.

**DEFINITIONS**

**This agreement is not approvable.  
It must be sent to the HQ Office of Cooperative Agreements for review.**

**ARRA (American Recovery and Reinvestment Act of 2009)** – A federal act designed to promote economic recovery.

**CALTRANS STANDARDS** – CALTRANS policies and procedures, including, but not limited to, the guidance provided in the *Guide to Capital Project Delivery Workplan Standards* (previously known as WBS Guide) available at <http://www.dot.ca.gov/hq/projmgmt/guidance.htm>.

**CEQA** – The California Environmental Quality Act (California Public Resources Code, sections 21000 et seq.) that requires State and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those significant impacts, if feasible.

**COMPLETION OF WORK** – All PARTNERS have met all scope, cost, and schedule commitments included in this agreement and have signed a COOPERATIVE AGREEMENT CLOSURE STATEMENT.

**CONSTRUCTION** – The project component that includes the activities involved in the administration, acceptance, and final documentation of a construction contract for PROJECT.

**COOPERATIVE AGREEMENT CLOSURE STATEMENT** – A document signed by PARTNERS that verifies the completion of all scope, cost, and schedule commitments included in this agreement.

**FHWA** – Federal Highway Administration.

**FHWA STANDARDS** – FHWA regulations, policies and procedures, including, but not limited to, the guidance provided at <http://www.fhwa.dot.gov/programs.html>.

**FUNDING PARTNER** – A partner who commits a defined dollar amount to WORK.

**FUNDING SUMMARY** - The table in which PARTNERS designate funding sources, types of funds, and the project components in which the funds are to be spent. Funds listed on the FUNDING SUMMARY are “not-to-exceed” amounts for each FUNDING PARTNER.

**HM-1** – Hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law whether it is disturbed by PROJECT or not.

**HM-2** – Hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law only if disturbed by PROJECT.

**HM MANAGEMENT ACTIVITIES** – Management activities related to either HM-1 or HM-2 including, without limitation, any necessary manifest requirements and disposal facility designations.

**This agreement is not approvable.  
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**IMPLEMENTING AGENCY** – The partner responsible for managing the scope, cost, and schedule of a project component to ensure the completion of that component.

**IQA** – Independent Quality Assurance – Ensuring that IMPLEMENTING AGENCY’S quality assurance activities result in WORK being developed in accordance with the applicable standards and within an established Quality Management Plan. IQA does not include any work necessary to actually develop or deliver WORK or any validation by verifying or rechecking work performed by another partner.

**NEPA** – The National Environmental Policy Act of 1969 that establishes a national policy for the environment and a process to disclose the adverse impacts of projects with a federal nexus.

**PARTNERS** – The term that collectively references all of the signatory agencies to this agreement. This term only describes the relationship between these agencies to work together to achieve a mutually beneficial goal. It is not used in the traditional legal sense in which one partner’s individual actions legally bind the other partners.

**PROJECT MANAGEMENT PLAN** – A group of documents used to guide a project’s execution and control throughout the project’s lifecycle.

**PS&E (Plans, Specifications, and Estimate)** – The project component that includes the activities required to deliver the plans, specifications, and estimate for PROJECT.

**RESIDENT ENGINEER** – A civil engineer licensed in the State of California who is responsible for construction contract administration activities. Said engineer shall be independent of the design engineering company and the construction contractor.

**R/W (Right of Way)** – The project component that includes the activities required to deliver the right of way for PROJECT.

**SAFETEA-LU** – The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, signed into federal law on August 10, 2005.

**SCOPE SUMMARY** – The table in which PARTNERS designate their commitment to specific scope activities within each project component as outlined by the *Guide to Capital Project Delivery Workplan Standards* (previously known as WBS Guide) available at <http://www.dot.ca.gov/hq/projmgmt/guidance.htm>.

**SHS** – State Highway System.

**SPONSOR(S)** – The partner that accepts the obligation to secure financial resources to fully fund WORK. This includes any additional funds beyond those committed in this agreement necessary to complete the full scope of WORK defined in this agreement or settle claims.



**This agreement is not approvable.  
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**SFM (State Furnished Material)** – Any materials or equipment supplied by CALTRANS.

**WORK** – All scope and cost commitments included in this agreement.

### **RESPONSIBILITIES**

9. OCTA is SPONSOR for all WORK.
10. OCTA is the only FUNDING PARTNER for this agreement. OCTA's funding commitment is defined in the FUNDING SUMMARY.
11. CALTRANS is the CEQA lead agency for PROJECT.
12. CALTRANS is the NEPA lead agency for PROJECT.
13. CALTRANS is IMPLEMENTING AGENCY for CONSTRUCTION.

### **SCOPE**

#### **Scope: General**

14. All WORK will be performed in accordance with federal and California laws, regulations, and standards.  
  
All WORK will be performed in accordance with FHWA STANDARDS and CALTRANS STANDARDS.
15. IMPLEMENTING AGENCY for a project component will provide a Quality Management Plan for that component as part of the PROJECT MANAGEMENT PLAN.
16. CALTRANS will provide IQA for the portions of WORK within existing and proposed SHS right of way. CALTRANS retains the right to reject noncompliant WORK, protect public safety, preserve property rights, and ensure that all WORK is in the best interest of the SHS.

**This agreement is not approvable.  
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17. OCTA may provide IQA for the portions of WORK outside existing and proposed SHS right of way.
18. OCTA shall have a full-time, permanent representative assigned to PROJECT and that representative will be responsible for OCTA's contractual obligation of consultant personnel participating in PROJECT.
19. PARTNERS may, at their own expense, have a representative observe any scope, cost, or schedule commitments performed by another partner. Observation does not constitute authority over those commitments.
20. Each partner will ensure that all of their personnel participating in WORK are appropriately qualified to perform the tasks assigned to them.
21. PARTNERS will invite each other to participate in the selection and retention of any consultants who participate in WORK.
22. PARTNERS will conform to sections 1720 – 1815 of the California Labor Code and all applicable regulations and coverage determinations issued by the Director of Industrial Relations if PROJECT work is done under contract (not completed by a partner's own employees) and is governed by the Labor Code's definition of a "public work" (section 1720(a)(1)).  
  
PARTNERS will include wage requirements in all contracts for "public work" and will require their contractors and consultants to include prevailing wage requirements in all agreement-funded subcontracts for "public work".
23. IMPLEMENTING AGENCY for each project component included in this agreement will be available to help resolve WORK-related problems generated by that component for the entire duration of PROJECT.
24. CALTRANS will issue, upon proper application, at no cost, the encroachment permits required for WORK within SHS right of way.  
  
Contractors and/or agents, and utility owners will not perform WORK without an encroachment permit issued in their name.
25. If cultural, archaeological, paleontological, or other protected resources are discovered during WORK, all work in that area will stop until a qualified professional can evaluate the nature and significance of the discovery and a plan is approved for its removal or protection.
26. PARTNERS will hold all administrative draft and administrative final reports, studies, materials, and documentation relied upon, produced, created, or utilized for PROJECT in confidence to the extent permitted by law. Where applicable, the provisions of California

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Government Code section 6254.5(e) will govern the disclosure of such documents in the event that PARTNERS share said documents with each other.

PARTNERS will not distribute, release, or share said documents with anyone other than employees, agents, and consultants who require access to complete WORK without the written consent of the partner authorized to release them, unless required or authorized to do so by law.

27. If any partner receives a public records request, pertaining to WORK under this agreement, that partner will notify PARTNERS within five (5) working days of receipt and make PARTNERS aware of any transferred public documents.
28. If HM-1 or HM-2 is found during WORK, IMPLEMENTING AGENCY for the project component during which it is found will immediately notify PARTNERS.
29. CALTRANS, independent of PROJECT, is responsible for any HM-1 found within existing SHS right of way. CALTRANS will undertake HM-1 MANAGEMENT ACTIVITIES with minimum impact to PROJECT schedule.
30. OCTA, independent of PROJECT, is responsible for any HM-1 found within the Project limits outside existing SHS right of way. OCTA will undertake or cause to be undertaken HM-1 MANAGEMENT ACTIVITIES with minimum impacts to PROJECT schedule.
31. If HM-2 is found within PROJECT limits, the public agency responsible for the advertisement, award, and administration (AAA) of the PROJECT construction contract will be responsible for HM-2 MANAGEMENT ACTIVITIES.
32. CALTRANS' acquisition or acceptance of title to any property on which any HM-1 or HM-2 is found will proceed in accordance with CALTRANS' policy on such acquisition.
33. PARTNERS will comply with all of the commitments and conditions set forth in the environmental documentation, environmental permits, approvals, and applicable agreements as those commitments and conditions apply to each partner's responsibilities in this agreement.
34. IMPLEMENTING AGENCY for each project component will furnish PARTNERS with written monthly progress reports during the implementation of WORK in that component.
35. PARTNERS will prepare and agree to general content of monthly status reports within 30 days of award of contract.

**This agreement is not approvable.  
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36. Upon COMPLETION OF WORK, ownership and title to all materials and equipment constructed or installed as part of WORK within SHS right of way become the property of CALTRANS.
37. IMPLEMENTING AGENCY for a project component will accept, reject, compromise, settle, or litigate claims of any non-agreement parties hired to do WORK in that component.
38. PARTNERS will confer on any claim that may affect WORK or PARTNERS' liability or responsibility under this agreement in order to retain resolution possibilities for potential future claims. No partner shall prejudice the rights of another partner until after PARTNERS confer on claim.
39. PARTNERS will maintain and make available to each other all WORK-related documents, including financial data, during the term of this agreement and retain those records for four (4) years from the date of termination or COMPLETION OF WORK, or three (3) years from the date of final federal voucher, whichever is later.
40. PARTNERS have the right to audit each other in accordance with generally accepted governmental audit standards.

CALTRANS, the State auditor, FHWA, and OCTA will have access to all WORK-related records of each partner for audit, examination, excerpt, or transaction.

The examination of any records will take place in the offices and locations where said records are generated and/or stored and will be accomplished during reasonable hours of operation.

The audited partner will review the preliminary audit, findings, and recommendations, and provide written comments within 60 calendar days of receipt.

Any audit dispute not resolved by PARTNERS is subject to dispute resolution. Any costs arising out of the dispute resolution process will be paid within 30 calendar days of the final audit or dispute resolution findings.

41. PARTNERS consent to service of process by mailing copies by registered or certified mail, postage prepaid. Such service becomes effective 30 calendar days after mailing. However, nothing in this agreement affects PARTNERS' rights to serve process in any other matter permitted by law.
42. PARTNERS will not incur costs beyond the funding commitments in this agreement. If IMPLEMENTING AGENCY anticipates that funding for WORK will be insufficient to complete WORK, SPONSOR(S) will seek out additional funds and PARTNERS will amend this agreement.

**This agreement is not approvable.  
It must be sent to the HQ Office of Cooperative Agreements for review.**

43. If WORK stops for any reason, IMPLEMENTING AGENCY will place all facilities impacted by WORK in a safe and operable condition acceptable to CALTRANS.
44. If WORK stops for any reason, PARTNERS are still obligated to implement all applicable commitments and conditions included in the PROJECT environmental documentation, permits, agreements, or approvals that are in effect at the time that WORK stops, as they apply to each partner's responsibilities in this agreement, in order to keep PROJECT in environmental compliance until WORK resumes.
45. OCTA to perform PROJECT Public Information responsibilities using OCTA resources and consultants in partnership with CALTRANS Public Information Office (PIO). CALTRANS PIO should participate in Public Awareness Campaign consultant meetings and provide oversight in the preparation of PROJECT brochures, media releases and advisories, construction alerts, direct mail, legislative reports, public notices and other public information documents. CALTRANS PIO should also attend appropriate public meetings, open houses, and milestone events and official city and legislative briefings. All public information materials and notices shall include approved CALTRANS logo. In addition, CALTRANS PIO shall be consulted on media contact during any PROJECT emergency.
46. Each Partner accepts responsibility to complete the activities that they selected on the SCOPE SUMMARY. Activities marked with "N/A" on the SCOPE SUMMARY are not included in the scope of this agreement.

**Scope: CONSTRUCTION**

47. CALTRANS will advertise, open bids, award, and approve the construction contract in accordance with the Public Contract Code and the California Labor Code.

CALTRANS will not advertise the construction contract until CALTRANS completes or accepts the final plans, specifications, and estimate package; CALTRANS approves the Right of Way Certification; and FUNDING PARTNERS fully fund WORK.

By accepting responsibility to advertise and award the construction contract, CALTRANS also accepts responsibility to administer the construction contract. CALTRANS only accepts responsibility for IQA for the final plans, specifications, and estimates package. IQA is defined as the activities performed by CALTRANS at a project level to ensure that the Design Implementing Agency's (OCTA and/or their consultants) quality assurance activities result in projects being developed in accordance with CALTRANS standards, policies and practices and the Quality Control plan provided by OCTA and/or their consultants for Design.

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48. CALTRANS will provide a RESIDENT ENGINEER and CALTRANS and OCTA will provide construction support staff who are independent of the design engineering company and construction contractor and in accordance to Article 19 of this agreement.
49. PARTNERS will implement changes to the construction contract through contract change orders (CCOs). PARTNERS will review and concur on all CCOs over \$50,000. All CCOs affecting public safety or the preservation of property, all design and specification changes, and all major changes as defined in the CALTRANS *Construction Manual* will be approved by CALTRANS in advance of the CCO work to be performed.
50. If there is a dispute of contract change order concurrence between Partners, those specific issues will be resolved or elevated to avoid impact on the PROJECT through an Issue Resolution Plan. The Issue Resolution Plan shall be prepared and agreed on by PARTNERS within 30 days of award of contract in a facilitated formal Partnering session sponsored by OCTA.
51. PARTNERS will use a CALTRANS-approved construction contract claims process, will administer all claims through said process, and will be available to provide advice and technical input in any claims process.
52. If the lowest responsible construction contract bid (plus estimated contingencies, supplemental costs and State Furnished Material costs) is equal to or less than the amount shown on the FUNDING SUMMARY for CONSTRUCTION Capital, the IMPLEMENTING AGENCY may award the contract. If the lowest responsible construction contract bid is greater than the amount shown on the FUNDING SUMMARY for CONSTRUCTION Capital, all PARTNERS must be involved in determining how to proceed. If PARTNERS do not agree in writing on a course of action within 15 working days, this agreement will terminate.
53. CALTRANS will require the construction contractor to furnish payment and performance bonds naming CALTRANS as obligee and to carry liability insurance in accordance with CALTRANS specifications.
54. OCTA, through the Engineer of Record for the plans, specifications, and estimate package, will renew, extend, and/or amend all resource agency permits as necessary.
55. PROJECT CONSTRUCTION will provide maintenance for WORK within WORK limits until COMPLETION OF WORK, after which, SHS maintenance will be handled through an existing maintenance agreement.
56. CALTRANS Surveys will attend meetings as required during construction. CALTRANS Surveys will perform all post-construction monumentation and the mapping and documentation thereof. This work includes, but is not limited to the recovery, re-establishment, and survey of points as necessary to tie new right of way lines with those

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shown on the preconstruction record of survey, and to file monumentation documentation (being Records of Survey or Corner Records) with the County Surveyor.

Any existing monuments shown on the preconstruction Record of Survey and, are at risk of being destroyed by the contractor as a result of the project, will be re-set by the contractor's survey consultant and corner records documenting the character change of said monuments will be filed with the County Surveyor.

## **COST**

### **Cost: General**

57. SPONSOR(S) will secure funds for all WORK including any additional funds beyond the FUNDING PARTNERS' existing commitments in this agreement. Any change to the funding commitments outlined in this agreement requires an amendment to this agreement.
58. Within each PROJECT COMPONENT, PARTNERS will spend all American Recovery and Reinvestment Act of 2009 (ARRA) funds first. After exhausting all ARRA funds, PARTNERS will invoice all other funds proportionally within each PROJECT COMPONENT.
59. OCTA will designate CALTRANS the direct recipient for the Federal Highway Administration Highway Infrastructure Investment funds through the American Reinvestment and Recovery Act of 2009 (ARRA), and the Congestion Mitigation and Air Quality (CMAQ) funds.
60. CALTRANS will administer all federal funds.
61. The cost of any awards, judgments, or settlements generated by WORK is a WORK cost.
62. CALTRANS, independent of PROJECT, will pay all costs for HM MANAGEMENT ACTIVITIES related to HM-1 found within existing SHS right of way.
63. OCTA, independent of PROJECT, will pay, or cause to be paid, all costs for HM MANAGEMENT ACTIVITIES related to any HM-1 found within PROJECT limits and outside of existing SHS right of way.
64. HM MANAGEMENT ACTIVITIES costs related to HM-2 are a PROJECT CONSTRUCTION cost.

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65. The cost of coordinating, obtaining, complying with, implementing, and if necessary renewing and amending resource agency permits, agreements, and/or approvals is a WORK cost.
66. The cost to comply with and implement the commitments set forth in the environmental documentation is a WORK cost.
67. The cost to ensure that PROJECT remains in environmental compliance is a WORK cost.
68. The cost of any legal challenges to the CEQA or NEPA environmental process or documentation is a WORK cost.
69. Independent of WORK costs, CALTRANS will fund the cost of its own IQA for WORK done within existing or proposed future SHS right of way.
70. Independent of WORK costs, OCTA will fund the cost of its own IQA for WORK done outside existing or proposed future SHS right of way.
71. Fines, interest, or penalties levied against any partner will be paid, independent of WORK costs, by the partner whose actions or lack of action caused the levy. That partner will indemnify and defend all other partners.
72. The cost to place PROJECT right of way in a safe and operable condition and meet all environmental commitments is a WORK cost.
73. Because IMPLEMENTING AGENCY is responsible for managing the scope, cost, and schedule of a project component, if there are insufficient funds available in this agreement to place the right of way in a safe and operable condition, the appropriate IMPLEMENTING AGENCY accepts responsibility to fund these activities until such time as PARTNERS amend this agreement.  
  
That IMPLEMENTING AGENCY may request reimbursement for these costs during the amendment process.
74. If there are insufficient funds in this agreement to implement applicable commitments and conditions included in the PROJECT environmental documentation, permits, agreements, and/or approvals that are in effect at a time that WORK stops, the partner implementing the commitments or conditions accepts responsibility to fund these activities until such time as PARTNERS amend this agreement.  
  
That partner may request reimbursement for these costs during the amendment process.
75. PARTNERS will pay invoices within 30 calendar days of receipt of invoice.



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76. FUNDING PARTNERS accept responsibility to provide the funds identified on the FUNDING SUMMARY.
77. SPONSOR(S) accepts responsibility to ensure full funding for the identified scope of work.

**Cost: CONSTRUCTION Support**

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78. The cost to maintain the WORK within WORK limits is a WORK cost until COMPLETION OF WORK, after which, the cost of SHS maintenance will be handled through an existing maintenance agreement.
79. OCTA will be responsible for the total cost of CONSTRUCTION Support for both CALTRANS and OCTA forces or consultants, as shown on the FUNDING SUMMARY.
80. Costs for CALTRANS CONSTRUCTION Support costs are estimated to be \$8,000,000. CALTRANS shall directly draw from ARRA and CMAQ funds to cover CALTRANS CONSTRUCTION Support costs for said quality assurance activities and construction administration. This estimated cost is based on the awarded contract documents and detailed in the attached CONSTRUCTION SUPPORT COST SUMMARY.
81. CALTRANS will submit to OCTA quarterly reports for estimated CONSTRUCTION Support costs for that time period based on actual expenditures. Detailed supporting information will be provided in that report.
82. At eighty-percent (80%) expenditure of CALTRANS CONSTRUCTION Support costs, CALTRANS shall review costs incurred. If it is found that there will be insufficient funds to complete WORK due to changes in the awarded contract documents, or a change in the SCOPE SUMMARY, or other WORK supported reasons, CALTRANS shall request additional funding for CONSTRUCTION Support. SPONSOR will seek out additional funds and PARTNERS will amend this agreement.
83. The IMPLEMENTING AGENCY accepts the responsibility to fund these activities until such time as PARTNERS amend this agreement.
84. Costs for OCTA forces and consultants CONSTRUCTION Support costs are estimated to be \$9,500,000. OCTA will submit invoices to CALTRANS for OCTA forces or consultants CONSTRUCTION Support costs and CALTRANS shall withdraw funds from ARRA and CMAQ funds to cover said quality assurance activities and construction administration by OCTA forces or consultants CONSTRUCTION Support.
85. OCTA will invoice CALTRANS for a \$200,000 initial deposit 30 working days prior to the construction contract bid advertisement date. This deposit represents one (1) month's estimated OCTA forces of consultants CONSTRUCTION Support costs.

Thereafter, OCTA will submit to CALTRANS monthly invoices for estimated monthly costs based on the prior month's actual Support expenditures. Detailed supporting information will be provided within seven (7) working days of invoice.

CALTRANS will electronically transfer (wire) funds to OCTA within three (3) to five (5) working days of receipt of invoice. CALTRANS transfer of funds will not be construed as acceptance of said charges.

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If CALTRANS does not transfer the money within three (3) to five (5) working days, OCTA may require CALTRANS to make all subsequent payments as deposits in advance of WORK.

CALTRANS will notify OCTA of a disputed invoice in writing no later than 30 days of receipt of the detailed supporting information.

Upon receipt of a claim, OCTA has seven (7) working days to contest said claim. Upon resolution, OCTA will make the appropriate credit or debit to OCTA, reflected on the next invoice.

After PARTNERS agree that all Scope activities are complete, OCTA will submit a final accounting for all WORK costs. Based on the final accounting, PARTNERS will refund or invoice as necessary in order to satisfy the obligation of this agreement.

**Cost: CONSTRUCTION Capital**

86. The cost of all STATE FURNISHED MATERIAL is a CONSTRUCTION capital cost.

87. The cost of all City Police Services is a STATE FURNISHED MATERIAL CONSTRUCTION capital cost. Cooperative Agreements will be executed between the individual cities of Westminster, Los Alamitos, Garden Grove and Cypress, and OCTA for these services.

OCTA will invoice CALTRANS for these services as they apply. CALTRANS will only reimburse OCTA for the maximum amount of services identified in the Cooperative Agreements between OCTA and the cities.

CALTRANS will directly draw from either ARRA or CMAQ funds for the actual cost of any STATE-FURNISHED MATERIAL.

**SCHEDULE**

88. PARTNERS will manage the schedule for WORK through the work plan included in the PROJECT MANAGEMENT PLAN.

**GENERAL CONDITIONS**

89. This agreement will be understood in accordance with and governed by the Constitution and laws of the State of California. This agreement will be enforceable in the State of California. Any legal action arising from this agreement will be filed and maintained in

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the Superior Court of the county in which the CALTRANS district office signatory to this agreement resides.

90. All obligations of CALTRANS under the terms of this agreement are subject to the appropriation of resources by the Legislature, the State Budget Act authority, and the allocation of funds by the California Transportation Commission.
91. Any PARTNER who performs IQA does so for its own benefit, further, that PARTNER cannot be assigned liability due to its IQA activities.
92. Neither OCTA nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CALTRANS under or in connection with any work, authority, or jurisdiction conferred upon CALTRANS under this agreement.

It is understood and agreed that CALTRANS will fully defend, indemnify, and save harmless OCTA and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS under this agreement.

93. Neither CALTRANS nor any officer or employee thereof is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by OCTA under or in connection with any work, authority, or jurisdiction conferred upon OCTA under this agreement.

It is understood and agreed that OCTA will fully defend, indemnify, and save harmless CALTRANS and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by OCTA under this agreement.

94. This agreement is not intended to create a third party beneficiary or define duties, obligations, or rights in parties not signatory to this agreement. This agreement is not intended to affect the legal liability of PARTNERS by imposing any standard of care for completing WORK different from the standards imposed by law.
95. PARTNERS will not assign or attempt to assign agreement obligations to parties not signatory to this agreement.
96. Any ambiguity contained in this agreement will not be interpreted against PARTNERS. PARTNERS waive the provisions of California Civil Code section 1654.
97. A waiver of a partner's performance under this agreement will not constitute a continuous waiver of any other provision. An amendment made to any article or section

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of this agreement does not constitute an amendment to or negate all other articles or sections of this agreement.

98. A delay or omission to exercise a right or power due to a default does not negate the use of that right or power in the future when deemed necessary.
99. If any partner defaults in their agreement obligations, the non-defaulting partner(s) will request in writing that the default be remedied within 30 calendar days. If the defaulting partner fails to do so, the non-defaulting partner(s) may initiate dispute resolution.
100. PARTNERS will first attempt to resolve agreement disputes at the PROJECT team level. If they cannot resolve the dispute themselves, the CALTRANS district director and the executive officer of OCTA will attempt to negotiate a resolution. If no resolution is reached, PARTNERS' legal counsel will initiate mediation. PARTNERS agree to participate in mediation in good faith and will share equally in its costs.

Neither the dispute nor the mediation process relieves PARTNERS from full and timely performance of WORK in accordance with the terms of this agreement. However, if any partner stops WORK, the other partner(s) may seek equitable relief to ensure that WORK continues.

Except for equitable relief, no partner may file a civil complaint until after mediation, or 45 calendar days after filing the written mediation request, whichever occurs first.

Any civil complaints will be filed in the Superior Court of the county in which the CALTRANS district office signatory to this agreement resides. The prevailing partner will be entitled to an award of all costs, fees, and expenses, including reasonable attorney fees as a result of litigating a dispute under this agreement or to enforce the provisions of this article including equitable relief.

101. PARTNERS maintain the ability to pursue alternative or additional dispute remedies if a previously selected remedy does not achieve resolution.
102. If any provisions in this agreement are deemed to be, or are in fact, illegal, inoperative, or unenforceable, those provisions do not render any or all other agreement provisions invalid, inoperative, or unenforceable, and those provisions will be automatically severed from this agreement.
103. This agreement is intended to be PARTNERS' final expression and supersedes all prior oral understanding or writings pertaining to WORK.
104. If during performance of WORK additional activities or environmental documentation is necessary to keep PROJECT in environmental compliance, PARTNERS will amend this agreement to include completion of those additional tasks.

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105. PARTNERS will execute a formal written amendment if there are any changes to the commitments made in this agreement.
106. This agreement will terminate upon COMPLETION OF WORK or upon 30 calendar days' written notification to terminate and acceptance between PARTNERS, whichever occurs first.

However, all indemnification, document retention, audit, claims, environmental commitment, legal challenge, and ownership articles will remain in effect until terminated or modified in writing by mutual agreement.

107. PROJECT is subject to the intent, terms, conditions, requirements, and constraints of the American Recovery and Reinvestment Act of 2009 (ARRA) and as directed by CALTRANS.

PARTNERS agree to charge all WORK costs to American Recovery and Reinvestment Act of 2009 (ARRA) funds prior to charging them to other non-ARRA funds. All non-ARRA funds will be spent proportionally.

108. The following documents are attached to, and made an express part of this agreement: SCOPE SUMMARY, FUNDING SUMMARY, CONSTRUCTION SUPPORT COST SUMMARY and BASELINE AGREEMENT.
109. Signatories may execute this agreement through individual signature pages provided that each signature is an original. This agreement is not fully executed until all original signatures are attached.

### **CONTACT INFORMATION**

The information provided below indicates the primary contact data for each partner to this agreement. PARTNERS will notify each other in writing of any personnel or location changes. These changes do not require an amendment to this agreement.

The primary agreement contact person for CALTRANS is:  
Ahmad Hindiyeh, Project Manager  
3355 Michelson Drive, Suite 380  
Irvine, California 92612  
Office Phone: (949) 724-2465  
Mobile Phone: (949) 279-8559  
Email: Ahmad\_Hindiyeh@dot.ca.gov

The primary agreement contact person for OCTA is:  
Niall Barrett, Project Manager  
550 South Main Street  
Orange, California 92863

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Office Phone: (714) 560-5879  
Email: NBarrett@octa.net

The billing contact person for OCTA is:  
Niall Barrett, Project Manager  
Orange, California 92863  
Office Phone: (714) 560-6282  
Email: NBarrett@octa.net

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**SIGNATURES**

PARTNERS declare that:

1. Each partner is an authorized legal entity under California state law.
2. Each partner has the authority to enter into this agreement.
3. The people signing this agreement have the authority to do so on behalf of their public agencies.

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

ORANGE COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Jim Beil  
Deputy District Director, Capital Projects  
Outlay Program

By: \_\_\_\_\_  
Will Kempton  
Chief Executive Officer

CERTIFIED AS TO FUNDS:

By: \_\_\_\_\_  
Kia Mortzavi  
Executive Director, Development

By: \_\_\_\_\_  
Neda Saber  
Budget Manager

APPROVED AS TO FORM AND PROCEDURE

By: \_\_\_\_\_  
Kennard R. Smart, Jr.  
AUTHORITY General Counsel





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## **SCOPE SUMMARY**



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### SCOPE SUMMARY

4	5	6	7	8	Description	CALTRANS	OCTA	N/A
3					<b>Plans, Specifications, and Estimates (PS&amp;E) - 185, 230, 235, 240, 250, 255, 260, 265</b>	X	X	
	185				Prepare Base Maps and Plan Sheets for PS&E Development			X
	230				Prepare Draft Plans, Specifications, and Estimates			X
	235				Mitigate Environmental Impacts and Clean Up Hazardous Waste			X
	240				Draft Structures Plans, Specifications, and Estimates			X
	250				Final Structures Plans, Specifications, and Estimates Package			X
	255				Circulate, Review, and Prepare Final District Plans, Specifications, and Estimates Package	X		
		05			Circulated and Reviewed Draft District Plans, Specifications, and Estimates Package			X
		10			Updated Plans, Specifications, and Estimates Package			X
		15			Environmental Re-Evaluation			X
		20			Final District Plans, Specifications, and Estimates Package	X		
		25			Geotechnical Information Handout			X
		30			Materials Information Handout			X
		35			Construction Staking Package and Control			X
		40			Resident Engineer's Pending File			X
		45			NEPA Delegation			X
		50			Secured Lease for Resident Engineer Office Space or Trailer			X
	260				Contract Bid Documents Ready to List	X		
	265				Awarded and Approved Construction Contract	X		
		50			Contract Ready for Advertising	X		
		55			Advertised Contract	X		
		60			Bids Opened	X		
		65			Contract Award	X		
		70			Executed and Approved Contract	X		
		75			Independent Assurance	X		
4					<b>Right of Way (R/W) - 195, 200, 220, 225, 245, 300</b>	X	X	
	195				Right of Way Property Management and Excess Land		X	
	200				Utility Relocation		X	
	220				Right of Way Engineering		X	
	225				Obtain Right of Way Interests for Project Right of Way		X	

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				Certification			
	245			Post Right of Way Certification Work		X	
	300			Final Right of Way Engineering			
<b>5</b>				<b>Construction (CON) - 270, 285, 290, 295</b>	<b>X</b>	<b>X</b>	
	270			Construction Engineering and General Contract Administration	X	X	
		10		Construction Staking Package and Control		X	
		15		Construction Stakes		X	
		20		Construction Engineering Work	X	X	
		25		Construction Contract Administration Work	X	X	
		05		Secured Lease for Resident Engineer Office Space or Trailer		X	
		10		Set Up Construction Project Files	X	X	
		15		Pre-Construction Meeting	X	X	
		20		Progress Pay Estimates	X	X	
		25		Weekly Statement of Working Days	X	X	
		30		Construction Project Files and General Field Office Clerical Work	X	X	
		35		Labor Compliance Activities	X		
		40		Approved Subcontractor Substitutions	X		
		45		Coordination	X		
		50		Civil Rights Contract Compliance	X		
		99		Other Construction Contract Administration Products	X	X	
		30		Contract Item Work Inspection	X	X	
		35		Construction Material Sampling and Testing	X	X	
		40		Safety and Maintenance Reviews	X		
		45		Relief From Maintenance Process	X		
		55		Final Inspection and Acceptance Recommendation	X		
		60		Plant Establishment Administration	X		
		65		Transportation Management Plan Implementation During Construction	X		
		75		Resource Agency Permit Renewal and Extension Requests		X	
		80		Long-Term Environmental Mitigation/Mitigation Monitoring During Construction Contract	X		
		99		Other Construction Engineering and General Contract Administration	X		
	275			Construction Engineering and General Contract Administration of Structure Work	X	X	
		30		Contract Change Order Inspection for Structures Work	X	X	
		40		Safety Tasks for Structures Work	X		
	285			Contract Change Order Administration	X	X	
		05		Contract Change Order Process	X		
		10		Functional Support	X	X	
		05		Field Surveys for Contract Change Order		X	
		10		Staking for Contract Change Order		X	

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		15		Other Functional Support	X	X	
290				Resolve Contract Claims	X	X	
	05			Analysis of Notices of Potential Claims	X	X	
	10			Supporting Documentation and Responses to Notices of Potential Claims	X	X	
	15			Reviewed and Approved Claim Report	X	X	
	20			District Claim Meeting or Board of Review	X	X	
	25			Arbitration Hearing	X	X	
	30			Negotiated Claim Settlement	X	X	
	35			Technical Support	X	X	
295				Accept Contract, Prepare Final Construction Estimate, and Final Report	X		

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# **FUNDING SUMMARY**

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**FUNDING SUMMARY**

Funding Source	Funding Partner	Fund Type	PS&E	CON Capital	CON Support	Subtotal Support	Subtotal Capital	Subtotal Funds Type
FEDERAL	OCTA	ARRA	\$0.00	\$31,500,000.00	\$18,200,000.00	\$18,200,000.00	\$31,500,000.00	\$49,700,000.00
FEDERAL	OCTA	CMAQ	\$0.00	\$94,600,000.00	\$0.00	\$0.00	\$94,600,000.00	\$94,600,000.00
		Subtotals by Component	\$0.00	\$126,100,000.00	\$18,200,000.00	\$18,200,000.00	\$126,100,000.00	\$144,300,000.00



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## **CONSTRUCTION SUPPORT COST SUMMARY**

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**BASELINE AGREEMENT**

**DRAFT**

**COOPERATIVE AGREEMENT NO. C-9-0631**

**BETWEEN**

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**AND**

**CITY OF SEAL BEACH**

**THIS AGREEMENT**, is made and entered into this \_\_\_ day of \_\_\_\_\_, 2009, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (herein referred to as "AUTHORITY"), and the CITY OF SEAL BEACH, 211 8th Street, Seal Beach, California 90740, a municipal corporation (herein referred to as "CITY").

**RECITALS:**

**WHEREAS**, the AUTHORITY, in cooperation and partnership with the California Department of Transportation (herein referred to as "STATE") is proposing to implement capacity and operational improvements on the San Diego Freeway (I-405) that will link High Occupancy Vehicle (HOV) lanes with those on the Garden Grove Freeway (SR-22) and San Gabriel River Freeway (I-605) to create a seamless HOV connection amongst the three freeways (herein referred to as "PROJECT"); and

**WHEREAS**, the PROJECT will add direct HOV bridge connectors, add an additional HOV lane in each direction on I-405 between SR-22, extend HOV lanes on SR-22 to I-405, extend HOV lanes on I-605 to I-405, demolish and reconstruct overcrossings, reconstruct on and off-ramps, and other improvements; and

**WHEREAS**, the existing Seal Beach Boulevard bridge over-crossing, see Exhibit A, will need to be demolished and reconstructed to accommodate the widening of I-405 to add the aforementioned additional HOV lanes; and

**WHEREAS**, the CITY, as part of the PROJECT, desires to widen the Seal Beach Boulevard bridge over-crossing from two lanes in each direction to three lanes in each direction plus an auxiliary lane in the NB direction from the southbound Interstate 405 offramp to the northbound Interstate 405

1 onramp, with the project limits extending from the intersection of Seal Beach Boulevard/Beverly Manor  
2 Drive to the intersection of Seal Beach Boulevard/Old Ranch Parkway, as described in Exhibit B (herein  
3 referred to as CITY IMPROVEMENTS); and

4 **WHEREAS**, both parties hereto agree that final design and construction of the CITY  
5 IMPROVEMENTS shall be performed as part of the PROJECT. Furthermore, the CITY agrees to fund  
6 its share of the cost of the CITY IMPROVEMENTS as defined herein in the amount of Seven Million  
7 One Hundred Seventy Four Thousand Dollars (\$7,174,000), which consists of One Million Eight  
8 Hundred Sixty Nine Thousand and Seventeen Dollars (\$1,869,017) in CITY funds and Five Million  
9 Three Hundred and Four Thousand, Nine Hundred and Eighty Three Dollars (\$5,304,983) in funds  
10 provided to CITY by AUTHORITY under separate agreements. AUTHORITY agrees that the amount of  
11 reimbursement may be adjusted by written amendment to this Agreement based upon the bid and  
12 award of construction contract to the lowest responsible bidder for CITY IMPROVEMENTS; and

13 **WHEREAS**, the CITY acknowledges that the purpose of the CITY IMPROVEMENTS is  
14 consistent with and in furtherance of the CITY's adopted plans and policies, recognizes that it has a  
15 beneficial or legal interest in the CITY IMPROVEMENTS and its concomitant parts, and acknowledges  
16 that the CITY IMPROVEMENTS constitute a government project for the benefit of the residents of the  
17 CITY and the persons who use CITY streets and public rights-of-way; and

18 **WHEREAS**, this Cooperative Agreement defines the specific terms, conditions and funding  
19 responsibilities between the AUTHORITY and CITY for the completion of CITY IMPROVEMENTS.

20 **NOW, THEREFORE**, it is mutually understood and agreed by the AUTHORITY and the CITY  
21 as follows:

22 **ARTICLE 1. COMPLETE AGREEMENT**

23 This Agreement, including all exhibits and documents incorporated herein and made applicable  
24 by reference, constitutes the complete and exclusive statement of the terms and conditions of the  
25 Agreement between the AUTHORITY and the CITY and supersedes all prior representations,  
26 understandings and communications. The invalidity in whole or in part of any term or condition of this  
Agreement shall not affect the validity of other terms or conditions.

1  
2       **ARTICLE 2. RESPONSIBILITES OF AUTHORITY**

3       AUTHORITY agrees to the following responsibilities for the PROJECT and the CITY  
4 IMPROVEMENTS:

5           A.     To include in the PROJECT the herein described CITY IMPROVEMENTS and to  
6 construct and complete, or cause to be constructed and completed, the PROJECT and the CITY  
7 IMPROVEMENTS.

8           B.     To act as the lead agency during design of CITY IMPROVEMENTS and oversee  
9 STATE's construction of CITY IMPROVEMENTS. To ensure compliance with all terms and conditions  
10 set forth in any applicable local, state, federal regulations, which govern the performance of work  
11 necessary to complete CITY IMPROVEMENTS.

12          C.     To conduct all of its activities in association with CITY IMPROVEMENTS in a good and  
13 competent manner and in compliance with all applicable federal, state and local rules and regulations.

14          D.     To prepare and submit to CITY a lump sum invoice in the amount of One Million Eight  
15 Hundred Sixty Nine Thousand and Seventeen Dollars (\$1,869,017) for a portion of the costs incurred or  
16 to be incurred by AUTHORITY for design, right-of-way acquisition, construction and completion of CITY  
17 IMPROVEMENTS. The remaining portion of the costs in the amount of Five Million Three Hundred and  
18 Four Thousand, Nine Hundred and Eighty Three Dollars (\$5,304,983) in Authority awarded funds to the  
19 City, will be drawn down directly by the Authority.

20          E.     To provide all staff, employees, agents, consultants and contractors deemed necessary  
21 and appropriate by AUTHORITY to manage, administer, coordinate, and oversee final engineering  
22 design and construction of PROJECT and CITY IMPROVEMENTS.

23          F.     To be responsible for any right-of-way acquisition deemed necessary and appropriate by  
24 AUTHORITY for PROJECT and CITY IMPROVEMENTS, and certification for PROJECT.

25          G.     To monitor the activities of all AUTHORITY staff, agents, contractors, consultants and  
26 employees to ensure that all such staff, agents, contractors, consultants and employees comply with  
the approved PROJECT schedule, quality, and budget goals.

1 H. To require AUTHORITY's contractor to obtain permits and receive approval for design  
2 and construction from CITY for any work done within the jurisdictional boundaries of CITY. Design and  
3 construction work within the jurisdictional boundaries of CITY will conform to applicable CITY standards,  
4 as determined by CITY's Director of Public Works/City Engineer.

5 **ARTICLE 3. RESPONSIBILITIES OF CITY**

6 CITY agrees to the following responsibilities:

7 A. To collaborate with AUTHORITY staff, its consultants, employees, agents, and  
8 contractors during design and construction of PROJECT, and to issue permits at no cost to Authority or  
9 its contractor.

10 B. To credit AUTHORITY, in accordance with ARTICLE 2, Section D, above, within thirty  
11 (30) days of receipt of invoice in the amount of One Million Eight Hundred Sixty Nine Thousand and  
12 Seventeen Dollars (\$1,869,017), for completion of CITY IMPROVEMENTS by AUTHORITY and to  
13 approve the Authority to directly draw down the amount of Five Million Three Hundred and Four  
14 Thousand, Nine Hundred and Eighty Three Dollars (\$5,304,983) in City funds awarded by the Authority.

15 C. Upon request from the AUTHORITY, the CITY shall use its best efforts to cause each  
16 public utility to rearrange or relocate its public utility facilities that may be determined by AUTHORITY  
17 and CITY to conflict with CITY IMPROVEMENTS. The CITY hereby agrees to exercise and invoke its  
18 rights under any applicable state franchise laws or under any applicable local franchise issued or  
19 provided by CITY to effectuate such rearrangement or relocation at the expense of the affected public  
20 utility as necessary to conform to the CITY IMPROVEMENTS. The CITY shall cooperate with  
21 AUTHORITY and provide all appropriate and necessary support to achieve this result. In the event the  
22 public utility fails to make the rearrangement or relocation or fails to agree to make the rearrangement  
23 or relocation in a timely manner, CITY shall assign its rights under the Agreement to permit  
24 AUTHORITY to cause the rearrangement or realignment in a timely manner. The CITY shall cooperate  
25 and provide assistance to AUTHORITY as needed, and shall join with AUTHORITY as a party in the  
26 prosecution or defense of CITY and AUTHORITY's respective rights under the laws of the State of

1 California to cause such rearrangements and relocations. In the event a public utility is not subject to a  
2 state or local franchise and the public utility is entitled under the laws of the State of California to be  
3 reimbursed or paid for the cost of relocation of such public utility, the AUTHORITY shall be responsible  
4 for all costs incurred, if any, including the design, construction and costs of any interest in land that may  
5 need to be acquired to accommodate such rearrangement or relocation. Wherever possible, any  
6 relocation of a public utility shall be made to an area covered by a state franchise or local franchise.

7 **ARTICLE 4. AUDIT AND INSPECTION**

8 AUTHORITY and CITY shall maintain a complete set of records in accordance with generally accepted  
9 accounting principles. Upon reasonable notice, AUTHORITY shall permit the authorized  
10 representatives of the CITY to inspect and audit all work, materials, payroll, books, accounts, and other  
11 data and records of AUTHORITY for a period of four (4) years after final payment, or until any on-going  
12 audit is completed. For purposes of audit, the date of completion of this Agreement shall be the date of  
13 CITY's payment of AUTHORITY's final billing (so noted on the invoice) under this Agreement.  
14 AUTHORITY and CITY shall have the right to reproduce any such books, records, and accounts. The  
15 above provision with respect to audits shall extend to and/or be included in contracts with  
16 AUTHORITY's contractor.

17 **ARTICLE 5. INDEMNIFICATION AND INSURANCE**

18 A. AUTHORITY shall defend, indemnify and hold harmless the CITY, its officers, agents,  
19 elected officials, and employees, from all liability, claims, losses and demands, including defense costs  
20 and reasonable attorneys' fees, whether resulting from court action or otherwise, arising out of the acts  
21 or omissions of AUTHORITY, its officers, agents, or employees, in the performance of the Agreement,  
22 excepting acts or omissions directed by the CITY, its officers, agents, or employees, acting within the  
23 scope of their employment, for which the CITY agrees to defend and indemnify AUTHORITY in a like  
24 manner. This indemnity shall survive even after the termination of this Agreement.

25 CITY shall defend, indemnify and hold harmless the AUTHORITY, its officers, agents, elected  
26 officials, and employees, from all liability, claims, losses and demands, including defense costs and



1 reasonable attorneys' fees, whether resulting from court action or otherwise, arising out of the acts or  
2 omissions of CITY, its officers, agents, or employees, in the performance of the Agreement, excepting  
3 acts or omissions directed by the AUTHORITY, its officers, agents, or employees, acting within the  
4 scope of their employment, for which the AUTHORITY agrees to defend and indemnify CITY in a like  
5 manner. This indemnity shall survive even after the termination of this Agreement

6 **ARTICLE 6. ADDITIONAL PROVISIONS**

7 A. The cost borne by the CITY represents agreed upon actual costs for CITY  
8 IMPROVEMENTS.

9 B. This Agreement may be amended in writing at any time by the mutual consent of both  
10 parties. No amendment shall have any force or effect unless executed in writing by both parties.

11 C. The persons executing this Agreement on behalf of the parties hereto warrant that they  
12 are duly authorized to execute this Agreement on behalf of said parties and that, by so executing this  
13 Agreement, the parties hereto are formally bound to the provisions of this Agreement.

14 D. The AUTHORITY and the CITY shall comply with all applicable federal, state, and local  
15 laws, statues, ordinances, and regulations of any governmental authority having jurisdiction over  
16 PROJECT and/or CITY IMPROVEMENTS.

17 E. Notification and mailing address:

18 Any notices, requests, or demands made between the parties pursuant to this Agreement are to  
19 be directed as follows:  
20  
21  
22  
23  
24  
25  
26

To CITY:	To AUTHORITY:
City of Seal Beach	Orange County Transportation Authority
211 8 <sup>th</sup> Street  Seal Beach, CA 90740	550 South Main Street  P. O. Box 14184  Orange, CA 92863-1584
Attention: Vince Mastrosimone  Director of Public Works  562-431-2527	Attention: Virginia Abadessa  Director of Contracts Administration and Materials Management  714-560-5623

F. The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not part of and not intended to govern, limit or aid in the construction or interpretation of any terms or provision thereof.

G. The provision of this Agreement shall bind and inure to the benefit of each of the parties hereto and all successors or assigns of the parties hereto.

H. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

I. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will not be permitted.

J. This Agreement shall continue in full force and effect through final acceptance of CITY IMPROVEMENTS by AUTHORITY or November 1, 2014, whichever is later. This Agreement may be extended upon mutual agreement by both parties.

1           **IN WITNESS WHEREOF**, the parties hereto have caused this Agreement No. C-9-0631 to be  
2 executed on the date first above written.

3 **CITY OF SEAL BEACH**

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

4  
5 By: \_\_\_\_\_

By: \_\_\_\_\_

6           Gordon Shanks  
7           Mayor

Will Kempton  
Chief Executive Officer

8  
9 **ATTEST:**

**APPROVED AS TO FORM:**

10 By: \_\_\_\_\_

By: \_\_\_\_\_

11           Linda Devine  
12           City Clerk

Kennard R. Smart, Jr.  
General Counsel

13  
14  
15 **APPROVED AS TO FORM:**

**APPROVAL RECOMMENDED:**

16 By: \_\_\_\_\_

By: \_\_\_\_\_

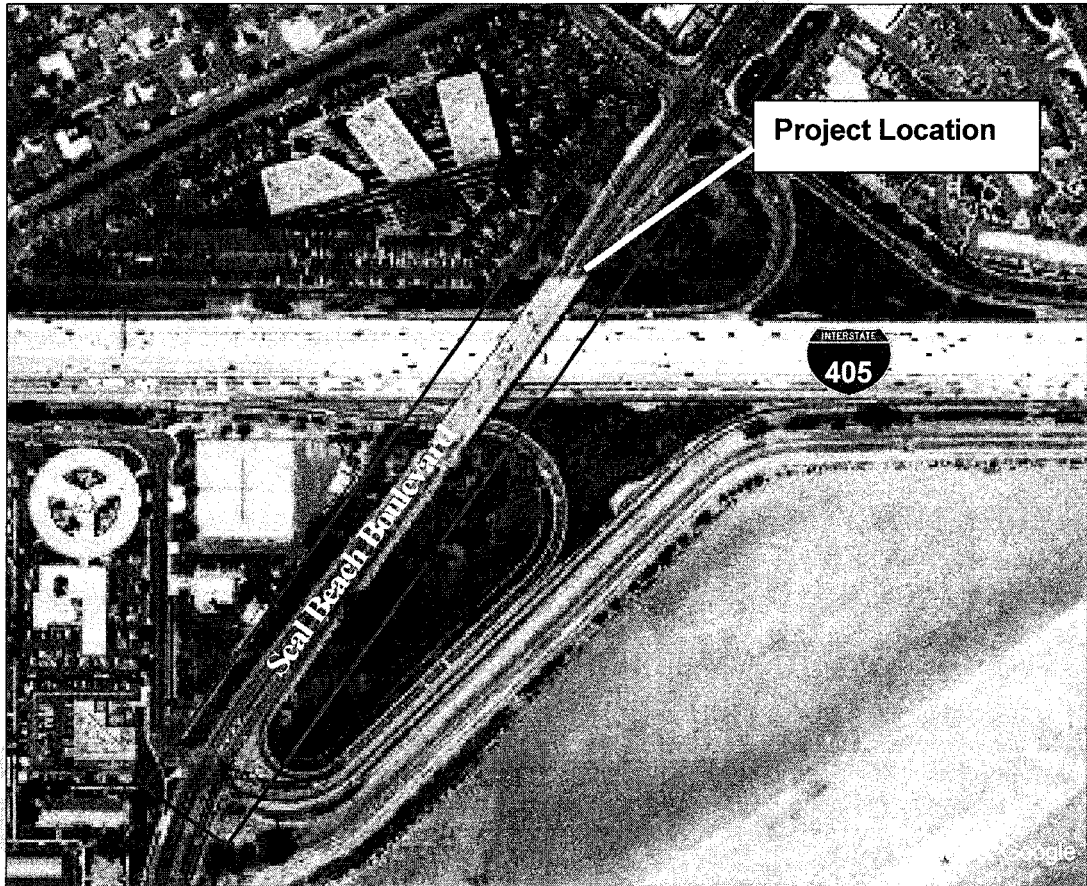
17           Quinn Barrow  
18           City Attorney

Kia Mortazavi  
Executive Director, Development

19  
20 Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

SEAL BEACH BOULEVARD OVERCROSSING WIDENING



SCOPE OF WORK

SEAL BEACH BOULEVARD OVERCROSSING WIDENING

The work consists of the following:

- Widen Seal Beach Boulevard Overcrossing to accommodate an additional lane in each direction plus a northbound (NB) auxiliary lane for I-405 southbound (SB) off-ramp traffic and I-405 NB on-ramp traffic, for a total of seven (7) lanes of traffic and a striped median.
- Widen NB and SB Seal Beach Boulevard to three lanes of traffic and add a NB auxiliary lane north of the Seal Beach Boulevard Overcrossing and south of Old Ranch Parkway.
- Widen NB and SB Seal Beach Boulevard to three lanes of traffic and add a NB auxiliary lane north of Beverly Manor Drive and south of the Seal Beach Boulevard Overcrossing.
- Improve the curb return at the north-west corner of the intersection at Seal Beach Boulevard/Beverly Manor Drive.
- Provide pavement overlay north of the intersection at Seal Beach Boulevard/Beverly Manor Drive.
- Provide pavement overlay and improve the curb returns at the intersection at Seal Beach Boulevard/Old Ranch Parkway.
- Widen NB Seal Beach Boulevard north of Old Ranch Parkway for a distance of 150 feet to accommodate three lanes of traffic.





BOARD COMMITTEE TRANSMITTAL

August 24, 2009

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Selection of Consultants for Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project

Highways Committee Meeting of August 17, 2009

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

**Committee Vote**

This item was passed by all Committee Members present.

Directors Amante and Cavecche abstained on this matter.

Director Norby was not present to vote on this matter.

**Committee Recommendations**

- A. Select Caltrop Corporation as the firm to perform construction management services for the west segment project of the San Diego Freeway (Interstate 405) West County Connectors Project.
- B. Select Harris & Associates, Inc., as the firm to perform construction management services for the east segment project of the San Diego Freeway (Interstate 405) West County Connectors Project.
- C. Authorize the Chief Executive Officer to request cost proposals from Caltrop Corporation and Harris & Associates, Inc., and negotiate an agreement for services.
- D. Authorize the Chief Executive Officer to execute Agreement No. C-9-0363 between the Orange County Transportation Authority and Caltrop Corporation to perform construction management services for the west segment of the San Diego Freeway (Interstate 405) West County Connectors Project.



***Committee Recommendations (continued)***

- E. Authorize the Chief Executive Officer to execute Agreement No. C-9-0630 between the Orange County Transportation Authority and Harris & Associates, Inc., to perform construction management services for the east segment of the San Diego Freeway (Interstate 405) West County Connectors Project.





**August 17, 2009**

**To:** Highways Committee  
**From:** *Will Kempton*  
Will Kempton, Chief Executive Officer  
**Subject:** Selection of Consultants for Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project

**Overview**

On April 27, 2009, the Board of Directors approved the release of Request for Proposals 9-0363 for construction management services for the San Diego Freeway (Interstate 405) West County Connectors Project. Proposals were solicited in accordance with the Orange County Transportation Authority's procurement procedures for the retention of consultants to perform construction management services.

**Recommendations**

- A. Select Caltrp Corporation as the firm to perform construction management services for the west segment project of the San Diego Freeway (Interstate 405) West County Connectors Project.
- B. Select Harris & Associates, Inc., as the firm to perform construction management services for the east segment project of the San Diego Freeway (Interstate 405) West County Connectors Project.
- C. Authorize the Chief Executive Officer to request cost proposals from Caltrp Corporation and Harris & Associates, Inc., and negotiate an agreement for services.
- D. Authorize the Chief Executive Officer to execute Agreement No. C-9-0363 between the Orange County Transportation Authority and Caltrp Corporation to perform construction management services for the west segment of the San Diego Freeway (Interstate 405) West County Connectors Project.

- E. Authorize the Chief Executive Officer to execute Agreement No. C-9-0630 between the Orange County Transportation Authority and Harris & Associates, Inc., to perform construction management services for the east segment of the San Diego Freeway (Interstate 405) West County Connectors Project.

***Discussion***

The San Diego Freeway (Interstate 405) West County Connectors Project will construct direct high-occupancy vehicle (HOV) connectors from the Garden Grove Freeway (State Route 22) to Interstate 405, and from Interstate 405 to the San Gabriel River Freeway (Interstate 605), with a second HOV lane in each direction on Interstate 405 (between the two direct HOV connectors). The project will reconstruct the Valley View Street bridge crossing over State Route 22 and the Seal Beach Boulevard bridge crossing over Interstate 405.

The project is being developed as two separate design and construction project segments due to the large size of the overall project and to enhance construction industry bidding and competition. The west segment project is from east of the Seal Beach Boulevard bridge to Interstate 605, encompassing the Interstate 405/Interstate 605 interchange. The east segment project is from east of Valley View Street to east of the Seal Beach Boulevard bridge, encompassing the State Route 22/Interstate 405 interchange.

***Procurement Approach***

This procurement was handled in accordance with the Orange County Transportation Authority's (Authority) procedures for architectural and engineering requirements which 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 April 27, 2009, the Board authorized the release of Request for Proposals (RFP) 9-0363, which was sent electronically to 803 firms registered on CAMM NET. The project was advertised on April 28 and May 5, 2009, in a newspaper of general circulation. A pre-proposal conference was held on

**Selection of Consultants for Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project**

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**Page 3**

May 7, 2009, and was attended by 80 people representing 76 firms. Addendum No. 1 to RFP 9-0363 was issued on May 6, 2009, to answer questions on the Underutilized Disadvantaged Business Enterprise (UDBE) Program. Addendum No. 2 was issued on May 7, 2009, to post the pre-proposal conference registration sheets. Addenda Nos. 3, 4, and 5 were issued on May 12, May 18, and May 26, 2009, respectively, to respond to questions received.

On June 2, 2009, six proposals were received. An evaluation committee consisting of personnel from the Authority's Highway Project Delivery Department and Contracts Administration and Materials Management, as well as representatives from the California Department of Transportation met to review all proposals submitted. The proposals were evaluated based on the following evaluation criteria and weights, which were approved by the Board on April 27, 2009:

- Qualifications of the Firm 25 percent
- Staffing and Project Organization 40 percent
- Work Plan 35 percent

The weights are consistent with the weights developed for similar architectural and engineering services. Experience of the firm in performing similar work is critical. Significant importance was placed on staffing and project organization because the project manager, key task leaders, and sub-consultants are critical to the successful completion of the project. A high level of importance was also assigned to the work plan as the technical approach and understanding of the project and its potential issues is critical to its success.

Based on the review of all proposals, the evaluation committee found four firms most qualified for the work. The four qualified firms are listed in alphabetical order:

Firm and Location

Caltrop Corporation  
Santa Ana, California

Harris & Associates, Inc.  
Irvine, California

HDR Construction Control Corporation  
Long Beach, California

Lim & Nascimento Engineering Group Corp.  
Lake Forest, California

On July 20, 2009, the evaluation committee interviewed the four firms. Each firms' project managers and assistant resident engineers had an opportunity to respond to questions and explain how the proposed staffing and the work plan will assure the success of the project. Questions were asked relative to the firms' proposed staffing, understanding of the various project issues, each firm's approach to the scope of work, and the workplan. Based upon the proposal evaluation and interviews, staff recommends Caltrop Corporation and Harris & Associates, Inc., as the highest-qualified firms for the two segments as specified in the RFP.

Caltrop Corporation is recommended to provide construction management services for the west segment project (Interstate 405/Interstate 605). Caltrop Corporation's experience in undertaking similar complex construction projects qualifies the firm to handle the west segment project, which is the larger segment. Harris & Associates, Inc., is recommended for the Interstate 405/State Route 22 segment, known as the east segment project. Brief summaries of the evaluation results follow for the selected firms.

#### Qualifications of the Firm

All four firms are qualified to perform construction management services. Caltrop Corporation and Harris & Associates, Inc., demonstrated in-depth and relevant experience in providing services of similar scale and complexity as requested in the RFP. Both firms submitted excellent proposals and had exceptional interviews. The project managers and assistant resident engineers of both firms provided comprehensive responses to the interview questions.

#### Staffing and Project Organization

The proposed project managers and assistant resident engineers for both Caltrop Corporation and Harris & Associates, Inc., are highly skilled, qualified, and experienced in handling projects that are large and complex. Both teams have extensive experience with highway projects and bridges, which is critical to the success of these projects. Each firm has exemplified the need for coordination, outreach efforts, and ongoing stakeholder involvement between both the east and west segments.

During the interview process, both assistant resident engineers covered in depth the potential project concerns, tasks, reporting requirements, public outreach strategies, safety procedures, environmental issues, and mitigation. Both Caltrop Corporation and Harris & Associates, Inc., are supported by qualified sub-consultants.

### Work Plan

The work plan proposed by the four firms conformed to the requirements of the scope of work. Caltrop Corporation's and Harris & Associates, Inc.'s, work plans demonstrated an overall understanding of the projects. Both work plans discussed major elements of construction, detailed project delivery approach, and identified tasks and schedules. Other elements of the work plan, such as the quality control/quality assurance, document control and management, project cost, schedule control, and safety were thoroughly outlined. Project issues and mitigation were discussed in depth by both the firms during each interview.

Based on the evaluation of the written proposals, team qualifications, work plan, and information obtained from the interviews, it is recommended that Caltrop Corporation and Harris & Associates, Inc., be awarded the contracts. Both firms have met the 5 percent UDBE goal that was set for this federally funded project.

The two selected firms will be requested to submit cost proposals for each respective project, and final agreements will be negotiated. Should negotiations fail with either of the firms, a cost proposal will be solicited from the next highest-ranked firm in accordance with the procurement policies previously adopted by the Board.

### Fiscal Impact

These services are included in the Authority's Fiscal Year 2009-10 Budget, Development Division, Account 0010-9085-F7210-QPQ for the west segment project (Interstate 405/Interstate 605) and Account 0010-9085-F7200-QPQ for the east segment project (Interstate 405/State Route 22).

### **Summary**

Staff recommends the selection of Caltrop Corporation to perform construction management services for the west segment project, and Harris & Associates, Inc., to perform construction management services for the east project segment of the Interstate 405 West County Connectors Project. Staff requests Board approval to request cost proposals from Caltrop Corporation and Harris & Associates, Inc., and negotiate agreements for services.

***Attachments***

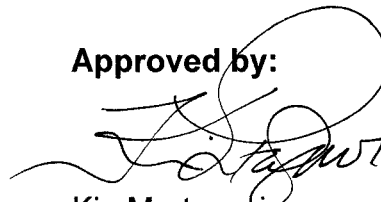
- A. Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project, Review of Proposals RFP 9-0363, Presented to Highways Committee – August 17, 2009
- B. RFP 9-0363 “Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project”, Proposal Evaluation Criteria Matrix (Short-Listed), Architectural and Engineering
- C. Contract History for the Past Two Years, RFP 9-0363, “Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project”

**Prepared by:**



Pradeep Gunaratne, P.E.  
Program Manager, Development  
(714) 560-5648

**Approved by:**



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



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

**Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project  
Review of Proposals RFP 9-0363**

Presented to Highways Committee - August 17, 2009

6 proposals were received, 4 firms were interviewed.

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments
1	86	<b>Caltrop Corporation</b> Santa Ana, California	Leighton Consulting, Inc. Mendoza & Associates MTS Engineering, Inc. PacRim Engineering, Inc. Parsons Psomas RMC, Inc. Simon Wong Engineering Sustainable Civil Engineering Solutions, Inc.	Highest ranked overall proposal. Demonstrates a thorough understanding of the scope of work. Firm has strong and relevant background. Handled large and complex construction management contracts. Overall team presented is strong. Project manager and assistant resident engineer were highly qualified. Excellent work plan that was organized, logical, and comprehensive. Detailed discussion of project concerns and mitigation. Excellent interview with detailed response to questions.
2	84	<b>Harris &amp; Associates, Inc.</b> Irvine, California	APSI Construction Management Benchmark Construction Services, Inc. Converse Consultants David Evans & Associates, Inc. Diaz Yourman & Associates Integrated Engineering Management Safework, Inc. Stantec Vali Cooper & Associates, Inc.	Second highest-ranked firm. Firm is qualified and has relevant experience. Project manager has extensive experience on Caltrans projects. Project manager and assistant resident engineer's team was strong. In-depth work plan with good approach to work. Very good technical discussion in the interview. Strong interview with detailed responses to all questions.
3	80	<b>HDR Construction Control Corporation</b> Long Beach, California	Ghirardeli Associates Jacobs Mayer Surveying Ninyo & Moore RBF Consulting	Third highest-ranked firm. Showed good understanding of the project. Relevant experience was on small scale, less complex projects. Staff was good but demonstrated limited depth during interview. Work plan conformed to scope of work, but was more general.
4	77	<b>Lim &amp; Nascimento Engineering Group Corp.</b> Lake Forest, California	David Evans and Associates, Inc. Group Delta Inc. Parsons Brinkerhoff, Inc. TCM Group, Inc. The Hanna Group, Inc.	Fourth highest ranked firm. Showed good understanding of the project. Overall staff was good. Work plan conformed to scope of work, but was more general. Interview responses were more of a general nature.

**Evaluation Panel:**

Contract Administration and Materials Management (1)  
California Department of Transportation (2)  
Highway Project Delivery (2)

**Criteria**

Qualifications of the Firm  
Staffing and Project Organization  
Work Plan

**Weight Factor**

25%  
40%  
35%

RFP 9-0363 "Construction Management Services for									
the San Diego Freeway (Interstate 405)									
West County Connectors Project"									
Proposal Evaluation Criteria Matrix (Short-Listed), Architectural and Engineering									
<b>FIRM: Caltrop Corporation</b>							<b>Weights</b>	<b>Overall Score</b>	
<b>Evaluation Number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>				
Qualifications of Firm	4.00	5.00	5.00	5.00	4.50		5		23.50
Staffing/Project Organization	4.00	4.00	5.00	4.00	4.00		8		33.60
Work Plan	4.00	4.00	4.00	4.00	4.50		7		28.70
<b>Overall Score</b>	<b>80.00</b>	<b>85.00</b>	<b>93.00</b>	<b>85.00</b>	<b>86.00</b>				<b>86</b>
<b>FIRM: Harris &amp; Associates, Inc.</b>							<b>Weights</b>	<b>Overall Score</b>	
<b>Evaluatiao</b> n Number	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>				
Qualification of Firm	4.00	5.00	4.00	4.00	4.00		5		21.00
Staffing/Project Organization	4.00	4.00	4.00	4.00	4.00		8		32.00
Work Plan	5.00	5.00	4.00	4.00	4.00		7		30.80
<b>Overall Score</b>	<b>87.00</b>	<b>92.00</b>	<b>80.00</b>	<b>80.00</b>	<b>80.00</b>				<b>84</b>
<b>FIRM: HDR Construction Control Corporation</b>							<b>Weights</b>	<b>Overall Score</b>	
<b>Evaluation Number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>				
Qualification of Firm	3.00	4.00	4.00	4.00	4.00		5		19.00
Staffing/Project Organization	3.00	3.00	4.00	4.00	3.50		8		28.00
Work Plan	5.00	4.00	5.00	5.00	4.50		7		32.90
<b>Overall Score</b>	<b>74.00</b>	<b>72.00</b>	<b>87.00</b>	<b>87.00</b>	<b>79.50</b>				<b>80</b>
<b>FIRM: Lim &amp; Nascimento Engineering Corp.</b>							<b>Weights</b>	<b>Overall Score</b>	
<b>Evaluation Number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>				
Qualification of Firm	3.00	4.00	4.00	4.00	3.00		5		18.00
Staffing/Project Organization	4.00	4.00	4.00	4.00	4.00		8		32.00
Work Plan	4.00	3.00	4.00	4.00	4.00		7		26.60
<b>Overall Score</b>	<b>75.00</b>	<b>73.00</b>	<b>80.00</b>	<b>80.00</b>	<b>75.00</b>				<b>77</b>
<b>Range of scores for non-short listed firms ranged from 34-49</b>									



**CONTRACT HISTORY FOR THE PAST TWO YEARS**

**RFP 9- 0363 "Construction Management Services for the San Diego Freeway (Interstate 405) West County Connectors Project"**

<b>Prime Firm (Alphabetical)</b>	<b>Contract No.</b>	<b>Description</b>	<b>Contract Start Date</b>	<b>Contract Completion Date</b>	<b>Contract Amount</b>
Caltrop Corporation	C-7-1479	West County Connector Consulting	12/20/2007	12/31/2009	\$99,663
<b>Sub Total</b>					<b>\$99,663</b>
Harris & Associates, Inc.	None	No Contracts Awarded	NA	NA	\$0
<b>Sub Total</b>					<b>\$0</b>
HDR Construction Control Corporation	None	No Contracts Awarded	NA	NA	\$0
<b>Sub Total</b>					<b>\$0</b>
Lim & Nascimento Engineering Group Corp.	C-6-0224	Construction Management Services for SR-90	10/18/2006	6/30/2009	\$1,266,473
<b>Sub Total</b>					<b>\$1,266,473</b>





BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Agreement for Oniqua Analytic Suite Maintenance Implementation

Finance and Administration Committee Meeting of August 12, 2009

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

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Authorize the Chief Executive Officer to execute Agreement No. 9-0555 between the Orange County Transportation Authority and Oniqua, Inc., in an amount of \$129,700, for implementation assistance and expertise with the maintenance module of the Oniqua Analytic Suite. The scope of this effort will include project management, design, configuration, programming, training, testing, and go-live support.



**August 12, 2009**

**To:** Finance and Administration Committee  
**From:** Will Kempton, Chief Executive Officer  
**Subject:** Agreement for Oniqua Analytic Suite Maintenance Implementation

**Overview**

As part of the Orange County Transportation Authority's Fiscal Year 2010 Budget, implementation of the Oniqua Maintenance Analytics Software System is planned. A proposal was solicited and received from Oniqua, Inc. in accordance with the Orange County Transportation Authority's sole source procurement procedures.

**Recommendation**

Authorize the Chief Executive Officer to execute Agreement No. 9-0555 between the Orange County Transportation Authority and Oniqua, Inc., in an amount of \$129,700, for implementation assistance and expertise with the maintenance module of the Oniqua Analytic Suite. The scope of this effort will include project management, design, configuration, programming, training, testing, and go-live support.

**Discussion**

The Orange County Transportation Authority (Authority) purchased the software license for Oniqua's Inventory Optimizer, Procurement Strategizer, and Maintenance Analyzer in 2004 as complementary products to Ellipse, Mincom's integrated maintenance and materials system.

Ellipse, implemented in June 2007, is the Authority's system that encompasses the activities of plant and equipment maintenance, warehousing, inventory, procurement of all goods and services, and costs associated with the aforementioned. Additionally, it interfaces with CAMM NET for vendor solicitations, Integrated Financial and Administrative Solution for both vendor invoicing and financial transactions, and several maintenance-based systems dealing with fuel, labor, and bus scheduling.

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During the implementation of Ellipse version 5.2.3.7, the three Oniqua products were installed, some configuration was performed on the software, and data conversion work from the legacy system was completed. Due to project constraints related to the Ellipse implementation, it was decided to defer the implementation of Oniqua at that time.

Oniqua Maintenance Analytics is software that runs apart from Ellipse but is integrated with Ellipse via data interfaces. Once the maintenance data is in Oniqua Maintenance Analytics, the maintenance staff can apply advanced statistical forecasting methods to determine the most cost-efficient means of maintaining our equipment. Variables can be changed, and “what if” scenarios run instantly to provide results for review and comparison to previous scenarios. For example, we may be performing a preventive maintenance operation every 15,000 miles, but Oniqua will evaluate the situation and may suggest to perform the operation more or less frequently given the failure history and ultimate cost or risk of failure. Once satisfied, the maintenance staff can instruct Oniqua to send its results to Ellipse for automatic updating of the Ellipse data, a method which saves the time spent on manual data entry.

The goal of Oniqua Maintenance Analytics software is to maximize a firm’s equipment investment via the “right” level of preventive and predictive maintenance. Authority staff will be able to balance the conflicting costs of performing maintenance activities against the penalties associated with unexpected equipment failure. To achieve this under current conditions would take hundreds of hours of time spent by maintenance personnel.

Research and client comments in regard to the benefits of the Oniqua maintenance software generally fall into four categories contributing to a return on investment: decreasing the cost of preventive maintenance (10-15 percent), instituting continuous improvement initiatives (15-20 percent), reducing the total cost of equipment ownership (5-10 percent), and reduced spending on non-critical equipment. An effective implementation is anticipated to yield a considerable return on investment, with a pay back period of less than one year.

It is the Authority’s intention to implement the Oniqua Analytics Suite (OAS) and integrate it fully with Ellipse in three separate phases: inventory, maintenance, and procurement. This expenditure addresses the implementation of maintenance.

The Oniqua inventory implementation project is currently in process with completion scheduled for August 2009. Though not yet “live”, the Contracts

Administration and Materials Management staff assigned to the project are already realizing benefits of using Oniqua's software in terms of applying principles of cost modeling to deduce more appropriate economic order quantities and applying them to the production Ellipse system. Additionally, several processes have been highlighted as being inefficient and are under review for potential revision.

***Procurement Approach***

This procurement was handled in accordance with the Authority's sole source procurement procedures which provides for professional and technical services. The Authority purchased the OAS software as part of the Ellipse project. There are three separate phases for the implementation of OAS, the sequence being inventory, maintenance, and procurement. Award is recommended to Oniqua for this procurement to implement the OAS maintenance module. Oniqua has technical expertise relating to the analytic software solution and is currently performing the implementation of the inventory module.

Oniqua is uniquely qualified to perform the services for the following reasons:

Oniqua Analytic Suite is Oniqua's proprietary software only available and licensed through Oniqua. Oniqua was part of the original Ellipse implementation, and as such has specific knowledge about the Authority's data and business practices. Oniqua is currently in the process of assisting the Authority with the implementation of the inventory module that was procured in March 2009 and is scheduled to "go live" in August.

The contract is a firm-fixed price in the amount of \$129,700.

Due to the fact that this is a sole source request over \$50,000, the Authority's Internal Audit Department has conducted a price review and has found the price quoted by Oniqua to be fair and reasonable.

Based on the above and given the proprietary nature of Oniqua's product, this award is recommended to Oniqua.

**Fiscal Impact**

The project was approved in the Orange County Transportation Authority's Fiscal Year 2010 Budget, Information Systems, Finance and Administration, Account 1281-7519-IX074-SY3, and is funded through Federal Transit Administration Section 5307 funding.

**Summary**

Based on the information provided, staff recommends award of Agreement 9-0555 to Oniqua, Inc., in the amount of \$129,700, for implementation services related to Oniqua's Maintenance Analytics software and its integration with Ellipse.

**Attachment**

- A. Price Review of Oniqua, Inc., Internal Audit Report No. PR10-001
- B. Assessment of Level of Effort of Oniqua, Inc.

**Prepared by:**

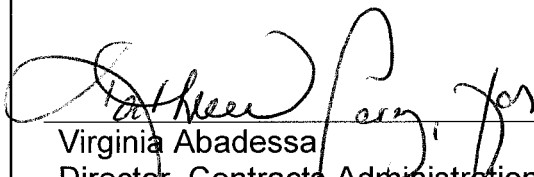


Annette Hess  
IS Business Strategist  
Information Systems  
(714) 560-5536

**Approved by:**



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



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



*INTEROFFICE MEMO*

July 22, 2009

To: Virginia Abadessa, Director  
Contract Administration and Materials Management

From: Janet Sutter, Senior Section Manager  
Internal Audit



Subject: **Price Review of Oniqua, Inc., Internal Audit Report No. PR10-001**

Attached hereto is the Price Review of Oniqua, Inc., Internal Audit Report No. PR10-001.

c: Kathleen O'Connell  
Carolina Coppolo  
Sue Ding



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT**



**Price Review of  
Oniqua, Incorporated**

**Implementation of Oniqua Analytic Suite –  
Maintenance Analyzer**

INTERNAL AUDIT REPORT NO. PR10-001

July 22, 2009



**Internal Audit Team:**

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

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Price Review of Oniqua, Inc.  
July 22, 2009**

<b>CONCLUSION .....</b>	<b>1</b>
<b>BACKGROUND.....</b>	<b>1</b>
<b>OBJECTIVES, SCOPE, AND METHODOLOGY.....</b>	<b>1</b>
<b>AUDIT RECOMMENDATION .....</b>	<b>2</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Price Review of Oniqua, Inc.  
July 22, 2009**

**CONCLUSION**

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed a pre-award price review of a fixed price proposal submitted by Oniqua, Inc. for implementation of the Maintenance Analytic Suite (Suite), a proprietary product of Oniqua. The fixed price consisted of standard daily rates for labor and travel costs. In Internal Audit's opinion, the rates proposed by Oniqua for the Suite appear fair and reasonable; however, Internal Audit's review did not include assessment of the level of effort required for this project. As such, Internal Audit is unable to opine on the proposed labor hours. Internal Audit has recommended that the Contract Administration and Material Management (CAMM) Department obtain an independent assessment of the required level of effort from the Project Manager and review this in conjunction with the vendor rates to ensure that the overall project price is fair and reasonable.

**BACKGROUND**

CAMM issued Request for Proposal (RFP) No. 9-0555 on June 25, 2009, for services in relation to implementation of maintenance analytic software. Because the software is proprietary and there are no authorized resellers of the software product or support services, this RFP was issued as a sole source request to Oniqua.

**OBJECTIVES, SCOPE, AND METHODOLOGY**

At the request of the CAMM Department, Internal Audit conducts price reviews of sole source procurements that exceed \$50,000. The objective of this price review was to ensure that proposed rates appear fair and reasonable.

The scope included review of daily labor rates and travel costs.

The methodology included comparison of the proposed daily labor rates and travel costs to the rates included in Price Review No. 09-315 for another Oniqua proposal, and to estimate travel rates obtained from the internet for air, hotel, and per diem expenses.

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 audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This review was also conducted in accordance with relevant standards applicable to attestation engagements issued by the American Institute of Certified Public Accountants.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Price Review of Oniqua, Inc.  
July 22, 2009**

Compliance with these standards relates to the work performed by Internal Audit in performing procedures related to this price review and does not intend to, and does not, constitute an audit of the contractor, its financial condition, results of operations, indirect rate, or system of internal control.

This report is intended solely for the information and use of the CAMM Department of OCTA and is not intended to be, and should not be, used by anyone other than this specified party.

**AUDIT RECOMMENDATION**

Internal Audit recommends that CAMM obtain an independent assessment of the required level of effort to ensure the overall proposed cost is fair and reasonable. The independent cost estimate provided to CAMM was derived in consultation with the vendor. The project manager should provide CAMM with an independent estimate of the required level of effort.



INTEROFFICE MEMO

August 4, 2009

To: Virginia Abadessa, Director  
Contracts Administration and Materials Management

From: Annette Hess, Information Systems Business Strategist *Alh*

Subject: **Assessment of Level of Effort of Oniqua, Inc.**

As requested by the Internal Audit report PR10-001 Price Review herein I am providing a separate independent estimate of the level of effort. RFP 9-0555 is for the implementation of the Maintenance Analytic module.

My report is based on our recent experience with the vendor, Oniqua, for the implementation of the Inventory module and past experience of numerous other projects of a similar nature.

For the purpose of this report the comparison will be made based on work days. The vendor is proposing 68 work days of effort that includes up to 4 individuals at any given time. This time will be spread over a 4 month period but the bulk of the work will be accomplished within the first 3 months including the go-live event.

In comparison the Inventory implementation (C-8-1335) proposed 60 work days of effort. This project is nearing completion. Oniqua has kept to the proposed schedule and number of work days. This project included installation of hardware and software where as the Maintenance Implementation will not require any installation.

It is my assessment that the Maintenance Implementation is more complex than the Inventory Implementation in three areas; configuration, training and interfaces between the Oniqua software and Ellipse. We will be training three times more people than we did for the Inventory module. The configuration and interfaces go hand in hand. Whereas the Inventory module analyzes inventory levels and replenishment strategies, the Maintenance module analyzes the costs of performing a wide range of maintenance activities against the safety and cost penalties associated with unexpected equipment failure. The dynamic element of employee labor rates, skills, availability also have to be factored into the analysis. As a result more planning, configuration and testing is required.

So the additional days of work for the Maintenance module is quite reasonable. Furthermore, in comparison to other projects such as the Ellipse Implementation at the extreme end and the upgrade of Lawson at lesser end, the estimated work effort for both the Inventory and Maintenance effort is the shortest project turn around I have ever experienced, particularly for a Firm Fixed bid. Oniqua appears to be very aware of the level of expertise and effort required to get the work done without a lot of excess.

c: Carolina Coppolo  
Sue Ding





BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** 2008 Audit of Agreement C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. - Project Management Services for Garden Grove (State Route 22) Design-Build Project

Finance and Administration Committee Meeting of August 12, 2009

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

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendations**

- A. Direct Orange County Transportation Authority staff to implement recommendations in the 2008 Audit of Agreement No. C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. - Project Management Services for the Garden Grove Freeway (State Route 22) Design-Build Project.
- B. Direct staff to refer finding and recommendation number two related to prevailing wage compliance to the California Department of Industrial Relations, if satisfactory evidence of compliance has not been provided by Parsons Transportation Group, Inc. to the Orange County Transportation Authority Internal Audit Department by August 29, 2009.





**August 12, 2009**

**To:** Finance and Administration Committee

**From:** Will Kempton, Chief Executive Officer

**Subject:** 2008 Audit of Agreement No. C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. - Project Management Services for the Garden Grove Freeway (State Route 22) Design-Build Project

### **Overview**

At the direction of the Internal Audit Department of the Orange County Transportation Authority, a close-out audit of Agreement No. C-1-2069 between the Orange County Transportation Authority and Parsons Transportation Group, Inc. for project management services for the Garden Grove Freeway (State Route 22) Design-Build Project has been completed. Recommendations have been offered to improve contract management and administration.

### **Recommendations**

- A. Direct Orange County Transportation Authority staff to implement recommendations in the 2008 Audit of Agreement No. C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. - Project Management Services for the Garden Grove Freeway (State Route 22) Design-Build Project.
- B. Direct staff to refer finding and recommendation number two related to prevailing wage compliance to the California Department of Industrial Relations, if satisfactory evidence of compliance has not been provided by Parsons Transportation Group, Inc. to the Orange County Transportation Authority Internal Audit Department by August 29, 2009.

### **Background**

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA), through a competitively awarded contract, engaged GCAP Services, Inc. (GCAP), a professional audit firm, to perform a

contract close-out audit of the Garden Grove Freeway (State Route 22) Design-Build project for the period July 2005 through December 2007. Following a negotiated settlement with construction contractor Granite-Myers-Rados (GMR), in which OCTA and GMR agreed to pursue no further claims, Internal Audit revised the scope of the audit to include only Agreement No. C-1-2069 (Agreement) between OCTA and Parsons Transportation Group, Inc. (PTG). The Agreement was executed in January 2002, at a total value of \$44.6 million for project management services. The Agreement included fully-burdened hourly rates with a fixed escalation and profit.

GCAP's scope of work for the audit included review of the Agreement terms, review of documentation supporting invoices paid by OCTA, review of other documentation required under the terms of the Agreement, and an evaluation of OCTA's internal controls over the management of the Agreement.

### ***Discussion***

The audit identified five findings and recommendations that are included in the audit report in Attachment A. Management has provided responses to these findings and recommendations in Attachments B, C, and D.

The first finding on page 10 of the audit report relates to four identified differences between fully burdened labor rates in the Agreement and those calculated by GCAP for one PTG subcontractor. GCAP recommended that all fully burdened rates be verified for accuracy prior to contract execution. Management of the Contracts Administration and Materials Management Department agreed with the recommendation and has indicated they will work with staff to ensure consistent application of this control.

The second finding and recommendation on page 12 of the audit report relate to Agreement provisions on prevailing wages. In short, the eighth amendment to the Agreement requires that PTG comply with the California Labor Code (Code). During its review of hourly rates, GCAP noted several PTG prevailing wage-covered employees and requested documentation to substantiate compliance. PTG was unwilling or unable to provide this documentation. GCAP recommended that OCTA review current agreements to ensure that necessary prevailing wage language was included and conduct reviews to insure compliance. OCTA management disagreed with the finding, noting that the Agreement was amended to specifically address this requirement. OCTA legal counsel concurred that the contract language was adequate.

As to conducting periodic reviews of Code compliance, management indicated that under the Code, there is no requirement that this documentation be provided to or reviewed by OCTA. Internal Audit agrees that while OCTA reviews are not required, when conducted, PTG must produce documentation supporting its compliance, as required by the Agreement and the Code.

Since GCAP issued its report, Internal Audit has requested that PTG provide, directly to Internal Audit, certified payrolls as evidence of compliance with the Code. To date, the information provided has been neither complete nor correct. Internal Audit recommends that this issue be referred to the California Department of Industrial Relations if PTG is unable to produce satisfactory evidence of compliance by August 29, 2009.

The third finding and recommendation on page 14 of the audit report relate to documentation supporting a \$2.5 million contract amendment. Because the OCTA project manager for the State Route 22 (SR-22) project had left OCTA after the amendment was executed, documentation was not readily available for the auditors. The current OCTA project manager has since located the support for Amendment No. 11 to the Agreement (Attachment B).

The fourth finding and recommendation on page 14 of the audit report relate to the review of PTG invoices by OCTA's Accounting Department prior to payment. Based on observation and discussion with Accounting Department staff, GCAP recommended that the Accounting Department perform certain mathematical and contract compliance checks prior to payment. Management indicated that procedures have been developed to ensure the accuracy of invoice payments (Attachment C).

The fifth and last finding and recommendation on pages 15 and 16 of the audit report relate to the development of fixed contract escalation rates. Like other contracts at OCTA, the PTG Agreement incorporated an annual fixed escalation rate of 4 percent on labor costs. As part of its testing, GCAP reviewed these escalated rates, as shown under the "direct labor rate" column on page 16, to the actual pay rates of the employees, as shown under the "per documentation" column, for the second, third, and fourth years of the Agreement.

The "variance" column on page 16 of the audit report indicates that variances were most often in OCTA's favor. For example, the first employee's escalated labor rate being billed to OCTA was \$50.89 in the second year of the

**2008 Audit of Agreement No. C-1-2069 Between Orange County Transportation Authority and Parsons Transportation Group, Inc. – Project Management Services for the Garden Grove Freeway (State Route 22) Design-Build Project** **Page 4**

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Agreement. This compares favorably to the \$52.00 per hour the employee was actually paid by PTG. GCAP recommended that OCTA perform similar analyses on large construction management contracts as a means of determining the effectiveness of this escalation strategy. Management agreed with the recommendation and will continue to monitor its effectiveness (Attachment D).

***Summary***

Based on results of an audit of an agreement between OCTA and PTG for project management services for the SR-22 project, Internal Audit's contract auditors, GCAP, have offered recommendations for improvement in contract management and administration. Management has indicated that recommendations will be implemented or otherwise satisfactorily addressed.

***Attachments***

- A. 2008 Audit of Agreement C-1-2069 Between Orange County Transportation Authority (OCTA) and Parsons Transportation Group, Inc. (PTG) – Project Management Services for State Route 22 Design-Build Project
- B. 2008 Audit of Agreement Between Orange County Transportation Authority and Parsons Transportation Group, Inc.
- C. Audit of Agreement C-1-2069 Management Response
- D. Response to 2008 Audit of Agreement Between Orange County Transportation Authority and Parsons Transportation Group, Inc.

**Prepared by:**



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



**2008 AUDIT OF AGREEMENT C-1-2069 BETWEEN  
ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA)  
AND  
PARSONS TRANSPORTATION GROUP, INC. (PTG)**

**PROJECT MANAGEMENT SERVICES  
FOR  
STATE ROUTE 22 DESIGN-BUILD PROJECT**

**PREPARED BY  
GCAP SERVICES, INC.**



**FINAL REPORT  
JANUARY 29, 2009**

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2.0	Executive Summary .....	6
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### **Appendix A – Testing of Schedule 1 to Agreement # C-1-2069**

## **1.0 Introduction**

### **1.1 Background**

The Orange County Transportation Authority (OCTA) issued contract agreement C-1-2069 Contract to Parsons Transportation Group (PTG) to provide Project Management Services for the Garden Grove State Route-22 Design-Build project. The term of this agreement is from January 16, 2002 through December 31, 2007. The contract is a modified time and expense contract with a current total value of \$44,600,000, pending the signed issuance of Amendment 13. As of November 2007, OCTA has paid approximately \$41,305,000 or 92.6% of the contract value.

### **1.2 Objective**

The SR-22 Design-Build project is the first of its nature and magnitude to be directly managed by OCTA. The objectives of Task 1 and 2 of the review were to review invoices and documentation to assure contract compliance, and to determine if adequate internal controls have been used and are currently being utilized in the management and oversight of the Contract for management of the SR-22 Design-Build project.

### **1.3 Scope and Methodology**

The Internal Audit Department of OCTA engaged GCAP Services, Inc., and our subcontractor, Equals & Kita, LLP to perform a contract compliance and fiscal review of the State Route 22 project for the period between July 2005 and December 2007. Following a negotiated settlement with construction contractor Granite-Myers-Rados (GMR), the scope of the review was revised per Amendment No. 2 to Agreement No. A03449 between GCAP Services, Inc. and OCTA. Amendment No. 2 became effective on April 29th, 2008. Therefore, GCAP's review work was discontinued with respect to GMR since April 29, 2008. Task 1 included a review of PTG and its subcontractors' compliance with contract terms and conditions. Task 2 involved a review of OCTA's management of the PTG contract. This report addresses both review tasks.

GCAP Services and our audit team, Equals & Kita, performed a similar review of Agreement C-1-2069 in 2005 (Audit Report dated December 06, 2005) and opined that PTG was generally in compliance with the fiscal contract terms (since the execution of Amendment 8 to the Contract). We also found that both PTG and OCTA had addressed our concerns regarding labor escalation and retention.

The following is a summary of the amendments issued under Agreement C-1-2069 during the period under review:

- Amendment 8 fixed the hourly labor rates according to "Schedule I" along with the overhead rates, other direct costs, and labor escalation of 4% (as of January 2006, and each year thereafter).

- Amendment 9 amended the overhead rate of Cordoba Corporation and the “Other Direct Costs” schedule. Other Direct Costs will be paid at actual cost, with the exception of computers, networks, and internet access.
- Amendment 10 increased the maximum obligation by \$7,811,946., to a total contract value of \$39.8 million. This increase was attributed to additional project management services, additional seismic work, and bridge reconstruction.
- Amendment 11 increased the maximum obligation by \$2.5 million to fund project closeout efforts.
- Amendment 12 extended the agreement to February 29, 2008, from December 31, 2007. This resulted in approximately a two month extension of terms.

A thirteenth amendment to revise the contract from \$42.3 to \$44.6 million was pending at the time this report was written.

**1.4 Task 1 - On-Site Contract Compliance & Fiscal Audit of PTG**

Task 1 was performed utilizing an audit program developed by Equals & Kita to ensure compliance with both the scope of GCAP’s agreement with OCTA’s Internal Audit Department as well as GCAP’s compliance with generally accepted auditing standards (GAAS).

In conducting the review, the GCAP team performed the following tasks:

Fiscal Review Task	Performed on
1. Review contractor invoices and detailed supporting documentation, including payroll and other accounting records	PTG and Subcontractors (See Appendix)
2. Review other documentation and reports required by the Contract	PTG and Subcontractors
3. Review any contractor rate changes that were not approved by OCTA management	PTG and Subcontractors
4. Review contractor compliance with applicable laws and regulations; and	PTG and Subcontractors
5. Evaluate internal controls over management of the Contract	PTG



### 1.5 Task 2- Review of OCTA's Management of the Contract

A review of internal controls used by OCTA to manage the PTG contract was performed. The review included the following tasks:

- Review of all invoice supporting documentation;
- Review OCTA approvals for processed invoices;
- Interview PTG project staff;
- Review Contract amendments;
- Review Monthly Progress Reports;
- Review PTG contract; and
- Review signed Approval Letters

A detailed Examination Phase was conducted between February 29, 2008 and May 29, 2008. During this period, GCAP Services reviewed key documents and conducted a series of interviews with OCTA management and key staff within the Contracts Administration & Materials Management (CAMM) Department, the Accounting & Financial Reporting Department, and the Transportation Systems Development Division. The GCAP Team selected a judgmental sample of data from PTG and OCTA supporting material, which included data from July 2005 through December 2007. The PTG Project Controls Manager and Document Control Staff were also interviewed. The following table lists the OCTA and PTG personnel interviewed.

Title	Department/Division
Contracts Manager – Capital Projects	CAMM
Contract Administrator	CAMM
Program Manager SR-22	Parsons Transportation Group
Project Controls Manager	Transportation Systems Development Division
Accounts Payable Supervisor	Accounting Department
Project Controls Manager	Hatch Mott MacDonald
Document Control	Cordoba Corp.

Key documents reviewed by GCAP Services included:

- Agreement C-1-2069 between OCTA and PTG
- Amendments 8 through 12 ( Amendment 13 was not executed during the review period)
- Final Cost Proposal, dated March 27, 2002
- CAMM Policies and Procedures Manual
- PTG monthly progress reports submitted between July 2005 and December 2007
- Payroll related documentation
- Approval letters (applicable contractor/subcontractor rates)
- Subcontracts
- Invoices (PTG and Subcontractors)
- Board of Directors reports and supporting documentation

## 2.0 Executive Summary

Both PTG and OCTA support staff were helpful and knowledgeable about their areas of expertise and responsibilities related to this contract. In conducting our review, GCAP performed a follow up to our previous review findings. Although we found that both PTG and OCTA have improved many of the internal control deficiencies identified early in the project, we identified several areas in need of further improvement.

OCTA executed the 8th amendment to Agreement No. C-1-2069 to modify the hourly rate schedule and require approval letters from PTG for all future amendments to the schedule. The modified rate schedule, referred to as "Schedule 1" to the Contract (Schedule 1) includes nine subcontractors, but is missing Padilla & Associates (Padilla). In addition, we found that one subcontractor (AIG) had rates included in Schedule 1 that were incorrectly calculated.

One key area of concern related to PTG is the review of PTG's prevailing wage compliance. Although Padilla was hired by PTG to perform such reviews for GMR and GMR's subcontractors, there was no similar compliance reviews performed on PTG. During the audit period, PTG had periods of time when a significant level of prevailing wage work was being performed. For example, we selected five PTG invoices to review and analyzed three of these invoices for the level of prevailing wage labor. We found that over 40% (\$551,523 of \$1,226,000) of the total PTG labor for these invoices (January 2006, June 2007, and November 2007) were subject to prevailing wage labor requirements. The GCAP team was unable to verify PTG's compliance with the prevailing wage requirements as we were not provided prevailing wage submittals, including certified payroll records or documentation showing payment of bona fide fringe benefits. PTG's contract did not require that certified payroll documents be submitted to OCTA; however, this did not relieve PTG from complying with prevailing wage requirements.

The Padilla subcontract contains some ambiguity with regard to their scope of work for PTG. In Attachment A, Scope of Services, of the Padilla Subcontractor Agreement, item no. 3 states that Padilla shall "monitor consultant reporting mechanism to ensure compliance with all applicable labor standards..." The Scope also includes a review of certified payroll records (item 4). However, according to PTG Staff, Padilla did not perform labor compliance verification for PTG. Padilla limited its payroll/labor compliance review to GMR and its subcontractors. The work described in Padilla's subcontractor agreement requires a review of consultant, contractor and subcontractor certified payroll records.

While reviewing OCTA's management of the PTG contract, we found that OCTA has continued adequate internal control safeguards. However, we determined that the Accounting Department only conducts a limited review of invoices. While they verify the signature was of the appropriate certifying official, no additional review of rates or other direct costs takes place. In other words, the Project Controls Department performs a detailed review of PTG invoices, including verifying approved staff, rates, and proper coding of work. The Accounting department does not perform any rate verifications or

math checks for the invoices. We recommend that the Accounting Department perform a limited rate and math check on invoices. This would be consistent with similarly situated organizations and provide OCTA with a secondary check of invoice accuracy. We also recommend that the Accounting Department develop policies and procedures that define responsibility for specific review tasks.

In our limited review of invoices, we found incorrect rates in the Amendment 8 Schedule 1 table and in some of the rates submitted as part of added PTG and subcontractor employees. A limited review by the Accounting Department will improve the internal controls thus reducing the likelihood of incorrect rates being included in contract documents.

## **3.0 Procedures and Results**

Because the procedures we developed for our review of the Contract are in principle “agreed upon procedures” and do not constitute an audit conducted in accordance with auditing standards generally accepted in the United States, we cannot express a formal audit opinion. Except for the findings specified in this report, no other matters came to our attention that caused us to believe that the Contract requires further adjustments. Had we performed additional procedures, the certified payroll submittals for PTG and its subcontractors, or had we conducted an audit of the indirect rates of PTG and its ten subcontractors in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

This report relates only to contract compliance referred to in the scope and methodology and does not extend to any financial statements, PTG indirect rates, or any of the subcontractors taken as a whole. In fact, this review of PTG and its subcontractors specifically limits the scope to exclude any consideration or review by us as to compliance of FAR indirect cost rates.

The following sections describe the key findings for PTG and its subcontractors.

### **3.1 Task 1- On-Site Contract Compliance and Fiscal Audit of PTG**

The GCAP team executed written requests to PTG and each of its subcontractors, as appropriate, and in concert with Contract terms and conditions. We requested that PTG provide supporting accounts payable records, payroll records, escalations in direct labor wage rates, and other supporting documents to facilitate our review. We invited the PTG Project Director and OCTA’s Project Controls Manager to our conferences, and we found their support helpful to our review.

During our review, the GCAP team identified 10 subcontractors. Nine had been identified by OCTA Internal Audit Department in the original scope of work for this review. PTG identified another subcontractor that was added to the contract through Amendment No. 7.

The following sections describe the key findings for Task 1 of our review. We have included a general finding for our review of the contract and contracting process.

#### **3.1.1 Review of Contract**

In 2005 GCAP performed a general review of the Request for Proposal (RFP), Contract, and amendments. During our current review, we reviewed amendments for the period September 2005 through December 2007. We found the following general Contract provisions:

- Amendment 8 changed the billing approach for labor by establishing fixed rates for PTG and subconsultants.

- The contract is a time and expense contract with provisions that allow for “as-needed” adjustment of direct labor rates.
- Other Direct Costs are compensated at both established unit rates and actual costs depending on the type of cost.

Based on our review of Amendment No. 8, OCTA will pay the consultant at the hourly rates specified in Schedule I of the amendment, and other direct costs specified in Schedule II, identified as “Other Direct Costs” and Schedule III identified as “Overhead Rate Schedule.” These fixed rates were based on actual payroll-based hourly direct labor rates, approved overhead rates which were fixed for the Contract period, and profit. Schedule I may only be amended on an “as-needed basis” by letter approval from OCTA to reflect changes in project personnel. The amendment also states that rates are subject to an annual salary escalation factor of 4% each year, effective January 1, 2006.

As a part of our review, we selected a random sample of 14 approval letters issued by OCTA. The sample selection was made in order to include 11 different months of approvals spanning from May 2006 to October 2007. These letters are submitted by PTG to request approvals of added project personnel. A review of these submittals was performed to determine accuracy and compliance with the Amendment 8 rate schedule. GCAP also performed testing to validate the rates of additional personnel.

There were two exceptions identified based on the testing performed. One exception shows a discrepancy between the direct labor rate in Schedule 1 of the Contract and the direct labor rate calculated based on attached payroll documentation. Moreover, the technician working both prevailing wage covered work and other work was paid different rates, which Schedule I did not address. The second exception can be attributed to inaccurate and insufficient support provided for a subcontractor addition during the month of November, 2006.

The following table summarizes these direct labor rate exceptions:

<i>Classification</i>	<i>Employee Name</i>	<i>Direct Labor Rate Provided per Schedule I</i>	<i>Rate according to payroll documentation</i>	<i>Letter Approval Date</i>
<b>Technician, PW ST</b>	Sparks, D	\$28.73	\$16.50 Direct; \$33.66 Prevailing Wage	January 2006
<b>Labor Compliance</b>	Leung, F*	\$31.46	Unable to confirm	November 2006

\*Unable to confirm hourly rate of \$31.46. No overhead rate provided by subcontractor.

The GCAP Team also performed testing on Schedule 1 included in Amendment 8. We recalculated the hourly rates based on the fixed direct labor rate, overhead rate, and given profit percentage. Although our analysis did not result in any major findings or instances of non-compliance, four exceptions occurred with respect to the rates for AIG subcontractor staff.

The following table summarizes these exceptions for subcontractor AIG:

**AIG Rate Exceptions:**

The following table summarizes differences between the contractual fully burdened labor rate and those calculated by GCAP.

Classification	AIG Employee Name	Direct Labor Rate per Schedule 1 A	Overhead (197.62%) B	Direct Labor Overhead Subtotal A+B=C	Profit % C*0.08=D	GCAP Calculated Rate C+D=E	Hourly Rate Per Schedule 1 F	Rate Variance F-E
PW-ST	Blanco, C	\$28.73	\$56.84	\$85.57	\$7.70	\$93.27	\$94.69	\$1.42
PW-ST	Chun, K	\$28.73	\$56.84	\$85.57	\$7.70	\$93.27	\$99.33	\$6.06
Technician	Greene, R	\$34.62	\$68.49	\$103.11	\$9.28	\$112.39	\$112.37	(\$0.02)
PW-ST	Palma, F	\$28.73	\$56.84	\$85.57	\$7.70	\$93.27	\$101.79	\$8.52

We were not able to calculate the total project impact of these rate differences because we did not review all of AIG invoice data for these staff members.

**Recommendation:**

We recommend that OCTA verify the accuracy of all fully burdened rates prior to contract execution or amendments.

**3.1.2 Review of Labor Escalation Rate Comparison**

Since our 2005 review, the labor escalation was changed to establish a fixed escalation rate of 4% annually (effective January, 2006) and a fixed overhead rate was applied throughout the contract period. GCAP confirms that, for the sample tested, PTG is in compliance with contract terms and requirements as it relates to the not-to-exceed labor escalation rate of 4%.

**3.1.3 Review of Contractor Compliance with Applicable Laws and Regulations**

Based on a review of monthly progress reports prepared by PTG and limited discussions with both OCTA project management staff and the PTG Project Controls Manager, the GCAP team believes PTG provided appropriate measures during Phase I of the SR-22 Design Build Project to ensure compliance with applicable Federal, State

and local laws, regulations, rules and mandates. However, we were unable to determine compliance with one area – prevailing wage compliance.

Additionally, through our interviews with PTG Management and Document Control Staff, we believe PTG is aware and compliant with Federal Highway Administration (FHWA), Caltrans, and FAR requirements. GCAP obtained a “FHWA Final Acceptance Checklist which is an internal document created by PTG in order to manage the compliance standards for FHWA. According to Federal standards, change orders at or exceeding \$200,000 require FHWA and Caltrans approval. These signed approval letters are maintained with the change order file on site. Change orders in excess of \$150,000 require OCTA Board of Directors approval and this is documented in the Board of Directors Staff Reports and included with the corresponding folder.

PTG is also subject to certified payroll requirements for personnel and subcontractor personnel covered by prevailing wages under California prevailing wage requirements (California Labor Code Part 7, Chapter 1, Article 2, various sections). After speaking with subcontractor Cordoba, we were informed that subconsultant Padilla was responsible for managing PTG’s labor compliance requirements. However, we understand that Padilla did not perform labor compliance verification of PTG but focused their analysis on GMR and GMR’s subcontractors. However, Padilla did review PTG’s and its subcontractors’ initial prevailing wages for compliance with California prevailing wages.

GCAP formally requested certified payroll submittals accompanying the prevailing wage covered employees for PTG. PTG stated that they would not be able to provide certified payroll information, and that they believed they were not required to maintain this. However, according to the California Labor Code 1776(b) 1, “A certified copy of an employee’s payroll record shall be made available for inspection at all reasonable hours at the principle office of the contractor.” PTG is also required to keep accurate payroll records that show the “per diem wages” paid to the prevailing wage covered employee. These payroll records require a written declaration that is made under penalty of perjury that the record is true and correct.

OCTA’s Contract with PTG does not specifically mention compliance with California labor laws. However, Amendment 8 adds Article 26, General Wage Rules, which incorporate the requirements to comply with California Labor Code and prevailing wage requirements. Under Article 17, Federal, State, and Local Laws, also state that Consultant (PTG) represents that in the performance of the Agreement, it will comply with federal, state, and local laws. Additionally, the Agreement includes an audit clause (Article 16, Audit and Inspection of Records), which requires that PTG provide Authority and agents of Authority with access to accounting books, records, and payroll documents as Authority deems necessary.

Because we were not provided any evidence by PTG that PTG and PTG’s subconsultant’s employees subject to prevailing wages were paid the required basic hourly rate, health and welfare, pension, vacation/holiday and training payments



required under the applicable wage determination, we are unable to determine PTG's compliance with these requirements.

The total hourly rates required to be paid prevailing wage covered employees during the review period (July 2005 through December 2007) are \$41.93 for Field Testers and \$43.71 for Inspectors. We noted that many inspectors were paid \$40.00 an hour for the basic direct labor rate and also verified that some inspectors were paid at least this rate (\$43.71) for the basic hourly rate by reviewing the monthly approval submittals for new inspectors, however, we were not provided any supporting documentation that other payments under the wage determination were provided to these and all other prevailing wage covered employees. Some inspectors were paid less than the total hourly rate required by the Wage Determination (note that PTG's overhead rate covers benefits included in the other payments portion of the wages, but we received no evidence that these employees received such benefits). PTG was able to provide us with some payroll register screen shots, but not able to provide us with most of the payroll register screen shots or any other documentation for the prevailing wage covered employees identified as a sample for our review. Because of this, we were unable to verify that PTG met the minimum hourly payment/ fringe benefit payments to the covered employees.

Because the PTG Agreement did not include specific labor compliance provisions, there was no review by OCTA of PTG or PTG subcontractor compliance with prevailing wages. The work performed by PTG and its subcontractors that was covered by the prevailing wage law occurred primarily during the construction phase of the project.

***Recommendation:***

GCAP recommends that OCTA review its current agreements to determine if prevailing wage language and provisions are missing. Current and future OCTA agreements where construction work is anticipated should include these provisions. This would be especially helpful for construction management and project management contracts where the likelihood of construction work for surveying, inspection and testing may occur. GCAP also recommends that adequate reviews be conducted to insure compliance with all necessary prevailing wage requirements and other related labor laws and regulations for all agreements involved in construction work, including project management firms.

***3.2 Task 2- Review of OCTA's Management of the Contract***

Our review of OCTA internal controls over invoice review and approval, issuance of contract amendments, and PTG's compliance with contract terms and conditions determined that there is room for improvement within the invoice review process.

The GCAP Team met with both OCTA's Project Controls Staff and Accounting Department Staff. According to Project Controls, they receive PTG invoices after the PTG Project Manager has approved them. Project Controls then reviews the invoice to determine compliance with contract terms, and to ensure it is not in excess of the overall contract value. Progress Reports, rate schedules, and timesheets are also sent

with the invoice and reviewed as supporting documentation. We met with the Accounting Department and have included our analysis of the invoice review process from the Accounting Department perspective in section 3.2.3.

### **3.2.1 Follow-up on Prior Review Findings**

The GCAP Team followed up on key findings from our 2005 review. We found that PTG has internal controls which address document control and record retention. The GCAP Team interviewed Document Control Personnel of PTG who are responsible for coordinating the documentation requests/requirements between PTG, OCTA, and the construction contractor. To assist with the closeout process, Documents Control Personnel utilize a "Project Closeout Checklist," an internal document that tracks the items that must be completed prior to closeout. Additionally, a closeout log is maintained that includes pending items, ongoing items, and closed items. Pending items are those that Documents Control Personnel have sent requests for; while ongoing items may include those that have received some documents, but not the entire request. Finally, the closed section includes documents that have been completed, received, and approved.

Finally, the prior key findings from our report in 2005 have been fully addressed. In 2005, we found that PTG had no instances of non-compliance with the not-to-exceed labor escalation rates of 4% in the aggregate, and they maintained compliance during this review period.

### **3.2.2 Review of Internal Controls of Issuance of Contract Amendments**

GCAP reviewed Contract amendments and determined that 5 additional amendments were created since our 2005 review, and one additional amendment (No. 13) was being processed during the preparation of this report.

Amendment No. 11 increased the maximum obligation and we formally requested supporting documentation for the increase. OCTA provided GCAP with the May 7, 2007 Board of Directors Staff Report, which contained four possible recommendations for increased funding for the closeout process.

- Option 1 provided additional funding in the amount of \$2.5 million, of which \$1.9 million would be applied to maintain PTG's involvement in the project through the end of 2007.
- Option 2 would keep some level of PTG core staff while providing an increased level of effort for Hatch Mott MacDonald (HMM).
- Option 3 would replace all PTG staff with those provided by HMM.
- Option 4 would reduce the role of the consultants and use OCTA or Caltrans staff to complete work.

The Report indicates that Staff recommended Option 2, while the OCTA Board Committee recommended Option 1. The scope of services for the Option 1 difference of

\$600,000 was not identified initially, but was to “be determined at a later date.” The Board of Directors approved Option 2, which was incorporated into Amendment 11, Article 7 for a maximum obligation of \$2.5 million.

GCAP requested documentation to support the \$2.5 million increase. We received a one page excel worksheet that did not include any date or additional detail. This cost breakdown showed a total estimated cost of approximately \$2.45 million, rather than the approved \$2.5 million. The entire amount (\$2.45M) was identified as PTG and PTG subcontractor costs.

***Recommendation:***

GCAP was unable to obtain adequate support for the Amendment No. 11 increase, and therefore, recommends that OCTA retain formal and detailed estimates used to determine increases to the maximum obligation of the Contract, and keep these in the OCTA contract and project management files.

**3.2.3 Review of OCTA Process for Approving PTG Invoices for Payment**

As in our previous review, we found that the process for approving and processing PTG invoices appears to be conducted appropriately. According to OCTA Accounting & Financial Reporting Staff, the extent of their review consists of verifying that an authorized signature is present on the invoice and sufficient funds are available to complete payment. Staff also expressed that there are not currently any written desk procedures or standard operating procedures for the invoice review process.

***Recommendation:***

GCAP found that the Accounting Department verification was sufficient. However, it would be significantly improved if Accounting Department Staff 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 a low turnover within the Accounting Department, a written invoice review procedure/checklist should be developed to assist new employees.

**3.2.4 Review of PTG’s Compliance with Contract Terms and Conditions**

GCAP interviewed the PTG contracts manager, and reviewed contract amendments, progress reports, and other documents to determine PTG’s compliance with contract terms and conditions. We found that PTG’s contract manager and OCTA’s SR-22 contract manager work closely together on contract compliance.

GCAP did not review the indirect rates for PTG or its subcontractors as part of this review. We were advised by OCTA that Amendment 8 incorporated the reviewed 2003 overhead rates for both PTG and its subcontractors as a fixed rate for the remainder of the contract. Although the PTG contract under Article 5, Payment, item B, 1. Hourly Rate Schedule requires the submittal of revised overhead rates and revisions by July 1, of each year, this term of the Contract became unnecessary with the execution of Amendment 8.

We found that during the construction phase, communication and coordination between OCTA and PTG has continued to be well coordinated. We met with OCTA's SR-22 Contract Manager and found that she continued to be involved in the contract and also assigned a CMM Contract Administrator to the project. OCTA has maintained close involvement with the contract administration process since our 2005 review.

### **3.2.5 Review of Contractor and Subcontractor Invoices**

In order to complete Task 2, review of contractor invoices and detailed supporting documentation (including payroll), GCAP randomly selected five months for PTG and subcontractor invoices. For each selected month, we selected four to six individuals and verified that labor rates were consistent with the Schedule 1 in Amendment 8. Moreover, we reviewed the invoices for supporting time sheets and labor reports to ensure that the hours actually worked were consistent with the hours invoiced.

GCAP documented several direct labor rate variances from the direct labor rates specified in Schedule 1. Although the billed rates were compliant with the Schedule 1 rates established, our review disclosed that some direct labor rates varied from those listed in Schedule 1. These direct labor rate variances are summarized in Appendix A of this report. The variances were both under and above the specified direct labor rate in Schedule 1; however, there is no impact to the billing amount because the rates established per the Schedule have been billed.

#### ***Recommendations:***

GCAP recommends that the OCTA staff perform similar analyses by comparing direct labor rates established in contracts to the actual direct labor rates paid to consultants and subconsultants on large construction management contracts. This comparison should be used to determine the effectiveness of negotiating fixed direct labor, indirect and escalation rates for these types of projects.

**PTG AND SUBCONTRACTOR 5 MONTH INVOICE SAMPLING ANALYSIS**

(See Section 3.2.5 above)

5 Month Random Sample of PTG and Subcontractor Invoices and Supporting Documentation

<u>Name</u>	<u>SCHEDULE 1</u>		<u>ACTUAL DIRECT LABOR RATE</u>		<u>Variance</u>
	<u>Direct Labor Rate</u>	<u>Schedule Year*</u>	<u>Per Documentation</u>	<u>Month/Year</u>	
Yu-Sheng Fan	\$50.89	Yr. 2	\$52.00	Jan. 06	(\$1.11)
Richard Ivy	\$72.30	Yr. 4	\$72.68	Jun., Nov. 07	(\$0.38)
Salim Khalil	\$43.26	Yr. 4	\$43.68	Nov. 07	(\$0.42)
Ahn Ly	\$44.02	Yr. 4	\$44.63	Nov. 07	(\$0.61)
Gharabegian, Areg	\$70.44	Yr. 4	\$79.33	Nov. 07	(\$8.89)
James Blevins	\$50.14	Yr. 4	\$51.10	Dec. 06, Feb. 07, Jun.07, Nov. 07	(\$0.96)
Sanny Khow	\$43.35	Yr. 4	\$42.00	Dec. 06, Feb. 07	\$1.35
Steven Lees	\$41.05	Yr. 3	\$42.29	Feb. 07	(\$1.24)
Richard Campbell	\$49.92	Yr. 3	\$55.00	Dec. 06, Feb. 07	(\$5.08)
Toby Erion	\$41.60	Yr. 3	\$41.20	Dec. 06, Feb. 07	\$0.40
Jeff Lormand	\$40.21	Yr. 4	\$39.04	Dec. 06, Feb. 07, Jun. 07	\$1.17
Yoji Matsuo	\$47.53	Yr. 4	\$45.70	Dec. 06, Feb. 07	\$1.83
David Pearman	\$38.88	Yr. 4	\$39.06	Jun. 07	(\$0.18)
Lorrie Alexander	\$27.04	Yr. 4	\$25.64	Jun. 07	\$1.40
Brady Harnish	\$43.26	Yr. 4	\$42.85	Feb. 07, Jun. 07, Nov. 07	\$0.41
Jack Shockley	\$86.53	Yr. 4	\$80.00	Feb. 07, Jun. 07, Nov. 07	\$6.53

\*Year 2 is effective beginning with invoice period July 2005

\*Year 3 is effective beginning with invoice period January 2006

\*Year 4 is effective beginning with invoice period January 2007



INTEROFFICE MEMO

Date: May 4, 2009

To: Kathleen O'Connell, Executive Director  
Internal Audit

From: M. Joseph Toolson, SR-22 Design-Build Program Manager *MJT*

Subject: **2008 Audit of Agreement between Orange County  
Transportation Authority and Parsons Transportation  
Group, Inc.**

The 2008 GCAP audit of Parsons Transportation Group (PTG) Agreement No. C-1-2069 indicated that adequate support for the Amendment No. 11 could not be found within the project files and recommended the Authority obtain formal and detailed information to increase the maximum obligation.

Upon review of project records and from conversations with previous Authority and PTG staff, I was able to obtain a Parsons cost proposal (Attachment 1) which requests a contract amendment increase of \$2.505 million for Amendment No. 11. Since the existing agreement between the Authority and PTG was based on time and expense, the cost proposal was submitted identifying individual salaries marked up by a pre-approved overhead rate and profit. It also took into consideration yearly escalation as identified within the existing Authority/PTG Agreement and average expenditures of other direct costs. An independent cost estimate (attachment 2) was developed by the Authority to negotiate the final amendment price. Multiple draft iterations of the cost proposal were submitted by PTG and reviewed by Authority staff. Prior to the approval of amendment no. 11, a meeting was held to negotiate the final amendment price utilizing Parsons final submittal and the Independent Cost Estimate. In this negotiation meeting, it was agreed to increase the PTG contract maximum obligation by \$2.5 million. This net increase was considered both fair and reasonable based on the understanding of the necessary oversight required for the Granite-Myers-Rados, Joint Venture design-build contract. The parties involved in the final negotiation of amendment no. 11 were Mr. Rick Grebner of the Authority, and Mr. Jack Meifert of PTG.

If you have any questions, please contact me at x 5406 or at [jtoolson@octa.net](mailto:jtoolson@octa.net).

# ATTACHMENT 1

**Joe Toolson**

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**From:** Meifert, John J [John.J.Meifert@parsons.com]  
**Sent:** Monday, May 04, 2009 12:45 PM  
**To:** Joe Toolson  
**Subject:** Amendment 11 Back-up

Joe,

Attached is our cost proposal previously provided for amendment No. 11 to OCTA prior to amendment 11. Subsequent to this submittal, a meeting was held between OCTA and Parsons to discuss this cost proposal in order to reconcile an independent estimate developed Mr. Grebner. At this meeting, an agreement was reached to amend the PTG agreement for \$2.5 million dollars based on the terms of the processed amendment no. 11.

Thank you.

Jack

5/4/2009





**SR 22 Program Management Labor Budget**

**SR-22 Independent Estimate**

**Amentment 11**

Developed by:

R. Grebner

Position	Name	Office	Company	2007 ST Loaded Rate	1	2	3	4	5	6	7	8	9	Total Hours	Budgeted Cost
					Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb		
Program Manager	Jack Meifert	Field	Parsons	\$ 204.33	200	160	160	200	160	160	160	160	160	1,520	\$ 310,582
Project Controls Manager	Gary Bedinian	Field	Parsons	\$ 119.85	160	160	160	160	120	120	120	120	120	1,240	\$ 148,618
Administrative Assistant	Lorie Alexander	Field	Parsons	\$ 59.36	200	160	160	160	160	160	160	160	160	1,460	\$ 87,848
Documents Control/Claims/Contracts	Jack Shockley	Field	Parsons	\$ 189.94	200	120	160	200	160	160	160	160	160	1,480	\$ 281,114
Documents Control Clerk	Maricela Rayn	Field	Cordoba	\$ 57.79	200	160	160	200	160	160	160	160	160	1,520	\$ 87,844
Documents Control Clerk	Christina Lujan	Field	Cordoba	\$ 53.44	200	160	160	200	160	160	160	160	160	1,520	\$ 81,224
EEO/Labor Compliance	Patricia Padilla	Home	Padilla	\$ 156.40	8	8	8	8	8	8	8	8	8	72	\$ 11,261
EEO/Labor Compliance	Miguel Cabral	Home	Padilla	\$ 60.53	8	8	8	8	8	8	8	8	8	72	\$ 5,798
EEO/Labor Compliance	Monroe Khawaja	Home	Padilla	\$ 70.04	8	8	8	8	8	8	8	8	8	72	\$ 5,043
Design Manager	Dan Powell	Field	Parsons	\$ 146.73	40	40								80	\$ 11,738
MOT & Traffic	Dick Ivy	Field	Parsons	\$ 158.70	160	160	160	160	160					800	\$ 126,957
Landscape	Jeff Lomand	Home	Parsons	\$ 102.55	40	40								80	\$ 8,204
Structural Manager	M. Mohseni	Field	Parsons	\$ 141.27	40	40								80	\$ 11,302
Construction Manager	Ted Roworth	Field	Parsons	\$ 182.89	40									40	\$ 7,316
Resident Engineer	Nabil Froyvat	Field	Parsons	\$ 154.33	120	40	40	40	40	40	40	40	40	440	\$ 67,904
Structures Representative	Brett Barnett	Field	Harris	\$ 202.73	120									120	\$ 24,328
Office Engineer	Dan Johnson	Field	Parsons	\$ 94.97	200	160								360	\$ 34,190
Roadway Inspector	Ziad Rizk	Field	Parsons	\$ 94.97	200	200	200	200	200	200	200	200	200	1,800	\$ 170,948
Electrical Inspector	Jerry Marquez	Field	Parsons	\$ 94.97	200	200	200	200	200	200	200	200	200	1,800	\$ 170,948
Structures Inspector	Paul Blevins	Field	Parsons	\$ 110.05	200	200	200	200	200	200	200	200	200	1,800	\$ 198,086
Structures Inspector	Anh Ly	Field	Parsons	\$ 96.63	40	40	40	40	40	40	40	40	40	360	\$ 34,788
Landscape Inspector	Bill Decker	Field	Parsons	\$ 98.72	200	200	200	200	200	200	200	200	200	1,800	\$ 179,495
Safety Manager	Brady Hamish	Field	Parsons	\$ 94.97	200	160	160	200	160	160	160	160	160	1,520	\$ 144,356
<b>Totals/Month</b>					<b>2,984</b>	<b>2,424</b>	<b>2,184</b>	<b>2,384</b>	<b>2,144</b>	<b>1,984</b>	<b>1,984</b>	<b>1,984</b>	<b>1,984</b>	<b>20,056</b>	<b>\$ 2,209,890</b>
	Reimbursible ODC's				\$ 30,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000		\$ 135,000
	Sub ODC's				\$ 5,000										\$ 5,000
	AIG+Subs & Misc				\$ 20,000	\$ 20,000	\$ 20,000	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000		\$ 100,000
<b>Sub &amp; ODC's Subtotal</b>															<b>\$ 240,000</b>
<b>Total ETC</b>															<b>\$ 2,449,890</b>
Budget															\$ 41,700,000
Invoiced thru May 2007															\$ 39,844,307
Remaining Budget															\$ 1,855,693
ETC															\$ 2,449,890
Difference															\$ (594,197)
EAC															\$ 42,294,197



INTEROFFICE MEMO

April 9, 2009

To: Kathleen O'Connell, Executive Director, Internal Audit  
From: *KP* Ken Phipps, Director of Finance and Administration  
Subject: **Audit of Agreement C-1-2069 Management Response**

3.2.3 Review of OCTA Process for Approving PTG Invoices for Payments.

Recommendation: GCAP found that the Accounting Department verification was sufficient. However, it would be significantly improved if Accounting Department Staff 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 to assist new employees.

Response: 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.



April 10, 2009

INTEROFFICE MEMO

To: Kathleen O'Connell, Executive Director  
Internal Audit

From: Kathleen Perez, Manager  
Contracts Administration and Materials Management

Subject: Response to 2008 Audit of Agreement Between Orange County  
Transportation Authority and Parsons Transportation Group, Inc.

I have been asked to respond to the final audit report dated January 29, 2009, prepared by GCAP Services on Project Management Services for the State Route 22 (SR-22) Design Build Project.

Management responses are as follows:

Recommendation No. 1 – Management agrees with the recommendation regarding verification of all fully burdened rates prior to contract execution or amendments. Contracts Administration and Materials Management (CAMM) management has previously instructed staff to verify all labor hour calculations. We will continue to work with staff to ensure consistency in its application.

Recommendation No. 2 – Management has reviewed the recommendation and believes that no further action is required. CAMM management and OCTA's General Counsel has reviewed current contract language and believe that the contract language is consistent with regulatory and statutory requirements.

The reference made on page 12 of 16 of the report that CAMM did not include "specific labor compliance provisions" is inaccurate and contradicts what the auditor states on page 11, which states in part that "Amendment No. 8 adds Article 26, General Wage Rules which incorporate the requirements to comply with California Labor Code and prevailing wage requirements..." Prevailing wage language was included in Amendment No. 8 in response to changes to the statutory requirements that occurred after the contract was executed.

Regarding to the auditors reference on page 12 of 16 that because the "PTG Agreement did not include specific labor compliance provisions..., there was no review by OCTA of PTG or PTG subcontractor compliance with prevailing wages...." CAMM management' response to this specific point raised by the

auditor is that OCTA review of certified payrolls is not required under the statute. California Labor Code Section 1776 (2), states in part that "A certified copy of all payroll records...shall be available for inspection or furnished upon request to a representative of the body awarding [OCTA]...." There is no statutory requirement nor does the contract require PTG to submit certified payroll records for OCTA' review. It is understood that PTG must pay appropriate prevailing wages to covered employees and that PTG is to keep records of such payment, and that those records must be made available upon OCTA' request. Therefore, the auditors' recommendation that "adequate reviews be conducted to insure compliance with all necessary prevailing wage requirements" is not required by state statute.

Recommendation No. 5 –

Management agrees with the recommendation. OCTA Contracts Administration and Materials Management (CAMM) management has previously instructed staff to verify all labor hour calculations. We will continue to work with staff to ensure consistency in its application.

Please contact me should you have any questions. I can be reached at 714/560-5743.

C: James S. Kenan  
Virginia Abadessa  
Kia Mortazavi





BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WV</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Los Angeles – San Diego – San Luis Obispo Rail Corridor  
Grade Separation Project Development

Transportation 2020 Committee Meeting of August 17, 2009

**Present:** Directors Amante, Brown, Buffa, Campbell, Cavecche, Dixon,  
and Pringle  
**Absent:** None

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Approve the five at-grade rail-highway crossings, located at Ball Road and Orangethorpe Avenue in the City of Anaheim, Main Street in the City of Orange, and Grand Avenue and 17th Street in the City of Santa Ana, to proceed into the project development phase for future grade separations.

**Committee Discussion**


The Committee requested that reference to the Sand Canyon Grade Separation in the City of Irvine be modified as follows:

Sand Canyon Avenue: This grade separation project is in the final design stage. The City of Irvine has recently identified an \$8 million funding shortfall for the construction phase. The City and OCTA staff are currently exploring additional funding options.



**August 17, 2009**

**To:** Transportation 2020 Committee

**From:** Will Kempton, Chief Executive Officer 

**Subject:** Los Angeles – San Diego – San Luis Obispo Rail Corridor Grade Separation Project Development

### **Overview**

The Orange County Transportation Authority has been working to develop a comprehensive approach for the development of railroad grade separations on the Los Angeles – San Diego – San Luis Obispo rail corridor within Orange County. This report recommends the next five at-grade rail-highway crossings to begin the formal project development process for railroad grade separations.

### **Recommendation**

Approve five at-grade rail-highway crossings, located at Ball Road and Orangethorpe Avenue in the City of Anaheim, Main Street in the City of Orange, and Grand Avenue and 17th Street in the City of Santa Ana, to proceed into the project development phase for future grade separations.

### **Background**

On February 23, 2009, staff presented to the Orange County Transportation Authority (Authority) Board of Directors a report summarizing the strategy for setting priorities among the 51 at-grade rail-highway crossings (grade crossings) along the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor within Orange County, which includes both the Orange and Olive subdivisions.

To set priorities among the potential grade separations and maintain eligibility for state and federal funding, staff applied the evaluation method adopted by the California Public Utilities Commission (CPUC) called the Grade Separation Program, Section 190 formula of the California Street and Highways Code (Section 190 Program). The formula weighs vehicular and train traffic volumes at a project location along with project costs and measures a variety of special condition factors at each site.

Before beginning the project development process on the highest priority projects, staff circulated the preliminary ranking list to the cities for review and comment (Attachment A).

On April 10, 2009, Authority staff received comments back from all the cities and staff incorporated these comments into the selection criteria used to evaluate which potential projects will proceed to the next level of project development at this time.

On June 15, 2009, staff presented a recommended priority list of future grade separations on the LOSSAN rail corridor to the Transportation 2020 Committee (Committee) as shown below to begin the formal development process:

- Ball Road, City of Anaheim
- Orangethorpe Avenue, City of Anaheim
- Chestnut Avenue, City of Santa Ana
- Grand Avenue, City of Santa Ana
- 17th Street, City of Santa Ana

The Committee noted that there were no locations in the City of Orange (City) selected for consideration of a grade separation, even though three locations were sufficiently high on the preliminary ranking list. Authority staff discussed the process in place for cities to review, comment, and identify the grade crossing locations on the preliminary ranking list that were being considered for future grade separation projects. The Committee directed staff to meet with the City to revisit this issue and determine if the City would like to pursue a project study report (PSR) for any locations included on the preliminary ranking list.

### ***Discussion***

On July 1, 2009, Authority staff met with the City to discuss the City's position on the inclusion of grade crossings to be considered for future grade separation projects. Three grade crossings on the priority list were discussed, Chapman Avenue, La Veta Avenue, and Main Street. At this meeting, the City decided to conduct a field review of the Main Street grade crossing to determine if the City wanted to pursue a PSR. On July 14, 2009, City staff submitted a request to include the Main Street grade crossing on the recommended priority list. The recommended priority list has been revised to reflect the addition of Main Street in Orange (Attachment B).



Based upon its review of the priority list, comments provided by each city, and the re-evaluation of the grade crossings in Orange, Authority staff is seeking approval of the revised priority list of five grade crossings, as shown below, to begin the formal project development process:

- Ball Road, City of Anaheim
- Orangethorpe Avenue, City of Anaheim
- Main Street, City of Orange
- Grand Avenue, City of Santa Ana
- 17th Street, City of Santa Ana

At the June 15, 2009, Committee meeting, staff was also directed to include the rationale for each city's preference in order to have a complete record of the selection process.

In addition to the Section 190 Program criteria, other factors were also taken into account, such as community impacts and other related planning efforts, as summarized below:

#### City of Anaheim

- All grade crossings located in the City of Anaheim are located along the California High Speed Rail Authority (CHSRA) project alignment. All plans for future grade separations must be considered in and coordinated with the CHSRA's plans. At this point in time, the City of Anaheim's staff preference is to focus on Orangethorpe Avenue and Ball Road.
- State College Boulevard, City of Anaheim: A PSR has been completed by the City of Anaheim and the project is in the environmental phase.

#### City of Orange

- Under the Section 190 Program criteria, the La Veta Avenue grade crossing in Orange is ranked higher than Main Street; however, the City of Orange staff responded to the Authority stating its interest in pursuing a grade separation project at Main Street in lieu of La Veta Avenue at this time.

#### City of Santa Ana

- The City of Santa Ana requested that Grand Avenue be advanced before Lyon Street and McFadden Street. Lyon Street and McFadden Street, along with Ritchey Street, are in close proximity to each other and will thus need

to be considered collectively. Individual grade separations at these locations would likely be infeasible.

- **Santa Ana Boulevard:** On March 23, 2009, the Authority approved the City of Santa Ana's \$3 million funding request for the Santa Ana Regional Transportation Center (SARTC) Master Site Plan. The City of Santa Ana intends to incorporate this proposed grade separation in conjunction with SARTC, which is scheduled to complete preliminary engineering and environmental clearance by 2011.

#### City of Irvine

- **Harvard Avenue** in the City of Irvine has been eliminated from further consideration at this time based on the City of Irvine's request.
- **Sand Canyon Avenue:** This grade separation project is in the final design stage and is fully funded.

#### City of San Juan Capistrano

- **Del Obispo Street** has been eliminated from further consideration at this time based on the City of San Juan Capistrano's request. This crossing is located near the historic San Juan Capistrano Mission.

#### City of Tustin

- **Red Hill Avenue:** A PSR and a draft project report has been completed for this crossing and is pending final Tustin City Council and Southern California Regional Rail Authority's approval.

#### Fiscal Impact

The expenses associated with the development of five PSRs are included in the Authority's Adopted Fiscal Year 2009-10 Budget, Rail Programs Division, Account 0017-7519-TR201-P6M, and is funded through the Local Transportation Authority.

**Summary**

This report recommends the next five at-grade rail-highway crossings to begin the formal project development process for railroad grade separations along the LOSSAN rail corridor. The first task is to prepare a PSR for each crossing, which includes preliminary engineering analysis, evaluation of right-of-way impacts, and environmental evaluation and public outreach.

**Attachments**

- A. Section 190 Grade Separation Ranking
- B. Revised Final Grade Separation Ranking Summary
- C. LOSSAN Railroad Crossings and Vicinity Map

**Prepared by:**



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**Approved by:**



Darrell Johnson  
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## Section 190 Grade Separation Ranking

Location	Map Location No.	City	Traffic Volume (2007)	Train Volume (Planned Daily)	Conceptual Cost (millions)	Preliminary Section 190 Ranking(1)
17th Street	33	Santa Ana	40,152	146	\$89	434
Lyon Street	38	Santa Ana	15,355	146	\$60	295
McFadden Avenue	39	Santa Ana	21,761	146	\$130	232
State College Boulevard	21	Anaheim	23,400	143	\$70	226
Orangthorpe Avenue	12	Anaheim	29,200	143	\$94	207
Sand Canyon Avenue	43	Irvine	23,520	146	\$60	202
Santa Ana Boulevard	34	Santa Ana	20,054	146	\$74	187
Ball Road	19	Anaheim	39,100	143	\$71	184
Cerritos Avenue	20	Anaheim	10,600	143	\$60	178
La Palma Avenue (w/o East Street)	13	Anaheim	24,800	143	\$50	170
Grand Avenue	37	Santa Ana	31,563	146	\$72	166
Del Obispo Street	47	San Juan Capistrano	34,600	146	\$98	138
4th Street	35	Santa Ana	18,423	146	\$59	119
La Veta Avenue	30	Orange	15,400	146	\$50	116
Main Street	23	Orange	19,100	143	\$69	111
Chapman Avenue	27	Orange	21,000	146	\$82	111
Chestnut Avenue	36	Santa Ana	13,003	146	\$64	95
E. Broadway	15	Anaheim	12,600	143	\$55	95
Ritchey Street	40	Santa Ana	9,124	146	\$43	92
Red Hill Avenue	41	Tustin	30,100	146	\$153	91
E. Vermont Avenue	18	Anaheim	7,900	143	\$57	88
Harvard Avenue	42	Irvine	10,338	146	\$51	88
Batavia Street	24	Orange	12,800	143	\$64	85
Oso Road	44	San Juan Capistrano	7,000	67	\$50	85
La Zanja Street	46	San Juan Capistrano	7,000	67	\$41	83
Santa Clara Avenue	32	Santa Ana	6,460	146	\$41	79
E. Sycamore Street	14	Anaheim	7,000	143	\$41	78
Eckhoff Street	22	Orange	10,700	143	\$64	77
E. Santa Ana Street	16	Anaheim	6,500	143	\$48	68
Walnut Street	25	Orange	8,700	143	\$64	66
E. South Street	17	Anaheim	5,500	143	\$43	66
Almond Avenue	28	Orange	5,100	146	\$50	60
Palm Avenue	26	Orange	4,700	146	\$52	56
Avenida Aeropuerto	48	San Juan Capistrano	5,000	67	\$34	51
Glassell Street	8	Orange	23,900	21	\$73	54
Taft Avenue	9	Orange	23,400	21	\$58	51
Tustin Avenue	3	Anaheim	39,800	21	\$79	49
Katella Avenue	10	Orange	33,500	21	\$74	46
Lincoln Avenue	6	Orange	24,300	21	\$58	46
Beach Road	49	Dana Point	500	71	\$41	44
Palmyra Avenue	29	Orange	2,200	146	\$45	44
La Palma Avenue	4	Anaheim	22,900	21	\$66	43
Meats Avenue	7	Orange	9,100	21	\$50	38
Collins Avenue - Orange	11	Orange	16,700	21	\$64	35
Riverdale Avenue	5	Orange	5,600	21	\$50	29
Jefferson Street	1	Anaheim	7,600	21	\$45	23
Miraloma Avenue	2	Anaheim	6,400	21	\$61	21
Rancho Capistrano-Private	45	San Juan Capistrano	500	71	Privat Xing	NA
Estacion / Senda De La Playa	50	San Clemente	500	71	Env Concerns	NA
Pedestrian Crossing at Pier	51	San Clemente	500	71	Env Concerns	NA
Fairhaven Avenue	31	Santa Ana	potential closure	146	NA	NA

Notes:

1. Priority is based on the higher value.

**Revised Final Grade Separation Ranking Summary**

<b>Ranking (2)</b>	<b>Location</b>	<b>Map Location No.</b>	<b>City</b>	<b>Conceptual Cost (millions)</b>	<b>Preliminary Section 190 Ranking</b>
1	17th Street	33	Santa Ana	89	434
	State College Boulevard (1)	21	Anaheim	70	226
2	Orangthorpe Avenue	12	Anaheim	94	207
	Sand Canyon Avenue (1)	43	Irvine	60	202
	Santa Ana Boulevard (1)	34	Santa Ana	74	187
3	Ball Road	19	Anaheim	71	184
4	Grand Avenue	37	Santa Ana	72	166
	Del Obispo Street (1)	47	San Juan Capistrano	98	138
5	Main Street	23	Orange	143	111
	Red Hill Avenue (1)	41	Tustin	153	91
	Harvard Avenue (1)	42	Irvine	51	88

**Notes:**

1. Excluded from next level of LOSSAN project development - PSR for the following reasons:

State College Boulevard (Anaheim) - Draft PSR has been completed by the City of Anaheim. Environmental impact report expected to be approved by June 2009.

Sand Canyon Avenue - Under final design and construction phase is funded.

Santa Ana Boulevard - It is included in the Santa Ana Regional Transportation Center Master Site Plan. City of Santa Ana is taking the lead.

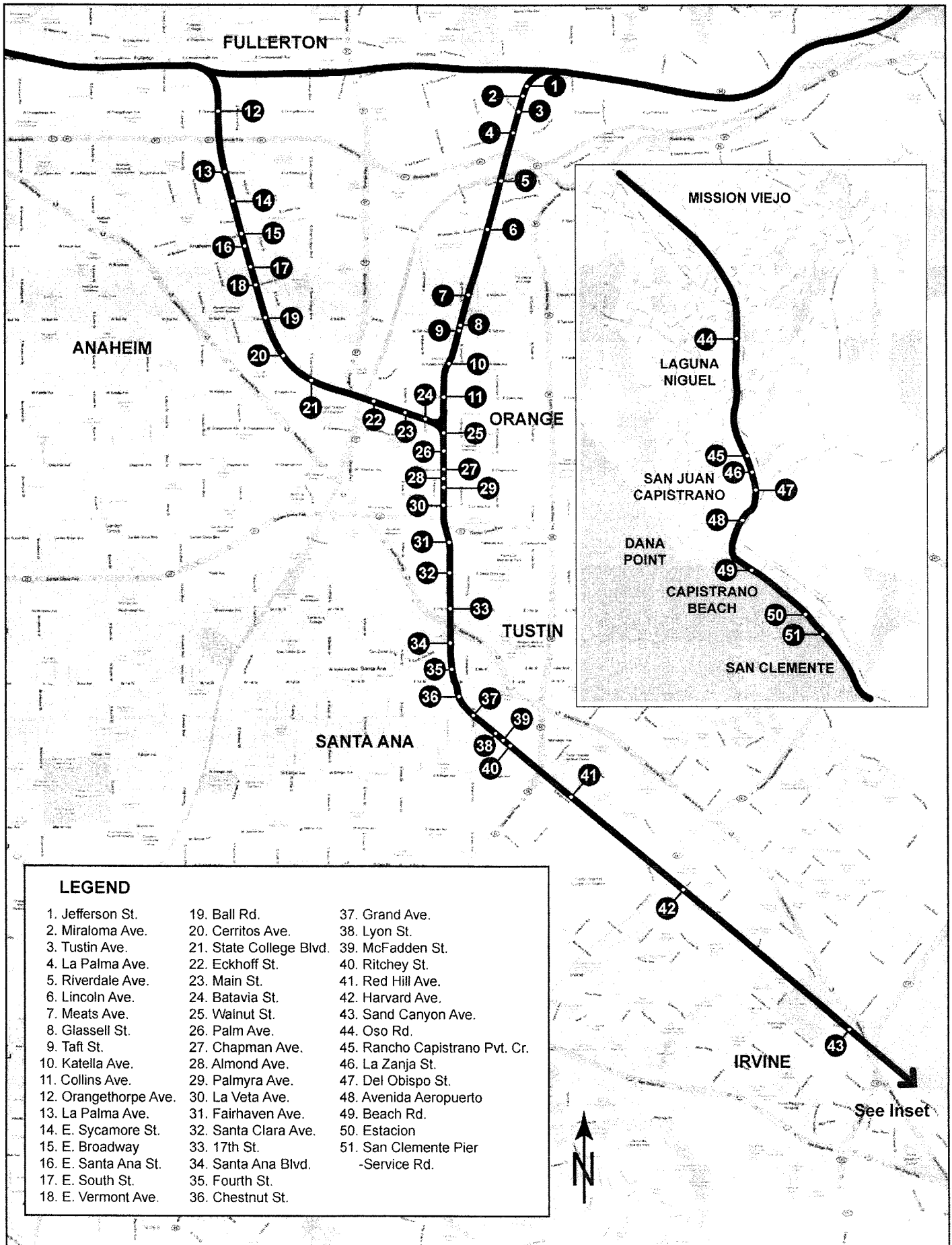
Del Obispo Street - Not to proceed into project development phase per the City of San Juan Capistrano's request.

Red Hill Avenue - PSR and draft project report has been completed by the City of Tustin but not approved by City Council.

Harvard Avenue - Not to proceed into project development phase per the City of Irvine's request.

2. Priority is based on the higher value of Section 190, cities comments, and community impact.

LOSSAN RAILROAD CROSSINGS AND VICINITY MAP



**LEGEND**

- |                       |                         |                                |
|-----------------------|-------------------------|--------------------------------|
| 1. Jefferson St.      | 19. Ball Rd.            | 37. Grand Ave.                 |
| 2. Miraloma Ave.      | 20. Cerritos Ave.       | 38. Lyon St.                   |
| 3. Tustin Ave.        | 21. State College Blvd. | 39. McFadden St.               |
| 4. La Palma Ave.      | 22. Eckhoff St.         | 40. Ritchey St.                |
| 5. Riverdale Ave.     | 23. Main St.            | 41. Red Hill Ave.              |
| 6. Lincoln Ave.       | 24. Batavia St.         | 42. Harvard Ave.               |
| 7. Meats Ave.         | 25. Walnut St.          | 43. Sand Canyon Ave.           |
| 8. Glassell St.       | 26. Palm Ave.           | 44. Oso Rd.                    |
| 9. Taft St.           | 27. Chapman Ave.        | 45. Rancho Capistrano Pvt. Cr. |
| 10. Katella Ave.      | 28. Almond Ave.         | 46. La Zanja St.               |
| 11. Collins Ave.      | 29. Palmyra Ave.        | 47. Del Obispo St.             |
| 12. Orangethorpe Ave. | 30. La Veta Ave.        | 48. Avenida Aeropuerto         |
| 13. La Palma Ave.     | 31. Fairhaven Ave.      | 49. Beach Rd.                  |
| 14. E. Sycamore St.   | 32. Santa Clara Ave.    | 50. Estacion                   |
| 15. E. Broadway       | 33. 17th St.            | 51. San Clemente Pier          |
| 16. E. Santa Ana St.  | 34. Santa Ana Blvd.     | -Service Rd.                   |
| 17. E. South St.      | 35. Fourth St.          |                                |
| 18. E. Vermont Ave.   | 36. Chestnut St.        |                                |





**August 24, 2009**

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

**Overview**

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

**Recommendation**

Receive and file as an information item.

**Background**

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

**Discussion**

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

**Freeway Program**

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



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

#### Interstate 5 (I-5), Gateway Project

The two-mile stretch of the I-5, from just north of the I-5/State Route 91 (SR-91) interchange to the Los Angeles County line, is the last phase of the I-5 in Orange County to be improved. On April 18, 2006, the freeway widening construction package was awarded to FCI Constructors/Balfour Beatty Construction, Inc. Various construction activities continued during the report period, with the project currently 73 percent complete.

During the quarter, the re-constructed east side of the Beach Boulevard bridge is nearing completion with two northbound lanes to open August 17, 2009, and Beach Boulevard fully opened in mid-September 2009. Crews completed approach slabs for the southbound Artesia Boulevard undercrossing bridge. The foundation work for the Orange County sign was finished during this quarter and the sign was completed and unveiled on July 16, 2009. Construction continues on the I-5 southbound retaining walls adjacent to the Union Pacific Railroad tracks from Beach Boulevard to Stanton Avenue, with crews completing the I-5 northbound retaining walls behind the Nissan and Toyota dealerships.

The public outreach team continues to attend community meetings and is making presentations to the city council, local organizations, and business associations concerning the Beach Boulevard closure and freeway detours.

#### State Route 57 (SR-57)

In November 1992, OCTA completed the Measure M carpool lane project on the SR-57, between the I-5 and Lambert Road. In September 2007, the Board approved amending the Measure M Expenditure Plan to include additional projects along the SR-57, which are currently included in Project J in the Renewed Measure M. The amendment allocated \$22 million in anticipated Measure M freeway program savings to pay for design and right-of-way pre-construction costs to add a new northbound lane along the SR-57 from Orangewood Avenue to Lambert Road.

Three projects to provide the additional freeway capacity are currently underway. The design notice to proceed for the Orangethorpe Avenue to Yorba Linda Boulevard project was issued on February 18, 2008. The project's original design schedule was very aggressive at 22 months. The pre-final design plans and specifications were completed and submitted for review to the California Department of Transportation's (Caltrans) District 12

office on April 21, 2009, two months ahead of schedule. Caltrans is expediting and reducing the review process from six months to three months. Final plans and specifications were submitted to Caltrans' Sacramento headquarters for preparation of final contract documents in mid-July 2009, five months ahead of schedule.

The design notice to proceed for the Yorba Linda Boulevard to Lambert Road project was also issued on February 18, 2008. This project also had a compressed design duration of only 22 months. The pre-final design plans and specifications were completed and submitted for review to Caltrans' District 12 office on April 7, 2009, two months ahead of schedule. This project also has an expedited Caltrans three-month review process. Final plans and specifications were submitted to Caltrans' Sacramento headquarters for preparation of final contract documents in early July 2009, also five months ahead of schedule.

Project development work is also underway on the SR-57 project between Katella Avenue and Lincoln Avenue. To expedite project delivery, OCTA awarded a consultant contract combining both environmental and design services. The combined effort is scheduled to be completed in an accelerated 31-month schedule. The notice to proceed was issued on April 10, 2008. The environmental phase is nearing completion with the draft environmental document issued for public review and comment on March 24, 2009. Final environmental approval is expected in the third quarter of 2009. Preliminary design activities are also underway with the draft 35 percent plans issued for review and comment during this quarter.

#### Streets and Roads Programs

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

During the second quarter of 2009, the CTFP provided \$12 million towards streets and roads projects throughout the County. Some of the significant projects include \$6.6 million to the City of Irvine for MacArthur Boulevard and Red Hill Avenue intersection improvements, \$1.8 million to the County of Orange for intersection improvements at Ortega Highway and Antonio Parkway, and \$400,000 to the City of Buena Park for Valley View Street improvements.

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

Status	Definition	Measure M Allocations (millions) 3/31/09	Measure M Allocations (millions) 7/31/09
Completed	Project work is complete, final report is filed, approved, and the final payment has been made.	\$ 389.5	\$ 407.5
Pending	Project work has been completed and only final report submittal/approval is pending.	49.0	48.2
Started	Project has begun and the funds have been obligated.	95.7	116.2
Planned	Projects are planned but have not entered the program year or a delay has been requested.	171.1	133.9
	<b>TOTAL PROJECT ALLOCATIONS</b>	<b>\$ 705.3</b>	<b>\$ 705.8</b>

Transit Programs

Rail Program

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

Metrolink Service Expansion Program (Expansion)

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

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

In addition to the civil construction contract, there are four other procurement packages associated with the Expansion, including special track work, signal construction, signal maintenance, and rail and ties. All contracts associated with the Expansion were expected to be awarded no later than the second quarter of 2009. However, a protest was filed regarding the signal materials proposed contract award, delaying this until July 2009. The signal materials contract came in significantly higher than the engineer's estimates. The SCRRA and OCTA staff are reviewing project elements to determine the impact to the overall program. This matter should be decided during the third quarter of 2009.

The SCRRA plans to start construction of the rail infrastructure improvements and grade crossing enhancements in August 2009; the notice to proceed to the civil construction contractor is expected to be issued on August 3, 2009.

Staff continues to meet with individual station cities in order to develop plans for expansion of parking facilities necessary to support the expanded service. The City of Orange is continuing with further studies to determine if the project will be a mixed use development project. Design work for the new parking structure to be built on the existing surface parking lot at the Tustin Metrolink Station began in April 2009 and is currently 23 percent complete. Final plans are expected in the first quarter of 2010, with a construction contract to be awarded in the second quarter of 2010. The City of Fullerton is completing design plans that will go out to bid for design build of an 818 space parking structure in the summer of 2009. OCTA is continuing to work with the City of Laguna Niguel regarding added station parking capacity in the city.

#### City-Initiated Transit Extensions to Metrolink

Project development continued with the two Board-approved Go Local fixed-guideway project concepts. The City of Anaheim completed several key project study reports including the Definition of Alternatives, Screening Methodology, and Initial Screening Alternatives Analysis study reports. OCTA staff participated in the review and comment of these documents. The City of Anaheim hosted an initial public workshop in April 2009 to introduce the public to the fixed-guideway project that proposes to connect the Anaheim Regional Transportation Intermodal Center (ARTIC) to the Anaheim Resort. The City of Anaheim also hosted an early public scoping meeting in July 2009 to solicit public input on the initial set of alternatives, including alignments and technologies identified to date. This information will assist the City of Anaheim in assessing which alternatives merit further advancement into the environmental clearance phase.

The City of Santa Ana continues to negotiate the procurement of a technical consultant to conduct the alternatives analysis and environmental clearance for its

fixed-guideway concept. It is anticipated that the consultant will be on board by August 2009. The City of Santa Ana's fixed-guideway concept proposes to connect the Santa Ana Regional Transportation Center through downtown Santa Ana to Harbor Boulevard in the City of Garden Grove.

During the reporting period, cooperative agreements for the service planning of the Board-approved bus/shuttle projects were executed with the following cities: Aliso Viejo, Anaheim, Fullerton, Irvine, Laguna Beach, Lake Forest, Mission Viejo, San Clemente, and Westminster. Scopes of work were finalized for the service planning effort and the contract task orders are expected to be released to the OCTA Board-approved bench of service planning consultants next quarter. The consultants will be tasked with evaluating the viability and feasibility of the bus/shuttle proposals by evaluating areas such as ridership, alignment, operating parameters, and financial plans.

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

#### Financial Status

As required in Measure M, all Orange County eligible jurisdictions receive 14.6 percent of the sales tax revenue based on population ratio, Master Plan of Arterial Highways miles, and total taxable sales. There are no competitive criteria to meet, but there are administrative requirements such as having a growth management plan. This money can be used for local transportation projects as well as ongoing maintenance of local streets and roads. The total amount of Measure M turnback funds distributed since program inception is \$530.7 million. Distributions to individual agencies, from inception-to-date and for the report period, are detailed in Attachment A.

Net Measure M expenditures through June 30, 2009, total \$3.09 billion. Net expenditures include project specific reimbursements to Measure M from local agencies and Caltrans on jointly funded projects. Total net tax revenues consist primarily of Measure M sales tax revenues and non-bond interest minus estimated non-project related administrative expenses through 2011. Net revenues, expenditures, estimates at completion, and summary project budgets, per the Measure M Expenditure Plan, are presented in Attachment B. The basis for project budgets within each of the Measure M Expenditure Plan programs is identified in the notes section of Attachment B. Additional details and supporting information to the Measure M Revenue and Expenditure Summary are provided under Attachment C.

### Budget Variances

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

The Garden Grove Freeway (State Route 22) project budget and estimate at completion were increased \$1.8 million during the report period to reflect the April 13, 2009, Board action to include the cost of additional soundwalls not included in the original project scope. The estimate at completion for the previously completed I-5 projects from Chapman Avenue to SR-91 has been reduced by \$3.8 million to reflect the settlement of final construction claims and potential revenues associated with the sale of excess properties.

### Revenue Projections

Staff continues to closely monitor actual local sales tax revenues versus prior forecasts. Based on the trend in continued declining revenues, the June 2009 report includes an updated revenue forecast that results in an additional reduction of \$28.4 million in revenues as compared to the March 2009 report. The following revenue reductions are anticipated within the various Measure M programs: freeways \$12.2 million, turnback funding (streets and roads maintenance and improvement program) \$4.1 million, competitive grant programs \$5 million, and transit \$7.1 million.

The Measure M Expenditure Plan was amended to allocate \$22 million in funding for the three SR-57 freeway projects included in Renewed Measure M, Project J. The allocation is currently included in the Attachment B freeway program budget and estimate at completion. Project costs are initially charged to Renewed Measure M, with subsequent reimbursement through the original Measure M program. The reimbursements have not yet occurred and are temporarily suspended. The initial \$22 million planned allocation could be adjusted to compensate for anticipated revenue reductions.

OCTA staff recently analyzed the status of all active and pending Measure M-funded competitive projects. The goal was to assess potential project delivery issues and promote timely completion of the projects. The Board directed staff to provide more frequent status updates. This progress report has been expanded in response to this request and staff is working with local agencies to develop project specific remedies. It should also be noted that at the present time, the funding commitments to competitive projects exceed the revenue forecast by \$3.5 million. This is a relatively small and manageable variance given the available program balance. Staff will continue to monitor and apprise the Board.

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

**Summary**

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

**Attachments**

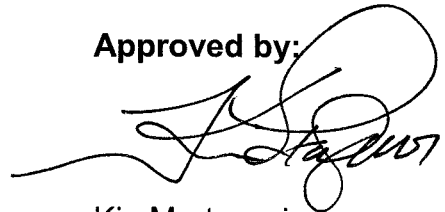
- A. Measure M Local Turnback Payments
- B. Measure M Revenue and Expenditure Summary as of June 30, 2009
- C. Supporting Information to Measure M Revenue and Expenditure Summary

**Prepared by:**



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**Approved by:**



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**ATTACHMENT A****MEASURE M LOCAL TURNBACK PAYMENTS**

<b>Agency</b>	<b>Second Quarter 2009</b>	<b>Total Apportionment as of 6/30/09</b>
Aliso Viejo	\$ 119,722	\$ 3,456,410
Anaheim	1,111,087	58,122,648
Brea	180,350	9,459,770
Buena Park	300,425	14,301,178
Costa Mesa	469,047	24,968,511
Cypress	182,483	9,336,670
Dana Point	110,896	5,924,605
Fountain Valley	208,818	11,385,209
Fullerton	420,022	22,730,960
Garden Grove	485,724	25,919,976
Huntington Beach	628,091	33,949,545
Irvine	813,516	37,410,665
Laguna Beach	86,365	4,452,116
Laguna Hills	119,428	6,254,689
Laguna Niguel	223,278	11,298,842
Laguna Woods	45,664	1,632,608
La Habra	176,940	8,913,591
Lake Forest	259,521	11,750,236
La Palma	58,311	2,978,602
Los Alamitos	44,059	2,480,307
Mission Viejo	315,065	16,480,815
Newport Beach	351,602	16,472,947
Orange	537,680	27,555,396
Placentia	154,329	8,208,493
Rancho Santa Margarita	142,674	4,455,815
San Clemente	185,426	8,435,798
San Juan Capistrano	128,669	6,557,852
Santa Ana	953,095	51,919,646
Seal Beach	83,892	4,192,747
Stanton	98,748	5,218,473
Tustin	272,752	14,275,195
Villa Park	17,634	951,322
Westminster	288,308	15,590,014
Yorba Linda	193,034	9,841,476
County Unincorporated	578,366	33,824,335
<b>Total County:</b>	<b>\$ 10,345,021</b>	<b>\$ 530,707,463</b>



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

<u>Project Description</u> <i>(\$ in thousands, escalated to year of expenditure/revenue)</i>	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	To Date Net Project Cost	Percent Budget Expended	Notes
	A	B	C	(A - C)	(B - C)	D	(D / B)	
<b>Freeways (43%)</b>								
I-5 between I-405 and I-605	\$ 952,183	\$ 810,010	\$ 801,082	\$ 151,101	\$ 8,928	\$ 706,864	87.3%	1,5
I-5 between I-5/I-405 Interchange and San Clemente	68,107	57,836	59,935	8,172	(2,099)	59,936	103.6%	1
I-5/I-405 Interchange	86,443	72,802	73,075	13,368	(273)	73,075	100.4%	1
SR-55 between I-5 and SR-91	57,629	44,511	50,196	7,433	(5,685)	49,340	110.8%	1
SR-57 between I-5 and Lambert Road	49,770	46,128	44,596	5,174	1,532	22,758	49.3%	1
SR-91 between Riverside Co. line & Los Angeles Co. line	124,426	116,136	105,666	18,760	10,470	105,389	90.7%	1
SR-22 between SR-55 and Valley View Street	396,853	303,297	302,871	93,982	426	296,955	97.9%	1,4
Subtotal Projects	\$ 1,735,411	\$ 1,450,720	\$ 1,437,421	\$ 297,990	\$ 13,299	\$ 1,314,317	90.6%	
Net (Bond Revenue)/Debt Service		307,615	307,615	(307,615)	-	165,883		
<b>Total Freeways</b>	<b>\$ 1,735,411</b>	<b>\$ 1,758,335</b>	<b>\$ 1,745,036</b>	<b>\$ (9,625)</b>	<b>\$ 13,299</b>	<b>\$ 1,480,200</b>	<b>84.2%</b>	<b>3</b>
<b>Expenditures as a Percent of Total Program</b>						<b>47.9%</b>		
<b>Regional Street and Road Projects (11%)</b>								
Smart Streets	\$ 152,209	\$ 149,833	\$ 149,833	\$ 2,376	\$ -	\$ 150,626	100.5%	2,6
Regionally Significant Interchagnes	88,789	88,789	88,789	-	-	61,442	69.2%	2
Intersection Improvement Program	126,841	126,841	126,841	-	-	77,223	60.9%	2
Traffic Signal Coordination	63,420	63,420	63,420	-	-	46,192	72.8%	2
Transportation Systems and Transporation Demand Mgmt	12,684	12,684	12,684	-	-	7,312	57.6%	2
Subtotal Projects	\$ 443,943	\$ 441,567	\$ 441,567	\$ 2,376	\$ -	\$ 342,795	77.6%	
Net (Bond Revenue)/Debt Service		2,376	2,376	(2,376)	-	1,281		
<b>Total Regional Street and Road Projects</b>	<b>\$ 443,943</b>	<b>\$ 443,943</b>	<b>\$ 443,943</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 344,076</b>	<b>77.5%</b>	<b>2</b>
<b>Expenditures as a Percent of Total Program</b>						<b>11.1%</b>		

**ATTACHMENT B**

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

<u>Project Description</u> <i>(\$ in thousands, escalated to year of expenditure/revenue)</i>	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	To Date Net Project Cost	Percent Budget Expended	Notes
	A	B	C	(A - C)	(B - C)	D	(D / B)	
<b>Local Street and Road Projects (21%)</b>								
Master Plan of Arterial Highway Improvements	\$ 160,777	\$ 160,777	\$ 160,777	\$ -	\$ -	\$ 86,412	53.7%	2
Streets and Roads Maintenance and Road Improvements	586,749	586,749	586,749	-	-	530,771	90.5%	2
Growth Management Area Improvements	100,000	100,000	100,000	-	-	73,143	73.1%	2
Subtotal Projects	\$ 847,526	\$ 847,526	\$ 847,526	\$ -	\$ -	\$ 690,326	81.5%	
Net (Bond Revenue)/Debt Service						-		
<b>Total Local Street and Road Projects</b>	<b>\$ 847,526</b>	<b>\$ 847,526</b>	<b>\$ 847,526</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 690,326</b>	<b>81.5%</b>	
<b>Expenditures as a Percent of Total Program</b>						<b>22.3%</b>		
<b>Transit Projects (25%)</b>								
Pacific Electric Right-of-Way	\$ 19,528	\$ 15,000	\$ 14,000	\$ 5,528	\$ 1,000	\$ 13,814	92.1%	
Commuter Rail	364,056	348,404	328,468	35,588	19,936	290,884	83.5%	
High-Technology Advanced Rail Transit	442,641	423,611	464,580	(21,939)	(40,969)	97,348	23.0%	
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	-	-	17,010	85.1%	
Transitways	162,736	146,381	126,348	36,388	20,033	125,961	86.1%	1
Subtotal Projects	\$ 1,008,961	\$ 953,396	\$ 953,396	\$ 55,565	\$ -	\$ 545,017	57.2%	
Net (Bond Revenue)/Debt Service		55,565	55,565	(55,565)	-	29,963		
<b>Total Transit Projects</b>	<b>\$ 1,008,961</b>	<b>\$ 1,008,961</b>	<b>\$ 1,008,961</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 574,980</b>	<b>57.0%</b>	
<b>Expenditures as a Percent of Total Program</b>						<b>18.6%</b>		
<b>Total Measure M Program</b>	<b>\$ 4,035,841</b>	<b>\$ 4,058,765</b>	<b>\$ 4,045,466</b>	<b>\$ (9,625)</b>	<b>\$ 13,299</b>	<b>\$ 3,089,582</b>	<b>76.1%</b>	

Notes:

1. Project budget based on escalated value of 1996 Freeway Strategic Plan plus subsequent Board-approved amendments.
2. Project budget and estimate at completion equal to total net tax revenues as all funds collected will be expended on future projects.
3. Due to a change in reporting practices, estimates at completion now include approximately \$10 million of OCTA direct project labor not included in project budgets.
4. SR-22 budget and estimate at completion increased by \$1.8 million for additional sandwalls not included in the original project scope.
5. The estimate at completion for previously completed I-5 projects reduced by \$3.8 million to reflect final construction claims and potential excess property revenues.
6. To date net project costs include expenditures approved by the Board for transfer to the Master Plan of Arterial Highways Improvements. Transfers are pending.

General Note: To date net project costs do not include year end accruals and potential accounting adjustments.

## ATTACHMENT C

### Schedule I

### Supporting Information to Measure M Revenue and Expenditure Summary

<i>(\$ in thousands)</i>	Quarter Ended June 30, 2009	Year to Date June 30, 2009	Period from Inception to June 30, 2009
		(A)	(B)
<b>Revenues:</b>			
Sales taxes	\$ 60,550	\$ 237,397	\$ 3,579,190
Other agencies share of Measure M costs			
Project related	1,060	2,593	382,764
Non-project related	-	-	614
<b>Interest:</b>			
<b>Operating:</b>			
Project related	34	63	986
Non-project related	185	18,591	242,481
Bond proceeds	-	-	136,067
Debt service	201	2,641	80,454
Commercial paper	-	26	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	4,394	11,908	156,920
Right-of-way leases	107	399	4,758
Proceeds on sale of assets held for resale	537	2,147	21,891
<b>Miscellaneous:</b>			
Project related	-	-	26
Non-project related	-	-	775
<b>Total revenues</b>	<b>67,068</b>	<b>275,765</b>	<b>4,655,266</b>
<b>Expenditures:</b>			
<b>Supplies and services:</b>			
State Board of Equalization (SBOE) fees	525	2,729	51,700
<b>Professional services:</b>			
Project related	5,393	14,975	176,389
Non-project related	689'	1,526	28,924
<b>Administration costs:</b>			
Project related	490	2,125	17,838
Non-project related	1,339	5,190	77,749
Orange County bankruptcy loss	-	-	78,618
<b>Other:</b>			
Project related	1,581	1,634	2,773
Non-project related	36	223	15,501
<b>Payments to local agencies:</b>			
Turnback	10,345	36,361	530,755
Competitive projects	20,082	54,949	547,470
Capital outlay	4,709	38,368	1,933,743
<b>Debt service:</b>			
Principal payments on long-term debt	-	75,355	842,755
Interest on long-term debt and commercial paper	(2)	13,362	547,905
<b>Total expenditures</b>	<b>45,187</b>	<b>246,797</b>	<b>4,852,120</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>21,881</b>	<b>28,968</b>	<b>(196,854)</b>
<b>Other financing sources (uses):</b>			
<b>Transfers out:</b>			
Project related	-	(1,391)	(252,760)
Non-project related	-	-	(5,116)
Transfers in project related	-	86	1,915
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,305)</b>	<b>760,177</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ 21,881</b>	<b>\$ 27,663</b>	<b>\$ 563,323</b>

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

<i>(\$ in thousands)</i>	Quarter Ended June 30, 2009 (actual)	Year Ended June 30, 2009 (actual)	Period from Inception through June 30, 2009 (actual)	Period from July 1, 2009 through March 31, 2011 (forecast)	Total
	<i>(C.1)</i>	<i>(C.1)</i>	<i>(D.1)</i>	<i>(E.1)</i>	<i>(F.1)</i>
<b>Tax revenues:</b>					
Sales taxes	\$ 60,550	\$ 237,397	\$ 3,579,190	\$ 387,805	\$ 3,966,995
Other agencies share of Measure M costs	-	-	614	-	614
Operating interest	185	18,591	242,481	15,138	257,619
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous	-	-	-	-	-
Total tax revenues	<u>60,735</u>	<u>255,988</u>	<u>3,842,968</u>	<u>402,943</u>	<u>4,245,911</u>
<b>Administrative expenditures:</b>					
SBOE fees	525	2,729	51,700	3,607	55,307
Professional services, non-project related	681	1,472	20,065	3,067	23,132
Administration costs, non-project related	1,339	5,190	77,749	10,174	87,923
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	36	223	6,402	2,398	8,800
	<u>2,581</u>	<u>9,614</u>	<u>190,824</u>	<u>19,246</u>	<u>210,070</u>
Net tax revenues	<u>\$ 58,154</u>	<u>\$ 246,374</u>	<u>\$ 3,652,144</u>	<u>\$ 383,697</u>	<u>\$ 4,035,841</u>
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	201	2,641	80,454	7,186	87,640
Interest revenue from commercial paper	-	26	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>201</u>	<u>2,667</u>	<u>1,414,177</u>	<u>7,186</u>	<u>1,421,363</u>
<b>Financing expenditures and uses:</b>					
Professional services, non-project related	8	54	8,859	-	8,859
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	75,355	842,755	161,200	1,003,955
Bond debt interest expense	(2)	13,362	547,905	14,414	562,319
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,099	-	9,099
Total financing expenditures and uses	<u>6</u>	<u>88,771</u>	<u>1,611,305</u>	<u>175,614</u>	<u>1,786,919</u>
Net bond revenues (debt service)	<u>\$ 195</u>	<u>\$ (86,104)</u>	<u>\$ (197,128)</u>	<u>\$ (168,428)</u>	<u>\$ (365,556)</u>

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

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through June 30, 2009	Reimbursements through June 30, 2009	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
<i>(\$ in thousands)</i>										
<b>Freeways (43%)</b>										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 861,656	\$ 952,183	\$ 810,010	\$ 801,082	\$ 151,101	\$ 8,928	\$ 789,580	\$ 82,716	\$ 706,864	87.3%
I-5 between I-5/I-405 Interchange and San Clemente	61,632	68,107	57,836	59,935	8,172	(2,099)	70,294	10,358	59,936	103.6%
I-5/I-405 Interchange	78,225	86,443	72,802	73,075	13,368	(273)	98,157	25,082	73,075	100.4%
S.R. 55 (Costa Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	52,150	57,629	44,511	50,196	7,433	(5,685)	55,512	6,172	49,340	110.8%
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	45,039	49,770	46,128	44,596	5,174	1,532	25,617	2,859	22,758	49.3%
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	112,596	124,426	116,136	105,666	18,760	10,470	123,995	18,606	105,389	90.7%
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St.	359,123	396,853	303,297	302,871	93,982	426	609,087	312,132	296,955	97.9%
Subtotal Projects	1,570,421	1,735,411	1,450,720	1,437,421	297,990	13,299	1,772,242	457,925	1,314,317	
Net (Bond Revenue)/Debt Service			307,615	307,615	(307,615)	-	165,883		165,883	
<b>Total Freeways</b>	<b>\$ 1,570,421</b>	<b>\$ 1,735,411</b>	<b>\$ 1,758,335</b>	<b>\$ 1,745,036</b>	<b>\$ (9,625)</b>	<b>\$ 13,299</b>	<b>\$ 1,938,125</b>	<b>\$ 457,925</b>	<b>\$ 1,480,200</b>	
<b>%</b>				43.1%						47.9%
<b>Regional Street and Road Projects (11%)</b>										
Smart Streets	\$ 137,738	\$ 152,209	\$ 149,833	\$ 149,833	\$ 2,376	\$ -	\$ 154,115	\$ 3,489	\$ 150,626	100.5%
Regionally Significant Interchanges	80,347	88,789	88,789	88,789	-	-	61,588	146	61,442	69.2%
Intersection Improvement Program	114,782	126,841	126,841	126,841	-	-	77,437	214	77,223	60.9%
Traffic Signal Coordination	57,391	63,420	63,420	63,420	-	-	46,324	132	46,192	72.8%
Transportation Systems Management and Transportation Demand Management	11,478	12,684	12,684	12,684	-	-	7,461	149	7,312	57.6%
Subtotal Projects	401,736	443,943	441,567	441,567	2,376	-	346,925	4,130	342,795	
Net (Bond Revenue)/Debt Service			2,376	2,376	(2,376)	-	1,281		1,281	
<b>Total Regional Street and Road Projects</b>	<b>\$ 401,736</b>	<b>\$ 443,943</b>	<b>\$ 443,943</b>	<b>\$ 443,943</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 348,206</b>	<b>\$ 4,130</b>	<b>\$ 344,076</b>	
<b>%</b>				11.0%						11.1%

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

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through June 30, 2009 (N)	Reimbursements through June 30, 2009 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
<b>Local Street and Road Projects (21%)</b>										
Master Plan of Arterial Highway Improvements	\$ 135,984	\$ 160,777	\$ 160,777	\$ 160,777	\$ -	\$ -	\$ 86,511	\$ 99	\$ 86,412	53.7%
Streets and Roads Maintenance and Road Improvements	530,966	586,749	586,749	586,749	-	-	530,771	-	530,771	90.5%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	73,574	431	73,143	73.1%
Subtotal Projects	766,950	847,526	847,526	847,526	-	-	690,856	530	690,326	
Net (Bond Revenue)/Debt Service							-		-	
<b>Total Local Street and Road Projects</b>	<b>\$ 766,950</b>	<b>\$ 847,526</b>	<b>\$ 847,526</b>	<b>\$ 847,526</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 690,856</b>	<b>\$ 530</b>	<b>\$ 690,326</b>	
%				21.0%						22.3%
<b>Transit Projects (25%)</b>										
Pacific Electric Right-of-Way	\$ 17,672	\$ 19,528	\$ 15,000	\$ 14,000	\$ 5,528	\$ 1,000	\$ 16,557	\$ 2,743	\$ 13,814	92.1%
Commuter Rail	327,543	364,056	348,404	328,468	35,588	19,936	351,437	60,553	290,884	83.5%
High-Technology Advanced Rail Transit	400,558	442,641	423,611	464,580	(21,939)	(40,969)	104,040	6,692	97,348	23.0%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	17,010	-	17,010	85.1%
Transitways	147,264	162,736	146,381	126,348	36,388	20,033	162,648	36,687	125,961	86.1%
Subtotal Projects	913,037	1,008,961	953,396	953,396	55,565	-	651,692	106,675	545,017	
Net (Bond Revenue)/Debt Service			55,565	55,565	(55,565)	-	29,963		29,963	
<b>Total Transit Projects</b>	<b>\$ 913,037</b>	<b>\$ 1,008,961</b>	<b>\$ 1,008,961</b>	<b>\$ 1,008,961</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 681,655</b>	<b>\$ 106,675</b>	<b>\$ 574,980</b>	
%				24.9%						18.6%
<b>Total Measure M Program</b>	<b>\$ 3,652,144</b>	<b>\$ 4,035,841</b>	<b>\$ 4,058,765</b>	<b>\$ 4,045,466</b>	<b>\$ (9,625)</b>	<b>\$ 13,299</b>	<b>\$ 3,658,842</b>	<b>\$ 569,260</b>	<b>\$ 3,089,582</b>	





BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Renewed Measure M Environmental Mitigation Program Update

Transportation 2020 Committee Meeting of August 17, 2009

**Present:** Directors Amante, Brown, Buffa, Campbell, Cavecche, Dixon,  
and Pringle  
**Absent:** None

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendations**

- A. Approve the modification to the property acquisition criteria to include public access as a co-benefit.
- B. Approve the revised Environmental Mitigation Program prioritization process to establish the framework for evaluation of property acquisition and/or restoration.





**August 17, 2009**

**To:** Transportation 2020 Committee  
**From:** Will Kempton, Chief Executive Officer  
**Subject:** Renewed Measure M Environmental Mitigation Program Update

**Overview**

Renewed Measure M includes a comprehensive Environmental Mitigation Program to off-set environmental impacts of the 13 freeway projects. At the request of the Transportation 2020 Committee in July 2009, modifications have been made to the property acquisition, restoration, and management criteria, as well as enhancements to the stepwise prioritization process.

**Recommendations**

- A. Approve modification to the property acquisition criteria to include public access as a co-benefit.
- B. Approve the revised Environmental Mitigation Program prioritization process to establish the framework for evaluation of property acquisition and/or restoration.

**Background**

On November 7, 2006, nearly 70 percent of Orange County voters approved the renewal of Measure M, a half-cent local transportation sales tax, for an additional 30 years beginning in 2011 until 2041. Renewed Measure M (M2) will improve Orange County's transportation system and includes two new environmental programs (Environmental Mitigation Program and the Environmental Cleanup Program).

The Environmental Mitigation Program (Mitigation Program) will provide for comprehensive mitigation of the environmental impacts of freeway improvements using 5 percent of M2 freeway program revenue. The Mitigation Program is designed to help deliver 13 freeway projects through a cooperative process that is supported by state and federal resource agencies.

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The Mitigation Program was launched in the fall of 2007 with the creation of the Environmental Oversight Committee (EOC) to make recommendations to the Orange County Transportation Authority's (OCTA) Board of Directors (Board) on how the program is to be designed and implemented. On October 22, 2007, the Board approved the membership for the EOC advisory committee, authorized by the M2 Ordinance. The function of the EOC will be to provide guidance on program design and funding recommendations. OCTA Board Director Patricia Bates chairs the EOC, which will implement the M2 Freeway Mitigation Program. OCTA Board Director Cathy Green is also a member of the EOC. The Transportation 2020 Committee (T2020) and the Board must consider and approve any program, policy, or funding recommendations developed by the committees.

***Discussion***

**Mitigation Program**

In August 2008, staff provided the Board a status of the EOC's Mitigation Program's initial efforts to identify mitigation opportunities in Orange County. This included using as a baseline inventory, a comprehensive listing of potential conservation opportunities known as the Green Vision Plan, which was developed by the Friends of Harbors, Beaches, and Parks (Attachment A).

In September 2008, at the direction of the T2020, this baseline was expanded through an extensive public outreach effort to inventory potential conservation sites. The T2020 also adopted the preliminary criteria for evaluating the biological mitigation potential of properties that may be acquired and/or restored. This also included management criteria (Attachment B).

The acquisition, restoration, and management criteria are intended to set the framework for OCTA, the EOC, property owners, and conservation organizations to facilitate in the evaluation of potential resource and conservation value of properties that may be available for acquisition and/or restoration.

On March 16, 2009, an overview of the Mitigation Program and the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) process was presented to the T2020. The T2020 provided input and directed staff to establish priorities in evaluating property acquisition and/or restoration prior to approving funding.

On June 15, 2009, staff provided a sequential prioritization process for evaluation of property acquisition and/or restoration. The T2020 directed staff to look into the availability of funds for the Mitigation Program that can be used for acquisition and/or restoration, and the opportunity to leverage this program with the Environmental Cleanup Program.

On July 20, 2009, staff provided an updated sequential prioritization process for evaluation of property acquisition and/or restoration and presented the updated M2 financial projections for the two environmental programs, (Mitigation Program and Environmental Cleanup Program). The T2020 requested that the financial assumptions regarding these environmental programs be presented for review by OCTA's Finance and Administration Committee.

It was requested by Director Bates, Chair of the EOC, that the Mitigation Program's prioritization process be brought back to the EOC for its consideration with the following policy recommendations as directed by the T2020:

1. Proceed with the Early Action Plan (EAP) advance of funds for the Mitigation Program, with funding currently estimated to be available in two tranches (\$30 million in fiscal year 2009-10 and \$25 million in fiscal year 2011-12). The OCTA Finance and Administration Committee will evaluate the benefits and risks of a more aggressive financing plan.
2. The prioritization process for the Freeway Mitigation Program, as endorsed by the EOC, be modified to enable consideration of the following policy and prioritization factors. Prior to determination of mitigation credits and assurances by the resource agencies, the following policy considerations be established:
  - a. An allocation goal of 80 percent of funds for acquisition and 20 percent for restoration over the entire life of the Freeway Mitigation Program.
  - b. Include the total cost, inclusive of long-term management and maintenance costs, in the evaluation of acquisitions or restoration projects.
  - c. Grant some priority consideration to acquisitions or restoration projects that include non-M2 funding or a revenue stream to offset the long-term cost of management and maintenance.
  - d. Vest functional responsibility for long-term management and maintenance with an agency or entity other than OCTA.
  - e. Include public access as a co-benefit in the adopted M2 property acquisition criteria as it is in the restoration criteria.

On August 5, 2009, staff provided an overview of the aforementioned July 20, 2009, T2020 action items to the EOC. The EOC generally concurred with the T2020 action items and recommended further refinements to the prioritization process. The EOC recommended the following items be considered in the prioritization process flowchart:

- Step 2: Policy Considerations reflect the exchange of input between the EOC and T2020;
- Step 3: Mitigation Credits - third bullet: convey that the assurances California Department of Fish and Game (CDFG) and U.S. Fish & Wildlife Service (USFWS) would be preliminary. The word "preliminary" has been added to denote this;
- Step 4: move "Board approval on program parameters (e.g., community and Board values, nexus, etc.)" from Step 2 to Step 4;
- Step 4: include "Reconcile CDFG, USFWS, Caltrans, and OCTA priorities" in this step; and
- Step 5: include "Requires assurance that mitigation credit will be given for M2 freeway program".

In addition, the EOC recommended adding management to the restoration component with respect to the 20 percent allocation goal. The prioritization process flowchart, as presented to the EOC is in Attachment C, and the revised flowchart is in Attachment D.

#### Mitigation Program Property Acquisition/Restoration Prioritization Process

A sequential prioritization process, which is illustrated in Attachment D, has been developed to segregate properties for potential M2 funding for acquisition and/or restoration. The following is an outline of the sequential prioritization process:

1. Conservation Values: an independent evaluation of the biological characteristics, habitat, and species value of the property or restoration project;
2. Policy Considerations: Board will approve policies for expenditure of M2 environmental mitigation funds and priorities (e.g., acquisition, restoration, and management, etc.). The ability to ensure long-term maintenance and management of properties will also be considered;
3. Mitigation Credits: whether and to what degree the CDFG and the USFWS will grant advance mitigation credit for the 13 M2 freeway projects;

4. Mitigation Plan Review and Adoption: as recommended by the EOC and T2020, the Board will approve the list of priority properties/projects for acquisition/funding along with Board approval on program parameters (e.g., community and Board values/support, nexus, etc.); and
5. Real Estate Value/Economics: the appraised value and asking price of a property, results of due diligence on condition and status of property, and a revisit of the ability/cost to ensure long-term maintenance and management. This will result in offers or grant recommendations being made on proposed properties.

Through this process, the acquisition and restoration evaluation criteria that were approved by the EOC, the T2020, and the Board in September 2008 can be applied to each property or project in a consistent manner. The process does not use a numerical scoring system; instead, it will rank properties or projects as high/medium/low as appropriate to the respective criteria.

The Conservation Biology Institute (CBI) is currently conducting an independent assessment of conservation values for potential property acquisition and/or restoration at the landscape level (Step 1 above). The properties will be evaluated based upon CBI's analysis as high, medium, and low based on the tenets of conservation biology to meet the program's objective.

The conservation assessment utilizes key parameters from the approved acquisition and/or restoration criteria as generally outlined below:

- Landscape integrity (level of disturbance from development, roads, etc.);
- Vegetation representation in existing protected areas;
- Core habitat patches based on size and distribution;
- Special status species distribution or potential habitat for special status species;
- Connectivity between core habitat patches; and
- Buffers or potential additions to existing protected areas;

The T2020 has provided direction to staff on policy considerations under Step 2. This includes guidance regarding the proportion of expenditures on acquisition, restoration, and management, as well as the desire to favor properties that have long-term management agreements as a leveraging tool when a property is under consideration. In addition, the T2020 recommended including public access as a co-benefit in the adopted M2 property acquisition criteria as it is in the restoration criteria.

Under Step 2, with the exchange of policy input between the EOC and T2020, the Board will approve expenditure of mitigation funds and program funding priorities and parameters. This will entail more detail assessment of the following:

- Support of acquisition and/or restoration by local agencies and the community;
- Potential matching funds/funding partners;
- Existing co-benefits, such as historical, archeological or cultural sites, recreation, trails or scenic views situated near underserved areas, and associated economical benefits;
- Include public access as a co-benefit in the adopted M2 property acquisition criteria as it is in the restoration criteria; and
- Threat to habitat in terms of acquiring property in lieu of development or the urgency for restoration efforts.

Assurances that mitigation credits are available for "Step 1-screened" properties will be discussed with CDFG and USFWS under Step 3. Upon review from the EOC and the T2020, it will be necessary to reconcile Board priorities with the mitigation credits that CDFG and USFWS may be willing to provide in exchange for the programmatic mitigation program. It is envisioned that this will be documented by a letter of commitment between OCTA, CDFG, and USFWS on the mitigation credits that OCTA would obtain for the freeway projects. With the Board's approval, properties that are ranked "medium" to "high" will be reviewed on an individual basis for potential mitigation credits with CDFG and USFWS.

Concurrently, the potential for mitigation credits with the U.S. Army Corps of Engineers (Corps) will be assessed. This process was outlined in the draft OCTA NCCP/HCP planning agreement approved by the T2020 and the Board in January 2009. As indicated in the M2 EAP readiness report presented to the T2020 and the Board in January 2009, this may include the need to fund staffing costs for the Corps in order to ensure timely participation and review for regulatory permit applications. A recommendation on this matter will be presented to the T2020 and the Board in fall 2009.

Once preliminary assurance that mitigation credits will be given on properties of interest for the Mitigation Program, the mitigation plan review and adoption will be assessed in detail in Step 4 and will generally include the following:

- Input by community, EOC, T2020, and Board on program parameters;
- Reconciliation of CDFG, USFWS, OCTA, and community priorities; and
- Results in list of priorities for acquisition/funding.

Staff and the EOC's working group will participate in the evaluation process and present the results along with recommendations to the EOC, T2020, and the Board. The EOC working group members consist of staff from OCTA, the California Department of Transportation, CDFG, USFWS, OCTA Board Director Cathy Green, and representatives from the environmental community. Except for OCTA staff, the aforementioned EOC working group participants are also members of the EOC. Only properties that pass Steps 1, 2, 3, and 4 will proceed to Step 5, which involves real estate/economics evaluation.

At this stage of the process, the benefits for each property will have been "screened" and cost considerations will be assessed. In Step 5, potential property acquisition, and real estate/economic considerations will focus on the following:

- Willingness of the individual property owner to sell;
- Appraisal findings related to costs and due diligence, such as access, easements/encroachments, neighboring uses, hazardous conditions/ containment;
- Property management, maintenance, and monitoring responsibilities and costs; and
- Ultimate assurances by CDFG and USFWS that mitigation credit will be given.

For potential property restoration, real estate/economic considerations will focus on the following additional items:

- Initial cost of the restoration;
- Ongoing property management, maintenance, and monitoring responsibilities and costs;
- Accessibility for restoration, maintenance, and management activities;
- Impacts associated with hazardous materials or conflicting conditions; and
- Water availability to insure restoration efforts without creating negative impacts.

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After completing the prioritization process, the highest value properties or projects yielding the maximum benefits will be identified for the Mitigation Program.

At this point, a list of properties will be recommended for consideration for purchase or funding. Preliminary recommendations based upon Steps 1 through 4 will be developed by staff and the EOC in fall/winter 2009. These recommendations will subsequently be presented to the T2020 and the Board. Through the Tax-Exempt Commercial Paper Program, approximately \$27.5 million will be available for acquisition and/or restoration. Another \$2.5 million will go towards implementation of the program. As a result, these properties will be recommended for appropriation by the Board. As the real estate and financial assessments are completed (Step 5), the EOC will provide to the T2020 and the Board recommendations on specific properties for acquisition and/or restoration in fall 2009 through winter 2010. Attachment D illustrates how the EOC, T2020, and the Board, including the public, would be engaged throughout the entire prioritization process.

### ***Summary***

The revised property prioritization process assures that OCTA will obtain mitigation credit for early acquisition and/or restoration by utilizing a conservation-based, community-supported, and economical approach. Each proposed property being considered for acquisition and/or restoration will be analyzed using the five-step prioritization process to obtain M2 funding. Staff is seeking approval of this process by the T2020. With this approval, opportunities for acquisition and restoration will be evaluated and recommended accordingly by the EOC to the T2020, for Board approval. Staff is also seeking approval of the modified acquisition criteria to include public access as a co-benefit.



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***Attachments***

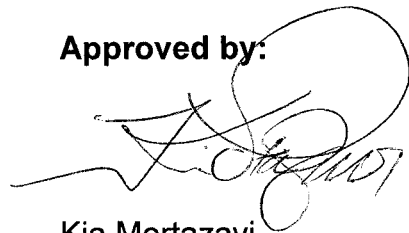
- A. Orange County Green Vision
- B. Renewed Measure M Property Acquisition, Restoration, and Management Criteria (Revised)
- C. Five-Step Sequential Prioritization Process (Draft)
- D. Five-Step Sequential Prioritization Process (Revised)

**Prepared by:**



Dan Phu  
Section Manager, Project Development  
(714) 560-5907

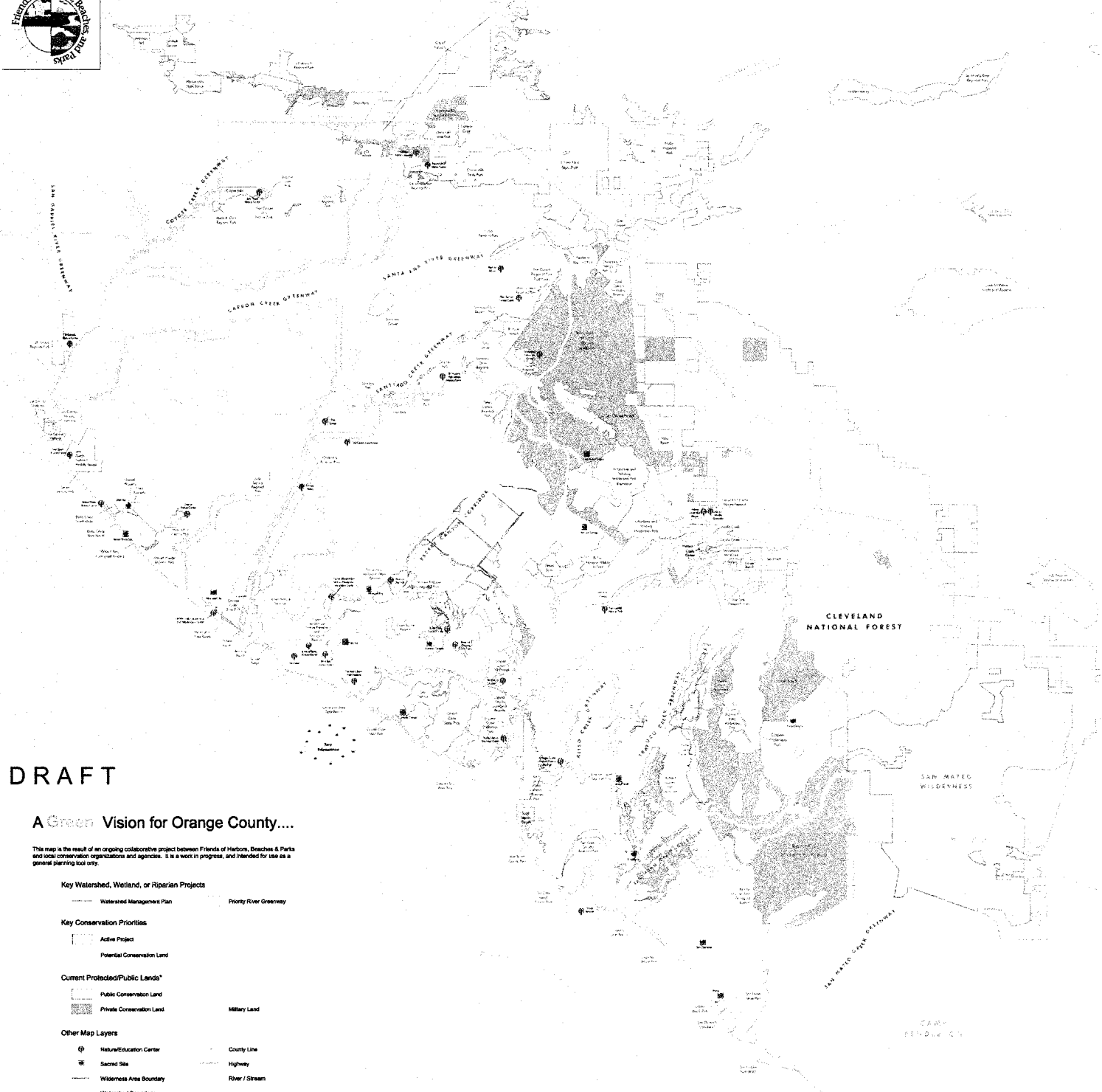
**Approved by:**



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

ORANGE COUNTY

Green Vision



**DRAFT**

**A Green Vision for Orange County....**

This map is the result of an ongoing collaborative project between Friends of Harbors, Beaches & Parks and local conservation organizations and agencies. It is a work in progress, and intended for use as a general planning tool only.

- Key Watershed, Wetland, or Riparian Projects**
  - Watershed Management Plan
  - Priority River Greenway
- Key Conservation Priorities**
  - ▭ Active Project
  - ▭ Potential Conservation Land
- Current Protected/Public Lands\***
  - ▭ Public Conservation Land
  - ▭ Private Conservation Land
  - ▭ Military Land
- Other Map Layers**
  - ⊕ Nature/Education Center
  - ⊕ Sacred Site
  - Wilderness Area Boundary
  - Watershed Boundary
  - County Line
  - Highway
  - River / Stream

\*Protected lands data compiled from a variety of sources, including the Orange County Public Facilities and Resources Department, the California GAP Program at the University of California Santa Barbara, the California Resource Agency Legacy Project, 2003, the City of San Juan Capistrano, the City of Irvine, and the California Protected Areas Database.  
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**RENEWED MEASURE M PROPERTY  
ACQUISITION, RESTORATION, AND MANAGEMENT CRITERIA (REVISED)**

**Renewed Measure M Property Acquisition Criteria**

These acquisition criteria were prepared for discussion with members of the Renewed Measure M Environmental Oversight Committee. The criteria are separated into four distinct categories.

**BIOLOGICAL ASSESSMENT CRITERIA**

The following criteria are intended to guide the permitting/resource agencies in the recommendation of sites for the mitigation of habitat impacts by Renewed Measure M freeway projects. Each criterion includes a brief definition to clarify any potential misunderstandings. At a future date, and after more research and input, it is expected these criteria will include a mechanism for evaluating potential acquisitions.

- 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).
- Considers Property Acreage**  
Generally larger properties are better.
- Contains Target Species**  
The potential property includes the presence of endangered, threatened, species of special concern, and other sensitive species impacted by freeway projects.
- Considers the Threat of Development and Urgency**  
The evaluation considers where the landowner is in the California Environmental Quality Act (CEQA) and other permitting processes, quantifies the degree of the development threat, and determines if this acquisition creates an opportunity for leveraging expiring conservation funding.
- 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 could be identified as an essential habitat linkage in regional or local plans.
- Enhances Natural Lands Contiguity**  
The property borders existing open spaces and acquisition increases the amount of core habitat or reduces edge effects.

- Includes Species/Habitat Diversity**  
The property includes a wide variety of habitat types and species (including subspecies, if known). 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.

**OTHER CRITERIA**

This list includes the secondary tier of evaluation criteria after the biological criteria are considered. It is expected that these criteria would require a simpler evaluation (such as yes, no, maybe) and the answers may merely play an informational role.

- Aligns with Resource Agency Priorities**  
The property is included on the Department of Fish and Game and United States Fish and Wildlife Service’s list of acquisition priorities.
- Includes a Cooperative Landowner**  
The landowner effectively coordinates with the entity responsible for acquisition to complete tasks required for acquisition.
- Includes Support from Local and State Governments**  
This acquisition is supported by local cities, appropriate Joint Powers Authority (JPA), the county or other governmental entities.
- Includes Support from the Community**  
This acquisition is supported by the public, environmental and community organizations.
- Utilizes Partnership and Leveraging Opportunities**  
Working on this acquisition would be enhanced by existing conservation efforts, partnerships and/or includes existing funding.

**CO-BENEFITS**

The following criteria would assist in the event the above criteria are roughly equal. These may take on a simpler evaluation (such as yes, no, or maybe) and the answers may merely play an informational role.

Includes:

- Archeological Sites
- Cultural and Historical Sites
- Paleontological Sites
- Watershed Protection
- Proximity to Underserved Area
- Scenic/Viewshed

- Trail Connectors
- Economic Benefits (supports local businesses)
- Public Access

## **PROPERTY CONSTRAINTS**

The following criteria are potential constraints to property acquisition, but detailed information regarding some of these constraints may not be available until later in the evaluation process.

- Considers Cost**  
In addition to streamlining OCTA’s regulatory process, the intent of the comprehensive environmental mitigation program is to provide the greatest possible biological benefit for the region with the available funding. Consequently, the cost of potential acquisitions will be an important factor in selecting mitigation sites.
- Consider Conflicting Easements or Inholdings**  
The property may have restrictive deeds, easements, other agreements, and/or inholdings that would limit management/public use options.
- Considers Neighboring Land Uses**  
Neighboring land uses may decrease the habitat mitigation value of the mitigation property.
- Considers 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.
- 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.
- Determines Hazardous Conditions**  
Through a Phase I – Environmental Site Assessment, determine the property’s historical use and any potential or known hazardous materials on-site.
- Understands Management Encroachments**  
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).

## **Renewed Measure M Property Restoration Criteria**

These restoration criteria were prepared for discussion with members of the Environmental Oversight Committee. The criteria are separated into four distinct categories.

### **BIOLOGICAL ASSESSMENT CRITERIA**

The following criteria are intended to guide the permitting/resource agencies in the recommendation of restoration for the mitigation of habitat impacts by Renewed Measure M freeway projects. Each criterion includes a brief definition to clarify any potential misunderstandings. At a future date, and after more research and input, it is expected these criteria will include a mechanism for evaluating potential restoration projects.

- Benefits Targeted 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.
- Considers the Threat of Habitat Degradation and Urgency**  
The threat of increasing the amount and coverage of non-native species determines restoration urgency, and there may be unique opportunities for restoration, such as burn areas.
- 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 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.
- Evaluates Adequacy of Protection and Management**  
The existing level of protection, anticipated public use inside and adjacent to the restoration site should be considered.
- 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 the CNDDDB.

## **OTHER CRITERIA**

This list includes the secondary tier of evaluation criteria after the biological criteria are considered. It is expected that these criteria would require a simpler evaluation (such as yes, no, maybe) and the answers may merely play an informational role.

- Aligns with Resource Agency Priorities**  
Proposed restoration meets resource agencies' particular requirements (e.g., the restoration satisfies the agencies' (Army Corps of Engineers, Regional Water Quality Control Board, and Department of Fish and Game) definition of habitat creation for the purposes of no-net loss policies for wetlands) and/or is determined to otherwise benefit fish and wildlife resources and the habitats upon which they depend.
- Includes Support from Local and State Governments**  
This acquisition is supported by local cities, appropriate JPAs, the county or other governmental entities.
- Includes Support from the Community**  
This acquisition is supported by the public, environmental and community organizations.
- Utilizes Partnership and Leveraging Opportunities**  
Working on this restoration project would be enhanced by existing conservation efforts, partnerships and/or includes existing funding.

## **CO-BENEFITS**

Where applicable, the following criteria would assist in the event the above criteria are roughly equal. These may take on a simpler evaluation (such as yes, no, or maybe) and the answers may merely play an informational role.

Includes:

- Watershed Protection
- Proximity to Underserved Area
- Scenic/Viewshed/Enhanced recreation experience
- Economic Benefits (supports local businesses)
- Public Access
- Archeological Sites
- Cultural and Historical Sites
- Paleontological Sites
- Trail Connectors

## **RESTORATION CONSTRAINTS**

The following criteria are potential constraints to restoration, but detailed information regarding some of these constraints may not be available until later in the evaluation process.

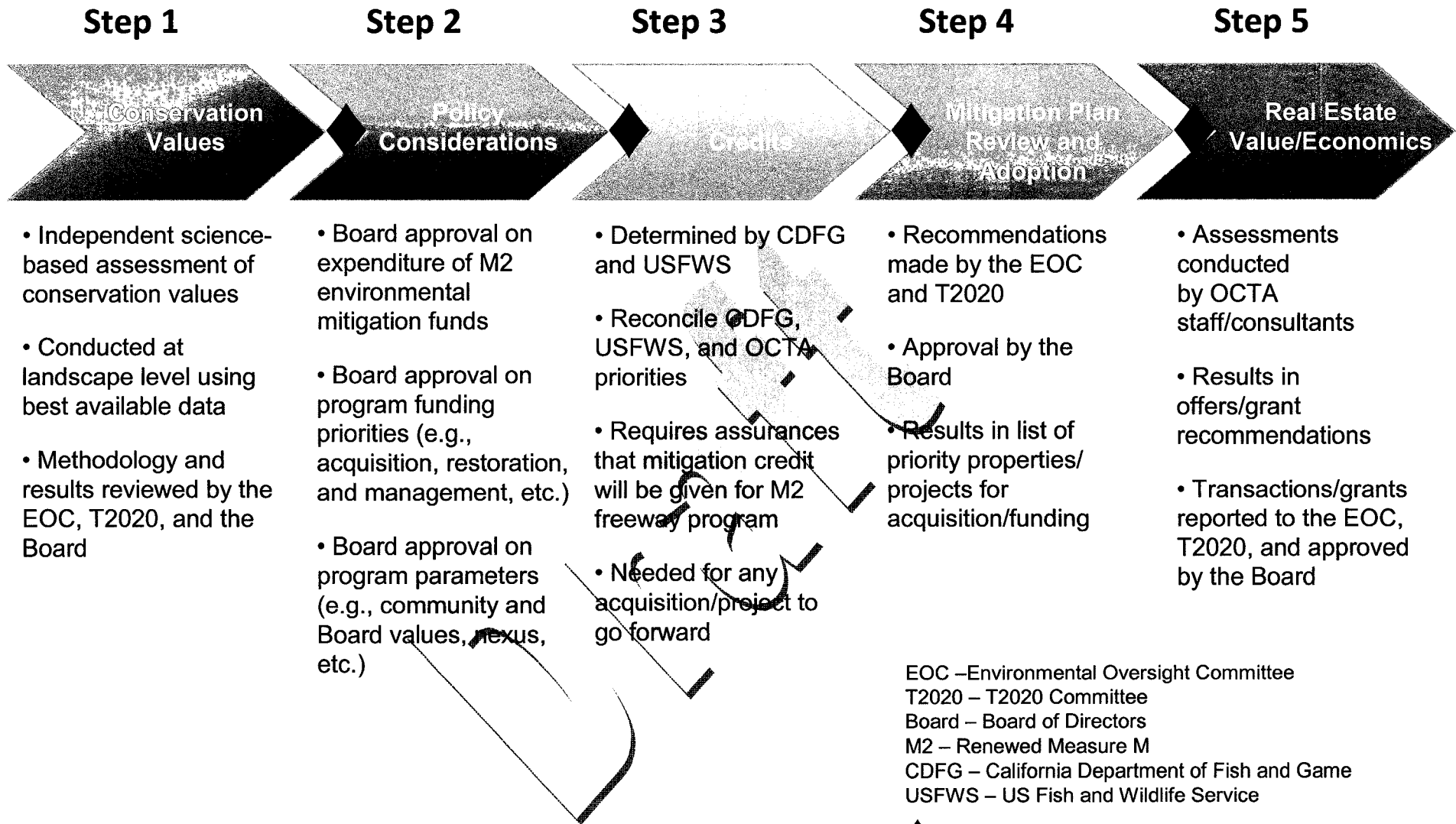
- Considers Cost**  
In addition to streamlining OCTA's regulatory process, the intent of the comprehensive environmental mitigation program is to provide the greatest possible biological benefit for the region with the available funding. Consequently, the cost of potential restoration will be an important factor in selecting mitigation sites.
- Determines Hazardous Conditions**  
Through a Phase I – Environmental Site Assessment, determine the property's historical use and any potential or known hazardous materials on-site.
- Includes Access to Site**  
The restoration site is accessible for restoration work, maintenance and management.
- Includes Availability and Delivery of Water**  
The water used for the restoration is available, does not increase environmental impacts when delivered to the site and works with local water agencies to ensure groundwater sources are not impacted by water withdrawal.



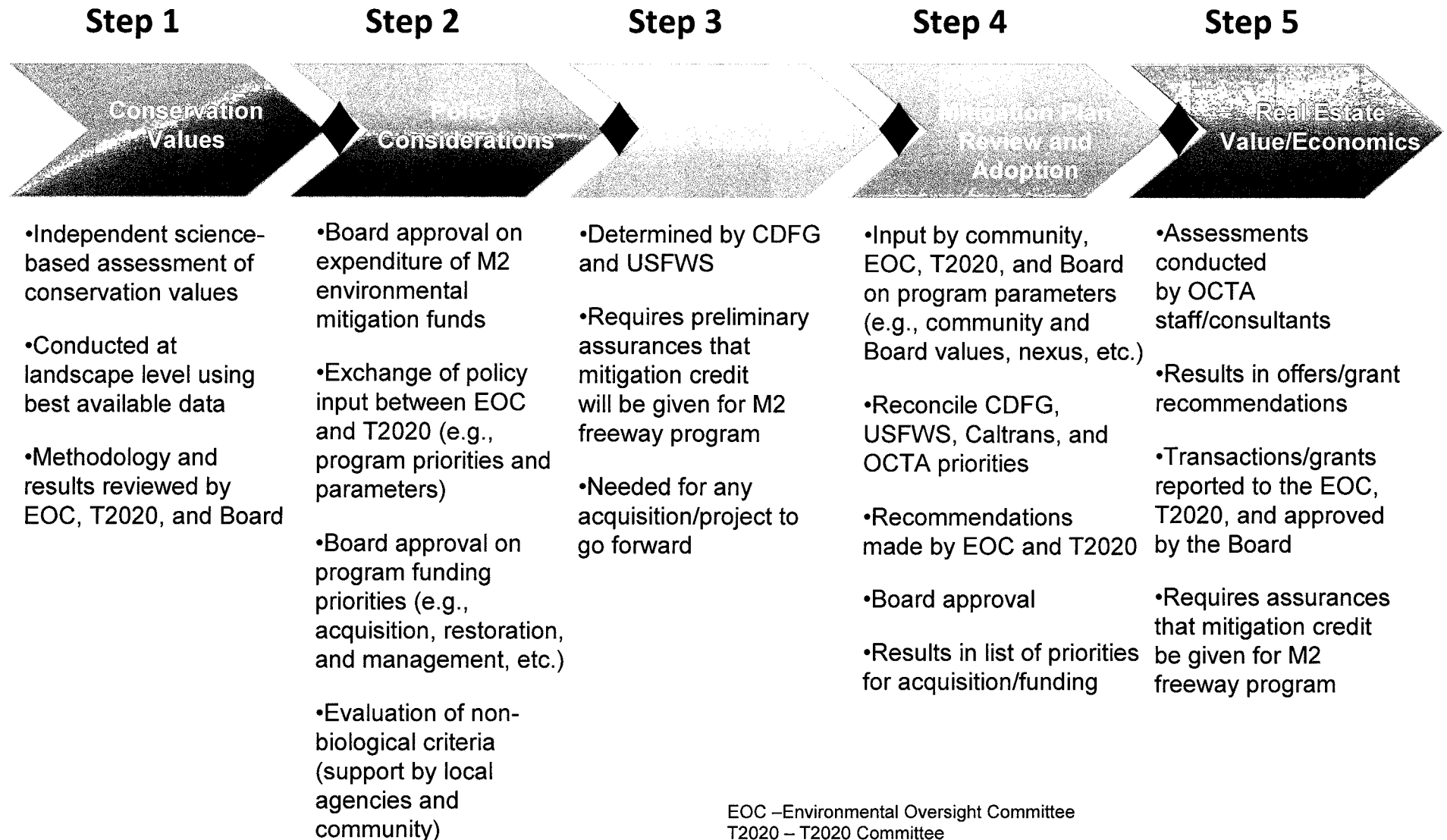
## **Renewed Measure M Property and Habitat Management Criteria**

Endowments will be provided through Renewed Measure M funding for long term management of the acquired and restored properties. The amount of funding provided will be determined in each case through the preparation of Property Analysis Record (PAR) or an equivalent method. A PAR analysis involves application of a computer database methodology developed by the Center for Natural Lands Management for estimating the required amount for endowments. Every effort will be made to work with partners to leverage the available Renewed Measure M funding to accomplish the necessary long-term management of acquired and restored habitat.

# Five-Step Sequential Prioritization Process (Draft)



# Five-Step Sequential Prioritization Process (Revised)



EOC –Environmental Oversight Committee  
T2020 – T2020 Committee  
Board – Board of Directors  
M2 – Renewed Measure M  
CDFG – California Department of Fish and Game  
USFWS – US Fish and Wildlife Service  
CALTRANS – California Department of Transportation  
♦ Denotes EOC, T2020 Committee, and Board Input/Approval, including public input





BOARD COMMITTEE TRANSMITTAL

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Customer Relations' Report for Fourth Quarter  
Fiscal Year 2008-09

Transit Committee Meeting of August 13, 2009

**Present:** Directors Brown, Dalton, Dixon, Green, Nguyen, and Winterbottom  
**Absent:** Director Pulido

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Receive and file as an information item.



**August 13, 2009**

**To:** Transit Committee

**From:** Will Kempton, Chief Executive Officer

**Subject:** Customer Relations Report for Fourth Quarter Fiscal Year 2008-09

### **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 April through June 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 is responsible for identifying and resolving 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 about those services and policies are transmitted to OCTA.

### **Discussion**

Responsibilities within the Customer Relations Department are varied. As its primary function, Customer Relations takes written, verbal, and e-mailed comments and complaints and facilitates OCTA responses. Staff interacts closely with numerous departments to obtain resolution to customers' concerns. Customer Relations participates in monthly meetings with members of OCTA's Transit Division, as well as with the contractor responsible for providing ACCESS and contracted fixed-route services to ensure customer concerns are heard and problems are resolved. Staff also interacts closely with

the bus Service Planning and Customer Advocacy staff to ensure there is a forum to listen to the needs of riders.

The department also oversees the Customer Information Center (CIC) which provides trip routing information to bus riders; the issuance of Reduced Fare Identification (RFID) cards to seniors and persons with disabilities; and the sale of bus passes and ACCESS coupons to the public via mail, phone, and online. Customer Relations is also 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. Below are highlights of Customer Relations activities during the period of April 1 through June 30, 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 quarter.

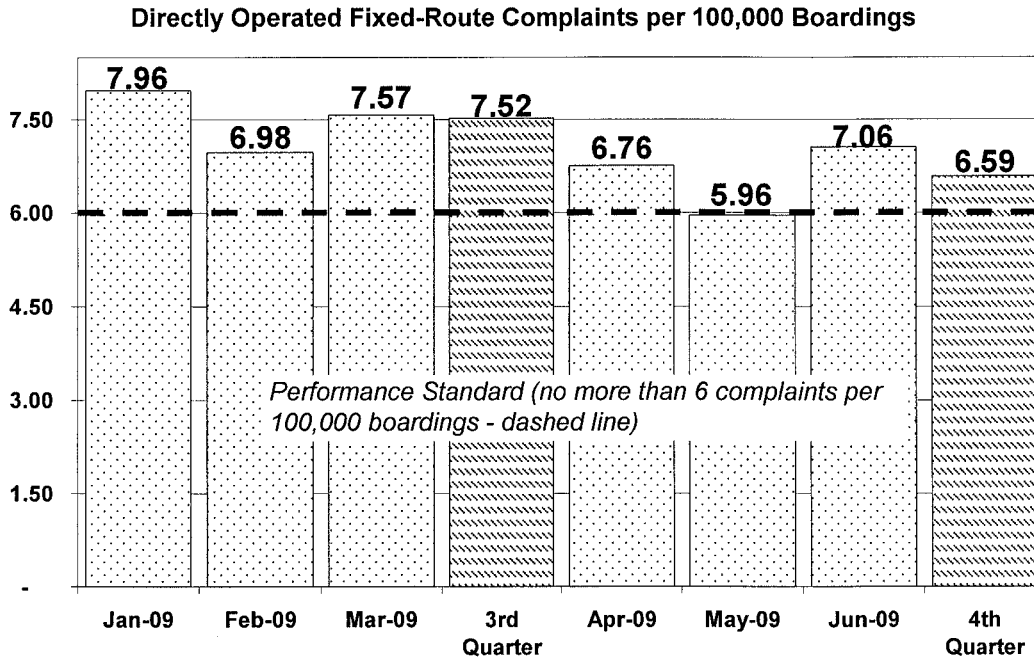
Total Communications

Fiscal Year 2008-09	Phone Calls	E-mails	Letters	Totals
1 <sup>st</sup> Quarter (July – September)	12,525	982	81	13,588
2 <sup>nd</sup> Quarter (October - December)	10,813	806	68	11,687
3 <sup>rd</sup> Quarter (January – March)	10,620	760	65	11,445
4 <sup>th</sup> Quarter (April – June)	10,555	768	98	11,421
Fiscal Year Total (July 2008 – June 2009)	44,513	3,316	312	48,141

Fixed-Route Bus Operations

During this quarter, there were 14,375,026 fixed-route boardings. This represents a decrease of less than 1 percent compared to the 14,457,033 boardings in the previous quarter. Based on the customer communications received, a total of 947 complaints were received, equaling 6.59 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 breakdown of the complaints per 100,000 boardings.



The concern most often expressed by customers of OCTA's fixed-route service during the fourth quarter was being passed by while waiting for a bus. Also, there were 289 compliments for the quarter compared to 327 in the previous quarter, representing a 12 percent decrease in coach operator compliments.

Of the aforementioned 947 complaints received, the following complaints were the three most frequently reported during this quarter:

1. Pass-bys

A total of 217 complaints were received from passengers who reported being passed by OCTA buses compared to 262 complaints received last quarter, representing a 17 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 185 complaints received about the judgment displayed by OCTA coach operators versus 191 complaints received last quarter, a 3 percent decrease.

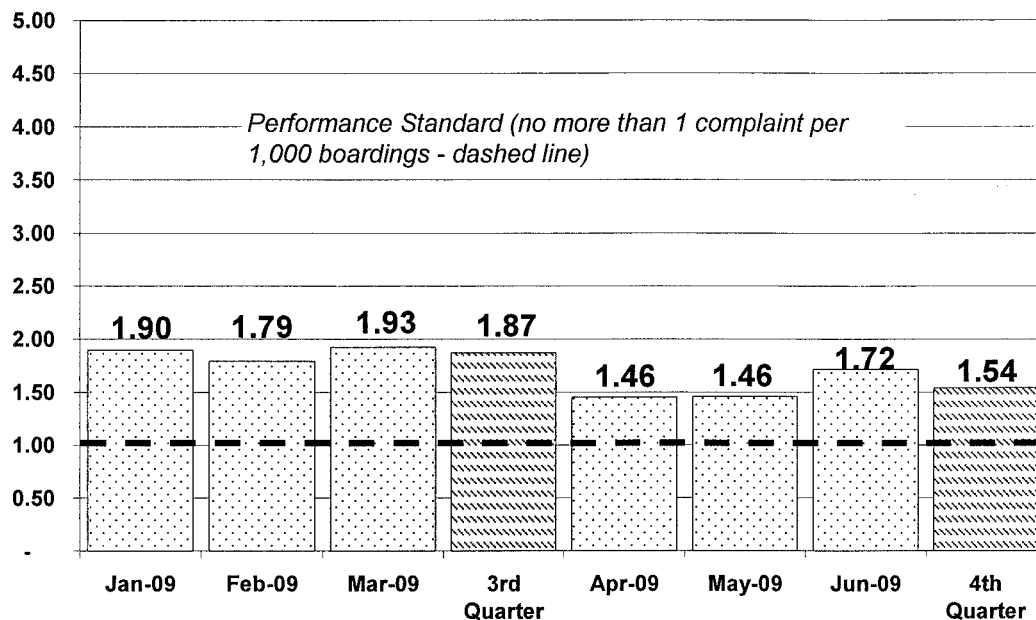
**3. Coach Operator Discourtesy**

There were 90 complaints from riders about the behavior exhibited by coach operators compared to the 110 complaints reported in the previous quarter. This is an 18 percent decrease in the number of complaints about coach operator discourtesy.

**ACCESS Service**

Veolia Transportation, Inc. (Veolia) operates ACCESS service. During this quarter, there were 362,850 ACCESS boardings compared to 319,403 in the previous quarter. The complaint standard for ACCESS service is no more than one complaint for every 1,000 boardings. There were 559 complaints received about ACCESS representing 1.54 complaints per 1,000 boardings in the fourth quarter of fiscal year 2009. During the previous quarter, a total of 598 complaints were received equaling 1.87 complaints per 1,000 boardings.

**ACCESS 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 fourth quarter:

1. Vehicles Not Arriving

From April 1, 2009 to June 30, 2009, there were 112 complaints about ACCESS vehicles not arriving to pick up passengers versus 137 in the previous quarter. This is an 18 percent decrease in complaints about ACCESS vehicles not arriving.

2. Driver Judgment (any questionable decision, action, or omission on the part of the ACCESS driver)

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 medical or security assistance when warranted by circumstances, etc. A total of 88 complaints were received from riders about the judgment displayed by contracted ACCESS drivers compared to 99 received last quarter. This represents an 11 percent decrease in complaints about driver judgment.

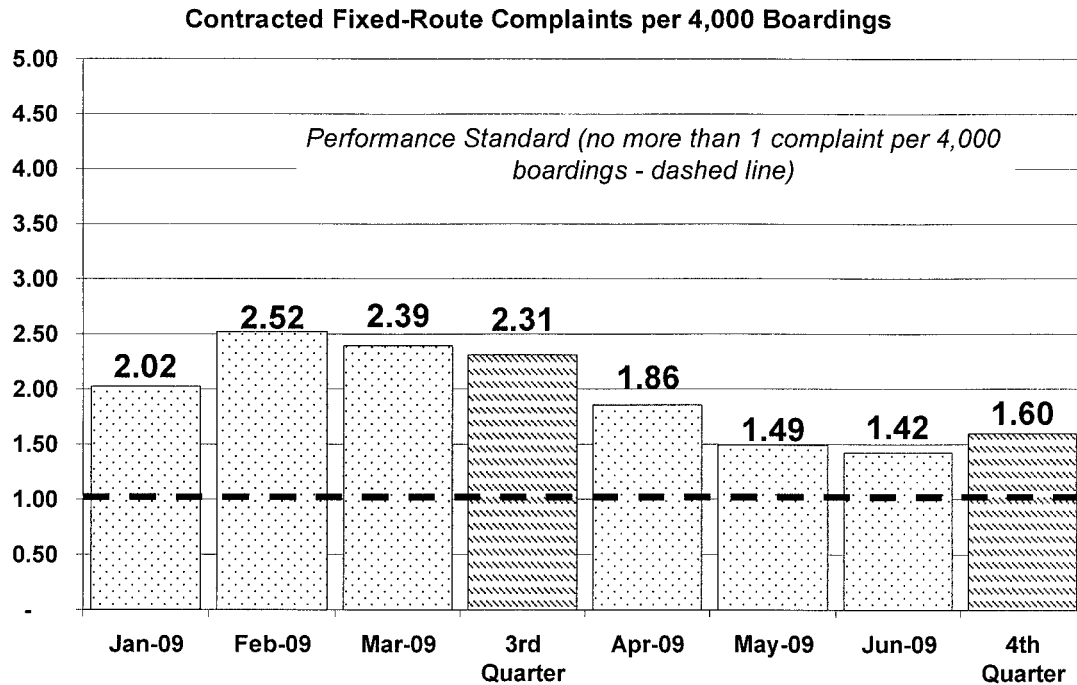
3. Vehicles Running Behind Schedule

Customer Relations received 72 complaints from riders about ACCESS drivers running behind schedule compared to the 68 complaints reported in the previous quarter, representing a 6 percent increase.

Contracted Fixed-Route Service

In addition to ACCESS service, Veolia operated contracted fixed-route service during this quarter, which includes OCTA's community fixed routes, approximately half of the StationLink routes, and the OC Express routes 757, 758, and 794. During the quarter, there were 227,872 boardings compared to 232,214 boardings in the previous quarter, a 1.9 percent decrease.

The contractual complaint standard for contracted fixed route is no more than one complaint per 4,000 boardings. Veolia finished the quarter with 1.60 complaints per 4,000 boardings. There were 2.31 complaints per 4,000 boardings in the previous quarter. Attachment C and the following chart lay out the contracted fixed-route complaints for this quarter.



The most frequently occurring contracted fixed-route complaints for this quarter are listed below:

1. Vehicles Running Behind Schedule

There were 12 complaints about contracted drivers running late versus 23 complaints in the previous quarter, a 48 percent decrease.

2. Vehicles Not Arriving

Customer Relations received 12 complaints from riders about contracted vehicles not arriving to pick them up compared to the 14 complaints reported in the previous quarter, representing a 14 percent decrease.

3. Driver Judgment (any questionable decision, action, or omission on the part of the contracted service driver)

A total of 12 complaints were received from riders about the judgment displayed by contracted drivers compared to 13 received last quarter. This is an 8 percent decrease in complaints about driver judgment.

Customer Information Center

The Customer Information Center (CIC) is operated by Alta Resources. The CIC handled 208,270 calls during the quarter, compared to 196,719 in the previous quarter, representing a 5.9 percent increase in call volume. The average monthly call volume for this quarter was 69,423 versus 65,573 in the previous quarter.

During the fourth quarter of the fiscal year, a total of eight complaints and 28 compliments were received about Alta compared to 15 complaints and 46 compliments during the previous quarter.

Fiscal Year 2008-09

	Phone Calls	Compliments	Complaints
July	73,285	13	7
August	69,780	5	1
September	65,106	8	3
October	63,876	6	9
November	58,088	9	2
December	56,132	9	1
January	60,864	13	4
February	55,256	13	6
March	80,599	20	5
April	67,638	9	4
May	66,753	5	1
June*	73,879	14	3
Fiscal Year Total	791,256	124	46

\*The increase in June phone calls was partially attributable to the June service reductions.

Customer Relations Activities

- Coach Operator Training

Customer Relations conducted three customer relations training (CRT) sessions during the quarter. The purpose of these classes is to improve and enhance the customer service that is provided to passengers by coach operators. All of the training sessions included a presentation on the customer comment process, interactive discussions, and a question and answer session with coach operators.

- **91 Express Lanes**

The OCTA Store established 125 new accounts for the 91 Express Lanes compared to 113 in the previous quarter.

- **OCTA Store Sales and Pass Sales**

The OCTA Store had total sales of \$394,917 during the quarter compared to \$327,000 in the previous quarter (a 21 percent increase) and \$354,144 in the fourth quarter of the previous fiscal year. These sales figures include the sale of passes, merchandise, and Employee Recreation Association (ERA) tickets.

In addition to the OCTA Store sales, there was a total of \$625,346 in passes sold within the Pass Sales Section compared to \$509,389 in the previous quarter (a 23 percent increase) and \$580,570 in the fourth quarter of the previous fiscal year.

The combined sales between the OCTA Store and the Pass Sales Section totaled \$1,020,263 for the fourth quarter compared to \$836,390 in the previous quarter (a 22 percent increase) and \$934,714 in the fourth quarter of the previous fiscal year.

- **Special Needs in Transit Advisory Committee**

During this quarter, the committee met jointly with the Citizens Advisory Committee and provided OCTA with valuable feedback regarding the proposed service reduction program. Some of the recommendations receiving near unanimous support included implementing service reductions during early morning, midday, late night, and weekend off-peak periods. The members also supported service reductions that impact the fewest number of riders. The majority of the members were not in favor of service reductions being made at peak ridership periods during weekday rush hours thereby increasing the wait time between buses.

### **Summary**

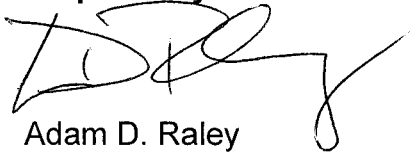
Throughout the quarter, Customer Relations continued to address customer service issues. Customer comments for OCTA-operated fixed-route bus service, as well as ACCESS and contracted fixed route service, operated by Veolia, did not meet established performance standards during the fourth quarter. This is due to the bus service reduction and service change program.

Alta Resources, the contractor responsible for the CIC, continued to operate within the performance standards established in the contract.

***Attachments***

- A. OCTA Operated Fixed-Route Complaints Fourth Quarter Fiscal Years 2007-2009
- B. ACCESS Complaints Fourth Quarter Fiscal Years 2007-2009
- C. Contracted Fixed-Route Complaints Fourth Quarter Fiscal Years 2007-2009

**Prepared by:**

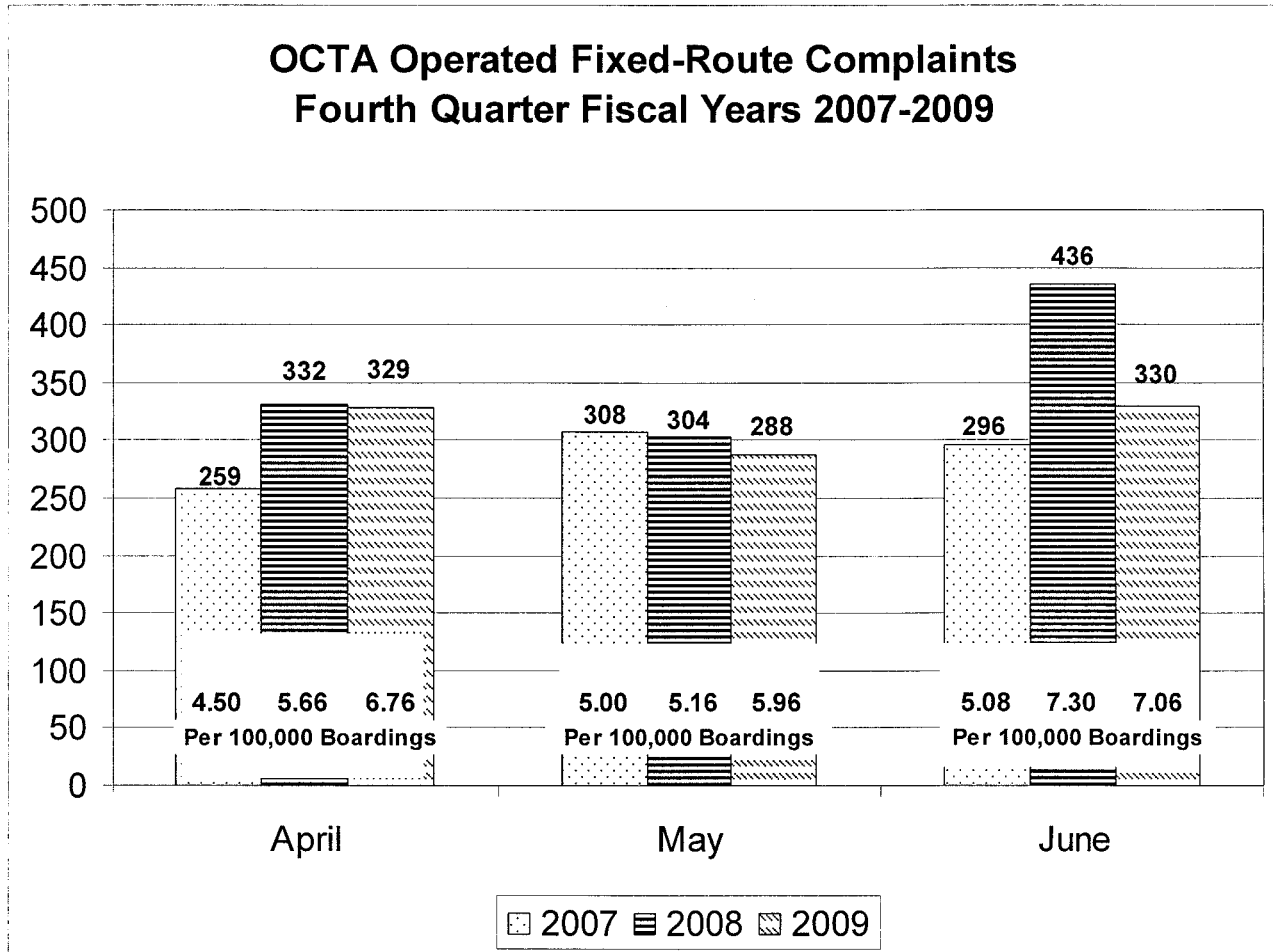


Adam D. Raley  
Senior Customer Relations  
Specialist  
(714) 560-5510

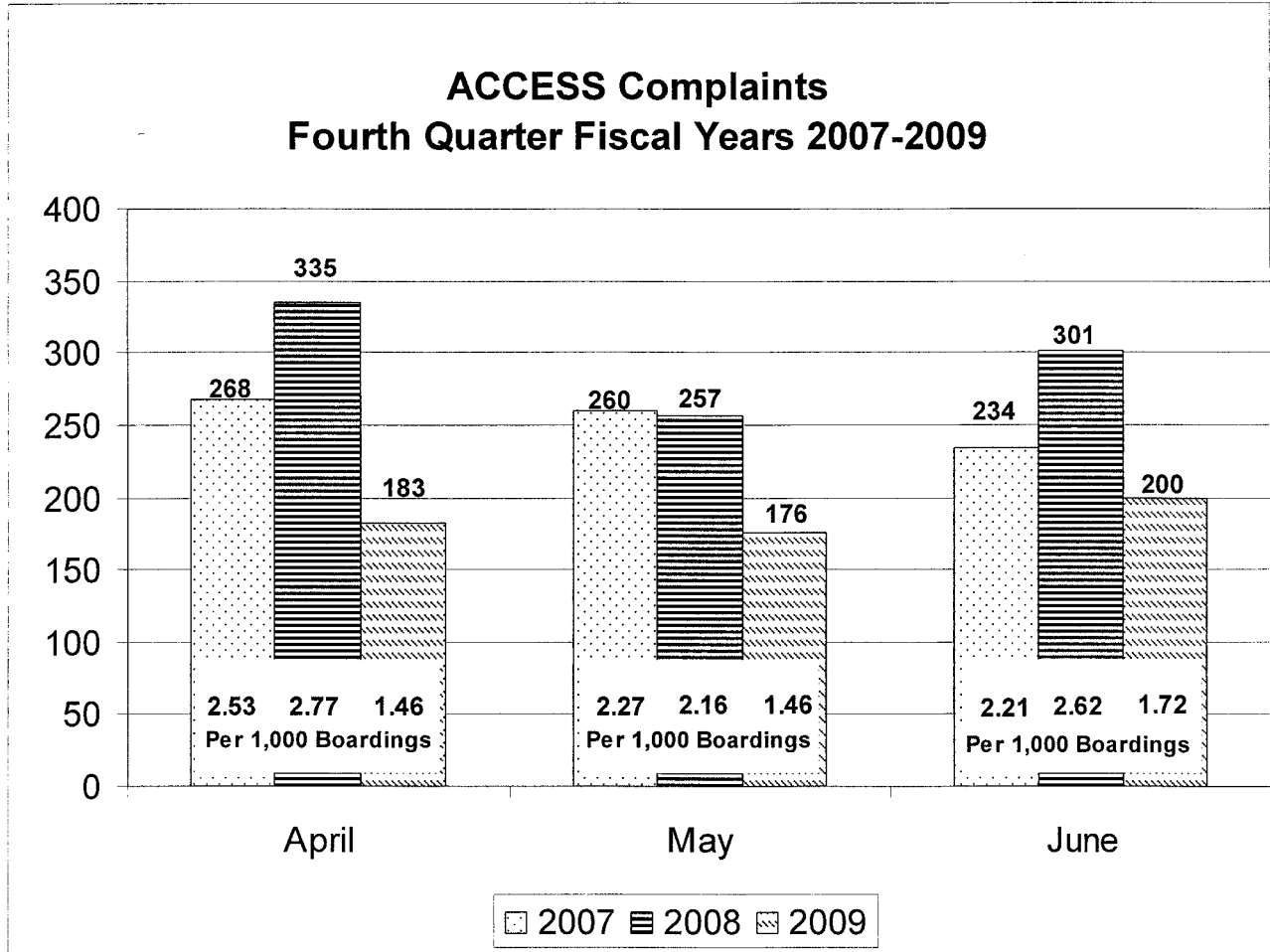
**Approved by:**



Ellen S. Burton  
Executive Director, External Affairs  
(714) 560-5923

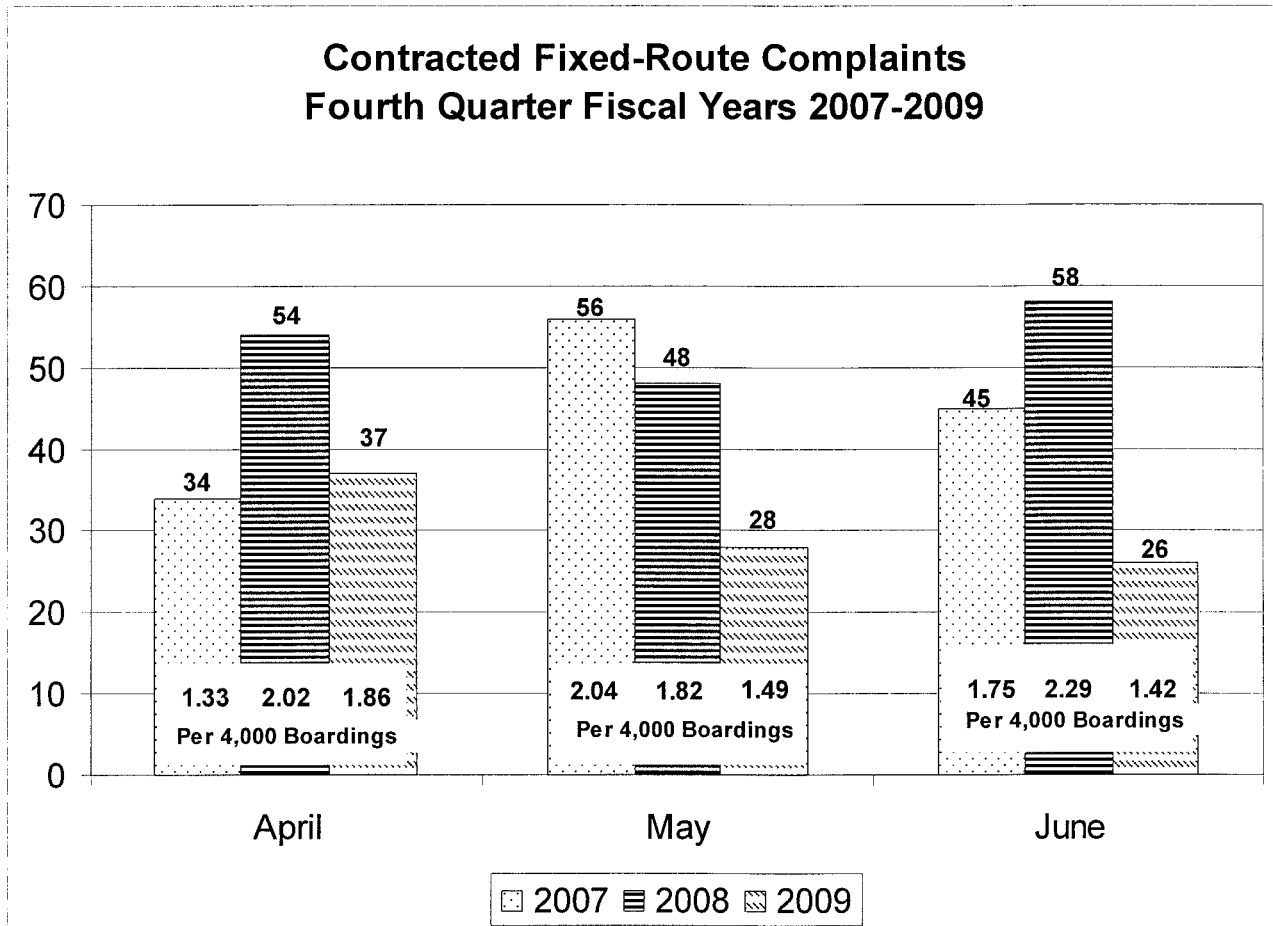


\* The complaint standard for fixed-route service is no more than six complaints for every 100,000 boardings.



\* 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*

**August 24, 2009**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Update on Project Alternatives for the San Diego Freeway (Interstate 405) Improvement Project

Highways Committee Meeting of August 17, 2009

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

***Committee Vote***

No action was taken on this receive and file information item.

***Staff Recommendation***

Receive and file as an information item.

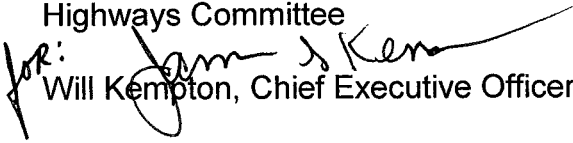
***Committee Discussion***

Directors Cavecche and Pringle expressed concerns that Alternative 3, the high-occupancy toll (HOT) lanes (or Express Lane) option, would take away the existing high-occupancy vehicle (HOV) lanes. Staff stated that proposed Alternative 3 would add one new express lane and include the existing HOV lane within the two-lane Express Lanes facility in each direction. The HOV lane is not being eliminated or taken away. This alternative will also add one new general purpose (free) lane in each direction to fulfill the Renewed Measure M. Slides 4 and 11 in the PowerPoint presentation have been modified to reflect this clarification.

Staff will present at future Committee and Board meetings further information regarding the proposed Express Lane concept, as well as the traffic and revenue analysis currently underway. This information will be provided for the Board's consideration before setting any operational and tolling policies for the HOV lanes and proposed Express Lanes facility for the San Diego Freeway (Interstate 405) Improvement Project.



**August 17, 2009**

**To:** Highways Committee  
**From:** *for:*  Will Kempton, Chief Executive Officer  
**Subject:** Update on Project Alternatives for the San Diego Freeway (Interstate 405) Improvement Project

### **Overview**

Staff is presenting information on the viability of the four alternatives under consideration in the environmental phase of the San Diego Freeway (Interstate 405) Improvement Project. Preliminary information is provided on likely right-of-way impacts and funding considerations of the alternatives.

### **Recommendation**

Receive and file as an information item.

### **Background**

The San Diego Freeway (Interstate 405) Improvement Project proposes to add new lanes to Interstate 405 from the Costa Mesa Freeway (State Route 55) to the San Gabriel River Freeway (Interstate 605), generally within the existing right-of-way (ROW).

On January 26, 2009, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved staff's recommendation to consider four alternatives. Alternative 1 proposes to add one general purpose lane in each direction, and Alternative 2 proposes to add two general purpose lanes in each direction. Alternative 3, the high-occupancy toll (HOT) lanes alternative, would add one general purpose lane and one HOT lane in each direction; converting the existing high-occupancy vehicle lane to a HOT lane would result in a total of two HOT lanes in each direction of Interstate 405. From here forward, this alternative will be referred to as the Express Lanes alternative. Alternative 4 would identify improvements related to adding one general purpose lane in each direction that match the currently available funding.

Alternatives 3 and 4 were included to address the significant funding gap between the available funding for the project and the estimated cost to add one or two general purpose lanes, which ranged from \$1 billion to \$2 billion. Currently, less than \$400 million is available in Renewed Measure M (M2) for this project.

***Discussion***

OCTA staff and the consultant team have been evaluating the viability of the four build alternatives during the last four months. To date, the focus of this evaluation has been on identifying what improvements could be built for the currently available funding (Alternative 4), analyzing the two-lane alternatives (Alternatives 2 and 3) and the extent of associated ROW impacts, and performing a planning-level traffic and revenue analysis to determine the potential for revenue generation from the Express Lanes (Alternative 3).

As a result of engineering performed over the last four months, staff has determined that only a short segment of one lane could be added in each direction with the currently available funding. The consultant team was given a range of \$300 million to \$400 million as an estimate of funding available from M2. The primary reason for the high cost to add even one lane is because every local street overcrossing would need to be reconstructed. There are columns adjacent to the mainline freeway shoulders and there are existing non-standard lanes and shoulders; therefore, it would not be possible to accommodate even one additional lane without impacting the bridges. The commitment in M2 is to add new lanes throughout the corridor, generally within existing ROW, from State Route 55 to Interstate 605, and Alternative 4 may not meet that commitment entirely.

Another area of focus was to look into the viability of the two-lane alternatives (Alternatives 2 and 3) and the extent of potential ROW impacts. The locally preferred strategy (LPS) adopted by the OCTA Board called for the implementation of additional lanes generally within existing ROW. As a result of analysis and engineering performed by the consultant team, it appears that two lanes in each direction (Alternatives 2 and 3) can generally be built within the LPS footprint. Standard lanes and shoulders can be provided throughout the corridor mainline. Further analysis is still needed at certain spot locations and at the local interchanges, but this is a highly positive determination about the viability of both two-lane alternatives from a footprint and ROW standpoint. The slides and oral presentation accompanying the staff report will provide more information on this subject.

The analysis to date also shows that the cost of Alternative 1, one lane in each direction, is approximately \$1.2 billion while Alternative 2, two lanes in each direction, is \$1.7 billion. Given that the M2 revenues for this project are estimated to be about \$400 million, an option is to seek alternative funding to construct the project. Therefore, the concept of Express Lanes is being considered as Alternative 3.

A traffic and revenue analysis is underway to determine the extent of additional funding that could be generated. The Express Lanes facility could significantly alleviate congestion on Interstate 405 by providing additional capacity and by also providing additional choices to commuters. Carpoolers could still use the Express Lanes free or at a discounted rate. Tolling strategies and policies based on vehicle occupancy will be determined at a future date after information is available from the traffic and revenue analysis. The Express Lanes alternative also includes one additional general purpose lane in each direction, for a total of two additional lanes of capacity. The Express Lanes will provide an additional lane to carpoolers and a choice to single drivers who opt to pay to use an uncongested facility when better mobility and trip reliability are desired. Experience with the 91 Express Lanes shows that those who choose to use those lanes come from all income levels. The revenue generated by those who choose to pay a toll will help fund that portion of the project and possibly generate supplemental funds to improve the corridor. Staff will present the outcome of the traffic and revenue analysis to the Board as part of the next project update in September 2009.

Project briefings have been provided to the city councils of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, and Westminster, and the Board of Directors for the community of Rossmore. These presentations took place between February and May 2009, and focused on the four alternatives, the status of the project, and the community outreach program. The Interstate 405 Stakeholders Working Group (SWG) was formed and kicked off in May 2009, with the members representing a cross-section of stakeholder interests along the corridor including business, homeowners, chambers of commerce, and others. Two SWG meetings have been held to date in order to obtain input about each of the four alternatives prior to public scoping. Participation from the SWG members has been excellent, and there has been a high level of interactive discussion and positive feedback received about the meetings afterwards.

Under the National Environmental Policy Act and the California Environmental Quality Act, scoping is an early and open process for determining the scope of issues to be addressed and for identifying the range of alternatives, significant issues, and any necessary mitigation measures related to a proposed project.

Notices and advertisements about the public scoping meetings for this project will be sent on September 4, 2009. Four public scoping meetings will be held with one each in Fountain Valley, Huntington Beach, Rossmoor, and Westminster in late September/early October 2009. At these scoping meetings, staff will share information about the project and the four alternatives and gather input to be considered as the project moves into the formal environmental process.

Staff will return to the Board with two future updates on the project. In September 2009, staff will report on the outcome of the initial traffic and revenue analysis and provide information on potential Express Lanes operating and tolling policies. In November 2009, staff will provide information on strategies to implement the project, including a discussion related to operating toll lanes on Interstate 405.

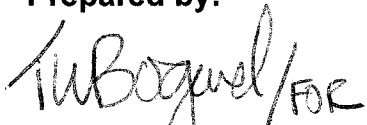
***Summary***

Staff is providing information on the four build alternatives under consideration for the Interstate 405 Improvement Project to be received and filed.

***Attachment***

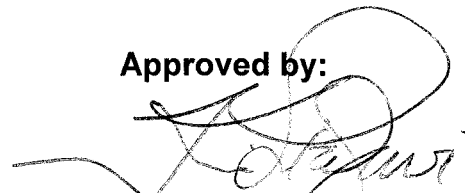
None.

**Prepared by:**



Rose Casey, P.E.  
Program Manager  
Highway Project Delivery  
(714) 560-5729

**Approved by:**



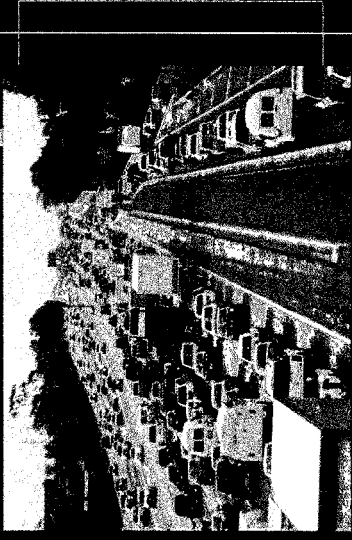
Kia Mortazayi  
Executive Director, Development  
(714) 560-5741

# **PowerPoint**

# **Presentation**

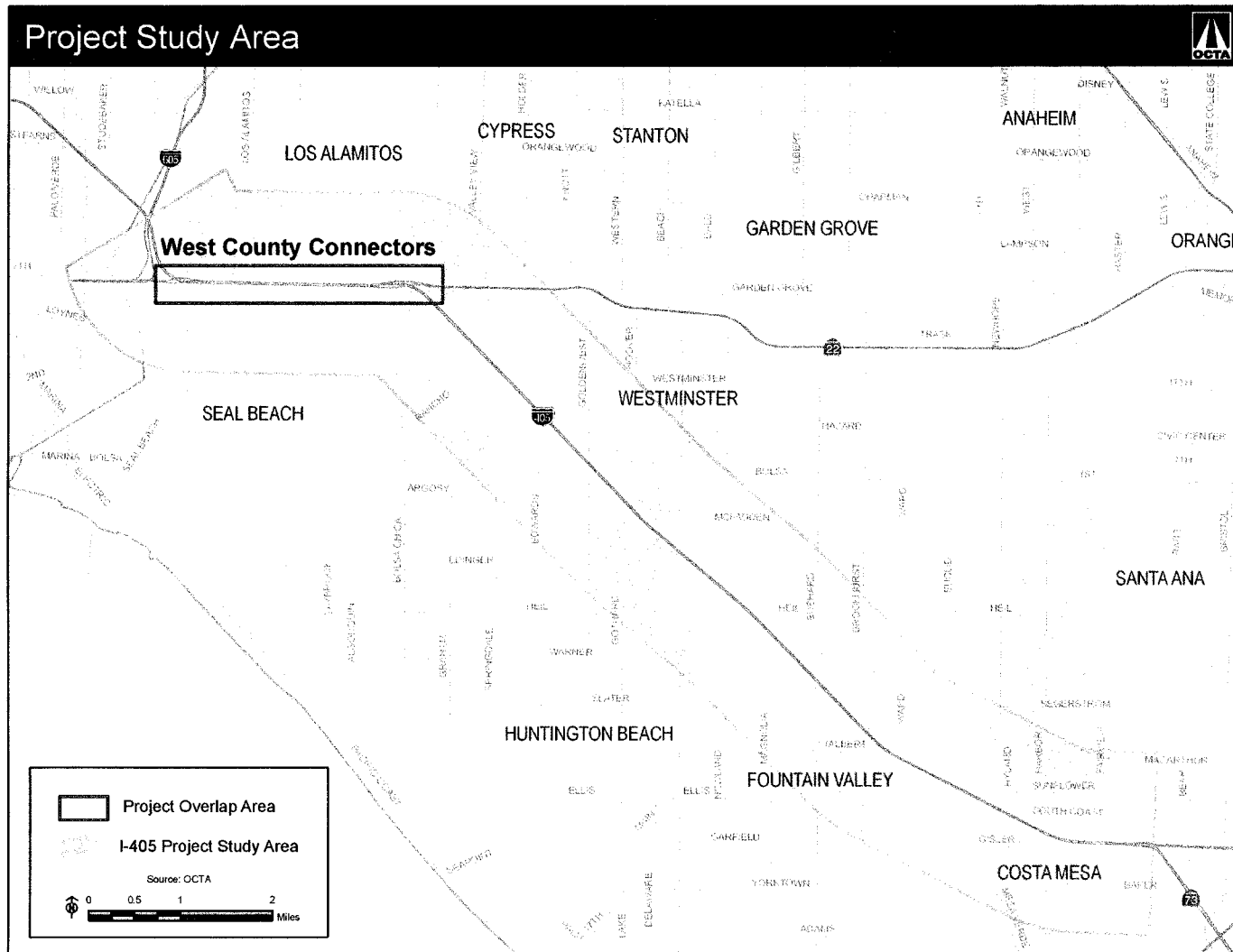


# **Update on Project Alternatives for the San Diego Freeway (Interstate 405) Improvement Project**



Orange County Transportation Authority  
Board of Directors' Meeting  
August 24, 2009

# Interstate 405 Project Location



September 13, 2007

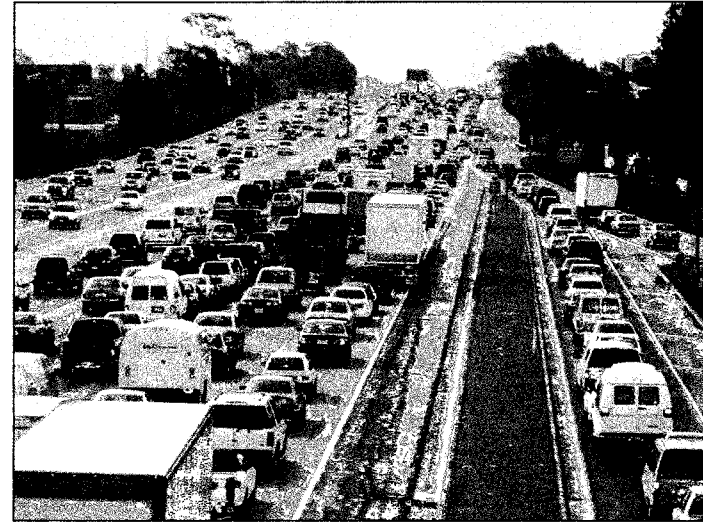
Portions of this map copyrighted by Thomas Bros Maps and reproduced with permission.

V:\Requests\FCS\SPPA\Freeway405\405\StudyAreas\_2007\0913.mxd



# ***Current and Projected Traffic***

- Current volume:  
300,000 vehicles per day
- 2035 forecast:  
370,000 vehicles per day
- If built for demand – up to 20 lanes needed



# ***Project Alternatives***

- No Build Alternative
- Alternative 1: Adds one general purpose lane in each direction
- Alternative 2: Adds two general purpose lanes in each direction
- Alternative 3: Adds one new general purpose lane, adds one new high-occupancy toll (HOT) lane (or express lane), and maintains existing HOV lane within express lanes facility in each direction
- Alternative 4: Localized Improvements Alternative

# ***Initial Assessment of Alternatives***

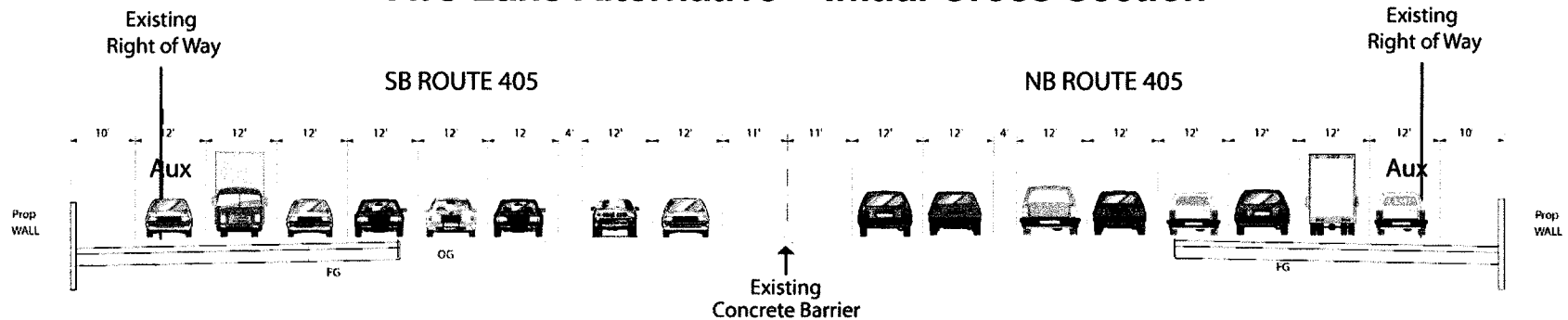
- March – August 2009:
  - Evaluate viability of alternatives:
    - ✓ Freeway footprint and right-of-way impacts
    - ✓ Scope of improvements within available funding
    - ✓ Revenue potential of express lanes
  - Modified alternatives will be carried forward into the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) based on initial assessment

# *Initial Findings*

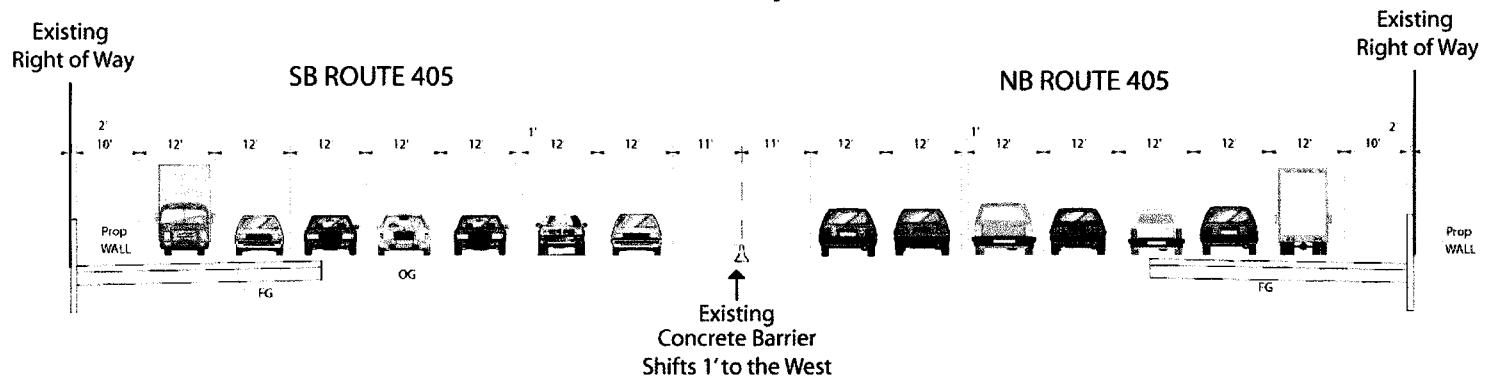
- One lane cannot be added throughout corridor within available funding
- Adding two lanes in each direction (Alternatives 2 and 3) can generally fit within the existing footprint
- Full width lanes and shoulders can be accommodated
- Further analysis needed at interchanges and spot locations

# Initial and Optimized Cross Sections

## Two Lane Alternative – Initial Cross Section



## Two Lane Alternative – Optimized Cross Section



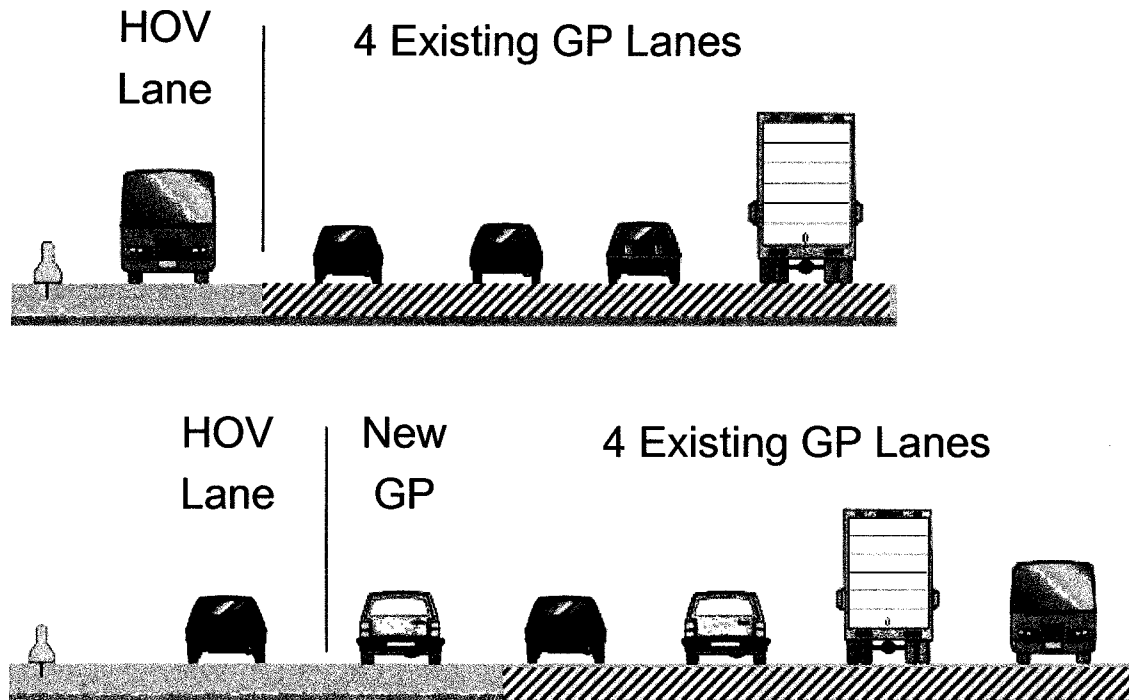
# ***Summary of Right-of-Way Analysis***

Objective: Stay generally within the locally preferred strategy (LPS) footprint while maximizing the number of travel lanes

- Right-of-way impacts do not appear significant for any alternative
- Adding two lanes in each direction can generally fit within the LPS footprint
- Right-of-way refinements and further engineering will be performed during EIR/EIS

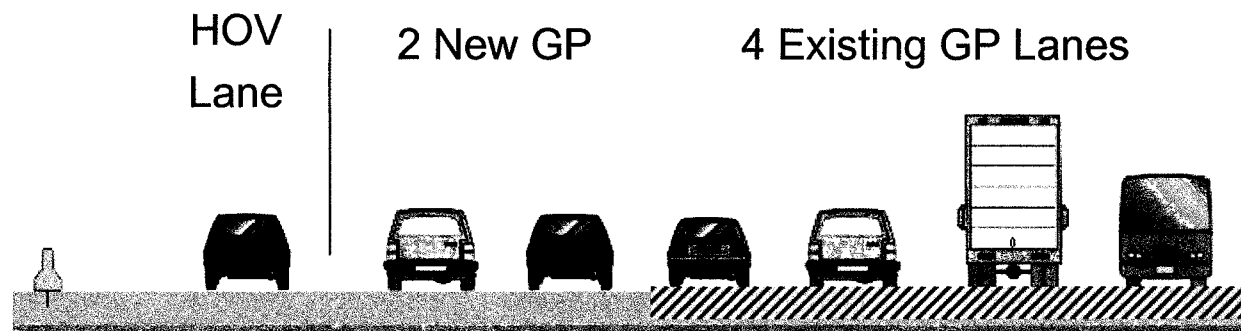
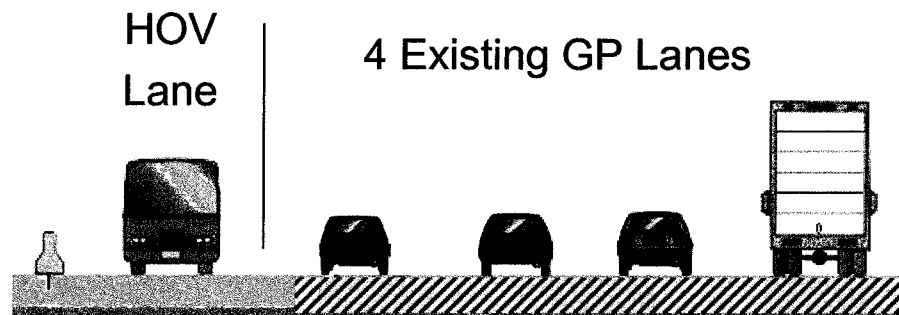


# One General Purpose Lane (Alternative 1)



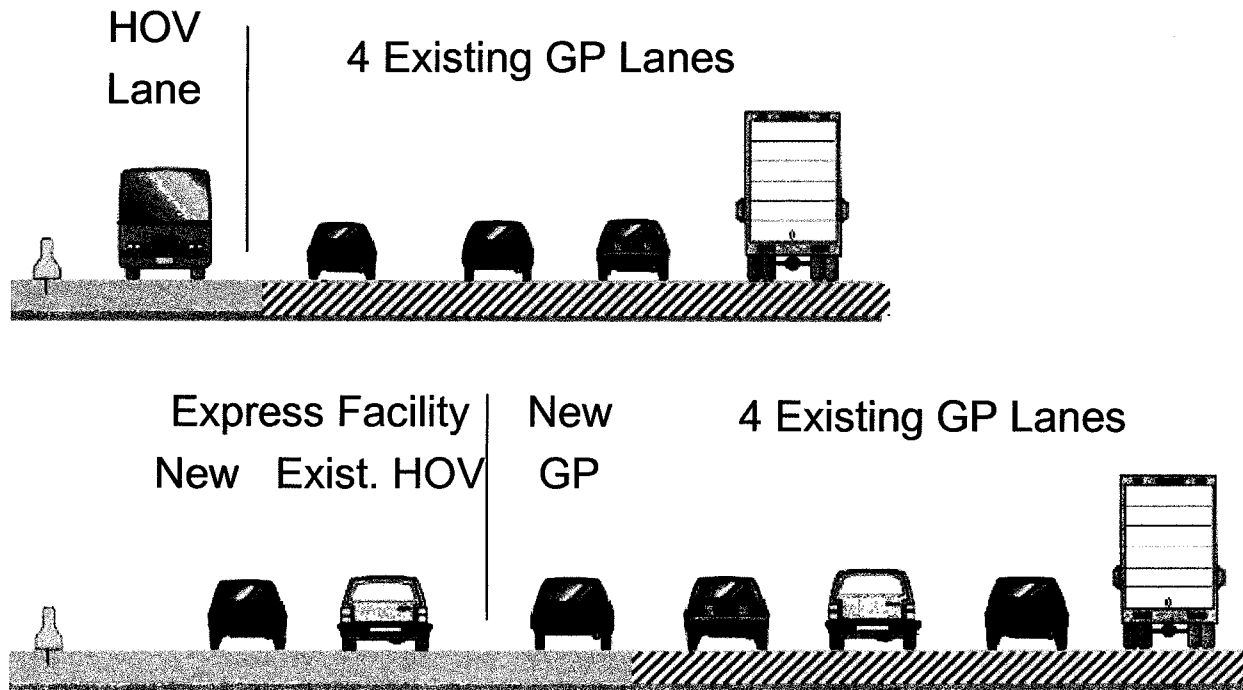
- ✧ Adding one GP lane will improve mobility in GP lanes but the cost is beyond available funding

# Two General Purpose Lanes (Alternative 2)



- Adding two GP lanes will further improve mobility in GP lanes but the cost is far beyond available funding

# Express Lanes (Alternative 3)

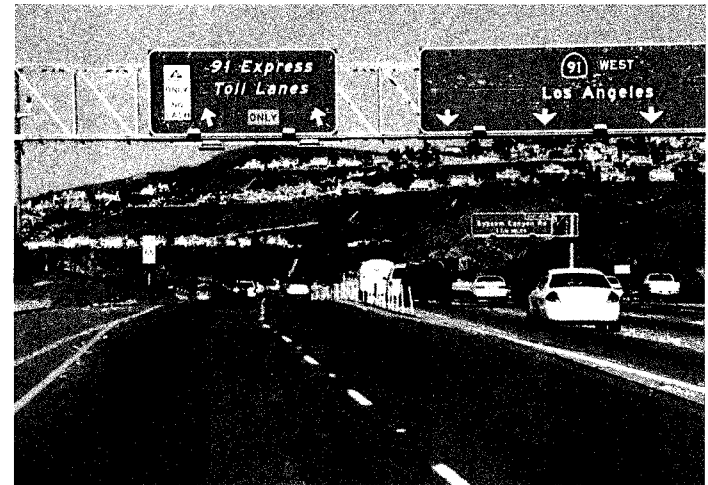


Express alternative:

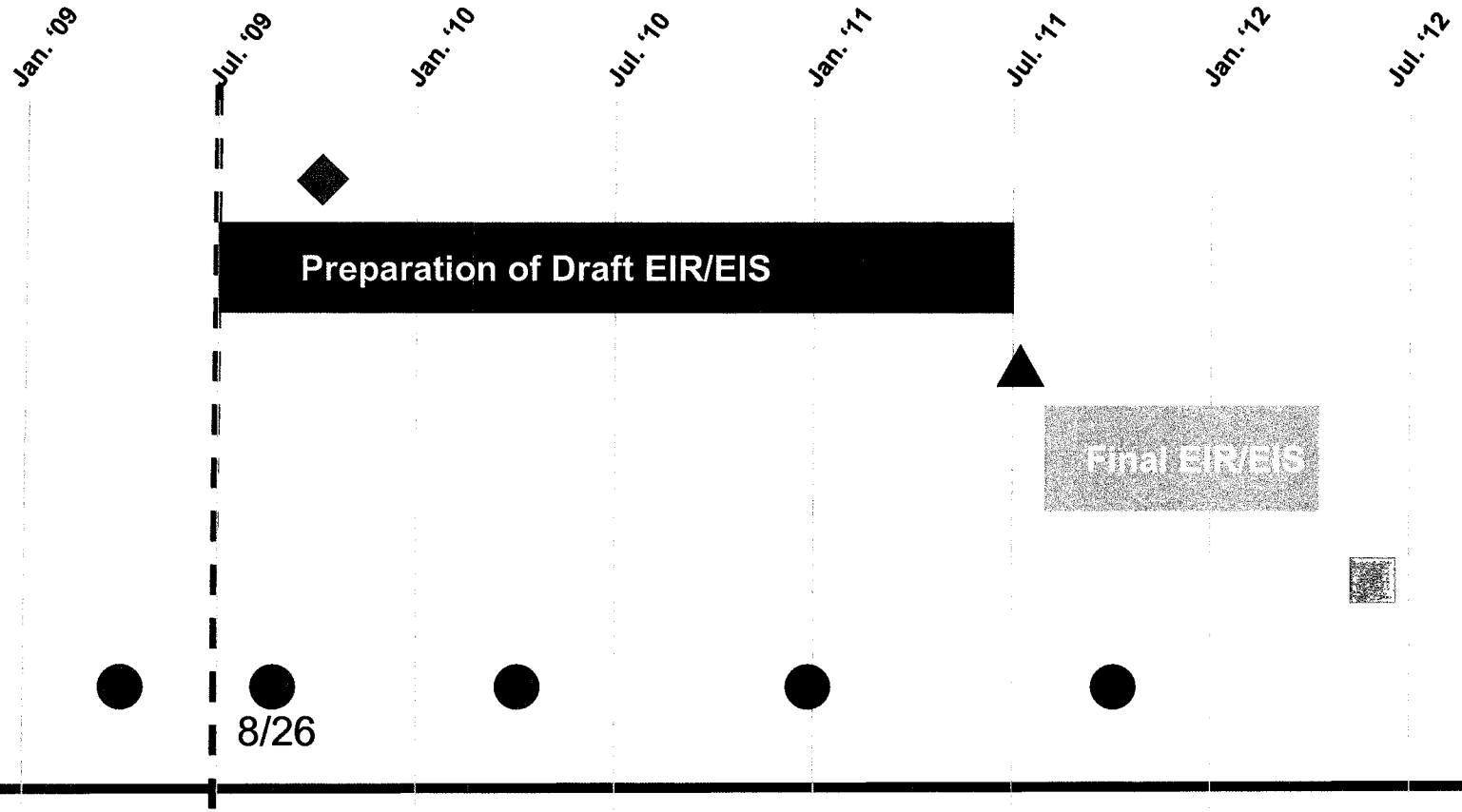
- accommodates both HOV and toll lanes
- improves mobility in GP lanes
- may fund other improvements

# Future Board Policy Discussions

- Define operating scenarios:
  - ✓ Where are terminus/access points?
    - Connection to San Joaquin Toll Road (State Route 73)?
    - Intermediate access
  - ✓ What is the HOV policy?
  - ✓ What are pricing options?
    - Congestion management policy
    - Fixed pricing policy



# Environmental Phase Schedule



- ◆ Notice of Preparation (NOP)/  
Notice of Intent (NOI) and Scoping
- ▲ Public Review of Draft EIR

- Policy Working Group Meeting
- Notice of Determination (NOD) / Record of  
Decision (ROD)

— Ongoing Public Outreach – Stakeholder Working Groups and General Public



# ***Next Steps***

- Interstate 405 Policy Working Group meeting on August 26, 2009
  
- Public Scoping meetings in September 2009 in Fountain Valley, Huntington Beach, Rossmoor, and Westminster
  
- Future Board meetings:
  - ✓ Express facility operating and tolling policies
  - ✓ Initial traffic and revenue analysis
  - ✓ Development options



# **Bus Service Reduction Program Update: Historical Data, Night Owl & Public Outreach**

**Presentation to the Board of Directors  
August 24, 2009**

[www.octa.net/marchchange](http://www.octa.net/marchchange)





# Presentation Overview

- Overview of Problem
- Service Types & Performance Metrics
- Historical Data
- Night Owl Information
- Public Outreach

# Overview of Problem

- Original revenue problem \$33 million
- FY 2010 budget assumes 400,000 fewer RVH\*
  - 100,000 RVH reduction Sept 2009
  - 300,000 RVH March 2010
- Beyond FY 2010, service levels unknown
  - Depends on revenue and cost assumptions
- Ongoing monitoring, evaluation needed

\* RVH = Revenue Vehicle Hours

# Service Types

## Bus

- Directly Operated 46 routes
- Directly Operated Express 5 routes - some federal funds
- Directly Operated Rail Feeder 3 routes – CURE funded\*
- Contract Local 11 routes
- Contract Express 5 routes - some federal funds
- Contract Rail Feeder 10 routes – CURE funded\*

## Paratransit

- ACCESS Countywide

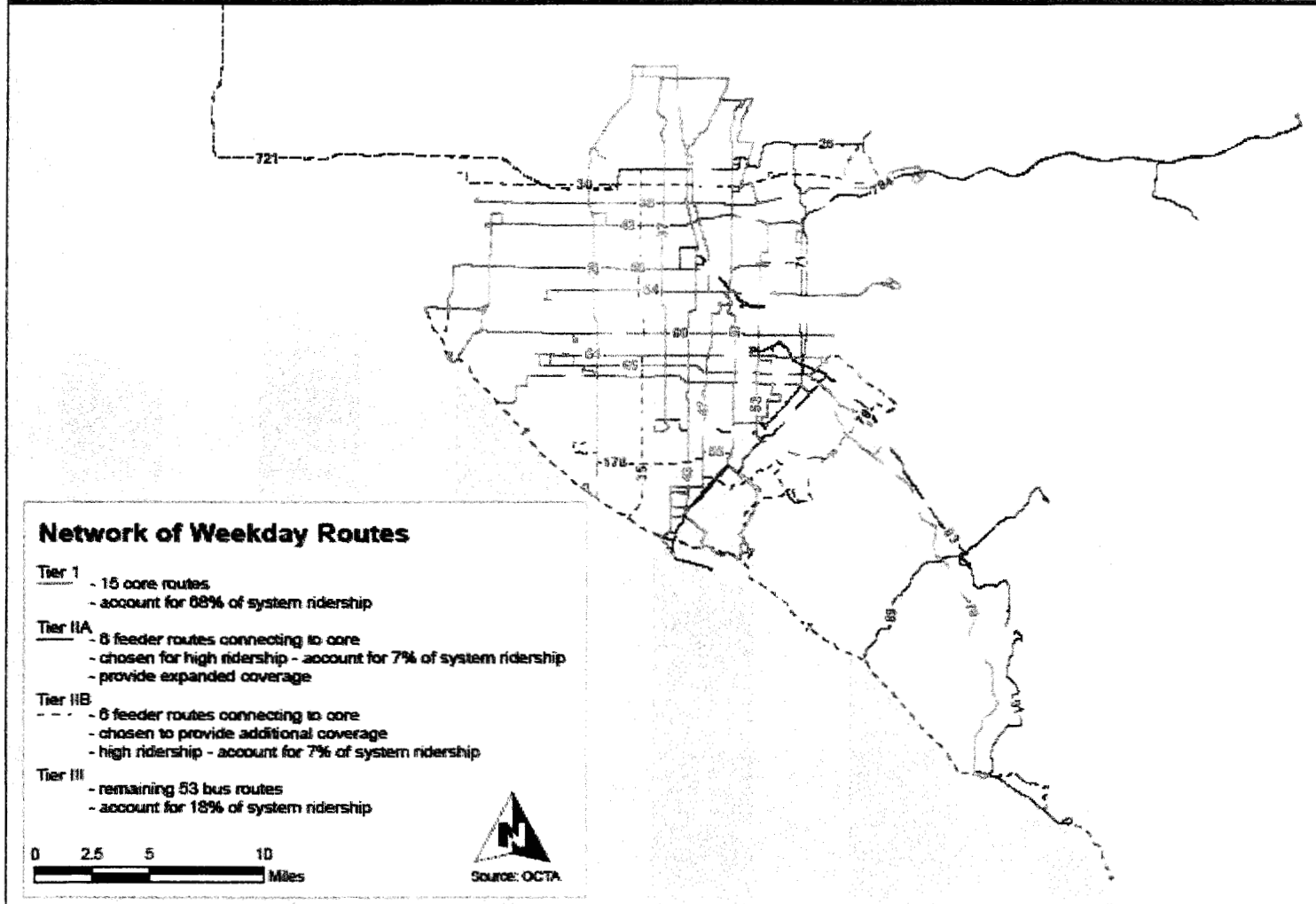
\* CURE = Commuter and Urban Rail Endowment

# Bus System Performance

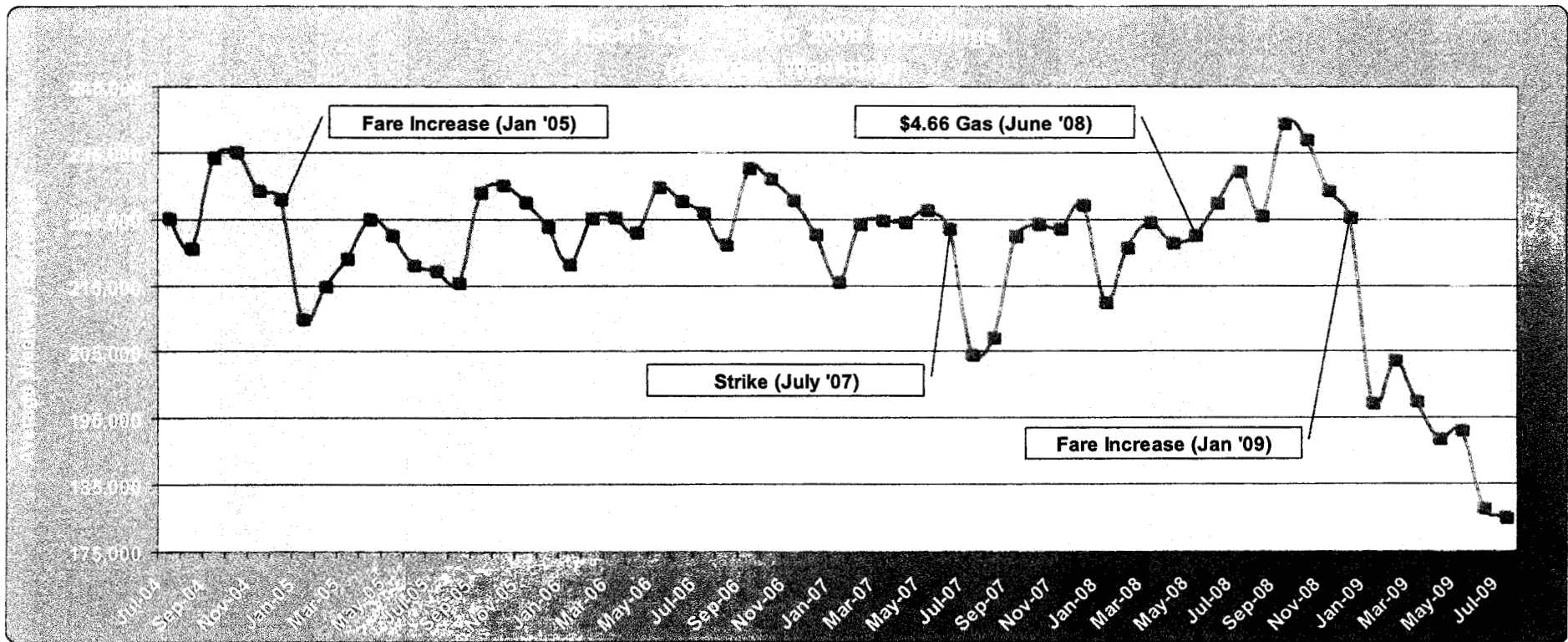
OCTA System Fiscal Year End June 30, 2009						
Mode	Farebox Recovery	Subsidy Per Boarding	Boardings	Cost Per Service Hour	Cost Per Service Mile	Boardings Per Service Hour
Bus	22.71%	\$2.58	64,322,924	\$113.27	\$9.11	33.88
Paratransit (ACCESS)	12.20%	\$22.94	1,455,763	\$56.41	\$3.68	2.16
Large Local	23.26%	\$2.48	62,877,077	\$115.70	\$9.49	35.75
Large Express	11.19%	\$15.63	207,458	\$208.90	\$8.38	11.87
Large Rail Feeder	7.09%	\$8.16	118,059	\$165.55	\$23.34	18.85
Contract Local	14.15%	\$4.83	783,772	\$50.62	\$3.70	9.00
Contract Express	18.53%	\$12.26	95,853	\$135.00	\$5.34	8.97
Contract Rail Feeder	14.09%	\$3.80	240,705	\$57.16	\$4.75	12.93

# Route Level Data

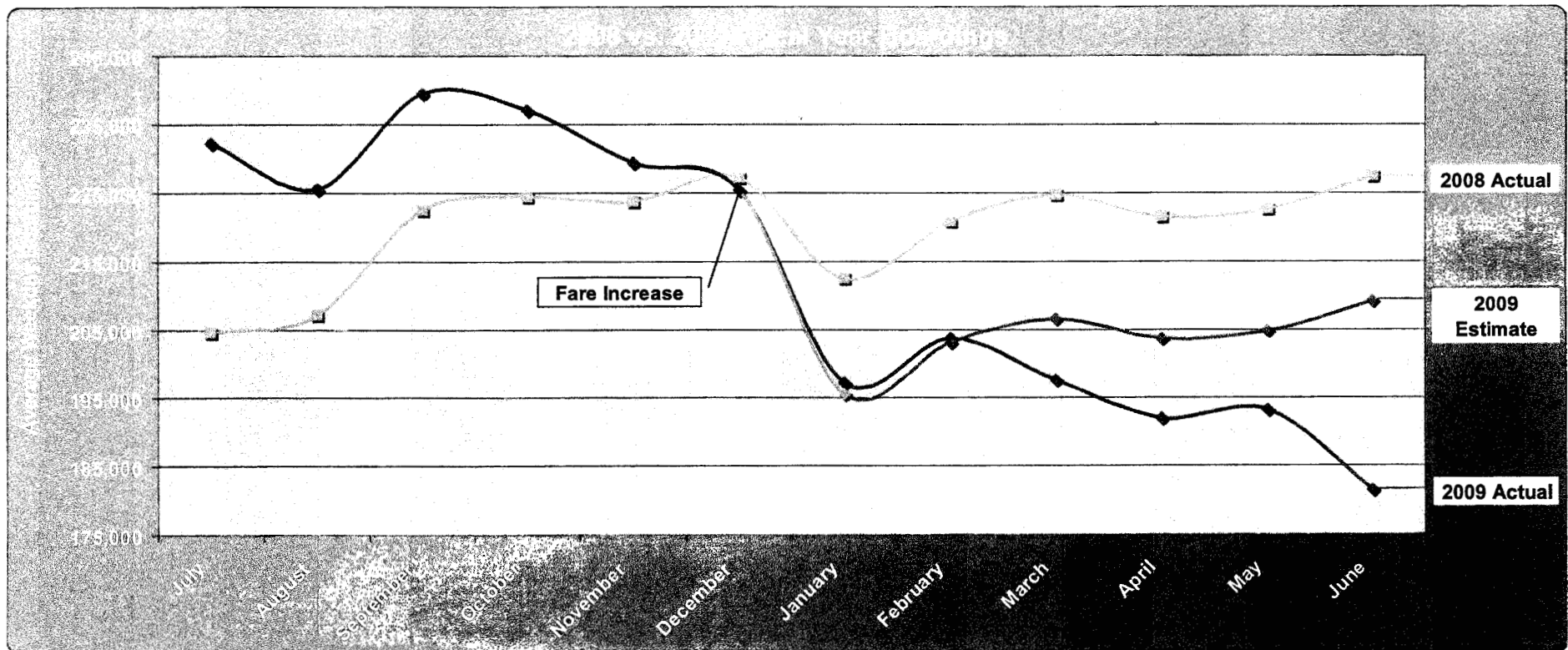
## Network of Weekday Routes



# Five Year Average Weekday Boardings



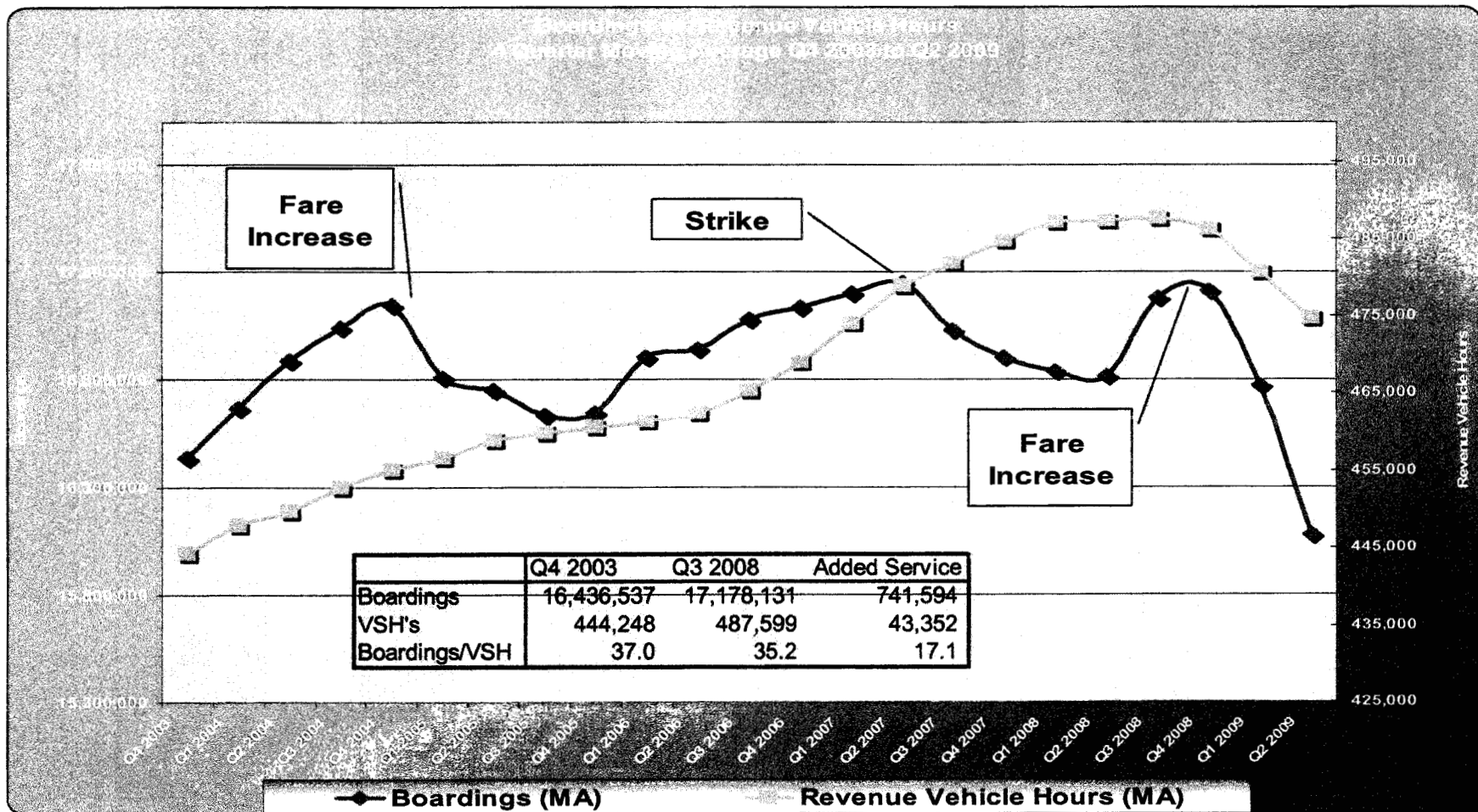
# Current Ridership Declining





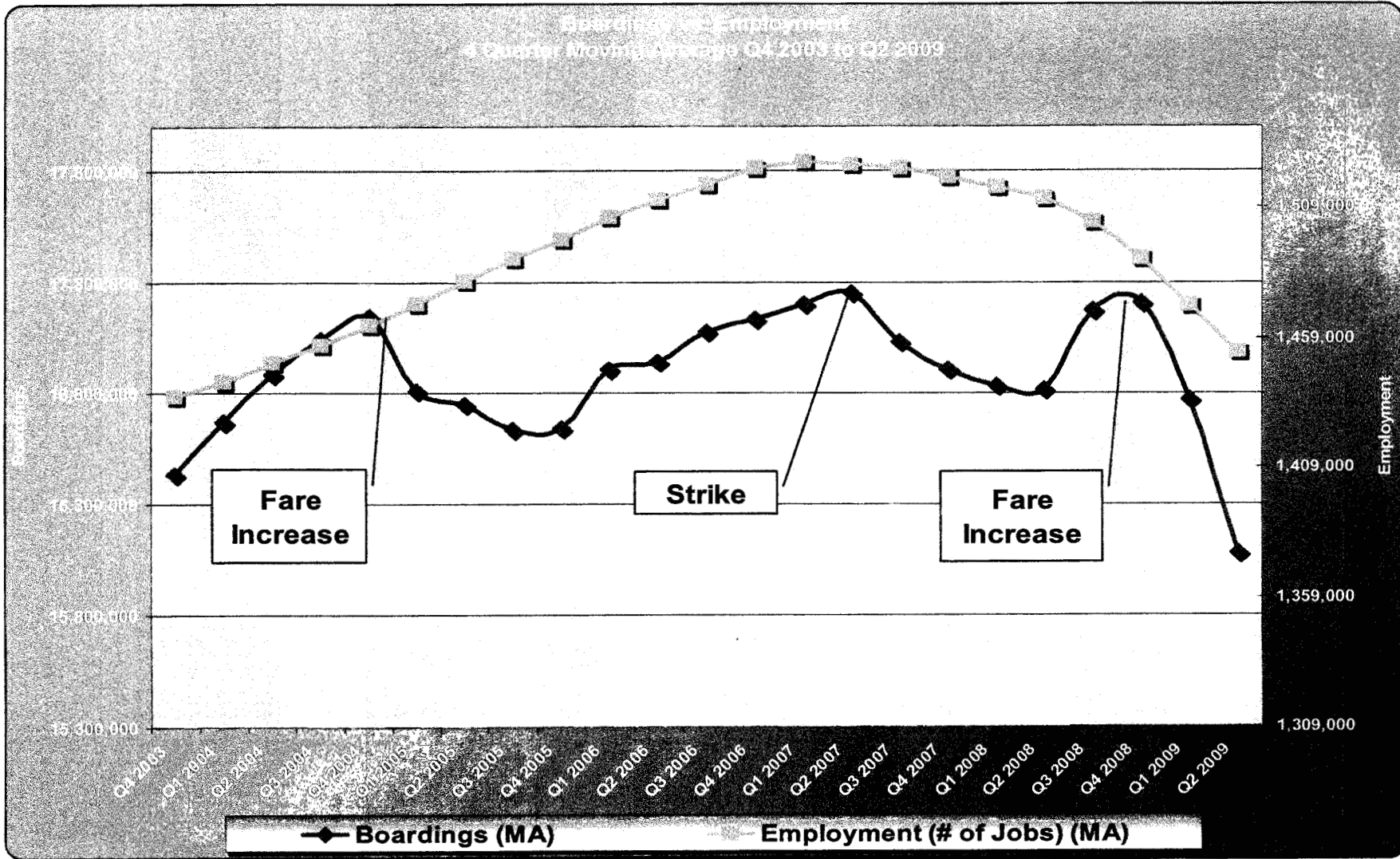
# Boardings & Resources Over Time

In 2002, "Power of Ten" had goal for better bus system: 10-min service in core, added routes, Night Owl (2002), express bus (2006), bus rapid transit (pending)

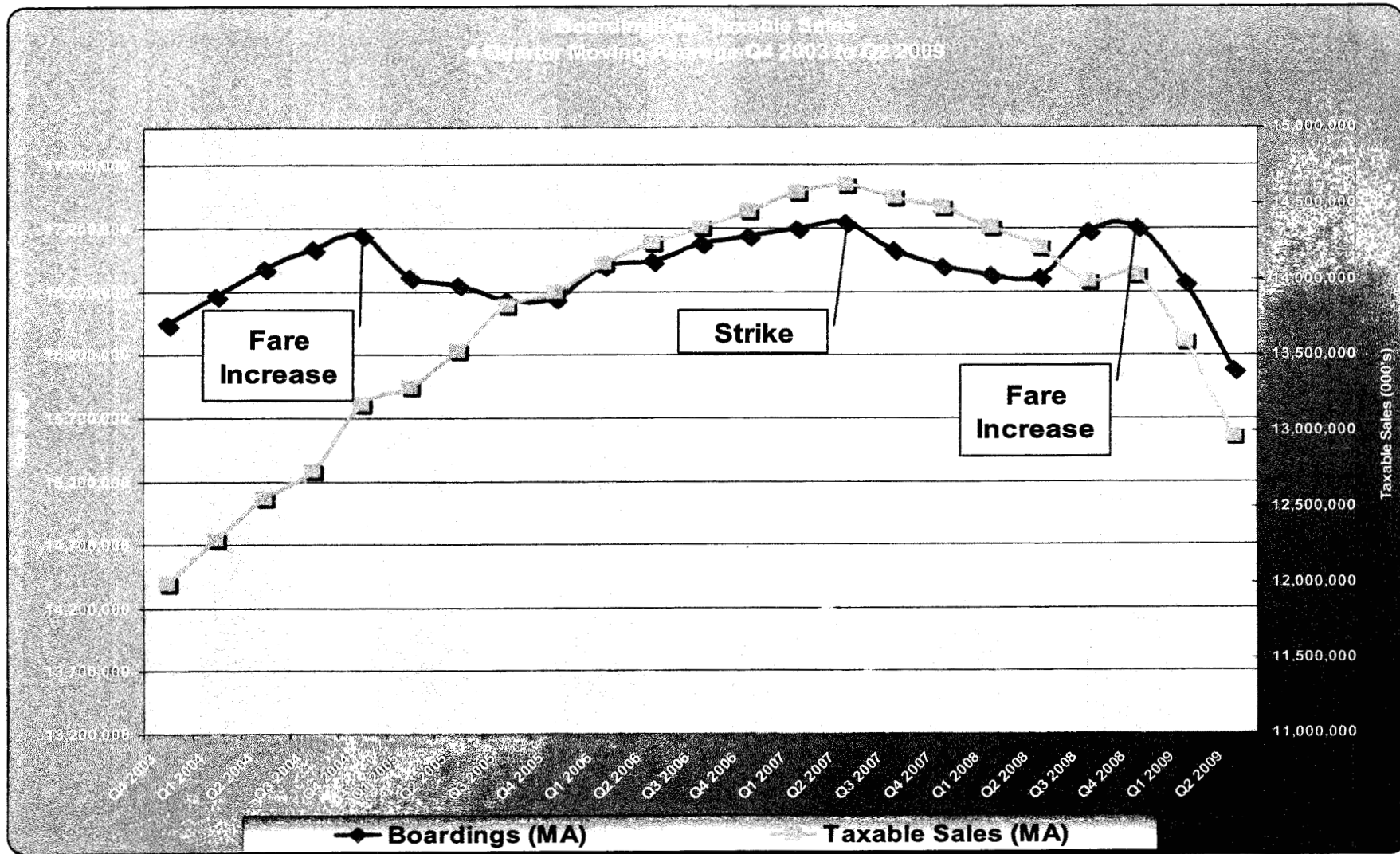




# Boardings & Employment



# Boardings & Taxable Sales



# Observations

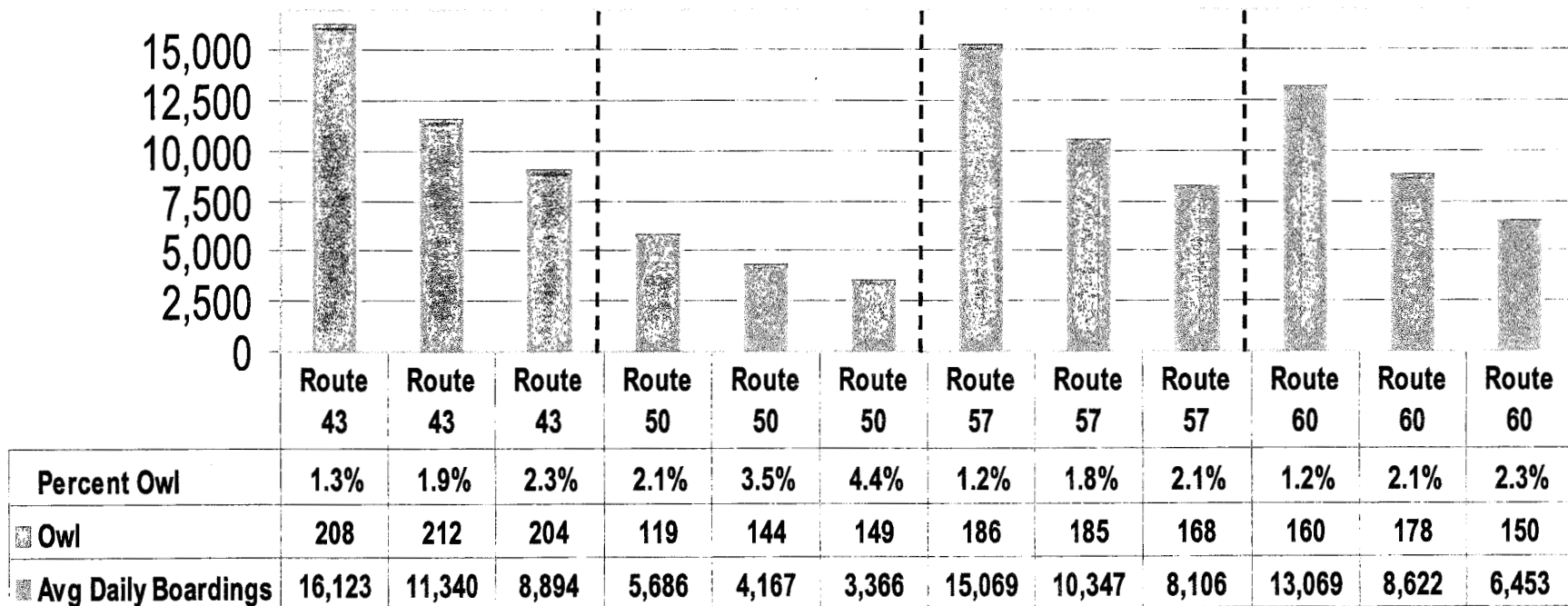
- Ridership declines due to many factors
- Current economic situation unprecedented
- Bus system relies on employment activity
- Fare increases, strike affect ridership

# Night Owl Service



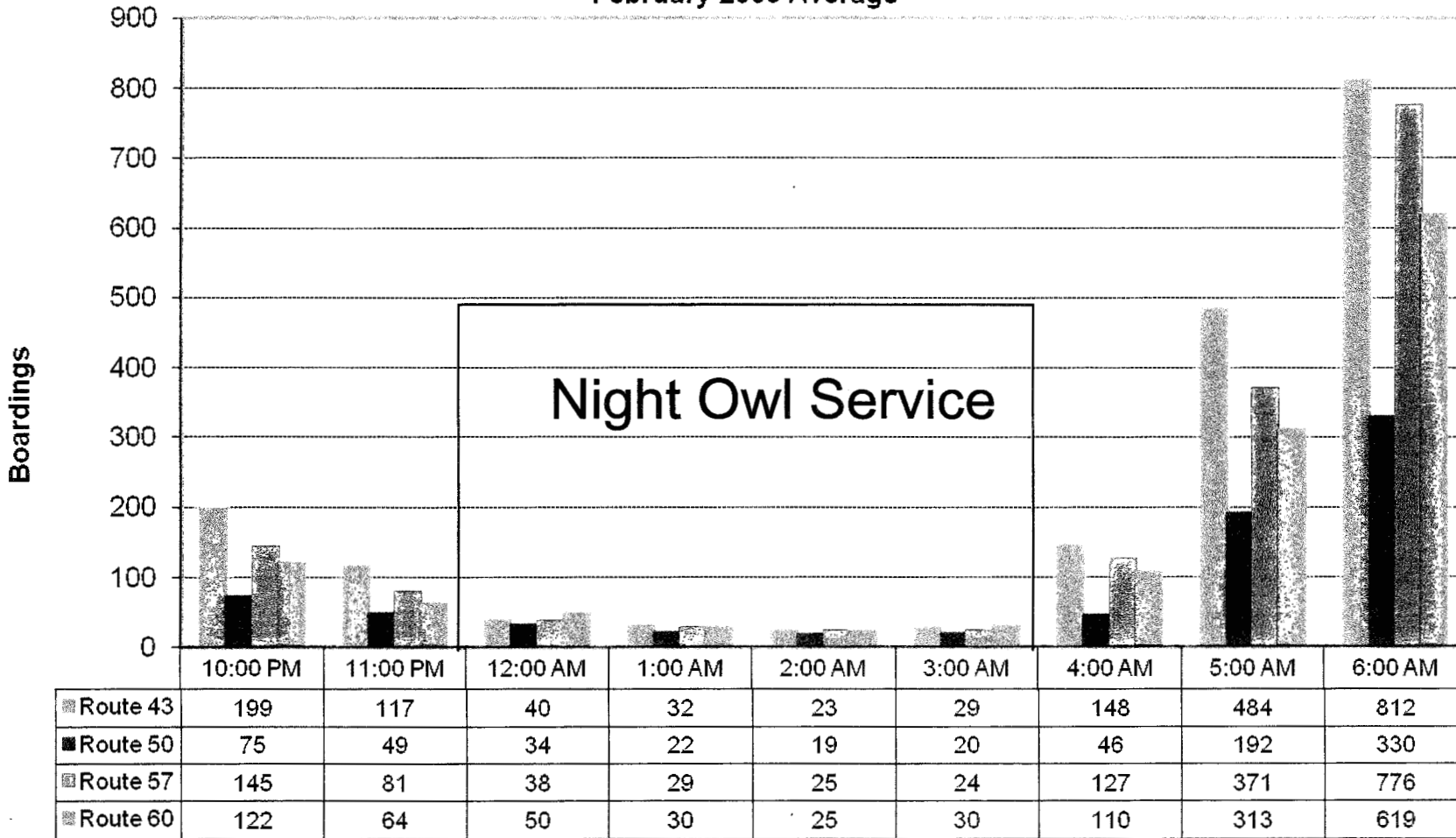
# Night Owl Small Percent of Route

Average Daily Boardings -- July 2008 to June 2009  
Night Owl Versus Total Route Boardings



# Night Owl Weekday Boardings

February 2009 Average



FILE - NIGHTOVL2009.PPT

# Public Outreach & Next Steps





# Outreach

- Coach operator roundtable
  - Set up service change hotline, provide tear off with hotline number
  - Interior bus card graphics that “pop”
  - Transit ambassadors
- Customer outreach
- Community workshops
- Advisory committee workshop
- On bus information
- Web survey, e-communications
- Stakeholder mailings
- Media relations





# Web Updates

[www.octa.net/marchchange](http://www.octa.net/marchchange)

# Next Steps

- |                           |              |
|---------------------------|--------------|
| ▪ Develop service options | August       |
| ▪ Share options           | Sept 14*     |
| ▪ Conduct outreach        | Sept/Oct     |
| ▪ Public hearing          | Oct 26*      |
| ▪ Board adopts changes    | Nov 23*      |
| ▪ Effective date          | Mar 14, 2010 |

\* OCTA Board of Directors Meeting