

**Date:** Monday, January 9, 2006

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

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



# AGENDA

Orange County Transportation Authority Board Meeting  
OCTA Headquarters - First Floor - Room 154  
600 South Main Street, Orange, California  
*Monday, January 9, 2006, 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.

### Invocation

Director Wilson

### Pledge of Allegiance

Vice Chairman Brown

### Agenda Descriptions

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

### Public Comments on Agenda Items

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





# AGENDA

ACTIONS

## Special Matters

### 1. Election of New Orange County Transportation Authority Board Chairman and Vice Chairman

#### *Overview*

The Orange County Transportation Authority's (OCTA) Administrative Code, Article 3, Section B, adopted in April 2005, calls for the election of the Board Chair and Vice Chair to be elected at the first Board meeting in January each year. This election has typically taken place at that meeting each year, as the new City Members on the Board have already been appointed by the Orange County League of Cities (League) at the close of the previous calendar year.

#### *Recommendation*

Due to the Orange County League of Cities' appointments not taking place prior to the first Orange County Transportation Authority Board meeting for 2006, it is respectfully recommended that the election of Chair and Vice Chair for the Board be continued to the January 23, 2006, meeting, at which time the full Board will be in place to participate in the vote.

## Consent Calendar (Items 2 through 20)

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

#### 2. Approval of Minutes

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of December 12, 2005.



## AGENDA

ACTIONS

**3. First Quarter Payroll Distribution Review**

Robert A. Duffy/Richard J. Bacigalupo

***Overview***

The Internal Audit Department has completed a payroll distribution review of the Central Communications Department. A response to the report was not required.

***Recommendation***

Receive and file the First Quarter Payroll Distribution Review, Internal Audit Report No. 06-006.

**4. Review of Investment Activities for April through June 2005**

Robert A. Duffy/Richard J. Bacigalupo

***Overview***

The Internal Audit Department has completed a review of investment activities for the period April 1, 2005, through June 30, 2005. The review indicated that investments were in compliance with the Orange County Transportation Authority's debt, investment and accounting objectives, and policies and procedures.

***Recommendation***

Receive and file the Review of Investment Activities for April through June 2005 Internal Audit Report No. 06-008.

**5. Orange County Transportation Authority's 2006 State Legislative Platform**

P. Sue Zuhlke/Richard J. Bacigalupo

***Overview***

Staff has revised, based upon input, the draft 2006 State Legislative Platform. The platform is submitted for consideration and adoption.



## AGENDA

ACTIONS

5. (Continued)

***Committee Recommendations***

- A. Adopt the Orange County Transportation Authority 2006 State Legislative Platform. (Revised Attachment A)
- B. Direct staff to distribute the adopted platforms to legislators, advisory committees, local governments, affected outside agencies, the business community, and other interested parties.

6. **State Infrastructure Bond**

Wendy Villa/Richard J. Bacigalupo

***Overview***

The Administration and California Legislature are discussing various proposals to place an infrastructure bond on either the June or November 2006 ballot. Proposed principles are presented to advocate during negotiations of the bond proposals.

***Committee Recommendations***

- A. Ensure that any proposed statewide bond supports and complements local sales tax measures including Measure M renewal plans.
- B. Prevent Proposition 42 from being used as a revenue source to back the bonds.
- C. Support a formula-driven bond, rather than a project specific bond.
- D. If projects are incorporated into the bond, support goods movement and inter-county connection programs and adopt specified project listing that may be advocated for inclusion in the bond.
- E. Identify and support opportunities to include private funding options where appropriate.
- F. Support expedited project delivery by including process-streamlining measures such as design-build and National Environmental Policy Act review delegation.



## AGENDA

ACTIONS

7. **Performance Evaluation of Sloat Higgins Jensen Associates**  
P. Sue Zuhlke/Richard J. Bacigalupo

***Overview***

Sloat Higgins Jensen & Associates provide legislative advocacy services in Sacramento. A staff evaluation of the services provided during the past 12 months is presented to the Board of Directors for consideration and further comment.

***Recommendation***

Receive staff's evaluation as an information item and provide any additional comments.

8. **Design-Build Legislation**  
Alex Esparza/Richard J. Bacigalupo

***Overview***

The Los Angeles County Metropolitan Transportation Authority has introduced legislation that would specifically extend the use of design-build to one proposed project, rather than grant that authority to multiple projects statewide.

***Recommendation***

Adopt an Oppose position on SB 1026 (Kuehl, D-Santa Monica) and instruct staff to work with the Los Angeles County Metropolitan Transportation Authority and other interested parties to support a bill providing broader design-build authority in 2006.

9. **Orange County Transportation Authority 2006 Federal Legislative Platform**  
Kristine Murray/Richard J. Bacigalupo

***Overview***

Staff has revised, based upon input, the draft 2006 Federal Legislative Platform. The platform is submitted for consideration and adoption.



## AGENDA

ACTIONS

9. (Continued)

***Recommendations***

- A. Adopt the Orange County Transportation Authority 2006 Federal Legislative Platform.
- B. Direct staff to distribute the adopted platforms to legislators, advisory committees, local governments, affected outside agencies, the business community, and other interested parties.

10. **Transportation Enhancement Activities Projects 2006 Call for Projects**

Jennifer Bergener/Paul C. Taylor

***Overview***

The Orange County Transportation Authority awards federal Transportation Enhancement Activities grants for transportation-related projects that enhance the quality of life in or around transportation facilities in Orange County. These grants are awarded through a competitive call for projects.

***Recommendations***

- A. Approve the guidelines and procedures for selection of federal Transportation Enhancement Activities projects.
- B. Direct staff to issue a call for projects for Federal Transportation Enhancement Activities projects in January 2006.

11. **Agreement for 2005 Orange County Aerial Imagery**

James Sterling/Paul C. Taylor

***Overview***

The Orange County Transportation Authority uses a digital aerial photography database to support bus operations activities, transportation planning studies, and other business functions. This information is acquired from a vendor through a licensing agreement. The Orange County Transportation Authority Fiscal Year 2005-06 Budget includes funding for this activity, and staff is seeking authorization to proceed.



## AGENDA

ACTIONS

11. (Continued)

***Recommendation***

Authorize the procurement administrator to issue a sole source purchase order to Pictometry International Corporation for the license and use of their 2005 aerial image library, in an amount not to exceed \$10,775 for the first year, and \$18,318 for the second year, for a total of \$29,093. The term of the license agreement is 24 months.

12. **First Quarter Fiscal Year 2005-06 Grant Status Report**

Linda M. Gould/James S. Kenan

***Overview***

The Quarterly Grant Status Report summarizes grant activities for information purposes for the Orange County Transportation Authority Board of Directors. This report focuses on significant grant activity for the period of July through September 2005. The Quarterly Grant Status Report summarizes future grant applications, pending grant applications, executed grant awards, current grant agreements and closed-out grant agreements.

***Recommendation***

Receive and file as an information item.

13. **Fiscal Year 2005-06 First Quarter Budget Status Report**

Rene I. Vega/James S. Kenan

***Overview***

The Orange County Transportation Authority's staff has implemented the fiscal year 2005-06 budget. This report summarizes the material variances between the budget plan and actual revenues and expenses.

***Recommendation***

Receive and file as an information item.



## AGENDA

ACTIONS

**14. Orange County Transportation Authority Headquarters Building Options**  
Christina Runge Haidl/James S. Kenan

***Overview***

The office lease on the Orange County Transportation Authority's Orange Administrative Headquarters building is set to expire on April 30, 2008. Due to the length of time required for real estate transactions, an analysis of options for administrative office space commenced, per Finance and Administration Committee direction, in December 2004 when the real estate services of CB Richard Ellis were retained through the competitive procurement process.

***Recommendations***

- A. Request the Board of Directors authorization to negotiate a lease extension, with an option to purchase, of the Orange County Transportation Authority headquarters buildings at 550 and 600 South Main Street, Orange, California.
- B. Request the Board of Directors authorization to evaluate the relocation of the Orange County Transportation Authority Radio Communications/Dispatch Center to the building located at 550 South Main Street, Orange, California.

**15. Draft 2006 Long-Range Transportation Plan and Draft Program Environmental Impact Report**

Richard J. Marcus/Paul C. Taylor

***Overview***

Preparation of the 2006 Long-Range Transportation Plan is underway and preliminary results are presented for review. The draft plan and associated draft Program environmental Impact Report for the plan will be circulated for public review starting in January 2006.

***Recommendation***

Authorize staff to release the draft 2006 Long-Range Transportation Plan for public review.



## AGENDA

ACTIONS

### Orange County Local Transportation Authority Consent Calendar Matters

**16. Financial and Compliance Audits of Combined Transportation Funding Programs**

Robert A. Duffy/Richard J. Bacigalupo

***Overview***

Financial and compliance audits of 15 projects funded by the Orange County Transportation Authority's Combined Transportation Funding Program have been completed. The results of the audits concluded that the agencies generally complied with the Combined Transportation Funding program guidelines. Recommendations have been made that management staff has indicated have been or are in the process of being implemented.

***Recommendations***

- A. Receive and file the Financial and Compliance Audits of Combined Transportation Funding Programs, Revised Internal Audit Report No. 05 036
- B. Receive and file the Financial and Compliance Audit of Combined Transportation Funding Programs The City of Mission Viejo – El Toro Road-Widening Project Internal Audit Report No. 05-013.

**17. Amendment to Cooperative Agreement with the City of Buena Park for the Santa Ana Freeway (Interstate 5) Gateway Project**

Charles Guess/Stamley G. Phernambucq

***Overview***

On July 25, 2005, the Board of Directors approved a cooperative agreement with the City of Buena Park, in the amount of \$1,976,000, to reimburse a portion of the City of Buena Park's cost for mitigation of roadway intersections and pavement in conjunction with detours for the Santa Ana Freeway (Interstate 5) Gateway Project. The Orange County Transportation Authority proposes to amend the cooperative agreement.





## AGENDA

ACTIONS

17. (Continued)

***Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 1 to Cooperative Agreement C-5-2358 between the Orange County Transportation Authority and the City of Buena Park, in an amount not to exceed \$265,650, for mitigation measures for the Santa Ana Freeway (Interstate 5) Gateway Project.

18. **Cooperative Agreement with the City of Laguna Hills for Southbound San Diego Freeway (Interstate 5)/Aliso Creek Soundwall Design, Construction, and Construction Management**

Dipak Roy/Stanley G. Phernambucq

***Overview***

The City of Laguna Hills has prepared a feasibility study for construction of a soundwall adjacent to the Aliso Creek community on southbound San Diego Freeway (Interstate 5) between Los Alisos Boulevard and Alicia Parkway. The Orange County Transportation Authority proposes to enter into a cooperative agreement with the City of Laguna Hills for design and construction of the proposed soundwall.

***Recommendations***

- A. Approve design and construction of the Aliso Creek soundwall.
- B. Authorize the Chief Executive Officer to execute Agreement C-5-2951 between the Orange County Transportation Authority and the City of Laguna Hills, in an amount not to exceed \$1,376,000, for the preparation of the Plans, Specifications, and Estimates, construction, and construction management for the San Diego Freeway (Interstate 5)/Aliso Creek community soundwall.
- C. Increase the Measure M portion of the 1996 Freeway Strategic Plan budget by \$1,485,000, to include the Aliso Creek soundwall project feasibility study, design, construction, and construction management.



## AGENDA

ACTIONS

19. **Garden Grove Freeway (State Route 22) Design-Build Project Soundwall Study Review and Use of Rubberized Asphalt**  
T. Rick Grebner/Stanley G. Phernambucq

### *Overview*

Ms. Janet Bennett, a resident of the City of Garden Grove, has made a request to the Orange County Transportation Authority Board of Directors to consider the use of rubberized asphalt on a section of the Garden Grove Freeway (State Route 22) as a noise mitigation alternative for the residents living north of Trask Avenue, between Magnolia Street and Brookhurst Street in the City of Garden Grove. The Board referred this issue to the Regional Planning and Highway Committee for consideration. The committee referred this issue to Orange County Transportation Authority staff for review.

### *Committee Recommendations*

- A. Install air conditioning units for 13 classrooms in the Sunnyside and Mitchell Elementary Schools, as recommended by the approved environmental document.
- B. Approve a 14-foot soundwall along the north side of the State Route 22 Freeway between Magnolia Avenue and Euclid Street at a cost of \$4.4 million, contingent upon the Garden Grove City Council's approval. Should the City prefer a plexi-glass soundwall, the City would be responsible for the additional cost.
- C. Orange County Transportation Authority work in conjunction with the City of Garden Grove to establish a rubberized asphalt demonstration project on Trask Avenue between Brookhurst Street and Magnolia Street. The capital cost would be paid by Orange County Transportation Authority and the maintenance and operation by the City of Garden Grove.



## AGENDA

ACTIONS

### Orange County Transit District Consent Calendar Matters

20. **Audit Reports on First Quarter Parts Inventory Counts**  
Robert A. Duffy/Richard J. Bacigalupo

***Overview***

The Internal Audit Department has completed separate parts inventory counts at the new Santa Ana Operating Base and the Garden Grove Base. Responses to the reports were not required.

***Recommendation***

Receive and file the First Quarter Parts Inventory Count Internal Audit Report No. 06-001 and the First Quarter Parts Inventory Count Internal Audit Report No. 06-001A.

### Regular Calendar

#### Orange County Transportation Authority Regular Calendar Matters

21. **Measure M Investment Plan Outreach Update**  
Ellen S. Burton

***Overview***

The Orange County Transportation Authority is developing a long-range transportation plan and identifying improvements for a Measure M Investment Plan proposal. The planning process integrates technical and public outreach findings; this report provides an update on the public outreach program.

***Recommendations***

- A. Receive and file the Measure M Investment Plan Phase I Public Outreach Program update.
- B. Direct staff to implement Phases II and III of the Measure M Investment Plan outreach program designed to solicit input as well as educate and inform the public about Measure M Investment Plan proposals.



## AGENDA

ACTIONS

**22. Agreement for Measure M Public Education Program**  
Ellen S. Burton

***Overview***

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved the issuing of a Request for Proposals for a Measure M Plan direct mail public education program. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute an agreement.

***Recommendation***

Authorize the Chief Executive Officer to execute Agreement C-5-2875 between the Orange County Transportation Authority and Townsend Raimundo Besler & Usher, in an amount not to exceed \$1.5 million, for a Measure M Plan direct mail public education program.

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

**23. Renewed Measure M: Draft Transportation Investment Plan**  
Monte Ward

***Overview***

For more than a year, under the direction of the Transportation 2020 Committee, staff, consultants, and members of the Board of Directors have sought input from community leaders and the public regarding priorities for a possible renewal of the Measure M one-half cent transportation sales tax. A draft Transportation Investment Plan is presented, along with recommendations for next steps to finalize the Plan for consideration by Orange County cities and the County of Orange.

***Recommendations***

- A. Authorize the release of the Renewed Measure M Draft Transportation Investment Plan for review and comment.



## AGENDA

ACTIONS

### 23. (Continued)

- B. Direct the Chief Executive Officer to develop an Ordinance for renewal of the Measure M one-half cent transportation sales tax, including the formation of an Ordinance legal advisory committee.
- C. Direct that a recommended Final Renewed Measure M Transportation Investment Plan and implementing Ordinance be submitted for consideration by the Transportation 2020 Committee and the full Board of Directors in April 2006.

### Orange County Transit District Regular Calendar Matters

24. **Review of Request for Proposal for ACCESS, Contracted Fixed Route, Stationlink and Express Bus Service**  
Erin Rogers/ William L. Foster

#### ***Overview***

At the December 12, 2005, Board of Directors meeting, Orange County Transportation Authority staff presented an overview of the Request for Proposal for ACCESS, Contracted Fixed Route, Stationlink and Express Bus Service. The scope of work presented included combining all services and operating from the Orange County Transportation Authority's Irvine Base. Staff is returning to the Board to clarify the direction given regarding the use of facilities.

#### ***Recommendation***

Authorize staff to issue Addendum No. 1 to Request For Proposal C-5-3021, ACCESS, Contracted Fixed Route, Stationlink and Express Bus Services to permit proposers to submit supplemental proposals to use their own facility.



# AGENDA

ACTIONS

## Other Matters

- 25. **Chief Executive Officer's Report**
- 26. **Directors' Reports**
- 27. **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.

## 28. **Closed Session**

- A. Pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Marlene Heyser regarding collective bargaining agreement negotiations with the Teamsters Local 952 representing the Maintenance employees.
- B. Pursuant to Government Code Section 54956.9 (c).

## 29. **Adjournment**

The next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board will be held at **9:00 a.m. on January 23, 2006**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.





*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>AL</sup> Arthur T. Leahy, Chief Executive Officer  
**Subject:** Election of Orange County Transportation Authority Board Chair and Vice Chair for 2006

**Overview**

The Orange County Transportation Authority's (OCTA) Administrative Code, Article 3, Section B, adopted in April 2005, calls for the election of the Board Chair and Vice Chair to be elected at the first Board meeting in January each year. This election has typically taken place at that meeting each year, as the new City Members on the Board have already been appointed by the Orange County League of Cities (League) at the close of the previous calendar year.

**Recommendation**

Due to the Orange County League of Cities' appointments not taking place prior to the first Orange County Transportation Authority Board meeting for 2006, it is respectfully recommended that the election of Chair and Vice Chair for the Board be continued to the January 23, 2006, meeting, at which time the full Board will be in place to participate in the vote.

**Background**

The Orange County League of Cities appoints the Orange County Transportation Authority's City Members to the Board. Over the past several years, these appointments have been made in the late fall, and new Members are seated on the Board of Directors at the first meeting in January for the new year. This year, however, the League is scheduled to make their appointments on January 12, 2006.

OCTA has been advised by the League, however, that the city appointments for 2006 will not be made until their City Selection Committee meets on January 12, 2006. Therefore, all OCTA Board Members will not be appointed by January 9, the first OCTA Board meeting in January of 2006.



***Discussion***

The election of the OCTA Board Chair and Vice Chair may be the more timely if it is undertaken after the full Board is seated for the calendar year 2006. In that way, all new Board Members would have the opportunity for a voice in this election, and the election would reflect the consensus of the Board serving for that upcoming year.

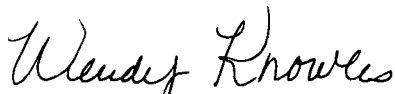
***Summary***

Although the OCTA Administrative Code requires that the Board Chair and Vice Chair be elected at the first Board meeting in January each year, the appointments of City Members to the OCTA Board of Directors will not have been made prior to that meeting, The Board may wish to continue the election of the Board Chair and Vice Chair until the new Board is seated at their January 23, 2006, meeting.

***Attachment***

None.

**Prepared by:**



Wendy Knowles  
Clerk of the Board  
714/560-5676



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  
December 12, 2005

**Call to Order**

The December 12, 2005, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order at 9:02 a.m. at the Orange County Transportation Authority Headquarters, Orange, California; Chairman Campbell presided over the meeting.

**Roll Call**

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

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

Directors Absent: Arthur C. Brown, Vice Chairman

## **Invocation**

Director Cavecche gave the invocation.

## **Pledge of Allegiance**

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

## **Public Comments on Agenda Items**

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

## **Special Matters**

### **1. Presentation of Resolutions of Appreciation for Employees of the Month for December 2005**

Chairman Campbell presented Orange County Transportation Authority Resolutions of Appreciation Nos. 2005-123, 2005-124, 2005-125 to Indolfo Gutierrez, Coach Operator, Miguel Hernandez, Maintenance, and Anup Kulkarni, Administration, as Employees of the Month for December 2005.

### **2. Presentation of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter**

Transit Police Services Lieutenant James Rudy and Chairman Campbell presented Orange County Transportation Authority Resolution of Appreciation No. 2005-126 to Orange County Sheriff's Deputy Dominic Montalbano.

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

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

Chairman Campbell pulled item 6; Director Correa pulled item 8; and a member of the public pulled item 9.

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

### **3. Approval of Minutes**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of November 28, 2005.

### **4. Approval of Resolutions of Appreciation for Employees of the Month of December 2005**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to approve Orange County Transportation Authority Resolutions of Appreciation Nos. 2005-123, 2005-124, 2005-125 to Indolfo Gutierrez, Coach Operator, Miguel Hernandez, Maintenance, and Anup Kulkarni, Administration, as Employees of the Month for December 2005.

### **5. Approval of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to approve Orange County Transportation Authority Resolution of Appreciation No. 2005-126 for Orange County Sheriff's Deputy Dominic Montalbano.

### **6. Proposed Board of Directors' Meeting Calendar for the Year 2006**

Chairman Campbell pulled this item for discussion. He stated that due to the County observing February 13 as a holiday, he would suggest that the first OCTA Board meeting in February 2006 be changed to February 14; all other meeting dates would remain the same as indicated on the draft calendar.

Motion was made by Chairman Campbell, seconded by Director Pulido, and declared passed by those present, to adopt the Orange County Transportation Authority and affiliated agencies Board of Directors' meeting calendar for the year 2006, as presented in Attachment B.

### **7. Combined Transportation Funding Program Semi-Annual Review**

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

- A. Approve the staff recommended adjustments to the Combined Transportation Funding Programs projects.
- B. Authorize the Chairman of the Board of Directors to issue a letter to local agencies regarding delivery of planned projects in fiscal year 2005-06.

**7. (Continued)**

- C. Provide administrative authority to staff to process requests to advance approved federal funding for projects that are ready to proceed ahead of schedule, as allowed through the Expedited Project Selection Procedures.

**8. Wireless Internet Access for Orange County Metrolink Service**

Director Correa pulled this item for discussion and inquired if there were technical difficulties with getting this service begun. Darrell Johnson, Department Manager, Planning, Programming, and Commuter Rail, stated that some pilot programs in Northern California and with Amtrak in 2002 have proven to be somewhat unsuccessful and there is not a proven unqualified success to date. There are potential opportunities in the future, and the Metrolink staff is working with Parsons Transportation Group to do a coverage analysis of all the Metrolink lines. That analysis is expected to be available in the first quarter of 2006.

Director Pringle stated that the City of Anaheim recently send out a Request for Information for wireless internet service for the City and suggested that OCTA staff contact them for additional information.

Motion was made by Director Correa, seconded by Director Pulido, and declared passed by those present, to direct staff to collaborate with Southern California Regional Rail Authority's feasibility testing of alternative technologies for wireless internet service on board Metrolink trains.

**9. Selection of a Consultant for Design Services for the Chokepoint on the San Diego Freeway (Interstate 5) at Oso Parkway**

Darrell Nolta, resident of Westminster, pulled this item for comment. Mr. Nolta expressed his support of the selection of a consultant for this project.

Motion was made by Director Duvall, seconded by Director Monahan, and declared passed by those present, to select CH2MHILL to perform design services for the chokepoint improvement project on the San Diego Freeway (Interstate 5) at Oso Parkway. In addition, the contract needs to stipulate that this action could not be used in a detrimental way for either side in terms of any legal issues dealing with the Interstate 405/State Route 55.

Directors Correa and Green abstained from voting on this item.

**10. Fiscal Year 2004-05 Comprehensive Annual Financial Report**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to receive and file as an information item.

**11. Approval of Fiscal Year 2005-06 Local Transportation Fund Claim for Laguna Beach Public Transportation Services**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to approve the Laguna Beach Municipal Transit Lines Fiscal Year 2005-06 Local Transportation Fund Claim for public transportation services in the amount of \$1,270,350, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

**12. Garden Grove Freeway (State Route 22) Design-Build Project - Contract Change Order No. 13 to Agreement C-3-0663**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Contract Change Order No. 13 to Agreement C-3-0663 with Granite-Myers-Rados, in an amount not to exceed \$234,115, for alteration of retaining wall no. 163.

**13. Amendment to Memorandum of Understanding with the City of Laguna Beach**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute a Memorandum of Understanding with the City of Laguna Beach to provide operating assistance of \$165,000, per year, for five years, effective in fiscal years 2005-06 through 2009-10.

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

**14. Fiscal Year 2005-06 Measure M Eligibility Review**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to approve Measure M turnback and competitive funding eligibility for all local jurisdictions in Orange County.

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

### **15. Procurement of Ten ACCESS Service Vans**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Purchase Order 05-73467 between the Orange County Transportation Authority and Creative Bus Sales, Inc., in an amount not to exceed \$426,259, for the purchase of ten ACCESS service vans under the State of California, Department of General Services, Procurement Division Agreement..

### **16. Agreement for Bus Parts Cleaner Services**

Motion was made by Director Pulido, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-5-2764 between the Orange County Transportation Authority and FRS Environmental, Inc., in an amount not to exceed \$146,444, for the initial three-year period for bus parts cleaner services, with two one-year options.

### **17. Designation of State Transit Assistance Funds for Fare Stabilization for Seniors and Persons with Disabilities**

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

- A. Adopt Resolution No. 2005-122 to designate funds in the amount of \$675,000, in the State Transit Assistance Fund to provide fare assistance for seniors and persons with disabilities.
- B. Authorize the Chief Executive Officer to prepare and submit claims against the State Transit Assistance Fund to the Orange County Auditor-Controller for the Fiscal Year 2005-06 Fare Assistance Program.

## **Regular Calendar**

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

#### **18. Countywide Signal Coordination Efforts**

Kurt Brotcke of Planning, Development and Commuter Services, presented a PowerPoint and provided hand-outs to Board Members regarding the work on this issue.

Mr. Brotcke stated that future local funds, such as provided through a future Measure M extension, could provide up to \$450 million to implement these efforts.



**18. (Continued)**

Darrell Nolta, resident of Westminster, addressed the Board and stated this is important work and addressed the issue of excessive speed.

Director Norby requested an explanation of the numbers and terms on Slide 5, and that this information come back to the Regional Planning and Highways Committee.

Chairman Campbell stated there is currently \$10 million set aside in Measure M for this, and asked Mr. Brotcke to confirm that this would be the source of the funds for this project. Mr. Brotcke responded that the current Measure M is the signal improvement program, and when staff comes back in March, there will be specific recommendations on how to pay for this program.

Motion was made by Director Monahan, seconded by Director Green, and declared passed by those present, to:

- A. Direct staff to work with local agencies on the Euclid Street signal coordination pilot project and return with a status report by March 2006.
- B. Direct staff to work with local agencies on a potential signal coordination pilot project serving southern Orange County and return with a recommendation by March 2006.

**19. Riverside County-Orange County Major Investment Study Recommendations**

Paul Taylor, Executive Director of Planning, Development, and Commuter Rail Services, presented this item to the Board with a PowerPoint and reviewed staff's recommendations. He stated that while this is the end of the Major Investment Study (MIS), it is only the beginning of several initiatives in the area of improving mobility, and staff's recommendations focus on that.

Director Pringle stated that the issue today is that a great deal of traffic coming in from the Inland Empire affecting Orange County roadways. He stated there is not a recommendation from the Committee for building a tunnel, although there is a recommendation to do further studies to assess the feasibility of a tunnel.

Chairman Campbell requested that an analysis be done of what the situation would be with Corridor A and the delta of funds, and Corridor A and B with the delta and this analysis be provided to all Board Members.

Director Wilson stated that he has concerns for South County if certain improvements, or a tunnel, were included in the plan and requested that staff report back on improvements to the Ortega Highway.

Director Correa stated that he has concerns regarding voting on this study as Alternative B would be extremely difficult and would like the data broken down.

**19. (Continued)**

Director Pulido stated that he would like land use analyzed in regard to each option and how work patterns could change to affect transportation from Riverside into Orange County.

Chairman Campbell suggested that a vote be taken at this meeting, but to refer this to the State Route 91 Advisory Committee and raise those issues to be part of the work done by that Committee.

Public comments were heard from:

Bob Bunyon, who stated he support staff's recommendations.

Darrell Nolta, resident of Westminster, who stated all options should be considered.

Cassie DeYoung, Mayor of Laguna Niguel, stated she is concerned for funding if a tunnel option is selected.

Wallace Walrod, representing the Orange County Business Council, who thanked OCTA for their work on these recommendations and expressed hope that the leadership of these committees continue.

Director Pringle suggested that there may be consideration given to a Major Investment Study committee which is larger, and include Los Angeles and Riverside staff, along with OCTA staff. Discussions would need to address how all parties can work together to address federal funding to assist in managing the various freeways' traffic patterns.

Director Cavecche suggested that Recommendation I be amended to strike the words "and execute", and add a Recommendation K to direct staff to return by March 31, 2006, after working through the State Route 91 Advisory Committee.

Motion was made by Chairman Campbell, seconded by Director Duvall and declared passed unanimously by those present, to approve staff's recommendations, along with above suggested amendments, as follows:

- A. Establish Riverside Freeway (State Route 91) from the Costa Mesa Freeway (State Route 55) to Corona Freeway (Interstate 15) as a priority for improving transportation between Riverside and Orange counties. Emphasize Riverside Freeway (State Route 91) improvements between the Foothill/Eastern Transportation Corridor (State Route 241) and the Corona Freeway (Interstate 15) first, followed by improvements between the Costa Mesa Freeway (State Route 55) and the Foothill/Eastern Transportation Corridor (State Route 241).

**19. (Continued)**

- B. Continue to work with the Foothill/Eastern Transportation Corridor Agency to develop a mutually acceptable plan to improve the connection between the Foothill/Eastern Transportation Corridor (State Route 241) and Riverside Freeway (State Route 91) corridors and accelerate capacity improvements on Eastern Toll Road (State Route 133), Foothill/Eastern Transportation Corridor (State Route 241), and Eastern Toll Road (State Route 261) to optimize utilization of the toll roads to improve transportation between Riverside and Orange counties.
- C. Continue to evaluate costs and impacts with Corridor A in the Riverside Freeway (State Route 91) right of way through a future preliminary engineering process in cooperation with other agencies. (This is a revised recommendation based on policy committee direction.)
- D. Continue to study the technical feasibility of the Corridor B concept including costs, risks, joint-use opportunities, benefits, and potential funding options in cooperation with the Riverside County Transportation Commission, Transportation Corridor Agencies, Metropolitan Water District, and other interested agencies.
- E. Continue work with the Cal-Nevada Super Speed Train Commission on Anaheim to Ontario Maglev alignments in the Santa Ana Canyon or alternate corridors as appropriate.
- F. Eliminate Strategic Alternative 1B (Corridor A with the Costa Mesa Freeway [State Route 55] widening) from further analysis due to high number of residential right-of-way impacts adjacent to the Costa Mesa Freeway (State Route 55).
- G. Eliminate from further analysis the Ortega Highway (State Route 74) widening and realignment concept due to high cost and environmental impacts, and direct staff to focus on Ortega Highway (State Route 74) operational improvements.
- H. Direct staff to initiate a Master Plan of Arterial Highways amendment process with the California Department of Transportation and other agencies to reclassify Ortega Highway (State Route 74) from a four-lane highway to a two-lane highway east of the future Foothill/Eastern Transportation Corridor (State Route 241). (This is a follow-up recommendation to address Recommendation "G" above).
- I. Authorize the Chief Executive Officer to negotiate and execute one or more interagency cooperative agreements or joint powers agreements for the technical studies to be conducted jointly with cooperating agencies. (This is a new recommendation further described in the staff report.)

**19. (Continued)**

- J. Direct staff to return with an updated State Route 91 Implementation Plan by June 30, 2006. (This is a new recommendation further described in the staff report.)
- K. Direct staff to return with an action plan for each of Recommendations A through I by March 31, 2006, after consultation with the State Route 91 Advisory Committee.

Director Pulido was not present for this vote.

**20. First Quarter Fiscal Year 2005-06 Bus Operations Monthly Performance Measurements Report**

Brian Champion, Manager, Operations, presented a PowerPoint on the accident data which had been requested by Committee and also provided highlights of the paratransit service during this quarter.

Director Monahan asked for the statistics on accidents relative to turn-outs, and Mr. Champion stated that information would be provided. Chairman Campbell requested that statistics on the preventable accidents could also be provided.

Jim Cook, Financial Analyst, Finance and Administration, provided an overview of revenues and financial performance during this first quarter.

Director Rosen requested further information on the problems with Ford vehicles and that the Authority work with other agencies to understand their experiences with these same vehicles.

No action was taken on this item – it was received as an information item.

**21. Health Benefits for Contractors' Employees**

Virginia Abadessa, Manager of Contracts Administration and Materials Management, provided background information on this issue and what work has taken place since it was last brought before the Board.

Director Wilson summarized what took place at Committee and the reason for Option 5 being suggested. At this time, a motion was made by Director Wilson, and seconded by Director Duvall, to accept Committee's recommendation of Option 5, to take no action to the current methodology that the Orange County Transportation Authority uses on contracts.

Director Dixon stated that it was important to remember that Workers' Compensation would cover injuries to contracted employees when performing work for OCTA.

**21. (Continued)**

Directors Wilson's and Duvall's motion was voted on and failed to pass by a majority.

Additional discussion followed between Members and ultimately, a motion was made by Chairman Campbell, seconded by Director Rosen, and declared passed 10-4, for Option 3 in the original staff report for staff to come back to the Board with an incentives system by which to encourage contractors to provide health benefits for their employees.

Directors Pulido and Pringle were not present for this vote.

**Orange County Transit District Regular Calendar Matters**

**22. Review of Request for Proposal for ACCESS, Contracted Fixed Route, Stationlink and Express Bus Service**

Chief Executive Officer (CEO), Arthur T. Leahy, provided opening comments and introduced Erin Rogers, Manager of Contract Transportation Services, who provided a PowerPoint presentation.

Director Winterbottom provided background information for the work that the Transit Planning and Operations Committee had performed in coming forward with their recommendation.

Chairman Campbell expressed concern regarding the 180-day cancellation clause. CEO, Arthur T. Leahy, explained what took place at Committee regarding this clause being added.

Director Green stated that she felt there should be incentives regarding a location which would be available for a long time, as may not be the case with the Irvine property should it be sold. CEO Mr. Leahy stated that if the Board established a significant incentive to use a proposer's own facility, and not offer an alternative location to be used, it would eliminate a great deal of competition and there may be, in fact, one proposer.

Discussion followed regarding the future of the Irvine property, and CEO Mr. Leahy reminded the Board that OCTA owns the Irvine property; it cannot be taken away, and OCTA has rights in regard to the future of this location.

Public comment was heard from:

Patricia Estrella, who offered comments regarding ACCESS service in relation to the three-quarter mile service area rule.

## **22. (Continued)**

Motion was made by Director Winterbottom, and seconded by Director Dixon, to follow the Committee recommendation: authorize staff to issue Request for Proposal for ACCESS and Contracted Fixed Route, Stationlink, and Express Bus Services and direct staff to proceed with a five-year contract term with a 180-day notice to quit.

Director Correa stated he felt a contingency or plan for a possible property change should be provided. Chairman Campbell inquired if the property is not viable, how OCTA would respond and what OCTA's long-term assessment on facilities to back-up operations would be.

Chairman Campbell stated that he would like staff to come back when the Request for Proposal is being released with status of property and information on fleet size.

A vote was taken, and the motion passed unanimously.

Directors Pulido, Silva, and Pringle were not present for this vote.

## **Other Matters**

### **23. Board Discussion of Statewide Policy Revision for High Occupancy Vehicle Lanes**

Paul Taylor, Executive Director of Planning, Development, and Commuter Services, provided a PowerPoint presentation on this item and informed Members that there will be a dialog established with Caltrans for discussions to potentially develop a policy on this issue. Mr. Taylor stated that High-Occupancy Vehicle (HOV) buffers offer opportunities for future high-occupancy toll operations.

A motion was made by Chairman Campbell, and seconded by Director Rosen, to request Caltrans to reconsider HOV rules so that they will better match what is in Northern California.

Director Rosen requested that a study be done on reversible lanes. Director Duvall emphasized the importance of complying with Measure M in looking at various aspects of the HOV regulations and requirements.

Chairman Campbell also requested that this information be forwarded to the Southern California Association of Governments, and Director Monahan requested that the entrance and exit points be looked at and included in the study.

CEO Mr. Leahy emphasized that Caltrans' support will be pivotal on this issue, and Board Members agreed.

Directors Pulido, Silva, and Pringle were not present for this vote.

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

Chief Executive Officer, Arthur T. Leahy, stated that December 27 marks the 10<sup>th</sup> anniversary of the 91 Express Lanes and that tolls will be 91 cents that day, except for a two-hour peak period from 4 to 6 p.m.

Mr. Leahy advised that the Buena Park groundbreaking for the Metrolink station will take place on December 14 at 2:30 p.m.

## **25. Directors' Reports**

Director Monahan asked that staff look at the licensing policy for tow trucks, as compared to the type of practice that is followed with the taxi licensing. He requested that this information be brought back through the Transit Planning and Operations Committee.

Director Monahan informed Members that the City of Costa Mesa sent a letter to CEO Mr. Leahy referencing concerns with the SARX studies, and learned that staff would be bringing this to the Board in January.

Director Wilson presented an unwrapped toy (large fire truck) to OCTA for the "Stuff a Bus" Christmas donation program.

Director Green stated that CEO Mr. Leahy gave a presentation to the Huntington Beach Economic Conference on Transportation and complimented Mr. Leahy on that presentation.

Director Green stated that she was at the American Public Works Association meeting, at which OCTA received an award for the Santa Ana Maintenance and Operations Center.

Director Ritschel stated that she went to Sacramento two weeks ago and met with Senator Tom McClintock to discuss the eminent domain legislation. She also met with Moira Topp, the Governor's Legislative Secretary, in regard to the Prop 42 full funding issue and the Administration's infrastructure bond.

Chairman Campbell reported that he and Director Duvall attended the Women in Transportation Seminar meeting where OCTA was awarded the Employer of the Year.

Chairman Campbell stated that the Foothill/Eastern Transportation Corridor Agency released its finalized Environmental Impact Report for consideration by the public and will be voted upon in January. The route selected takes the Foothill south from Oso Parkway all the way down to the County line between San Diego County and Orange County, goes onto some of the Camp Pendleton Base.

**25. (Continued)**

Chairman Campbell advised that due to the January 12 City Selection Committee's appointment of City Members on the OCTA Board, which is after the first OCTA Board meeting in January, he will recommend that the election for the Board Chair and Vice Chair will take place on January 23, 2006.

Chairman Campbell also raised the issue of Board Chairmanship rotation. He mentioned that in the past, it was informally one year Board of Supervisors, next year a representative of the cities. He suggested that since there now are twice as many City Members as Supervisors, the Board look at two years of cities and/or Public Members, and one year as Board of Supervisors.

**26. Public Comments**

At this time, the Chairman invited members of the public to address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors, but advised that no action could be taken on off-agenda items unless authorized by law. He stated that comments would be limited to three (3) minutes per speaker.

Public comments were heard from:

Patrick Kelly, Teamsters Local 952, commented on the importance of a Measure M extension agreement and the Maintenance contract currently under negotiations.

Darrell Nolta, resident of Westminster, commented on the Bristol Street widening, eminent domain, and opposing Compressed Natural Gas bus base refurbishments.

**27. Closed Session**

General Counsel, Kennard R. Smart, Jr., stated that a Closed Session would be held pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Marlene Heyser regarding collective bargaining agreement negotiations with: (a) the Transportation Communications Union (TCU) representing the parts and revenue clerks, and facility technicians, and (b) the Teamsters Local 952 representing the maintenance employees.

Mr. Smart indicated there would not be a report out from the Closed Session.

Vice Chairman Brown and Directors Correa, Pringle, Pulido, Silva, and Winterbottom did not attend the Closed Session.



**28. Adjournment**

The meeting was adjourned at 12:50 p.m. Chairman Campbell announced that the next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSSAAV Board would be held at **9:00 a.m. on January 9, 2006**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.

ATTEST

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Wendy Knowles  
Clerk of the Board

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Bill Campbell  
OCTA Chairman





BOARD COMMITTEE TRANSMITTAL

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles<sup>WK</sup>, Clerk of the Board  
**Subject** First Quarter Payroll Distribution Review

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Receive and file the First Quarter Payroll Distribution Review, Internal Audit Report No. 06-006.



*December 14, 2005*

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Office  
**Subject:** First Quarter Payroll Distribution Review

**Overview**

The Internal Audit Department has completed a payroll distribution review of the Central Communications Department. A response to the report was not required.

**Recommendation**

Receive and file the First Quarter Payroll Distribution Review, Internal Audit Report No. 06-006.

**Background**

The Internal Audit Department routinely conducts surprise payroll distribution reviews of different departments within the Orange County Transportation Authority. The payroll distribution reviews are performed to identify employees to whom payroll is distributed and to ensure payroll disbursements are properly authorized. These reviews do not involve testing other internal controls or procedural aspects of payroll activities.

**Discussion**

The Internal Audit Department conducted a payroll distribution review of the Central Communications Department for the pay period ended September 3, 2005. Identities were verified for each employee included on the payroll. Pay rates were agreed to the rates authorized in the employees' personnel files, while the hours paid were agreed to the employees' approved time sheets.

**Summary**

The Internal Audit Department conducted a surprise payroll distribution review of the Central Communications Department for the pay period ended September 3, 2005. The payroll was distributed to current employees at their authorized pay rates and for the hours approved on their timesheets.

**Attachment**

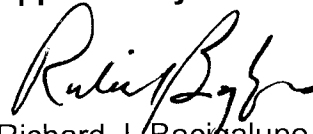
- A. First Quarter Payroll Distribution Review, Internal Audit Report No. 06-006

**Prepared by:**



Robert A. Duffy  
Manager, Internal Audit  
(714) 560-5669

**Approved by:**



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



INTEROFFICE MEMO

October 26, 2005

To: Bill Foster, General Manager  
Operations

Jim Kenan, Executive Director  
Finance, Administration & Human Resources

From: <sup>SN</sup> Serena Ng, Senior Internal Auditor  
Internal Audit

Subject: **First Quarter Payroll Distribution Review, Internal Audit Report  
No. 06-006**

***Conclusion***

**In Internal Audit's opinion**, the payroll distributed in the Central Communications Department for the pay period ended September 3, 2005, was made to current employees at their authorized pay rates and for the hours approved on their time sheets.

***Purpose and Scope***

Payroll distribution reviews are performed to identify employees to whom the payroll is distributed and to ensure payroll disbursements are properly authorized. The scope of the distribution review included:

- Verifying the employees' identity;
- Comparing the hours charged on approved time sheets to the hours paid;
- Agreeing the rates paid to the rates authorized in the employees' Human Resource files; and
- Confirming that the rates paid fell within the rate ranges authorized on the Orange County Transportation Authority (OCTA) Personnel & Salary Resolution, Fiscal Year 2006.

The distribution review did not involve testing other internal controls or procedural aspects of payroll activities.

## ***Background***

The Internal Audit Department routinely conducts surprise payroll distributions of different departments and groups within OCTA. For this review, the Central Communications Department was selected. As of the selected payroll period, there were 11 employees assigned to the Central Communications Department.

## ***Discussion***

On Friday, September 9, 2005, Internal Audit accompanied the Field Operations Office Specialist during the distribution of paychecks. Although the Field Operations Office Specialist distributed paychecks to different employees at the Garden Grove Operating Base, Internal Audit's testing was limited to the Central Communications Department. As the paychecks were distributed to the Central Communications Department, Internal Audit obtained the employees' signatures and identified them by their OCTA badge or driver's license. For employees not present that Friday due to different shifts, Internal Audit checked their identification and obtained their signatures subsequently.

The hours shown on the approved time sheet were compared to the hours charged on the employee's Time Record History Report from the Lawson payroll system. The personnel files were reviewed to determine if the employees were paid at authorized rates. Additionally, the rates paid were verified to fall within the range for the employees' corresponding salary grade classification as authorized in the OCTA Personnel & Salary Resolution, Fiscal Year 2006.

## ***Summary***

**In Internal Audit's opinion,** the paychecks distributed in the Central Communications Department for the pay period ended September 3, 2005, were made to current employees at their authorized pay rates and for the hours approved on their time sheets.

Audit performed by: Serena Ng, In-Charge Auditor

c: Richard Bacigalupo  
Ken Phipps  
Tom Wulf  
Dale Cole  
Mark Lucy  
Robert Duffy







BOARD COMMITTEE TRANSMITTAL

*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** Review of Investment Activities for April through June 2005

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Receive and file the Review of Investment Activities for April through June 2005 Internal Audit Report No. 06-008.



**December 14, 2005**

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer *MLL*  
**Subject:** Review of Investment Activities for April through June 2005

**Overview**

The Internal Audit Department has completed a review of investment activities for the period April 1, 2005, through June 30, 2005. The review indicated that investments were in compliance with the Orange County Transportation Authority's debt, investment and accounting objectives, and policies and procedures.

**Recommendation**

Receive and file the Review of Investment Activities for April through June 2005 Internal Audit Report No. 06-008.

**Background**

According to the Treasury/Public Finance's Debt and Investment Management Manual, Internal Audit is tasked with the responsibility of conducting performance reviews of the Orange County Transportation Authority's (Authority) debt and investment activities.

The Treasury Department is responsible for management of the Authority's investment portfolio. On June 30, 2005, the investment portfolio's book value approximated \$1.07 billion. The portfolio consists of two managed portfolios: liquid proceeds for the Authority's daily operations, and the short term for future budgeted expenditures. External investment managers administer the short-term portfolio, and the Treasurer manages the liquid proceeds portfolio. The Authority also has funds invested in debt service reserve funds for various outstanding debt obligations. The Authority's Accounting Department is responsible for the accounting and recording of all debt and investment transactions and the monthly reconciling of all bank accounts.

**Discussion**

The Authority's investment activities are reviewed on a quarterly basis. The objective of the reviews is to determine if the Authority is in compliance with the Authority's debt, investment and accounting objectives, and policies and procedures. The investment review for April through June 2005, indicated that the Authority's investments are in compliance.

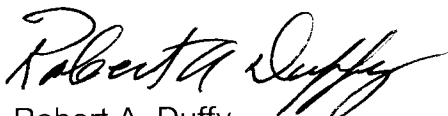
**Summary**

Based on the review, investments were in compliance with the Authority's debt, investment and accounting objectives, and policies and procedures.

**Attachment**

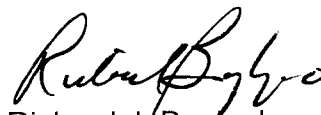
- A. Review of Investment Activities for April through June 2005 Internal Audit Report No. 06-008

**Prepared by:**



Robert A. Duffy  
Manager, Internal Audit  
(714) 560-5669

**Approved by:**



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



INTEROFFICE MEMO

October 26, 2005

To: Kirk Avila, Treasurer  
From: Serena Ng, Senior Internal Auditor<sup>SN</sup>  
Subject: **Review of Investment Activities for April through June 2005  
Internal Audit Report No. 06-008**

***Conclusion***

The Internal Audit Department has completed a review of investment activities for the period April 1, 2005, through June 30, 2005. In the opinion of the Internal Audit Department, it appears that both the Treasury/Public Finance and Accounting and Financial Reporting Departments are in compliance with the Orange County Transportation Authority's debt, investment and accounting objectives, policies and procedures.

***Background***

According to the Treasury/Public Finance's Debt and Investment Management Manual, Internal Audit is tasked with the responsibility of conducting performance reviews of the Orange County Transportation Authority's (Authority's) debt and investment activities.

The Treasury Department is responsible for management of the Authority's investment portfolio. On June 30, 2005, the investment portfolio's book value approximated \$1.07 billion. The portfolio consists of two managed portfolios: liquid proceeds for the Authority's daily operations, and the short term for future budgeted expenditures. External investment managers administer the short-term portfolio, and the Treasurer manages the liquid proceeds portfolio. The Authority also has funds invested in debt service reserve funds for various outstanding debt obligations. The Authority's Accounting Department is responsible for the accounting and recording of all debt and investment transactions and the monthly reconciling of all bank accounts.

### ***Purpose and Scope***

The objective of the audit was to determine if the Authority was in compliance with the Authority's debt, investment and accounting objectives, policies and procedures.

In conjunction with the objective, Internal Audit:

- assessed the adequacy of internal controls surrounding the Authority's investment activities;
- determined if the Authority was in compliance with the annual investment policy and government code;
- determined if investment activities were adequately supported;
- determined the propriety of investment manager and custodial bank transactions; and
- determined the appropriateness of debt service allocations on the Authority's debt issuances.

The scope of the review consisted of reviewing worksheets prepared by Accounting and Treasury, verifying investment transactions, and reviewing bank reconciliations, investment manager transactions, and custodial activities.

c: Rick Bacigalupo  
Jim Kenan  
Tom Wulf  
Vicki Austin  
Rodney Johnson





BOARD COMMITTEE TRANSMITTAL

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Orange County Transportation Authority's 2006 State Legislative Platform

Legislative and Government Affairs/Public Communications Committee December 15, 2005

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

**Committee Vote**

This item was passed by all Committee Members present.

The Committee requested that the section titled "Transportation Funding" contained in the Key Transportation Policy Issues in 2006 be deleted (as reflected in the revised Attachment A) and that the platform be presented to the full Board with this deletion.

**Committee Recommendations**

- A. Adopt the Orange County Transportation Authority 2006 State Legislative Platform. (Revised Attachment A)
- B. Direct staff to distribute the adopted platforms to legislators, advisory committees, local governments, affected outside agencies, the business community, and other interested parties.

**DRAFT**  
**Orange County Transportation Authority**  
**2006 State Legislative Platform**

**Key Transportation Policy Issues in 2006**

In addition to the fundamental principles, priorities, and goals that the Orange County Transportation Authority (OCTA) includes in its annual state legislative platform, there are a number of pressing transportation policy issues anticipated in the upcoming year. Among the expected transportation topics of importance are Proposition 42, public-private partnerships, design-build, and goods movement.

**Proposition 42**

Approved by nearly 70 percent of voters in March 2002, Proposition 42, requiring the transfer of the state sales tax on gasoline from the state General Fund to the Transportation Investment Fund (TIF), has gone largely unfunded.

Provisions contained in Proposition 42 allow the transfer of revenues from the General Fund to the TIF to be suspended in any given fiscal year if the Governor declares that the transfer would negatively impact general government programs. Two-thirds of both houses of the Legislature must also concur.

Since enactment of Proposition 42, state budgetary shortfalls have led to its partial suspension once, as well as a complete suspension. In total, \$2.1 billion or approximately 57 percent of the voter-approved Proposition 42 transportation funds have been retained in the General Fund and used for non-transportation purposes.

In 2006, OCTA's advocacy efforts in this regard will emphasize the following:

- c) Support legislative efforts to amend Proposition 42 to make sales tax on gasoline a guaranteed revenue source for transportation.
- d) Support the expedited repayment of all Proposition 42 loans.
- e) Oppose efforts to change the allocation of gasoline sales tax as approved by the voters with the passage of Proposition 42.

**Public-Private Partnerships**

As state transportation funding shortfalls continue to escalate, and the costs of building, maintaining, and expanding our infrastructure increases, strategies that emphasize innovative funding methods have grown in popularity. One strategy is the use of public-private partnerships.



Under this strategy, for example, the state of California is authorized to enter into agreements with private entities for the development, construction, and operation of transportation projects for a specified period of time. Such agreements have led to the development of toll lanes, such as the 91 Express Lanes in Orange County.

Past public-private partnership experiences have provided valuable lessons in the use of this concept and in 2006, OCTA's advocacy efforts in this regard will emphasize the following:

- a) Support the use of public-private partnerships that increase highway capacity without limiting the ability to improve public facilities.

### **Design-Build**

Historically, California has built public transportation projects using a process known as design-bid-build. This process utilizes separate entities for design and construction of a highway facility. Often times disagreements between entities involved in the project created massive delivery delays.

Public pressure to deliver high quality projects in an efficient and effective manner spurred many states to pass legislation authorizing the use of the design-build process. Unlike the traditional method, where all design aspects must be finished before construction bids can be solicited, design-build places design and construction responsibilities in the hands of one firm. By synchronizing the design and construction phases, a project can be completed much faster than under the conventional method.

Currently, OCTA is utilizing its design-build authority in constructing a transit way, or high occupancy vehicle lanes, on the Garden Grove Freeway (State Route 22). By using design-build the projected completion time of widening State Route 22 will be reduced between three to five years.

In 2006, OCTA's advocacy efforts focusing on design-build will emphasize the following:

- b) Support legislation authorizing the use of design-build for transportation infrastructure without limiting the type of funding that can be used on the projects.

### **Goods Movement**

The movement of goods to and from the Ports of Los Angeles and Long Beach (POLA/LB) has been a major contributor to traffic congestion on Orange County streets and roads as well as highways. Over one-third of the nation's waterborne freight travels through POLA/LB, making them the country's largest container ports. Approximately 57 percent of the freight coming through the ports is destined for other parts of the country.

This trade volume is expected to triple in the next 20 years. This industry supports one out of every seven jobs in the state, contributing more than \$200 billion per year to the state's economy, including more than \$16 billion in tax revenues to state and local

government. An estimated 225,000 manufacturing jobs are directly related to freight movement in Southern California.

The current financial benefits of this industry are not sufficient to fund the projects needed to offset the costs of moving these goods. The state and local infrastructure is unable to handle the movement without affecting the flow of other traffic. During the past legislative sessions, proposals to impose taxes and fees to fund needed infrastructure improvements have been considered. These proposals failed to gain consensus due to a variety of reasons including concerns about potential conflicts with federal law and international treaties.

In 2006, OCTA's advocacy efforts in this regard will emphasize the following:

- c) Pursue new sources of funding for goods movement infrastructure.
- d) Continue to work with local, regional, state, and federal entities, as well as with the private sector, to develop and implement needed infrastructure projects.
- e) Ensure that public control of goods movement infrastructure projects is retained at the local level.

## **I. STATE BUDGET**

As California enters its fifth year of consecutive budget deficits with an outstanding budget deficit of \$4.9 billion, the Orange County Transportation Authority (OCTA) remains concerned about the transportation funding instability in the state. It is estimated that since fiscal year (FY) 2001, approximately \$4.8 billion has been diverted away from transportation projects statewide.

Transportation account loans, transfers, and suspensions over the last five years have exacerbated the existing demand for transportation infrastructure investment in California. In fact, the California Transportation Commission (CTC), identified \$120 billion in unfunded rehabilitation needs for California's highways, local streets and roads, and public transit over the next decade.

Consequently, state transportation advocates will be alert to further erosion of state funding, as well as state attempts to shift their costs to local entities or to secure a larger state share of federal transportation funding. Key protective actions by OCTA will include:

- a) Oppose further loans from state highway and transit accounts to the state General Fund, deferral of existing loan repayment provisions, taking of "spill over" revenue from the Public Transportation Account, or relaxation of payback with interest provisions.
- b) Oppose unfunded mandates for transportation agencies and local governments in providing transportation improvements and services.

- c) Oppose cost shifts or changes in responsibility for projects funded by the state to the local transportation entities.
- d) Oppose allocation of OCTA's statutory portions of the state highway and transit funding programs for alternative purposes.
- e) Support the allocation of OCTA's STIP reserve.
- f) Oppose efforts to utilize any future statewide transportation funds to cover Bay Bridge cost overruns.

Key revenue enhancement and maintenance efforts by OCTA will include:

- g) Support legislation to treat the property tax of single-county transit districts the same as multi-county districts and correct other Educational Revenue Augmentation Fund (ERAF) inequities between like agencies.
- h) Seek additional funding for paratransit operations, including service for persons with disabilities and senior citizens.
- i) Support a Constitutional amendment to require the state to pay back with interest any funds loaned to it from the transportation accounts.
- j) Support the Constitutional protection of all transportation funding resources.

## **II. STATE/LOCAL FISCAL REFORMS AND ISSUES**

As California's budget challenges continue, attempts to address the state's structural deficiencies have led to various reform proposals. Over the last two years, Governor Arnold Schwarzenegger has proposed efforts that reexamine the state's efficiency, effectiveness, and its pressing debt issue. In 2004, the California Performance Review (CPR) was created to overhaul government inefficiency and duplication. To date, very few of the CPR findings and recommendations have been implemented.

Most recently, the Governor sought change in the budget process, teacher tenure, political contributions by public employee labor unions, and redistricting with his sponsorship of four initiatives on the November 2005 special election ballot. The voters defeated all of these initiatives.

Uncertainties of structural changes remain, and there is concern that local agencies will be impacted as the Legislature and Administration attempt to erase the budget deficit and repay loans. Therefore, OCTA will:

- a) Oppose efforts to reduce local prerogative over regional program funds.

- b) Oppose efforts to suspend fuel excise or sales taxes as relief to consumers from high fuel prices, unless an alternate funding source is provided.
- c) Oppose instituting regional gasoline sales taxes or user fees that would not be directly controlled by county transportation commissions.
- d) Oppose efforts to increase the one and one-half percent cap on administrative fees charged by the Board of Equalization on the collection of local sales taxes measures.
- e) Oppose legislative efforts to redirect Proposition 116 funds outside of the county/region approved by the voters upon passage of the initiative.
- f) Oppose efforts to transfer traditional federal funding sources from local agencies to the state and support equitable distribution of new federal funding programs in the state implementation legislation for the federal surface transportation act.
- g) Support legislation protecting or expanding local decision-making in programming expenditures of transportation funds.
- h) Support efforts to ease or simplify local matching requirements for state and federal grants and programs.
- i) Support the retention of existing local revenue sources, including VLF and property taxes.
- j) Support the Southern California Association of Governments on proposals to increase funding for large multi-county projects approved by the OCTA Board of Directors.
- k) Support legislation to protect the flexibility of federal aid highway funds by requiring state compliance with federal highway safety requirements.
- l) Support flexibility for obligating regional federal transportation funds through interim exchange instead of loss of the funds by the local agency.
- m) Investigate updating the formula used to sub-allocate gas tax between counties and cities.

### **III. STIP REFORM**

The STIP, substantially amended by SB 45, Kopp (Chapter 622, Statutes of 1997), is a programming document that establishes the funding priorities and project commitments for transportation capital improvements in California. The STIP is primarily funded from the State Highway Account.

SB 45 places decision-making closest to the problem by providing project selection for 75 percent of the funding in the Regional Transportation Improvement Program (RTIP). This funding is distributed to counties based on an allocation formula. The remaining 25 percent of the funds is programmed by the Caltrans in the Interregional Transportation Improvement Program (ITIP).

Key provisions to be sought by the OCTA include:

- a) Sponsor legislation to guarantee reimbursement of project costs advanced with local funds for projects approved by the CTC in the STIP.
- b) Co-sponsor legislation to provide a more stable base of funding used to calculate the amount of STIP funding that regional transportation planning agencies and county transportation commission can use for planning, programming, and monitoring purposes.
- c) Support legislation that maintains equitable "return to source" allocations of transportation tax revenues, such as updating north/south formula distribution of county shares and ITIP allocations.
- d) Support legislation to clarify that programming of county shares has priority over advancement of future county shares.
- e) Support maintaining the current STIP formula, which provides 75 percent of the STIP funding to the locally nominated RTIP and 25 percent to the ITIP Program.
- f) Support a formula based guaranteed disbursement of the ITIP.
- g) Support establishing a consistent four-year time period for all phases of the STIP funding cycle including programming, implementing, and auditing of local share funding.
- h) Support removing the barriers for funding transportation projects including allowing local agencies to advance projects with local funds when state funds are unavailable due to budgetary reasons, and allowing regions to pool federal, state, and local funds in order to limit lengthy amendment processes and streamline project delivery time.
- i) Support exemptions for SHOPP safety projects so that these projects can continue in the event the budget is not passed by the constitutional deadline.
- j) Support requiring TCRP projects that are advanced with non-TCRP funds be reimbursed from the TCRF before advancing other TCRP projects.
- k) Support legislation to involve county transportation commissions in development and prioritization of SHOPP projects.

#### **IV. TRANSIT PROGRAMS**

In the next two decades, Southern California's population, specifically Los Angeles, Ventura, Orange, San Bernardino, and Riverside counties, is projected to increase by 44 percent. Such population projections have spurred these counties to invest in transportation alternatives.

Los Angeles and San Diego counties, for example, have actively focused on transit improvements, such as Metrolink and light rail systems expansion, while Orange, Riverside, and San Bernardino counties have concentrated on expanding their bus and Metrolink train commuter services.

OCTA's efforts in providing reliable, safe, and efficient bus service recently earned the agency national acknowledgment. In 2005, OCTA was recognized by the American Public Transportation Association as the "Outstanding Public Transportation System of the Year."

As OCTA continues to promote multi-modal forms of transportation such as bus and rail services, it will also look to advocate for the following:

- a) Oppose unfunded transit mandates that may occur as part of California's Olmstead Plan.
- b) Support legislation to encourage the interoperability of smart card technology within California.
- c) Support legislation to limit the liability of transit districts for the location of bus stops (Bonanno v. Central Contra Costa Transit Authority).
- d) Support study of the policies, funding options, and need for rail/highway grade separations including any impact on existing state highway and transit funding sources.
- e) Support incentives to local entities for the development and siting of transit oriented development projects (i.e. an increased share of property taxes, extra credit towards housing element requirements).
- f) Support additional funding for paratransit operations, including service for persons with disabilities and senior citizens.
- g) Support legislation to update the California Vehicle Code with respect to technological advances in bus destination signs that provide effective communication to OCTA's customers, but prevent distraction to other motorists.

## V. ROADS AND HIGHWAYS

OCTA's commitment of providing mobility in Orange County is reflected through a dynamic involvement in innovative highway endeavors. In 2003, OCTA became, upon purchase of the 91 Express Lanes, a toll road operator. OCTA's ownership of the 91 Express Lanes has allowed for much needed safety improvements and increased mobility on this critical corridor between Riverside and Orange County.

Similarly, OCTA's commitment to improving mobility has also led to non-traditional project delivery methods. In 2004, OCTA began construction to widen the Garden Grove Freeway (State Route 22) utilizing an innovative design-build process. This \$495 million project is the first time this technique has been used on an operational highway in California and has made the State Route 22 project the premiere design-build project in the state.

By using this approach, in which the design and construction are done concurrently in one contract, OCTA estimates that three years can be saved from the original completion date.

In 2006, OCTA's advocacy efforts related to highways, streets, and roads will emphasize the following:

- a) Oppose changes to eminent domain laws that would otherwise inhibit construction of public transportation projects.
- b) Oppose efforts to create a conservancy that would affect the delivery of transportation projects under study or being implemented in the region.
- c) Support administrative policy change to lower the oversight fee charged by Caltrans to ensure that project support costs are equivalent whether the project is administered by Caltrans or a local agency.
- d) Support improvements in major trade gateways in California to facilitate the movement of intrastate, interstate, and international trade beneficial to the state's economy.
- e) Support streamlining of the Caltrans review process for projects, simplification of processes, and reduction of red tape, without compromising environmental safeguards.
- f) Explore viability of statutory authorization to manage construction projects on state highways similar to the authority vested in the Santa Clara Valley Transportation Authority.
- g) Support customer privacy rights while maintaining OCTA's ability to effectively communicate with customers and operate the 91 Express Lanes.
- h) Work with Caltrans to ensure design specifications for bridges are free from defect.

- i) Explore options with the state, the county, cities, and other local jurisdictions to ensure greater cooperation in the control of street signal coordination, prioritization, preemption, and use of transportation management systems.
- j) Explore opportunities with Caltrans to increase utilization of HOV lanes.

## **VI. RAIL PROGRAMS**

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. In 2005, Metrolink celebrated its 11<sup>th</sup> anniversary of operation in Orange County. Orange County is served by three routes: the Orange County (OC) Line, the Inland Empire-Orange County (IEOC) Line, and the 91 Line (Riverside-Fullerton-Los Angeles).

Currently, OCTA administers 68 miles of track that carry more than 3 million passengers per year. OCTA's Metrolink capital budget is funded through a combination of local, state, and federal funding sources.

In addition to Orange County Metrolink services, there is the possibility that two other rail systems could also travel through the county. While the status of the California High Speed Rail and the California-Nevada magnetic-levitation train is pending, it is uncertain whether funding for these rail systems could impact other transportation funding sources. Key advocacy efforts will emphasize the following:

- a) Co-sponsor, with the City of Anaheim, legislation that would extend the initial operating segment of the California High-Speed Rail System from the Los Angeles area to Anaheim.
- b) Support legislation that encourages mixed-use development around rail corridors.
- c) Support equitable distribution of bond revenue for feeder rail service.
- d) Support legislation that will aid in the development, approval, and construction of projects to expand goods movement capacity and reduce congestion.

## **VII. ADMINISTRATION/GENERAL**

General administrative issues arise every session that could impact OCTA's ability to operate efficiently. Key positions include:

- a) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively contract for goods and services, conduct business of the Authority, and limit or transfer the risk of liability.



- b) Support legislation that is aimed at controlling, diminishing, or eliminating unsolicited electronic messages that congest OCTA's computer systems and reduce productivity.

### **XIII. ENVIRONMENTAL POLICIES**

Changes in environmental laws can affect OCTA's ability to plan, develop, and build transit, rail, and highway projects. While OCTA has been a leading advocate for new cleaner transit technologies and the efficient use of transportation alternatives, it also remains alert to new, conflicting, or excessive environmental statute changes. Key positions include:

- a) Oppose efforts to grant special interest groups control or influence over CEQA process.
- b) Oppose expanded use of HOV lanes for purposes not related to congestion relief or air quality improvement.
- c) Oppose legislation that restricts road construction by superseding existing broad-based environmental review and mitigation processes.
- d) Support creative use of paths, roads, and abandoned rail lines using existing established rights of way to promote bike trails and pedestrian paths.
- e) Support incentives for development, testing, and purchase of clean fuel commercial vehicles.
- f) Support an income tax credit to employers for subsidizing employee transit passes.
- g) Support efforts to seek funding for retrofitting or re-powering heavy duty trucks and buses for cleaner engines to attain air quality standards.
- h) Support legislation to require AQMD to grant transit demonstration projects a temporary relief from having to initiate new services with alternative fuel vehicles. This allow greater flexibility to transit agencies to test new markets and/or services with the goal of expanding the transit market share.
- i) Support legislation to integrate state and federal environmental impact studies.

### **IX. EMPLOYMENT ISSUES**

As a public service employer and one of the largest employers in Orange County, OCTA balances its responsibility to the community and the taxpayers to provide safe, reliable, cost-effective service with its responsibility of being a reasonable, responsive employer. Key advocacy positions include:

- a) Oppose efforts to impose state labor laws on currently exempt public agencies.
- b) Oppose legislation that circumvents the collective bargaining process.
- c) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively deal with labor relations, employee rights, benefits, and working conditions, including health, safety, and ergonomic standards for the workplace.
- d) Support legislation that reforms the worker's compensation and unemployment insurance systems, and labor law requirements that maintain protection for employees and allow businesses to operate efficiently.
- e) Work closely with the County of Orange on legislation that is introduced that may affect membership in the Orange County Employees Retirement System.

## **X. TRANSPORTATION SECURITY**

With the recent increase and severity of terrorists attacks around the world on transit systems, greater emphasis is being placed on transportation security, as a tool in preventing similar attacks. As the County's bus provider and Metrolink partner, OCTA comprehends the importance of securing our transit network and protecting our customers. Presently, OCTA maintains a partnership with the Orange County Sheriffs Department to provide OCTA Transit Police Services to the bus and train system in Orange County.

Heightened security efforts, an active public safety awareness campaign, and greater surveillance efforts, all require additional financial resources. Consequently, in 2006, OCTA's advocacy position will highlight:

- a) Support state homeland security and emergency preparedness funding and grant programs to local transportation agencies to alleviate financial burden placed on local entities.



**December 15, 2005**

**To:** Legislative and Government Affairs/Public Communications Committee

**From:** Arthur T. Leahy, <sup>ATL/WK</sup> Chief Executive Officer

**Subject:** Orange County Transportation Authority 2006 State Legislative Platform

### **Overview**

Staff has revised, based upon input, the draft 2006 State Legislative Platform. The platform is submitted for consideration and adoption.

### **Recommendations**

- A. Adopt the Orange County Transportation Authority 2006 State Legislative Platform.
- B. Direct staff to distribute the adopted platforms to legislators, advisory committees, local governments, affected outside agencies, the business community, and other interested parties.

### **Background**

The Orange County Transportation Authority (OCTA) draft 2006 State Legislative Platform (State Platform) was reviewed and approved for further circulation by the Board on October 14, 2005. Staff has made revisions based upon input from the Legislative and Government Affairs/Public Communications Committee and comments from staff and interested parties.

### **Discussion**

The 2006 State Legislative Platform is included as Attachment A. The attachment responds to Board direction and contains the following modifications regarding comments and issues arising since Board review of the draft.

## 2006 State Legislative Platform Modifications and Highlights

### Transit Bus Route Destination Signs

A number of transit agencies in California have come under increased scrutiny by the California Highway Patrol (CHP) for alleged violations of the California Vehicle Code (CVC) related to color light emitting diode destination signs. Various CHP officers have issued citations related to the color, and photometric of the destination signs. The CHP has indicated that flashing and scrolling signs as well as the amber run number on the rear of the bus are not acceptable. Several transit agencies are working with the CHP to resolve these issues.

However, technology has changed drastically since the CVC addressed this issue in 1961. Therefore OCTA staff recommends adding the following to Section IV., Transit Programs, on page 10 of the Platform.

- g) Support legislation to update the California Vehicle Code with respect to technological advances in bus destination signs that provide effective communication to OCTA's customers, but prevent distractions to other motorists.

### Orange County Employees' Retirement System

Much discussion has taken place regarding the "unfunded liability" impacting the Orange County Employees' Retirement System (OCERS). Negative stock market results, actuarial reviews of recent demographics experience and changes to the benefits by the county and other employers (excluding OCTA) have dramatically increased the cost of the retirement benefit.

The County of Orange has been exploring alternatives to OCERS to provide employees a retirement benefit. Orange County employees constitute approximately 75 percent of the membership in OCERS. Therefore a change in retirement systems by the County of Orange would dramatically affect OCTA. Should the County decide to change retirement systems, legislation authorizing participation in a system other than OCERS would be required.

Staff recommends adding the following position to Section IX., Employment Issues, on page 13 of the platform.

- c) Work closely with the County of Orange on legislation that is introduced that may affect membership in the Orange County Employees' Retirement System.

**Amend Introductory Information Sections in 2006 State Legislative Platform**

Within the 2006 Draft State Legislative Platform there are introductory informational paragraphs that precede specific OCTA positions in particular subject areas. Such information is included to provide background into a subject and offer the latest actions that have taken place on the topic matter.

There are two introductory sections that have been revised, since last presented to the OCTA Board. First, the "Lost Value of the Gas Tax" section contained in the Key Transportation Policy Issues in 2006, located on page 1 of the State Platform, has been amended. This section now provides greater detailed information on the subject and presents added clarity on the matter.

Secondly, "State/Local Fiscal Reforms and Issues" (Section II), located on page 7 of the State Platform, has been revised. This section now reflects the outcome that transpired in the November 8, 2005, special election.


***Summary***

The Board of Directors is respectfully requested to approve the adoption and distribution of the Orange County Transportation Authority 2006 State Legislative Platform.

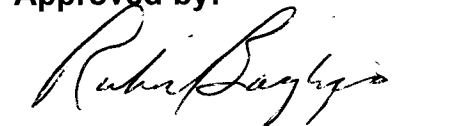
***Attachment***

- A. Orange County Transportation Authority 2006 State Legislative Platform

**Prepared by:**

  
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Government Relations  
Representative  
(714) 560-5393

**Approved by:**

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



BOARD COMMITTEE TRANSMITTAL



January 9, 2006

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** State Infrastructure Bond

This item will be considered by the Legislative and Government Affairs/Public Communications Committee on January 5, 2006. Following Committee consideration of this matter, staff will provide you with a summary of the discussion and action taken by the Committee.

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



*January 5, 2006*

**To:** Legislative and Government Affairs/Public Communications Committee

**From:** Arthur T. Leahy, Chief Executive Officer

**Subject:** State Infrastructure Bond

### **Overview**

The Administration and California Legislature are discussing various proposals to place an infrastructure bond on either the June or November 2006 ballot. Proposed principles are presented to advocate during negotiations of the bond proposals.

### **Recommendations**

- A. Ensure that any proposed statewide bond supports and complements local sales tax measures including Measure M renewal plans.
- B. Prevent Proposition 42 from being used as a revenue source to back the bonds.
- C. Support a formula-driven bond, rather than a project specific bond.
- D. If projects are incorporated into the bond, support goods movement and inter-county connection programs and adopt specified project listing that may be advocated for inclusion in the bond.
- E. Explore opportunities to include private funding options where appropriate.
- F. Support expedited project delivery by including process-streamlining measures such as design-build and National Environmental Policy Act review delegation.



***Background***

The Orange County Transportation Authority (OCTA) Board of Directors approved a project listing on May 23, 2005, following a discussion of various infrastructure bond proposals being debated in Sacramento at that time. The discussions have matured and changed since that time. The project listing should be updated to reflect current priorities.

***Discussion***

Last May, one of the proposals discussed with the Board was SB 1024 (Perata, D-Oakland). At that time, the bond was proposed at \$7.688 billion and contained elements to address toll bridge seismic retrofit projects, Proposition 42 loan repayments, levee improvements, goods movement, port security, environmental enhancements, and the Carl Moyer Air Quality Program.

SB 1024 has since been amended and increased to \$10.275 billion. It remains a general obligation bond to be repaid through general fund dollars. This proposal contains allocations for the following:

- \$1.5 billion – State Transportation Improvement Program (STIP)
- \$1 billion – Flood Control Account
- \$2.3 billion – Proposition 42 Loan Repayment
- \$2.5 billion – California Ports Infrastructure, Security and Air Quality Improvement Account
- \$100 million – Transportation Project Enhancement Mitigation Account
- \$425 million – Affordable Housing Incentive Program
- \$200 million – Flood Control Matching Account
- \$1 billion – California Rail Corridor Improvement Account
- \$275 million – Transit-Oriented Development Account

Following the November 8 special election, the Governor began discussing the Administration's plan to sponsor a major infrastructure bond. Initially, the Governor discussed a \$50 billion infrastructure bond. While the amount is still unknown, the Governor has been clear about not increasing taxes to pay for the bond. Administration staff has reported that the bond should include programmatic funding meeting the priorities of the Administration and the regions, increase efforts to construct projects more quickly using design-build, and provide for public/private partnerships.

The Assembly Democrats, through Speaker Fabian Nuñez (D-Los Angeles), have discussed releasing their own proposal that, in addition to transportation

infrastructure projects, is said to include funds for schools and affordable housing. The amount of the Speaker's bond proposal has not been released at this time, but his proposal is said to include a fee or tax component.

There are a number of elements that could impact OCTA and will need to be monitored closely. Primarily, the timing of the state bond is currently being discussed for June or November of 2006, with November being the more likely of the two. This could negatively impact Measure M renewal, also proposed to be on the November 2006 ballot. Clearly, OCTA's primary interest is in Measure M's renewal and support for any state bond would have to rest on its relative impact on Measure M. There are also 12 other counties with similar measures scheduled for the same time who likely share the same concerns.

Second, in light of its timing with Measure M, the infrastructure state bond should not be secured with an increase in the state sales tax rate. The Metropolitan Transportation Commission (MTC) has recommended using Proposition 42 as a source to back a revenue bond. The MTC believes that this would be a way to ensure that Proposition 42 flows to transportation. Using Proposition 42 would not provide any new funds, and could dramatically affect the distribution of this revenue source.

Third, the bond should primarily be designed to be formula-based, rather than project specific. When the Traffic Congestion Relief Program was approved by the Legislature in 2000, Orange County would have received nearly \$100 million more if the funds were distributed by STIP formula rather than dedicated to 141 projects.

Fourth, if the bond does include specific projects, it is recommended that these projects address goods movement and inter-county connection programs, and include Orange County's priority projects. Attachment A updates the OCTA Board of Directors approved list of projects adopted on May 23, 2005. This list may include the state's share of funding for projects included in the Measure M Renewal Expenditure Plan.

Recommendations E and F (below) were added as a result of the December 15, 2005 Legislative and Government Affairs/Public Communications Committee meeting.

#### Alternative Funding Mechanisms

Due to the lack of stable, consistent and sufficient funding for transportation infrastructure in California, a recommendation is included to support user fees as a revenue source for certain types of projects. This could include

private/public partnerships such as toll roads, dedicated truck lanes, container fees, and other user fees. The inclusion of these alternative funding sources allows the state to leverage public investments to a greater degree and provide the public with an even larger number of infrastructure improvements than would otherwise be possible.

OCTA staff recommends the addition of the following statement to the infrastructure bond principles:

- E. Explore opportunities to include private funding options where appropriate.

#### **Project Streamlining**

In order to most effectively deliver projects following an influx of state funds of this nature, project streamlining mechanisms such as design-build and the delegation of National Environmental Policy Act (NEPA) review authority to the California Department of Transportation (Caltrans) should be included in the bond language. The inclusion of these items will demonstrate the state's commitment to deliver bond projects to the voters as quickly as possible.

OCTA staff recommends the addition of the following statement to the infrastructure bond principles:

- F. Expedite project delivery by including process-streamlining measures such as design-build and NEPA review delegation.

As the various bond proposals mature, staff will update the Board of Directors.

#### **Summary**

As negotiations continue on the amount, type, and funding source for a major infrastructure bond in California, the Board is requested to adopt these general principles and project list to guide discussions as they progress.

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**Attachment**

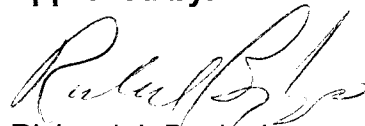
A. Potential Projects for Statewide Infrastructure Bond

**Prepared by:**



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**Approved by:**



Richard J. Bacigalupo  
Deputy Chief Executive Officer  
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**Potential Projects for Statewide Infrastructure Bond**

<i>Project</i>	<i>Estimated Cost (millions)</i>
<b>State-Local Partnership Program</b>	
State matching funds for local sales tax funded projects on State Highway System	\$ 500
<b>Inter-Regional Projects</b>	
<b>Orange-Los Angeles Corridor</b>	
Build carpool connectors between I-405 / SR-22 / I-605 and add lanes	\$ 300
Add lanes to I-5 between SR-91 and I-605	\$ 300
Capital improvements in Metrolink Corridors to permit more frequent passenger rail service between Los Angeles, Riverside and Orange County	\$ 500
Build Regional Intermodal Transportation Centers to connect rail services with High Speed Rail systems	\$ 227
<b>Orange-Riverside Corridor</b>	
Funding needed to augment Orange and Riverside County plans to improve SR-91 between SR-55 and I-15	\$ 1,350
Make operational improves along the SR-74 inter-regional corridor	\$ 180
<b>Goods Movement</b>	
Separate freight rail tracks from high traffic streets along Orangethorpe / Freight Railroad Corridor	\$ 318
Build Truck Climbing Lane on SR 57	\$ 100
<b>Other Projects</b>	
Upgrade Transit Fleet and Infrastructure to Clean Fuel Systems	\$ 36
Widen Bristol Street Corridor (match to local funding)	\$ 100
<b>Total</b>	<b>\$ 3,911</b>





BOARD COMMITTEE TRANSMITTAL

*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Performance Evaluation of Sloat Higgins Jensen Associates

Legislative and Government Affairs/Public Communications Committee December 15, 2005

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

***Committee Vote***

This item was passed by all Committee Members present.

Director Brown was not present for this vote.

***Committee Recommendation***

Receive staff's evaluation as an information item and provide any additional comments.



**December 15, 2005**

**To:** Legislative and Government Affairs/Public Communications Committee

**From:** Arthur T. Leahy, Chief Executive Officer

**Subject:** Performance Evaluation of Sacramento Legislative Advocate, Sloat Higgins Jensen & Associates

**Overview**

Sloat Higgins Jensen & Associates provide legislative advocacy services in Sacramento. A staff evaluation of the services provided during the past 12 months is presented to the Board of Directors for consideration and further comment.

**Recommendation**

Receive staff's evaluation as an information item and provide any additional comments.

**Background**

The Orange County Transportation Authority (OCTA) and a predecessor agency retained the same Sacramento advocate for 20 years. In 2002, the Board of Directors instructed staff to solicit Requests for Proposals for state legislative advocacy and consulting services.

Upon recommendation by the Legislative and Government Affairs Committee, the Board of Directors on November 15, 2002, awarded an agreement for state legislative advocacy services to Sloat Higgins Jensen & Associates (SHJA). The initial term of the agreement began on December 1, 2002, and extended to November 30, 2004. The agreement included two two-year option terms coinciding with the California Legislature's 2005-2006 and 2007-2008 legislative sessions.

The Board of Directors took action to exercise the first two-year option term on September 13, 2004.



***Discussion***

Annually, staff evaluates the services provided by the Sacramento legislative advocate with respect to major issues addressed and general services provided. Staff's evaluation of the services provided by SHJA is included in Attachment A. The major issues and general services provided by SHJA have been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Staff has rated SHJA's efforts overall as very good based on responsiveness, advancing OCTA's positions and policies, and assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions. Staff has rated SHJA's outcomes overall as very good based on the outcomes of the issues discussed.

To assist the Board of Directors in fully evaluating Sloat Higgins Jensen & Associates, the legislative advocate's Scope of Work is included as Attachment B. While the current contract does not expire until November 30, 2006, the agreement provides for termination at any time upon written notice. The Board of Directors' evaluation will be used by staff to bring forward a recommendation next year to either exercise the second two-year option term or issue a request for proposals for legislative services.

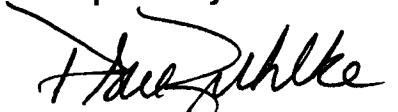
***Summary***

An evaluation of the services performed by Sloat Higgins Jensen & Associates is presented to the Board for information and further comment.

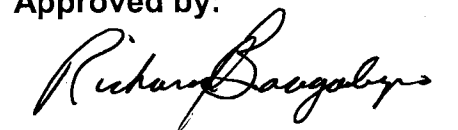
***Attachments***

- A. Staff Evaluation of Services Provided by Sloat Higgins Jensen & Associates
- B. Sacramento Legislative Advocacy and Consulting Services, Scope of Work

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**Approved by:**

  
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**Staff Evaluation of Services Provided by  
Sloat Higgins Jensen & Associates**

The following narrative provides specific information with respect to major issues addressed by Sloat Higgins Jensen & Associates (SHJA) and general services provided. Each issue has been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

**Disability Access Review by the Department of Transportation**

*Effort: Excellent; Outcome: Excellent*

The Orange County Transportation Authority (OCTA) sponsored AB 462 (Tran, R-Costa Mesa) which would allow the Department of Transportation (Caltrans) to review and approve plans for disability access on state highways. For 34 years, Caltrans performed these reviews; however, in 2004, the State Architect reported that it would be assuming these duties since no statutory authority existed to delegate this review to Caltrans. This additional review by the State Architect for each ramp and overpass on the Garden Grove freeway (State Route 22) could have resulted in costly delays.

Throughout the 2005 session, SHJA lobbied members of the Assembly and Senate to pass this legislation although strongly opposed by some very vocal disability advocacy groups. SHJA worked closely with OCTA staff, Caltrans, and bill opponents to craft amendments to remove opposition. Ultimately, SHJA convinced the bill's strongest voice of opposition in the Senate, Senator Shelia Kuehl, to testify in support of the bill on the Senate Floor. This bill was signed into law by the Governor as an urgency statute eliminating any unnecessary delays to the widening of State Route 22 (SR-22) that would have otherwise been caused by the duplicative review by the State Architect.

**Reimbursement of Local Funds Expended on STIP Projects**

*Effort: Excellent; Outcome: Good*

OCTA also sponsored AB 267 (Daucher, R-Brea) which would allow local agencies to be reimbursed for local expenditures advanced on projects programmed in the STIP. Under existing practices, a local agency can only be reimbursed for expenditures in the 12 months prior to an allocation by the California Transportation Commission (CTC). AB 267 would allow that reimbursement to occur at any time if certain conditions are met. Initially, the bill was strongly opposed by CTC staff. SHJA worked Commissioner Bergeson and CTC staff to assist in drafting amendments in order for the CTC to remain neutral on the bill. Although SHJA was able to get the bill moved from the Assembly Appropriations Committee suspense file, the bill remained on the Senate Appropriations suspension file at the end of this year's session.

## **Extension of Initial Segment of High Speed Rail to Anaheim**

*Effort: Very Good; Outcome: Fair*

OCTA's third sponsor bill for 2005, AB 1173 (Tran, R-Costa Mesa), would extend the initial operating segment of the California high-speed train from Los Angeles to Anaheim. Although Committee consultants did not hold much hope for this bill to pass out of the Assembly Transportation Committee, SHJA and OCTA staff lobbied committee members and the bill passed with a 7-0 vote. Unfortunately, the bill was held on the Assembly Appropriations Committee suspense file.

## **Bay Bridge Cost Overruns**

*Effort: Excellent; Outcome: Excellent*

Bay Bridge cost overrun discussions consumed the Governor and Legislature the first half of the 2005 session. Due to the close relationships that SHJA has with key Administration staff, OCTA's position on this issue was well represented in all discussions. Ultimately, the final deal limited the amount of state funding that would be spent on the cost overruns and requires that any additional revenue that may be needed be paid for by tolls collected on the Bay Area toll bridges.

During the final hours of state budget and Bay Bridge cost overrun negotiations, the Los Angeles County Metropolitan Transportation Authority (MTA) got language amended into a bill that would have resulted in a preference to reimburse agencies that had letters of no prejudice for local funds expended on Traffic Congestion Relief Program (TCRP) projects. Essentially, nearly all of the TCRP funds that would be available from Proposition 42 would have been allocated to MTA for reimbursement of letters of no prejudice. Fortunately, SHJA worked closely with the Administration, the Orange County delegation, and OCTA staff to ensure that modifications to existing TCRP guidelines would not go into effect until fiscal year 2006-2007. This action allowed OCTA to receive an allocation of \$123.7 million for widening SR-22.

## **State Budget Issues Affecting Transportation**

*Effort: Excellent; Outcome: Very Good*

The Governor's January budget proposal for fiscal year 2005-2006 proposed suspending Proposition 42. SHJA, transportation advocates, stakeholders, agencies, and business groups formed a coalition to ensure full funding of Proposition 42. Proposition 42 was fully funded for its first time. Although Proposition 42 was fully funded, the state retained approximately \$380 million in "spillover" revenue that would have otherwise gone to the Public Transportation Account.

## **Gubernatorial Appointments Supported by OCTA**

*Effort: Excellent; Outcome: Very Good*

SHJA worked closely with the Administration to secure the appointment of Marian Bergeson to the CTC. Additionally, SHJA successfully lobbied members of the Senate to support the confirmations of Marian Bergeson as CTC Commissioner and Will Kempton as Director of Caltrans. SHJA continues to lobby for the appointment of Art Brown to the California High-Speed Rail Authority Board.

## **Outstanding Issues**

*Effort: Very Good; Outcome: Pending*

SHJA continues to advocate the position of OCTA on a number of bills still pending before the Legislature. These bills include issues such as design-build, protection of Proposition 42 funding, and other matters related to transportation funding. Additionally, SHJA is actively participating in the discussions and representing OCTA's interests in the various versions of an infrastructure bond.

## **General Services**

*Effort: Very Good; Outcome: Very Good*

SHJA has regularly scheduled meetings with legislators, committee consultants, Administration staff, and staff of various state departments, boards, and commission to discuss issues of importance to OCTA. Administration staff has relied on SHJA to discuss and provide recommendations on a number of issues including the cost overruns of the Bay Bridge, transportation funding, and an infrastructure bond.

SHJA has been responsive to requests by OCTA staff, provided timely information and reports, and provided testimony in legislative committees that accurately reflect Board positions on legislation and policy issues.

SHJA's efforts overall are rated as very good based on responsiveness, time dedicated to advocating for and advancing OCTA's positions and policies, timeliness of information, assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions, and availability. SHJA's outcomes overall are rated as very good based on the outcomes of the issues discussed.

**Sacramento Legislative Advocacy and Consulting Services  
Scope of Work**

**Reporting Relationship**

The Director of Government Relations and/or his/her designee will be the key contact and will direct the work of the CONSULTANT.

**Role of the CONSULTANT**

Under the direction of the Director of Government Relations and/or his/her designee, the CONSULTANT shall be responsible for implementing the objectives described below.

**Objectives**

**Objective 1:** Maintain regular contact with the Governor's office; members of the Legislature and committee staff; and state departments, agencies, boards, commissions, committees, and staff to determine impending changes in laws, regulations, and funding priorities that relate to the OCTA.

- Meet with members of the Governor's office and Legislature to discuss policy issues affecting OCTA.
- Attend meetings of the California Transportation Commission and report issues that could affect programming of OCTA projects.
- Attend meetings of the Board of Equalization and report issues that could affect funding.
- Participate in transportation related meetings with various state departments, including, but not limited to, the Department of Finance; Business, Transportation, and Housing; Department of Transportation; California Highway Patrol; Environmental Protection Agency; and Air Resources Board.

**Objective 1 Deliverable:**

1. Electronic reports of issues that could affect OCTA projects or funding.

**Objective 2:** Notify OCTA of anticipated, newly introduced, or amended state legislation and proposed regulations which could impact OCTA.

- Provide bill number and brief summary of introduced or amended state legislation via e-mail.
- Provide hard copies of legislation and committee analyses.
- Provide information relative to legislative hearings.

- Advise OCTA of proposed transportation, environmental, employment, and safety related legislation and regulations which could impact OCTA and provide copies as requested.

**Objective 2 Deliverables:**

1. Copies of legislation, committee analyses, and proposed regulations.
2. Electronic notification of introduced bills and amendments, with summaries.
3. Notification of legislative hearings.

**Objective 3:** Advocate OCTA's legislative program and positions on legislation, proposed regulations, and funding and transportation programming priorities as adopted by the Board of Directors.

- Participate in the preparation of OCTA's legislative program by informing staff of upcoming legislative proposals, budget forecasts, and potential policy issues.
- Assist in securing authors and drafting language for sponsor bills.
- Assist in drafting amendments to legislation and regulations.
- Testify on behalf of OCTA on Board adopted positions on legislation at committee and floor hearings, as appropriate.
- Provide copies of all written correspondence, testimony, and position papers given on behalf of OCTA.
- Schedule meetings with legislators, Governor's office, and state departments for OCTA Directors and staff to advocate legislative and funding priorities.
- Participate in transit and transportation lobbying coalitions.
- Analyze and prepare advice on the proposed state budget as it relates to transportation, including, but not limited to, identifying decreases/increases in existing programs, new funding sources, and strategies to enhance transportation funding for OCTA.

**Objective 3 Deliverables:**

1. Copies of all written correspondence, testimony, and position papers given on behalf of OCTA.
2. Schedule of meetings with legislators, Governor, and administration.
3. Budget analyses.

**Objective 4:** Provide written and oral reports.

- While the Legislature is in session, prepare monthly written reports highlighting transportation and related developments in Sacramento of importance to OCTA.
- Submit an annual written report of advocacy activities and accomplishments.

- Six times per year, present an oral report to the Board of Directors during a regular meeting.
- Once per month, participate via telephone in the Legislative and Government Affairs Committee meeting or other designated committee of the Board of Directors.
- Maintain close contact with the Manager of Government Relations on issue of importance.
- Provide electronic updates via e-mail to designated recipients on meetings of the Legislature, transportation issues of importance, press releases, and other issues of importance to OCTA.

**Objective 4 Deliverables:**

1. Monthly written reports highlighting transportation and related developments in Sacramento.
2. Annual written report of advocacy activities and accomplishments.
3. Six oral presentations to the Board of Directors.
4. Monthly conference calls with the Legislative and Government Affairs Committee or other designated committee.
5. Electronic updates on issues of importance.

**Objective 5: Maintain Sacramento office.**

- Maintain an office in Sacramento, convenient to the State Capitol.
- Provide briefings at office prior to meetings at the Capitol.
- Have available an office for use by Board members and staff while performing OCTA business in Sacramento.

**Objective 5 Deliverable:**

1. Office in Sacramento.

**Objective 6: Provide monthly invoices of services provide.**

- Provide a written summary of meetings attended on behalf of OCTA.
- Provide a list of issues advocated during the month and status.
- Indicate number of hours dedicated to OCTA advocacy.

**Objective 6 Deliverable:**

1. Monthly invoice that includes a written summary of meetings attended on behalf of OCTA, list and status of issues advocated during the month, and number of hours dedicated to OCTA advocacy.







BOARD COMMITTEE TRANSMITTAL

*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>WV</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Design-Build Legislation

Legislative and Government Affairs/Public Communications Committee December 15, 2005

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

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Adopt an Oppose position on SB 1026 (Kuehl, D-Santa Monica) and instruct staff to work with the Los Angeles County Metropolitan Transportation Authority and other interested parties to support a bill providing broader design-build authority in 2006.



**December 15, 2005**

**To:** Legislative and Government Affairs/Public Communications Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Design-Build Legislation

### **Overview**

The Los Angeles County Metropolitan Transportation Authority has introduced legislation that would specifically extend the use of design-build to one proposed project, rather than grant that authority to multiple projects statewide.

### **Recommendation**

Adopt an Oppose position on SB 1026 (Kuehl, D-Santa Monica) and instruct staff to work with the Los Angeles County Metropolitan Transportation Authority and other interested parties to support a bill providing broader design-build authority in 2006.

### **Discussion**

#### **Newly Analyzed State Legislation**

On August 10, 2005, the federal transportation reauthorization bill, known as the Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), was signed by President George W. Bush, providing total guaranteed transportation funding of \$286.5 billion from fiscal year (FY) 2005-2009.

With the sponsorship of U.S. Congressman Howard Berman (D-Van Nuys), \$130 million was earmarked in the bill to construct a 10 mile carpool lane on the northbound San Diego Freeway (I-405) from the Santa Monica Freeway (I-10) to the Ventura Freeway (I-101). It is estimated that the total project cost will be between \$500 million and \$750 million. The southbound side of the I-405 already has a carpool lane. In order to receive the earmark, the funds must be encumbered by issuing a construction contract by September 30, 2009.

The California Department of Transportation (Caltrans) estimates that without the authorization to use the design-build contracting method for the design and construction of the I-405 carpool lane, it will not meet the FY 2009 federal deadline for encumbering funds.

SB 1026 provides the authorization needed to construct the I-405 high occupancy vehicle (HOV) lane using design-build procurement. The authority to utilize design-build on this project would expire in January 2010. SB 1026 also specifies that Los Angeles County Metropolitan Transportation Authority (MTA) will implement a labor compliance program and submit a report to the Assembly and the Senate including a description of the project, estimated and actual costs, three years after the contract is awarded.

Despite passing in the Assembly on September 8, 2005, SB 1026 was not heard on the Senate floor, since the Senate had adjourned for the year. The bill now needs concurrence from the Senate before it can be sent to the Governor. It is expected that this can occur as early as mid-January.

#### Effects on Orange County

Currently, the Orange County Transportation Authority (OCTA) is authorized to use the design-build process for construction of facilities on real property owned or to be owned by OCTA, and for the delivery of transit systems. OCTA has selected the use of the design-build method for constructing a transit way, or HOV lanes, on the Garden Grove Freeway (State Route 22) and has complied with all applicable sections of the Public Contracts Code, including the prequalification of contractors. It is through the use of design-build that OCTA has managed to reduce the projected completion time of State Route 22 by three to five years.

During the drafting of the September 8 amendments, the MTA and the author were encouraged to include an unidentified but specified number of projects eligible to use the design-build procurement method. Both parties rejected this suggestion. We have heard that if the Professional Engineers in California Government stays neutral on SB 1026, they have been told that passage of broader design-build authority would be unlikely.

Because this bill has been sent to the Senate for concurrence, it cannot be amended. Therefore, staff recommends that the Board of Directors oppose SB 1026 and instruct staff to work with the MTA and other interested parties to support a bill providing broader authority in 2006.

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**Summary**

Since SB 1026 awaits concurrence in the Senate, it cannot be amended. Consequently, staff would recommend that the Board of Directors oppose SB 1026 and instruct staff to work with the MTA and other stakeholders to support a bill providing broader design-build authority in 2006.

**Attachment**

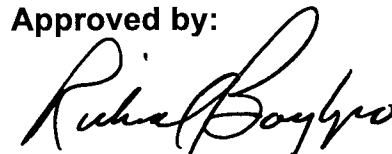
- A. SB 1026 (Kuehl, D-Santa Monica)

**Prepared by:**



Alejandro Esparza  
Government Relations  
Representative  
(714) 560-5393

**Approved by:**



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

AMENDED IN ASSEMBLY SEPTEMBER 8, 2005

AMENDED IN ASSEMBLY SEPTEMBER 7, 2005

AMENDED IN ASSEMBLY AUGUST 25, 2005

AMENDED IN ASSEMBLY AUGUST 22, 2005

**SENATE BILL**

**No. 1026**

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**Introduced by Senator Kehoe Kuehl**

(Principal coauthors: Assembly Members Mullin and Salinas)

**(Coauthor: Senator Alquist)**

(Coauthor: Assembly Member Lieber Coauthors: Assembly Members  
Pavley and Levine)

February 22, 2005

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~~An act to add and repeal Section 1240.060 of the Code of Civil Procedure, relating to eminent domain.~~ *An act to add and repeal Article 6.9 (commencing with Section 20209.20) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code, relating to public contracts.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1026, as amended, ~~Kehoe Kuehl. Eminent domain.~~ *Highway construction contracts: design-build projects.*

*Existing law makes the Department of Transportation responsible for improving and maintaining the state highway system. Under existing law, until January 1, 2010, the department is authorized to utilize design sequencing as an alternative contracting method for the design and construction of not more than 12 transportation projects.*

*This bill would authorize the Los Angeles County Metropolitan Transportation Authority, until January 1, 2010, in consultation with the department, to use a specified design-build procurement process*

*for the construction of a high-occupancy vehicle lane in the County of Los Angeles designated in the National Corridor Infrastructure Improvement Program, the federal "Safe, Accountable, Flexible, Efficient Transportation Equity Act," if certain conditions are satisfied.*

*This bill would require design-build entity bidders to provide certain information in a questionnaire submitted to the authority that is verified under oath. Because a verification under oath is made under penalty of perjury, the bill would create a new crime and impose a state-mandated local program. After a contract is awarded, the bill would require the authority to report to a specified committee of the Legislature regarding implementation of the design-build process.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

~~Existing law authorizes public entities to seize private property under the power of eminent domain.~~

~~This bill would prohibit, until January 1, 2008, a community redevelopment agency, or any community development commission or joint powers agency that has the powers of a community redevelopment agency, from exercising, threatening, or implying the use of the power of eminent domain to acquire owner-occupied residential real property, as defined, from which the owner would be displaced if ownership of the property will be transferred to a private party or private entity.~~

~~The bill would also require the California Research Bureau of the State Library to submit two reports to the Legislature, on or before January 1, 2007, and January 1, 2008, regarding the exercise of the power of eminent domain in connection with residential property and commercial property, as specified. The bill would also direct the California Law Revision Commission to study the appraisal and valuation process in eminent domain proceedings with respect to fairness of compensation and the role of legal counsel for the condemnee, and to report to the Legislature on this study on or before January 1, 2008.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~yes.

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

1     SECTION 1. Article 6.9 (commencing with Section 20209.20)  
2     is added to Chapter 1 of Part 3 of Division 2 of the Public  
3     Contract Code, to read:

4

5             Article 6.9. Transportation Design-Build Contracts

6

7     20209.20. The Legislature finds and declares all of the  
8     following:

9     This project is subject to the existing process under the state  
10    transportation improvement program (Chapter 2 (commencing  
11    with Section 14520) of Part 5.3 of Division 3 of the Government  
12    Code) or the traffic congestion relief program (Chapter 4.5  
13    (commencing with Section 14556) of Part 5.3 of Division 3 of the  
14    Government Code), as applicable, for planning, programming,  
15    environmental clearance, and funding. The project must comply  
16    with all existing requirements under the state transportation  
17    improvement program or the traffic congestion relief program,  
18    as applicable, for project development and funding. This article  
19    shall not confer any type of competitive advantage upon the  
20    project in this article, relative to other projects subject to the  
21    state transportation improvement program, during other phases  
22    of project development.

23    20209.22. For the purposes of this article, the following  
24    definitions apply:

25    (a) "Authority" means the Los Angeles County Metropolitan  
26    Transportation Authority.

27    (b) "Department" means the Department of Transportation.

28    (c) "Design-build" means a procurement process in which  
29    both the design and construction of a project are procured from  
30    a single entity.

31    (d) "Design-build entity" means a partnership, corporation,  
32    or other legal entity that is able to provide appropriately licensed  
33    contracting, architectural, and engineering services as needed  
34    pursuant to a design-build contract.

1 (e) “Project” means the construction of a high-occupancy  
2 vehicle lane in the County of Los Angeles designated in the  
3 National Corridor Infrastructure Improvement Program as  
4 established in Section 1302 of HR 3, the federal “Safe,  
5 Accountable, Flexible, Efficient Transportation Equity Act: A  
6 legacy for users,” signed into law by the President on August 10,  
7 2005.

8 20209.23. The authority may utilize the design-build  
9 procurement method for the construction of a high occupancy  
10 vehicle lane in the County of Los Angeles designated in the  
11 National Corridor Infrastructure Improvement Program as  
12 established in Section 1302 of HR 3, the federal “Safe,  
13 Accountable, Flexible, Efficient Transportation Equity Act: A  
14 legacy for users,” signed into law by the President on August 10,  
15 2005.

16 20209.24. The authority shall implement a labor compliance  
17 program as described in Section 1771.5 of the Labor Code, or it  
18 shall contract with a third party to implement on the authority’s  
19 behalf a labor compliance program subject to that statute. This  
20 requirement does not apply to any project where the authority or  
21 the design-build entity has entered into any collective bargaining  
22 agreement or agreements that bind all of the contractors  
23 performing work on the projects.

24 20209.26. Bidding for the project shall progress as follows:

25 (a) (1) The authority, with the approval of the department,  
26 shall prepare or cause to be prepared, a set of documents setting  
27 forth the scope of the project, as set forth in this subdivision.

28 (2) The department shall prepare documents that may include,  
29 but need not be limited to, the size, type, and desired design  
30 character of the project, performance specifications covering the  
31 quality of materials, equipment, and workmanship, preliminary  
32 plans, and any other information deemed necessary to describe  
33 adequately the authority’s needs. The performance specifications  
34 and any plans, preliminary engineering, environmental  
35 documents, prebid services, and project reports shall be  
36 performed by employees of the department. The preliminary  
37 engineering and project reports shall be performed by  
38 professional engineers employed by the department.

39 (b) Based on the documents prepared under subdivision (a),  
40 the authority shall prepare a request for qualifications that



1 invites interested parties to submit qualifications in the manner  
2 prescribed by the authority. The request for qualifications shall  
3 include, but need not be limited to, the following elements:

4 (1) Identification of the basic scope and needs of the project or  
5 contract, the expected cost range, the methodology that will be  
6 used by the authority to evaluate qualifications, the process for  
7 selecting from among prequalified parties the lowest responsible  
8 bidder, and any other information deemed necessary by the  
9 authority to inform interested parties of the contracting  
10 opportunity.

11 (2) Significant factors that the authority shall consider in  
12 evaluating qualifications, including cost or price lifecycle costs  
13 over 15 years or more, technical design and construction  
14 expertise, skilled labor force availability, and all other nonprice  
15 related factors. As used in this paragraph, "skilled labor force  
16 availability" shall be determined by the existence of an  
17 agreement with a registered apprenticeship program, approved  
18 by the California Apprenticeship Council, that has graduated at  
19 least one apprentice in each of the preceding five years. This  
20 graduation requirement shall not apply to programs providing  
21 apprenticeship training for any craft that was first deemed by the  
22 Department of Labor and the Department of Industrial Relations  
23 to be an apprenticeable craft within the five years prior to the  
24 effective date of this article.

25 (3) The relative importance of the weight assigned to each of  
26 the factors identified in the request for qualifications.

27 (4) If the authority reserves the right to hold discussions with  
28 prequalified bidders, it shall so specify in the request for  
29 qualifications and shall publish separately or incorporate into  
30 the request for qualifications applicable rules and procedures to  
31 be observed by the authority to ensure that any discussions or  
32 negotiations are conducted in good faith.

33 (c) (1) In establishing the procedure to prequalify  
34 design-build entities, the authority shall use a standard  
35 questionnaire prepared by the authority. In preparing the  
36 questionnaire, the authority shall consult with the construction  
37 industry, including, but not limited to, representatives of the  
38 building trades and surety industry. This questionnaire shall  
39 require information including, but not limited to, all of the  
40 following:

1 (A) If the design-build entity is a partnership, limited  
2 partnership, or other association, a listing of all of the partners,  
3 general partners, or association members known at the time of  
4 bid submission who will participate in the design-build contract.

5 (B) (i) Evidence that the lead member of the design-build  
6 entity has completed a state highway project in California with a  
7 value of at least twenty-five million dollars (\$25,000,000) in the  
8 past 10 years.

9 (ii) Evidence that the members of the design-build entity have  
10 completed, or demonstrated the experience, competency,  
11 capability, and capacity to complete projects of similar size,  
12 scope, or complexity, and that proposed key personnel have  
13 sufficient experience and training to competently manage and  
14 complete the design and construction of the project, as well as a  
15 financial statement that assures the authority that the  
16 design-build entity has the capacity to complete the project.

17 (C) The licenses, registration, and credentials required to  
18 design and construct the project, including, but not limited to,  
19 information on the revocation or suspension of any license,  
20 credential, or registration.

21 (D) Evidence that establishes that the design-build entity has  
22 the capacity to obtain all required payment and performance  
23 bonding, liability insurance, and errors and omissions insurance.

24 (E) Information concerning workers' compensation  
25 experience history and a worker safety program.

26 (F) A full disclosure regarding all of the following that are  
27 applicable:

28 (i) Any serious or willful violation of Part 1 (commencing with  
29 Section 6300) of Division 5 of the Labor Code or the federal  
30 Occupational Safety and Health Act of 1970 (Public Law  
31 91-596), settled against any member of the design-build entity.

32 (ii) Any debarment, disqualification, or removal from a  
33 federal, state, or local government public works project.

34 (iii) Any instance where the design-build entity, or its owners,  
35 officers, or managing employees submitted a bid on a public  
36 works project and were found to be nonresponsive, or were found  
37 by an awarding body not to be a responsible bidder.

38 (iv) Any instance where the design-build entity, or its owners,  
39 officers, or managing employees defaulted on a construction  
40 contract.

1 (v) Any violations of the Contractors' State License Law, as  
2 described in Chapter 9 (commencing with Section 7000) of  
3 Division 3 of the Business and Professions Code, excluding  
4 alleged violations of federal or state law regarding the payment  
5 of wages, benefits, apprenticeship requirements, or personal  
6 income tax withholding, or Federal Insurance Contribution Act  
7 (FICA) withholding requirements settled against any member of  
8 the design-build entity.

9 (vi) Any bankruptcy or receivership of any member of the  
10 design-build entity, including, but not limited to, information  
11 concerning any work completed by a surety.

12 (vii) Any settled adverse claims, disputes, or lawsuits between  
13 the owner of a public works project and any member of the  
14 design-build entity during the five years preceding submission of  
15 a bid under this article, in which the claim, settlement, or  
16 judgment exceeds fifty thousand dollars (\$50,000). Information  
17 shall also be provided concerning any work completed by a  
18 surety during this period.

19 (G) In the case of a partnership or any association that is not  
20 a legal entity, a copy of the agreement creating the partnership  
21 or association and specifying that all partners or association  
22 members agree to be fully liable for the performance under the  
23 design-build contract.

24 (H) Information regarding the safety record of the  
25 design-build entity. A bidder's safety record shall be deemed  
26 acceptable if its experience modification rate for the most recent  
27 three-year period is an average of 1.00 or less, and its average  
28 total recordable injury/illness rate and average lost work rate for  
29 the most recent three-year period does not exceed the applicable  
30 statistical standards for its business category or if the bidder is a  
31 party to an alternative dispute resolution system as provided for  
32 in Section 3201.5 of the Labor Code.

33 (2) The information required under this subdivision shall be  
34 verified under oath by the entity and its members in the manner  
35 in which civil pleadings in civil actions are verified. Information  
36 required under this subdivision that is not a public record under  
37 the California Public Records Act, as described in Chapter 3.5  
38 (commencing with Section 6250) of Division 7 of Title 1 of the  
39 Government Code, shall not be open to public inspection.

1 (d) The authority shall establish a procedure for final  
2 selection of the design-build entity in which selection shall be  
3 based upon a competitive bidding process resulting in lump-sum  
4 bids by the prequalified design-build entities. Awards shall be  
5 made to the lowest responsible bidder.

6 (e) (1) Notwithstanding any other provision of this code, upon  
7 issuance of a contract award, the authority shall publicly  
8 announce the award, identifying the contractor to whom the  
9 award is made, along with a written decision supporting the  
10 contract award and stating the basis of the award. The notice of  
11 award shall also include all prequalified design-build entities.

12 (2) The written decision supporting the authority's contract  
13 award, described in paragraph (1), and the contract file shall  
14 provide sufficient information to satisfy an external audit.

15 20209.27. For purposes of this article, prebid services  
16 include preliminary engineering studies and other activities that  
17 lead to the selection of a project alternative. These activities  
18 encompass a variety of tasks, including, but not limited to, the  
19 following activities:

20 (a) Project geometric design.

21 (b) Earthwork calculations.

22 (c) Preparation of cross sections.

23 (d) Drainage design.

24 (e) Construction staging design.

25 20209.28. (a) Any design-build entity that is selected to  
26 design and build the project under this article shall possess or  
27 obtain sufficient bonding to cover the contract amount for  
28 nondesign services, and errors and omission insurance coverage  
29 sufficient to cover all design, engineering, and architectural  
30 services provided in the contract. This section does not prohibit a  
31 general or engineering contractor from being designated the  
32 lead entity on a design-build project for the purposes of  
33 purchasing necessary bonding to cover the activities of the  
34 design-build entity.

35 (b) Any payment or performance bond written for the purposes  
36 of this article shall be written using a bond form developed by  
37 the Department of General Services under subdivision (i) of  
38 Section 14661 of the Government Code.

39 20209.30. All bids by subcontractors that were not listed by  
40 the design-build entity in accordance with subparagraph (A) of

1 paragraph (1) of subdivision (c) of Section 20209.26 shall be  
2 considered by the design-build entity in accordance with the  
3 design-build process set forth by the authority in the design-build  
4 package. All bids by subcontractors bidding on contracts under  
5 this article shall be subject to Chapter 4 (commencing with  
6 Section 4100) of Part 1 of Division 2. The design-build entity  
7 shall do both of the following:

8 (a) Provide public notice of the availability of work to be  
9 subcontracted in accordance with the publication requirements  
10 applicable to the competitive bidding process of the authority.

11 (b) Provide a fixed date and time on which the subcontracted  
12 work will be awarded in accordance with the procedure  
13 established under this article.

14 20209.32. (a) A deviation from the performance criteria and  
15 standards established under subdivision (a) of Section 20209.26  
16 may not be authorized except by written consent of the authority  
17 and the department.

18 (b) The employees of the department shall perform the  
19 construction inspection for the project constructed under this  
20 article, including surveying and testing the materials for the  
21 project. All design related documents shall be public records.

22 20209.34. Quality control inspection for the construction of  
23 the project utilizing the design-build approach authorized by this  
24 article shall be performed by employees of the department.

25 20209.36. Nothing in this article affects, expands, alters, or  
26 limits any rights or remedies otherwise available at law.

27 20209.38. (a) The retention proceeds withheld by the  
28 authority from a design-build entity shall not exceed 5 percent.

29 (b) The authority shall not withhold retention from payments  
30 to a design-build entity for actual costs incurred and billed or  
31 design services, construction management services, or where  
32 applicable, for completed operations and maintenance services.

33 (c) In a contract between a design-build entity and a  
34 subcontractor, and in a contract between a subcontractor and  
35 any subcontractor thereunder, the percentage of the retention  
36 proceeds withheld may not exceed the percentage specified in the  
37 contract between the authority and the design-build entity. If the  
38 design-build entity provides written notice to any subcontractor  
39 who is not a member of the design-build entity, prior to or at the  
40 time that the bid is requested, that a bond may be required and

1 *the subcontractor subsequently is unable or refuses to furnish a*  
2 *bond to the design-build entity, then the design-build entity may*  
3 *withhold retention proceeds in excess of the percentage specified*  
4 *in the contract between the authority and the design-build entity*  
5 *from any payment made by the design-build entity to the*  
6 *subcontractor.*

7 *(d) In accordance with the provisions of applicable state law,*  
8 *the design-build entity may be permitted to substitute securities*  
9 *in lieu of the withholding from progress payments specified in*  
10 *subdivision (b). Substitutions shall be made in accordance with*  
11 *Section 22300.*

12 *20209.40. Not later than three years after a design-build*  
13 *contract is awarded, the authority shall submit a progress report*  
14 *to the Senate Committee on Transportation and Housing and the*  
15 *Assembly Committee on Transportation. The progress report*  
16 *shall include, but shall not be limited to, all of the following*  
17 *information:*

18 *(a) A description of the project.*

19 *(b) The estimated and actual project costs.*

20 *(c) The design-build entity that was awarded the project.*

21 *(d) A description of any written protests concerning any*  
22 *aspect of the solicitation, bid, proposal, or award of the*  
23 *design-build project, including, but not limited to, the resolution*  
24 *of the protests.*

25 *(e) An assessment of the prequalification process and criteria*  
26 *and a copy of the prequalification questionnaire.*

27 *(f) An assessment of the impact of limiting retention to 5*  
28 *percent on the project, as required under Section 20209.38.*

29 *(g) A description of the labor force compliance program*  
30 *required under Section 20209.24, and an assessment of the*  
31 *impact on the project where compliance with that program is*  
32 *required.*

33 *(h) A description of the method used to award the contract.*

34 *(i) An assessment of the project impact of the "skilled labor*  
35 *force availability" requirement imposed under paragraph (2) of*  
36 *subdivision (b) of Section 20209.26.*

37 *(j) Recommendations regarding the most appropriate uses for*  
38 *the design-build approach.*

39 *20209.44. This article shall remain in effect only until*  
40 *January 1, 2010, and as of that date is repealed, unless a later*

1 enacted statute, that is enacted before January 1, 2010, deletes  
2 or extends that date.

3 SEC. 2. No reimbursement is required by this act pursuant to  
4 Section 6 of Article XIII B of the California Constitution because  
5 the only costs that may be incurred by a local agency or school  
6 district will be incurred because this act creates a new crime or  
7 infraction, eliminates a crime or infraction, or changes the  
8 penalty for a crime or infraction, within the meaning of Section  
9 17556 of the Government Code, or changes the definition of a  
10 crime within the meaning of Section 6 of Article XII B of the  
11 California Constitution.

12 SEC. 3. The provisions of this act are severable. If any  
13 provision of this act or application of the provisions of this act is  
14 held invalid, that invalidity shall not affect other provisions or  
15 applications that can be given effect without the invalid provision  
16 or application.

17 SECTION 1. ~~Section 1240.060 is added to the Code of Civil~~  
18 ~~Procedure, to read:~~

19 ~~1240.060. (a) Notwithstanding any other provision of law, no~~  
20 ~~community redevelopment agency, or any community~~  
21 ~~development commission or joint powers agency that has the~~  
22 ~~powers of a community redevelopment agency, shall exercise,~~  
23 ~~threaten, or imply the use of the power of eminent domain to~~  
24 ~~acquire owner-occupied residential real property from which the~~  
25 ~~owner would be displaced if ownership of the property will be~~  
26 ~~transferred to a private party or private entity.~~

27 ~~(b) As used in this section, "owner-occupied residential real~~  
28 ~~property" means a single-family residence or a unit within a~~  
29 ~~common interest development that is occupied by the owner or~~  
30 ~~owners of record during the effective dates of this section, or a~~  
31 ~~duplex where at least one-half of the duplex is occupied by the~~  
32 ~~owner or owners of record during the effective dates of this~~  
33 ~~section.~~

34 ~~(c) The requirements of this section shall apply to both new~~  
35 ~~and pending eminent domain projects, except that it shall not~~  
36 ~~apply to projects if a resolution of necessity was adopted~~  
37 ~~pursuant to the requirements of Section 1240.040 prior to the~~  
38 ~~effective date of this section.~~

1 (d) This section shall remain in effect only until January 1,  
2 2008, and as of that date is repealed, unless a later statute which  
3 is enacted before January 1, 2008, deletes or extends that date.

4 SEC. 2. (a) On or before January 1, 2007, the California  
5 Research Bureau of the State Library shall submit to the  
6 Legislature a report that includes, but not limited to, all of the  
7 following:

8 (1) All exercises of the power of eminent domain by public  
9 entities to acquire residential property for private use completed  
10 between January 1, 1998, and January 1, 2003, or later if the  
11 information is available. This information shall be separable  
12 according to whether residential property is owner-occupied or  
13 not owner-occupied.

14 (2) The declared purposes for each of those acquisitions.

15 (3) The initial offer of just compensation for each of those  
16 acquisitions.

17 (4) The final offer of just compensation for each of those  
18 acquisitions.

19 (5) The total compensation paid for each of those acquisitions,  
20 including the acquisition price and relocation payments.

21 (6) The current owners of those real properties.

22 (7) The current uses of those real properties.

23 (b) As used in this section, "private use" means any use other  
24 than as a public facility or a public works that is owned and  
25 operated by the public entity.

26 SEC. 3. (a) On or before January 1, 2008, the California  
27 Research Bureau of the State Library shall submit to the  
28 Legislature a report that includes, but is not limited to, all of the  
29 following:

30 (1) All exercises of the power of eminent domain by public  
31 entities to acquire commercial property for private use completed  
32 between January 1, 1998, and January 1, 2003, or later if the  
33 information is available.

34 (2) The declared purpose for each of those acquisitions.

35 (3) The initial offer of just compensation for each of those  
36 acquisitions.

37 (4) The final offer of just compensation for each of those  
38 acquisitions.



1     ~~(5) The total compensation paid for each of those acquisitions,~~  
2 ~~including the acquisition price, relocation payments, good will,~~  
3 ~~and equipment replacement.~~

4     ~~(6) The current owners of those real properties.~~

5     ~~(7) The current uses of those real properties.~~

6     ~~(b) As used in this section, "private use" means any use other~~  
7 ~~than as a public facility or a public works that is owned and~~  
8 ~~operated by the public entity.~~

9     ~~SEC. 4. The California Law Revision Commission is directed~~  
10 ~~to study whether the law governing the appraisal and valuation~~  
11 ~~processes in eminent domain proceedings fairly compensates~~  
12 ~~condemnees for the taking of their properties, including the role~~  
13 ~~and importance of legal counsel for the condemnee. The~~  
14 ~~commission is directed to submit a report on this study, including~~  
15 ~~any recommendations for changes in the law, to the Legislature~~  
16 ~~on or before January 1, 2008.~~





*BOARD COMMITTEE TRANSMITTAL*

***January 9, 2006***

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Orange County Transportation Authority 2006 Federal Legislative Platform

Legislative and Government Affairs/Public Communications Committee December 15, 2005

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

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendations***

- A. Adopt the Orange County Transportation Authority 2006 Federal Legislative Platform.
- B. Direct staff to distribute the adopted platforms to legislators, advisory committees, local governments, affected outside agencies, the business community, and other interested parties.



**December 15, 2005**

**To:** Legislative and Government Affairs/Public Communications Committee

**From:** Arthur T. Leahy, <sup>ML</sup> Chief Executive Officer

**Subject:** Orange County Transportation Authority 2006 Federal Legislative Platform

**Overview**

Staff has revised, based upon input, the draft 2006 Federal Legislative Platform. The platform is submitted for consideration and adoption.

**Recommendations**

- A. Adopt the Orange County Transportation Authority 2006 Federal Legislative Platform.
- B. Direct staff to distribute the adopted platforms to legislators, advisory committees, local governments, affected outside agencies, the business community, and other interested parties.

**Background**

The Orange County Transportation Authority (OCTA) draft 2006 Federal Legislative Platform (Federal Platform) was reviewed and approved for further circulation by the Board on October 24, 2005. Staff has made revisions based upon input from the Legislative and Government Affairs/Public Communications Committee and comments from staff and interested parties.

**Discussion**

The draft 2006 Federal Legislative Platform is included as Attachment A. The attachment responds to Board direction and contains the following modifications regarding comments and issues arising since Board review of the draft.

The only changes to the draft Federal Platform recommended at this time are with regard to a regional effort to streamline bus maintenance training for alternative fuel buses. As background on this issue, 14 Southern California transit agencies and 14 Southern California community colleges have joined in a consortium to deliver an education and training program. The purpose is to improve public transportation service, expand employment opportunities and aid in the economic development of the region. The consortium is working to accomplish the following: Improve, refine and make more efficient regional transit training; coordinate and share information and resources within Southern California for the purpose of improving existing transit training; develop new methods and systems for training to keep pace with technological changes taking place in the industry; and to create regional shop standards. Therefore, staff recommends the following language be added to the Federal Platform:

Add to Section II. Highways, Transit, and Rail

- k) Work with the Southern California Regional Transit Training Consortium on its fiscal year 2007 legislative efforts to obtain federal funds to streamline bus maintenance training for alternative fuel buses.

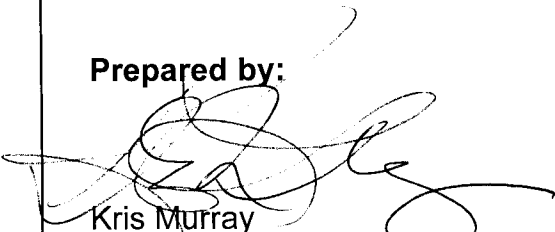
***Summary***

The Board of Directors is respectfully requested to approve the adoption and distribution of the Orange County Transportation Authority 2006 Federal Legislative Platform.

***Attachment***

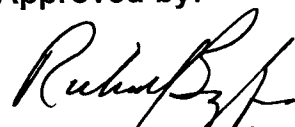
- A. Draft Orange County Transportation Authority 2006 Federal Legislative Platform

**Prepared by:**



Kris Murray  
Manager, Federal Relations  
(714) 560-5906

**Approved by:**



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

**DRAFT**  
**Orange County Transportation Authority**  
**2006 Federal Legislative Platform**

**INTRODUCTION**

With a population of over three million, Orange County is the second largest county in California and the fifth largest county in the nation. In fact, Orange County has more residents than 21 states. Orange County is also one of the most densely populated areas in the country and is second only to San Francisco for the most densely populated county in the State of California. National and global attractions include Disneyland, Knott's Berry Farm, and over 42 miles of beaches, making Orange County a worldwide vacation destination.

Among metro areas in the United States, Orange County has the 11th largest gross domestic product and is home to the 12th busiest airport in the nation. In addition, Orange County provides highway and rail corridors that facilitate an increasing level of international trade entering the Southern California ports. With regard to federal revenues, Orange County is consistently a donor county within a donor state.

The OCTA Federal Legislative Platform outlines the statutory, regulatory, and administrative goals and objectives of the transportation authority. The following platform was adopted by the OCTA Board of Directors on \_\_\_\_\_ to provide direction to staff and federal legislative advocates for the second session of the 109<sup>th</sup> Congress.

**I. Fiscal Year 2007 Transportation Appropriations**

The annual appropriations process will play a significant roll in the OCTA 2006 federal legislative platform. OCTA will focus on highway and transit infrastructure, homeland security, environmental streamlining and stewardship, and goods movement. As part of the fiscal year 2007 transportation appropriations bill, OCTA will work to:

- a) Support appropriations and additional funding of transit security grant programs for the Department of Homeland Security to protect county surface transportation systems, including highways, transit facilities, rail lines, and related software systems.
- b) Support New Start funding for the Orange County Bus Rapid Transit project adopted by the Board of Directors, as well as seek funding available through the newly authorized Small Starts program.
- c) Support full funding of Section 5309 (m)(1)(a) rail modernization grant funds.
- d) Support bus and bus-related OCTA projects under Section 5309 (m)(1)(c).

- e) In concert with regional transportation agencies, seek funding for the Southern California Regional Training Consortium to develop bus maintenance training information to the transit agencies throughout Southern California.

In addition, OCTA will work to secure the following project earmarks in the fiscal year 2007 transportation appropriations bill:

- f) State Route 91 widening and Orange County/Riverside chokepoint projects
- g) Grade separation improvements along Orangethorpe corridor in north Orange County.
- h) Interstate 405 widening and improvements.
- i) Interstate 5 and Ortega Highway chokepoint and interchange improvements.
- j) Improvements to relieve chokepoint congestion at the Interstate 5 and State Route 55.
- k) Phase I of the Interstate 5 South High Occupancy Lane (HOV) project.
- l) The Orange County Rapid Transit project.
- m) Improvements along the Bristol Street multi-modal corridor.
- n) Inter-county express bus service to assist commuters between Orange County and Los Angeles and Riverside.

## **II. Highways, Transit, and Rail**

The federal surface transportation bill passed in July 2005 (SAFETEA-LU), included a significant level of funding for OCTA and authorized funding for critical highway and transit projects. However, there are a number of vital infrastructure projects – both highway and rail – that continue to require authorization to address specific highway, rail, and transit needs throughout the county and Southern California region. OCTA will seek authorization and funding for the following projects:

- a) Support legislative efforts to authorize the State Route-91 congestion relief projects.
- b) Seek support from the Federal Transit Administration and Orange County Congressional delegation for the Orange County Rapid Transit Project.
- c) Support authorization and funding for the Anaheim Regional Transportation Intermodal Center (ARTIC).
- d) Pursue funding for applicable transit programs newly authorized by SAFETEA-LU, including Small Starts, Jobs Access Reverse Commute (JARC), and New Freedom program for new transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).
- e) Support efforts to authorize and fund Maglev transportation from Anaheim to Ontario and Ontario to Las Vegas. Support funding to augment state and local efforts for High Speed rail service to and from Anaheim.

- f) Support additional funding for grade-separations, pedestrian trails, and at-grade rail crossings to improve vehicle-driver and pedestrian safety.
- g) Support environmental streamlining and stewardship efforts by the relevant federal agencies.
- h) Support expedited federal review and payments to local agencies and their contractors for project development, right-of-way acquisition, and construction activities.
- i) Seek funding for soundwall mitigation measures and retrofit projects.
- j) Support bond measures for Amtrak improvements in high-speed rail corridors.
- k) Work with the Southern California Regional Transit Training Consortium on its fiscal year 2007 legislative efforts to obtain federal funds to streamline bus maintenance training for alternative fuel buses.**

### **III. Homeland Security**

OCTA continues to work cooperatively with neighboring transit agencies, Urban Area Security Initiative (UASI) partners, state Homeland Security grant partners and local jurisdictions to develop regional and countywide strategic plans for terrorism preparedness. Last year, the Department of Homeland Security (DHS) released the first level of federal funding to enhance the security of regional bus and rail systems as part of the FY05 Transit Security Grant Program (TSGP). In addition to seeking additional grant funding in fiscal year 2007 to secure the county's highways, rail and transit systems, OCTA will pursue the following regulatory and statutory changes to address homeland security needs:

- a) Support increased federal funding to transit agencies for operational security improvements for highways, transit, and rail security in the United States.
- b) Support a fair distribution of grant funds based on the risk of terrorism as estimated by the Department of Homeland Security, in lieu of formulas based solely on size of population.
- c) Support programs that reach out to state homeland security officials to improve information exchange protocols, refine the Homeland Security Advisory System, and support state and regional data coordination.

### **IV. Goods Movement**

OCTA will continue to support Southern California regional goods movement efforts to ease congestion and facilitate the significant international trade entering the Southern California ports. OCTA will seek funding for the following goods movement projects:

- a) Support additional funding for Alameda Corridor East (ACE) grade separation projects in Orange County, including the OnTrac initiative and Orangethorpe Corridor.



- b) Support funding for highway improvements along Orange County trade corridors, including the State Route 91, State Route 57, Interstate 5, and Interstate 405.

## **V. Environmental Policy and Regulatory Requirements**

Federal environmental laws and regulations affecting OCTA include the National Environmental Protection Act (NEPA), the Federal Clean Air Act, Federal Water Pollution Control Act, and the Endangered Species Act. OCTA's historical positions with regard to these acts and related regulations include:

- a) Seek opportunities to streamline the environmental process for federally funded projects.
- b) Support implementation of a NEPA pilot project, authorized by SAFETEA-LU, to apply to OCTA federally-funded projects.
- c) Support legislation and federal grant programs that encourage ridesharing and related congestion relief programs for Orange County commuters.

In addition, OCTA takes the following positions with regard to U.S. Departments providing federal oversight, specifically:

- a) Support efforts to work with the Administration to equitably resolve the Federal Highway Administration's (FHWA) interpretation of the Americans with Disabilities Act (ADA) compliance guidelines that retroactively requires the implementation of costly curb-ramp upgrades within the boundaries of federally-funded projects. According to state officials implementing these regulations on behalf of FHWA, the requirements apply even if curb ramps are already in place but considered to be out of date according to the most recent ADA guidelines or when the project would not require ground disturbance (i.e. signal synchronization projects funded with Congestion Mitigation and Air Quality funds).
- b) Oppose any regulations or administrative guidance seeking to extend through administrative actions the statutory requirements of ADA.
- c) Support expanded design-build authorization for federally-funded highway and surface transportation projects.
- d) Support expedited federal review and payments to local agencies and their contractors for project development, right-of-way acquisition, and construction activities.
- e) Support streamlined federal reporting and monitoring requirements to ensure efficiency and usefulness of data and to eliminate redundant state and federal requirements.

## **VI. Employment Issues**

Federal employment laws affecting OCTA include the Fair Labor Standards Act, Family and Medical Leave Act, Occupational Safety and Health Act and the Omnibus Transportation Employee Testing Act of 1991. While there is not anticipated to be significant changes to these federal laws next year, OCTA historical positions have included:

- a) Support income tax reductions for employees receiving employer-provided transit passes, vanpool benefits, or parking spaces currently counted as income.
- b) Oppose legislation and regulations adversely affecting the agency's ability to effectively and efficiently address labor relations, employee rights, benefits, and working conditions including health, safety, and ergonomics standards in the workplace.





BOARD COMMITTEE TRANSMITTAL

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** Transportation Enhancement Activities Projects 2006 Call for Projects

Regional Planning and Highways Committee

December 19, 2005

**Present:** Directors Norby, Cavecche, Rosen, Dixon, Brown, Green, Monahan, Pringle, and Ritschel  
**Absent:** None

***Committee Vote***

This item was passed by all Committee Members present.

Committee Members Dixon and Pringle were not present to vote.

***Committee Recommendations***

- A. Approve the guidelines and procedures for selection of federal Transportation Enhancement Activities projects.
- B. Direct staff to issue a call for projects for Federal Transportation Enhancement Activities projects in January 2006.



**December 19, 2005**

**To:** Regional Planning and Highways Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Transportation Enhancement Activities Projects 2006 Call for Projects

### **Overview**

The Orange County Transportation Authority awards federal Transportation Enhancement Activities grants for transportation-related projects that enhance the quality of life in or around transportation facilities in Orange County. These grants are awarded through a competitive call for projects.

### **Recommendations**

- A. Approve the guidelines and procedures for selection of federal Transportation Enhancement Activities projects.
- B. Direct staff to issue a call for projects for Federal Transportation Enhancement Activities projects in January 2006.

### **Background**

Since 1998, the Orange County Transportation Authority (OCTA) Board of Directors (Board) has awarded over \$32.9 million in federal Transportation Enhancement Activities (TEA) program funds for 58 projects. These funds were apportioned to local agencies through a competitive call for projects process. The goal of the TEA program is to assist cities to better integrate transportation facilities into their surrounding communities and to provide an overall better quality of life. Examples of TEA projects include bicycle and pedestrian facilities; scenic and landscaping improvements; and supplemental urban runoff treatment.

### **Discussion**

TEA funds are subject to the timely-use provisions of both the state law and the State Transportation Improvement Program (STIP). The STIP guidelines state

that once a project has entered its program year the project must be allocated in that year. In order to better manage these provisions, it has been OCTA's policy to over-program the TEA by approximately 10 percent. This over-programming provides a safety net in case any of the programmed projects are unable to be delivered or experience delays.

The TEA program was reauthorized under the new transportation act, Safe, Accountable, Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The estimated annual apportionment to Orange County is approximately \$3.7 million. The 2006 call for projects will program Orange Counties TEA funds for fiscal years 2007-08 and 2008-09 with a \$8.2 million funding target. This \$8.2 million target will be split 50/50 between the two funding categories, bicycle/pedestrian and landscaping/scenic beautification.

This call for projects will develop a new list of priority projects for fiscal years 2007-08 and 2008-09. In addition this list will serve as a "stand-by" to backfill, based on project readiness, if any of the currently approved list of priority projects for fiscal years 2005-06 and 2006-07 experience delay. Projects from the new list that are ready to be implemented, with completed environmental documentation, permits, and the California Department of Transportation (Caltrans) authorization to obligate funds will also be considered for advancement. Using this approach, it is possible that funds for a currently programmed project that has experienced significant delays may be transferred to a project that is eligible for advancement. OCTA will maintain the funding commitment to previously funded projects, provided these projects stay on their current schedules. These projects will be first in line for future TEA allocations. In this way, OCTA will ensure that no funding is lost due to delays and cancellations.

Current TEA application guidelines and procedures are provided in Attachment A. The guidelines include the following key provisions:

- Funding will be split 50 percent to bicycle/pedestrian and 50 percent to landscaping/scenic beautification projects.
- Applicants must provide a 25 percent local match.
- Funding is targeted at approximately \$500,000 per project.
- Funding awards are contingent on availability of federal TEA funds.
- Projects must award construction contracts prior to June 30, 2009.
- Once projects are awarded, applicants must follow Caltrans' Local Assistance procedures to receive payment of funds.

**Next Steps**

As in the past, staff plans on convening a TEA advisory panel to assist OCTA with the review and ranking of applications. The panel may include representatives from the Orange County Bicycle Coalition, Nature Conservancy, County Planning Commission, and OCTA's Technical Advisory Committee.

The call for projects (\$8.2 million for fiscal years 2007-08 and 2008-09) will be issued at the end of January 2006. OCTA staff will hold a workshop for potential applicants in January to review the procedures and answer questions about the TEA Program. Applications will be due to OCTA on February 15, 2006. OCTA staff and the TEA advisory panel will review and rank applications in February and March, and forward their recommendations to the Board for approval in April 2006.

**Summary**

OCTA is responsible for programming the regional portion of the TEA Program. Staff is requesting authorization to issue a call for projects for fiscal years 2007-08 and 2008-09.

**Attachment**

- A. Program Guidelines and Procedures

**Prepared by:**



Jennifer Bergener  
Section Manager, Capital Programs  
(714) 560-5462

**Approved by:**



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



## Transportation Enhancement Activities (TEA)

### *Call for Projects*

Orange County Transportation Authority

Application Guidelines and Procedures

### **PURPOSE AND AUTHORITY**

The Transportation Enhancement Activities (TEA) Program is a federal grant program, first authorized under the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and subsequently reauthorized under the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) in 1998 and the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU) . The TEA program provides grants to local and state agencies within Orange County to be used for transportation related projects that enhance quality-of-life, in or around transportation facilities. The Orange County Transportation Authority (OCTA) is responsible for selecting regionally significant projects for Orange County and working with Caltrans in administering selected projects..

TEA projects may be stand-alone projects such as landscaped medians; gateway landscaping in a roundabout; bike lanes; and "mainstreet" sidewalks with street trees, benches, information kiosks and pedestrian lighting. TEA projects also may be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge; enhanced pedestrian lighting; and median refuge islands for pedestrians.

### **ELIGIBLE APPLICANTS**

Public agencies that are capable of executing grants with Caltrans are eligible for funding under current TEA guidelines. Eligible applicants include city and county agencies such as planning departments, public works agencies, recreational departments, etc. Applicants are not required to be transportation or highway related organizations. Two or more agencies may participate in a project. Nonprofit organizations may also nominate projects, through a public agency that is willing and able to take responsibility for carrying out and maintaining the project. Additionally, in order to be eligible for funding, applicant agencies must provide authorizing resolutions from their controlling bodies (sample resolution in TEA application form).

### **IMPLEMENTATION TIMELINE**

Applications must be received by OCTA no later than 5:00 PM Wednesday, February 15, 2006. OCTA will be seeking applications for projects which can start construction no later than June 30, 2009.



After the applications are reviewed by OCTA, an advisory panel will review and rank projects. A recommended priority list of projects will be forwarded to the OCTA Board of Directors for approval in April 2006.

## TEA GRANTS

There are no funding limitations for applications. However, the targeted amount per project for the federal share is \$500,000, and it is **strongly** encouraged to submit projects within this limit. The total estimated funding amount for this cycle is \$8.2 million, divided into two program areas which will receive \$4.1 million each.

## LOCAL SHARE

A minimum local match of twenty-five (25) percent of the total project cost is required. Match may be local dollars, state dollars, non-transportation federal dollars, or private cash.

**Overmatch.** Administering agencies may “overmatch” enhancement projects; that is, additional match dollars may be used in the transportation enhancement activity beyond the match requirement. Applicants will receive additional points in the evaluation process for matching above the minimum requirement. Additionally, administering agencies must commit to cover any cost overruns if the project turns out to be under funded. Any work not eligible for federal TEA reimbursement must be funded by other means by the project applicant, and cannot count as match. These items should also not be included in the cost estimate breakdown in the application.

**Right of Way Donations.** Right of way donations may count towards the local funding share of a project. Donations may be from private ownership to public ownership, or may be a contribution of public land for project purposes. Should such donations be designated as much, all Caltrans and FHWA right-of-way procedures must be followed.

**Reimbursements.** Transportation Enhancement Activities are reimbursable projects through Caltrans. Applicants are expected to finance the project as it proceeds. Eligible expenditures — up to the ceiling of the federal funding share — will be reimbursed with each invoice.

**Soft-match Provisions.** “Soft-match” refers to instances where the value of activities accomplished away from the project are credited towards the nonfederal share (match) of the project, such as administrative costs. Soft-match generally is not eligible under current federal rules.

## ELIGIBLE PROJECTS

Projects will receive funding from only one of two general program areas: 1) Bicycle and Pedestrian Facilities or 2) Landscaping and Scenic Beautification. If project eligibility in these categories is not clear, the applicant will provide reasoning for including it, and a determination will be made by OCTA, Caltrans, or the Federal Highway Administration.

**A. Bicycle and Pedestrian Facilities may include:**

- Provision of bicycles facilities. Examples: gap closures, bike lockers at travel stations, bikeways, and bike racks on transit systems.
- Provision of facilities for pedestrian traffic. Examples: walkways and multi-use recreational trails.

**B. Landscaping and Scenic Beautification may include:**

- Landscaping and other scenic beautification, including maintenance expenses for up to three years. Examples: median landscaping, “gateway” plantings to communities, retrofitting existing noise barriers (pre-1992) with landscaping; architectural lighting; and sculpture or other artwork at gateway entrance to communities.

**MINIMUM REQUIREMENTS (Screening Criteria)**

TEA applications will be screened before they are scored to determine project eligibility. (See Part 4 of the TEA Application.) Prospective applicants should consider the following in submitting their proposals:

- Direct Relationship to surface transportation.*** Projects must have at least one direct relationship to the surface transportation system. This relationship may be one of function, proximity, or impact. For example, a bikeway is a functional component of the intermodal transportation system (Bicycle and pedestrian projects cannot be purely recreational in nature.)
- Over and above normal projects.*** Enhancement activities must be over and above normal transportation projects. Typically, a normal transportation project may include mitigation, standard landscaping, other permit requirements and provisions negotiated as a condition of obtaining a permit for a normal (non-enhancement) transportation project.
- Conformity.*** The project must be consistent (or not inconsistent) with federal, state, regional or local land use and regional transportation plans, goals and other policies.
- Financial Viability.*** The administering agency must have the ability to meet financial processing requirements within a specific time frame for project completion, level of funding, and experience of project personnel. Additionally, the administering agency must follow the federal procurement and contract administration process.
- Project Readiness.*** Projects must be prepared to award construction contracts prior to June 30, 2009. This means that both NEPA and CEQA requirements as well as right-of-way certification must be completed before authorization for construction can be granted.
- Air Quality.*** Usually, transportation enhancement activities will not create air quality problems. Proposed activities located in air quality non-attainment areas and which will result in air quality impacts must be consistent with the regional project review requirements, that is, there can be no significant unmitigated negative impacts to the region’s air quality shown and, if possible, adequate transportation control measures must be included.

G. *Americans with Disabilities Act*. All proposed projects must meet applicable ADA requirements, including those incorporated into the California Building Code.

## EVALUATION CRITERIA

Each TEA project nomination can receive a maximum of 100 points. (See summary of point distribution in the TEA application.)

## MINIMUM INFORMATION FOR APPLICATION

The following information, including the TEA Application Form, is required by OCTA to evaluate and select projects. Applications submitted with incomplete information or lacking the required number of copies will not be evaluated.

- A. Table of Contents (page-numbered).
- B. An **unbound original and EIGHT COPIES** (total of nine) of the application form. Use separate sheets of paper if necessary. Supporting documentation must be included where requested.

Part 1: General Project Information

Part 2: Funding

Part 3: Agency Resolution

Part 4: Screening Criteria

Part 5: Evaluation Criteria (Where applicants submit an application under both TEA program areas, the TEA advisory panel will select an appropriate category.)

- C. If applicable, include agreements with other involved agencies.
- D. Letter(s) of support from surrounding community organizations and businesses.
- E. Environmental documentation

### *Exhibits:*

- A. Project cost estimate.
- B. Proposed budget showing sources of funding by phase and year.
- C. Project site photos.
- D. Acquisition map.

- E. Precise maps to show proposed site(s) for the enhancement project or linkages/gap closures if a bicycle or pedestrian project.
- F. Project design or concept drawings.
- G. Project completion schedule.
- H. For all projects involving plantings, a conceptual description of the number of plantings, species, size, density, and locations is requested if available.
- I. For bicycle and pedestrian lane projects, the type and width of the proposed arterial lane should be illustrated in the application (i.e. cross-section).

Note: There is no maximum length for proposals. All pages must be numbered and printed on 8-1/2 x 11 sheets of white paper. Maps and drawings can be included on 11 x 17 inch sheets, folded into the proposal. **The original proposal should be left unbound for reproduction purposes.**

## **ELIGIBLE EXPENDITURES**

Enhancements must be for capital improvement. **Maintenance and/or rehab work is not an eligible expenditure**, nor are projects with a life of less than 5 years, or one-time temporary improvements. However, applicants may submit requests that cover the costs of establishing new landscaping for a period of up to three years.

The administrative agency may use its own workforce to do preliminary engineering work. Costs must be specifically and only for the project. The agency may also retain consultants after satisfying federal and state requirements for selecting consultants. Eligible expenditures include:

- Detailed engineering (preparation of environmental and construction documents),
- Real property acquisition, and
- Construction costs associated with conducting an eligible activity (including three years of maintenance costs for new landscapes).

TEA funds are not to be used for planning; however, they may be used for bicycle and pedestrian safety and education activities.

Transportation enhancement activities are public funds. They are to be used for facilities that are in public ownership for public use. Improvements to private property and commercial facilities are not eligible, even though they may include properties for public use or owned by a public not-for-profit corporation.

## **ADDITIONAL INFORMATION**

Completed applications and questions regarding these procedures and criteria should be directed to Jennifer Bergener of OCTA staff at:

Orange County Transportation Authority  
P.O. Box 14184  
Orange, CA 92863-1584

Tel: (714) 560-5462  
Fax: (714) 560-5794





BOARD COMMITTEE TRANSMITTAL

January 9, 2006

**To:** Members of the Board of Directors  
**From:** Wendy Knowles<sup>WK</sup>, Clerk of the Board  
**Subject:** Agreement for 2005 Orange County Aerial Imagery

Transit Planning and Operations Committee

December 8, 2005

**Present:** Directors Winterbottom, Brown, Silva, Pulido, Dixon, Duvall, and Green  
**Absent:** None

**Committee Vote**

This item was passed by all Committee Members present.

Committee Members Dixon and Green were not present for this vote.

**Committee Recommendation**

Authorize the procurement administrator to issue a sole source purchase order to Pictometry International Corporation for the license and use of their 2005 aerial image library, in an amount not to exceed \$10,775 for the first year, and \$18,318 for the second year, for a total of \$29,093. The term of the license agreement is 24 months.



**December 8, 2005**

**To:** Transit Planning and Operations Committee  
**From:** *MLK* Arthur T. Leahy, Chief Executive Officer  
**Subject:** Agreement for 2005 Orange County Aerial Imagery

**Overview**

The Orange County Transportation Authority uses a digital aerial photography database to support bus operations activities, transportation planning studies, and other business functions. This information is acquired from a vendor through a licensing agreement. The Orange County Transportation Authority Fiscal Year 2005-06 Budget includes funding for this activity, and staff is seeking authorization to proceed.

**Recommendation**

Authorize the procurement administrator to issue a sole source purchase order to Pictometry International Corporation for the license and use of their 2005 aerial image library, in an amount not to exceed \$10,775 for the first year, and \$18,318 for the second year, for a total of \$29,093. The term of the license agreement is 24 months.

**Background**

Pictometry International Corporation's (Pictometry) 2005 Orange County aerial image library comprises approximately 90,000 high resolution digital photographic images of Orange County and adjacent areas and includes specialized software to efficiently access, search for, and display the aerial photographs. Pictometry is different from other aerial photography because many of the aerial images are captured at an oblique angle, which yields a three-dimensional effect. This allows almost any location within the county to be viewed from different angles and perspectives. The images are so detailed that vehicles, buildings and other structures, transportation features, and land-use characteristics can be distinguished.



***Discussion***

The Pictometry aerial imagery was originally licensed by the Orange County Transportation Authority (OCTA) in April 2003 for an initial period of 34 months. Pictometry utilizes a patented image-capture process and it is the only known source of this type of aerial imagery. Since that time it has been installed and used by more than 50 users and has saved countless field visits to obtain or verify actual field conditions. It has been used by the Bus Operations Division to quickly access photographs of any bus stop location and is a cost-effective method for viewing detailed features around bus stops, such as intersections, lane configurations, structures, light posts, crosswalks, and vegetation.

Additionally, the aerial image database is used by the following OCTA divisions:

- Planning, Development and Commuter Services
- Construction and Engineering
- Finance, Administration and Human Resources
- External Affairs

The database is accessed to evaluate field conditions, such as potential lane configurations or right-of-way arrangements, to inventory and update transportation infrastructure databases, including the Master Plan of Arterial Highways and freeway interchanges, and to facilitate customer relations. It is also used to investigate and respond to claims involving OCTA vehicles. Data collection for such projects that would normally require travel to a field site location can now be performed by viewing the detailed photographs from an office computer. Strategic Planning's Geographic Information System Section has maintained the database and provided technical support for OCTA's users.

The Pictometry images, currently in use at OCTA date back to 2003, are now approximately two-years old and are somewhat outdated. A new license agreement will provide recent Orange County images acquired in 2005 that will more accurately reflect up-to-date conditions. It is anticipated that pictometry can be supported with existing information system infrastructure.

This procurement was handled in accordance with the OCTA's procurement procedures for sole source materials and services. The County of Orange uses the Pictometry product, and the company offers this data to OCTA at a reduced cost.

The total cost for the two-year license is \$29,093. The cost for the first-year term is \$10,775, and the cost for the second year of the term is \$18,318.

The terms will commence on the delivery date of the 2005 Orange County image library and will be in effect for 24 months.

**Fiscal Impact**

The Pictometry aerial imagery was approved in the OCTA's Fiscal Year 2005-06 Budget, Strategic Planning, Account 1553-7799-A4400-9VM.

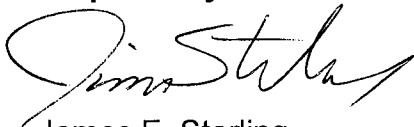
**Summary**

Staff recommends approval to issue Purchase Order 05-73586 to Pictometry International Corporation, in an amount not to exceed \$29,093, for license to use the 2005 Orange County image library for a term of 24 months.

**Attachment**

None.

**Prepared by:**



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Section Manager, Geographic Information  
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**Approved by:**



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





BOARD COMMITTEE TRANSMITTAL

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** First Quarter Fiscal Year 2005-06 Grant Status Report

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

**Committee Vote**

No action was taken on the receive and file item.



**December 14, 2005**

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** First Quarter Fiscal Year 2005-06 Grant Status Report

**Overview**

The Quarterly Grant Status Report summarizes grant activities for information purposes for the Orange County Transportation Authority Board of Directors. This report focuses on significant grant activity for the period of July through September 2005. The Quarterly Grant Status Report summarizes future grant applications, pending grant applications, executed grant awards, current grant agreements and closed-out grant agreements.

**Recommendation**

Receive and file as an information item.

**Background**

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

**Discussion**

The ongoing grant activities are categorized by future grant applications, pending grant applications, executed grant awards, current grant agreements, and closed-out grant agreements.

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Future Grant Applications

The OCTA has four future grant applications under development which are enumerated in Attachment A and summarized below.

Federal Transit Agency (FTA) Section 5309 Discretionary Capital Grant Program

- Staff is currently working to reprogram \$247,507, in federal grant funds, which were originally allocated to the City of Costa Mesa via the 2002 federal appropriations. The city declined the funds in July 2004 since the project was considered ineligible under the Section 5309 program. Staff is awaiting confirmation from the Appropriations Committee that the funds have been reprogrammed to support OCTA's bus transit system. Once reprogrammed the earmark can be included in the fiscal year (FY) 2005-06 federal grant application.

2005 Transit Security Grant Program: Department of Homeland Security (DHS)

- Staff continues cooperative efforts with the State Office of Homeland Security and the Los Angeles County Metropolitan Transit Agency (LACMTA) to secure funds made available through the intracity bus allocation of the 2005 Transit Security Grant Program. A total of \$2,175,000, was allocated to LACMTA and OCTA to protect the regional bus transit system. On November 1, 2005, staff submitted a comprehensive list of security projects requesting a total of \$958,450, in grant funds. The funds are to be used towards on-board bus security camera system (\$508,450), a bus system security analysis (\$25,000), emergency communications equipment and/or command post vehicle (\$250,000), and update to OCTA's Emergency Operations Plan (\$25,000). A total of \$300,000, has also been requested jointly by LACMTA and OCTA to conduct a regional multi-county disaster drill. Funding contributions will be shared equally between the two counties.

California Department of Transportation (Caltrans) Division of Transportation Planning (State Highway Fund)

- A grant proposal requesting \$65,000, in Caltrans planning funds is under development to create a feasibility plan for Adult Day Healthcare (ADHC) Transportation Services. Currently, travel to ADHC facilities account for almost one-fifth of all OCTA ACCESS trips and is expected to grow rapidly. A feasibility plan for the ADHC would assist OCTA in implementing cost-effective transportation alternatives and further the goals of the Paratransit Growth Management Plan. A 12 percent local match is required. The application was submitted on October 14, 2005.

- A proposal requesting \$200,000, in Caltrans planning grant funds is being developed to supplement the multi-county regional goods movement study, currently underway. The funds would be used for additional environmental justice impact analysis and community outreach activities. Project partners include LACMTA, Riverside County Transportation Commission (RCTC), San Bernardino Associated Governments (SANBAG), Ventura County Transportation Commission, and the Southern California Association of Governments (SCAG). A 12 percent local match is required, which is being shared between several project partners. The application was submitted on October 14, 2005.

#### Pending Grant Applications

The OCTA has five pending grant applications awaiting approval (Attachment B).

#### Federal Transit Agency Section 5309 Discretionary Capital Grant Program

- The FY 2004-05 Section 5309 Discretionary Capital Grant application was submitted on September 28, 2005, with award anticipated within three months. The consolidated capital grant application requests a total of \$4,344,932, in federal earmark funds for: Bus Rapid Transit (\$2,184,466); Inter-County Express Bus (\$1,067,961); the City of Anaheim (\$485,437, for FY 2003-04 and \$291,534, for FY 2004-05), and a security camera system at the Fullerton Transportation Center (\$315,534).

#### State Interregional Transportation Improvement Program ( STIP)

- An application for \$186,525, is pending to conduct a car-sharing demonstration project at the Anaheim, Orange, and Tustin Metrolink Stations. The project would allow employees to use shared vehicles to drive to their job site from the stations. The project was proposed in May 2003 in an effort to improve mobility on the Riverside Freeway (State Route 91). The car-sharing program is expected to remain unfunded until FY 2007-08 due to state budget shortfalls.

#### Urban Area Security Initiative Grant State Funds: Homeland Security Grant Program

- On August 26, 2005, staff submitted a reimbursement request of \$30,104, for Transit Police Service overtime hours and \$3,270, for k-rail barriers for the Santa Ana Transit Terminal to achieve heightened security levels resulting from the July 2005 London bombings. These expenses are eligible for reimbursement through the Urban Area Security Initiative Grant and State Homeland Security Grant programs. Confirmation of the reimbursement is expected in January 2006.

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2005 Easter Seals Project Action Program

- On June 10, 2005, staff submitted a pre-proposal requesting up to \$100,000, to support the implementation of a Road to Driving Wellness Program in Orange County, which is a volunteer-based program that promotes driver safety among seniors. Easter Seals Project Action is a grant program administered by Easter Seals and funded through FTA to promote cooperation between transportation providers and people with disabilities. The pre-proposal is currently in review. Notification is expected in December 2005.

Value Pricing Pilot Program

- On March 15, 2005, staff submitted a proposal for the Federal Highway Administration's (FHWA) Value Pricing Pilot Program (VPPP). The proposal requested \$1.19 million in VPPP grant funds for research and potential deployment of OCTA's Performance Monitoring and Pricing Pilot Project (PMAP<sup>3</sup>) to explore the benefits of dynamic pricing, and if favorable, employ associated monitoring equipment for the 91 Express Lanes. The proposal includes a 25 percent local match from toll revenue funds. Award notification is anticipated by December 2005.

Federal Railroad Administration (FRA)

- A Statement of Interest requesting \$4,970,500, to conduct a self-powered vehicle (SPV) demonstration in Orange County in April 2004 was denied. In the interest of cost-effectiveness, a prioritized selection was made to agencies already utilizing SPV cars.

American Automobile Association (AAA) Foundation for Traffic Safety

- On September 1, 2005, staff submitted a pre-proposal to provide additional funding in support of the Road to Driving Wellness Program, which is a train-the-trainer program aimed at ensuring senior driver safety. The request for up to \$100,000, would be used towards the implementation of the program through workshops and educational training materials. The proposal for this program was denied in November 2005.

Executed Grant Awards

The OCTA staff executed one grant award in the current quarter.



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The FY 05 5307 Formula Grant was executed on September 22, 2005. This grant consists of \$88.9 million in federal capital and operating assistance for the OCTA's fixed route and paratransit operations and for Metrolink rolling stock purchases. The \$88.9 million is comprised of \$53.4 million of Section 5307 formula funds, of which, \$10 million is carryover from the FY 2003-04 Section 5307 apportionment and \$35.5 million in transferred Congestion Mitigation and Air Quality (CMAQ) funds (Metrolink Rolling Stock (\$35 million)) and Rideshare Services (\$0.5 million).

#### Current Grant Agreements

The OCTA has current capital and discretionary grant agreements (Attachment C).

**Capital Formula Grants:** OCTA receives an annual formula capital grant from the FTA. There are five active formula capital grants, totaling \$455.8 million. A total of \$258.4 million of these grants have been expended or obligated for procurement, leaving a remaining and available balance of \$197.4 million. Of the \$197.4 million available balance, \$113.2 million represents future year's procurement of alternative fuel buses for the expansion and replacement of our current fixed route fleet.

**Capital Discretionary Grants:** There are five active discretionary capital grants, totaling \$17.3 million. A total of \$9.9 million of these grants has been expended or obligated for procurement, leaving a remaining and available balance of \$7.4 million. The \$7.4 million available balance represents the construction of the Irvine Transportation Center parking structure, construction of the Buena Park Intermodal facility and buses for the Cities of Anaheim and Brea.

OCTA has other current discretionary grants (Attachment D).

In addition to the specific grants outlined above, OCTA receives a variety of discretionary grants from sources such as SCAG, South Coast Air Quality Management District (SCAQMD), Mobile Source Air Pollution Reduction Committee (MSRC), FHWA, CMAQ, Traffic Congestion Relief Program (TCRP), Caltrans and the State Highway Fund. In July, 2005, OCTA received the remaining allocation of \$123.7 million of TCRP funding for the Garden Grove Freeway (State Route 22) Project. The remaining and available balance on these discretionary grants is \$137.5 million. These funds will be received on a reimbursement of eligible expense basis.

#### Closed-out Grant Agreements

There were no closed-out grants in the current quarter.

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**Summary**

This report provides an update of the grant funded activities for the first quarter of fiscal year 2005-06, July through September 2005. Staff recommends this report be received and filed as an information item.

**Attachments**

- A. Quarterly Grant Status Report, July through September 2005, Future Grant Applications.
- B. Quarterly Grant Status Report, July through September 2005, Pending Grant Applications.
- C. Quarterly Grant Status Report, July through September 2005, Current Formula and Discretionary Grants.
- D. Quarterly Grant Status Report, July through September 2005, Current Other Discretionary Grants.
- E. Quarterly Grant Status Report, July through September 2005, Federal Transit Administration Section 5307 Grant Funds.
- F. Quarterly Grant Status Report, July through September 2005, Federal Transit Administration Capital Grant Index.

**Prepared by:**



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**Approved by:**



James S. Kenan  
Executive Director, Finance,  
Administration and Human Resources  
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**Quarterly Grant Status Report  
July through September 2005  
Future Grant Applications**

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<b>FTA Section 5309 (c) - Bus and Bus Related Facilities Program</b>						
Discretionary grants funded by the Transportation Equity Act for the 21st Century (TEA-21). Grants provide capital funds for projects that improve efficiency and coordination of transportation systems.						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EST. SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2001-02 City of Costa Mesa	\$ 247,507	\$ 61,877	\$ 309,384	TBD	TBD	Seeking Scope of Work change via the Federal Fiscal Year 2005 Budget
<b>Discretionary Grants Sub-Total</b>	<b>\$ 247,507</b>	<b>\$ 61,877</b>	<b>\$ 309,384</b>			

<b>U.S. Department of Homeland Security</b>						
These grants are to be used for the protection of the Orange County's transportation system and the hardening of OCTA's critical facilities.						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EST. SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2004-05 Homeland Security Grant Program	TBD	\$ -	\$ -	December 2005	TBD	Under Development
<b>Discretionary Grants Sub-Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			

<b>Environmental Justice Planning Grant Program</b>						
California State Highway Account - Orange County Commuter Bikeways Strategic Plan Update, Developing a Transportation Plan for the Regional Centers of Orange County and						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2004-05 Adult Day Healthcare (ADHC) Transportation Services	\$ 65,000	\$ 7,800	\$ 72,800	October 2005	March 2006	Under Development
FY 2004-05 Creating Balance between Goods Movement	200,000	24,000	224,000	October 2005	March 2006	Under Development
<b>Discretionary Grants Sub-Total</b>	<b>\$ 265,000</b>	<b>\$ 31,800</b>	<b>\$ 296,800</b>			

<b>Future Grants Total</b>	<b>\$ 512,507</b>	<b>\$ 93,677</b>	<b>\$ 606,184</b>
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**Quarterly Grant Status Report  
July through September 2005  
Pending Grant Applications**

<b>FTA Section 5309 (c) - Bus and Bus Related Facilities Program</b>						
Discretionary grants funded by the Transportation Equity Act for the 21st Century (TEA-21). Grants provide capital funds for projects that improve efficiency and coordination of transportation systems.						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EST. SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2003-04 Bus Rapid Transit	\$ 2,184,466	\$ 447,421	\$ 2,631,887	September 2005	December 2005	Pending Approval
FY 2003-04 Inter-County Express Bus	1,067,961	218,739	1,286,700	September 2005	December 2005	Pending Approval
FY 2003-04 Anaheim Resort Transit	485,437	99,427	584,864	September 2005	December 2005	Pending Approval
FY 2003-04 Security Cameras for Transit Centers	315,534	78,884	394,418	September 2005	December 2005	Pending Approval
FY 2004-05 Anaheim Resort Transit	291,534	72,884	364,418	September 2005	December 2005	Pending Approval
<b>Discretionary Grants Sub-Total</b>	<b>\$ 4,344,932.00</b>	<b>\$ 917,353.60</b>	<b>\$ 5,262,285.60</b>			

<b>State Interregional Transportation Improvement Program (STIP)</b>						
Demonstration car-sharing program at the Anaheim, Orange, and Tustin Metrolink stations.						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2003-04 Demonstration car-sharing program	\$ 186,525	\$ -	\$ 186,525	May 2003	October 2008	Pending Approval
<b>Discretionary Grants Sub-Total</b>	<b>\$ 186,525</b>	<b>\$ -</b>	<b>\$ 186,525</b>			

<b>Urban Area Security Initiative Grant State Funds: Homeland Security Grant Program</b>						
Reimbursement for eligible expenses that are the result of threat alerts by the Federal Government.						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2004-05 Homeland Security Grant Program	\$ 33,374	\$ -	\$ 33,374	August 2005	January 2006	Pending Approval
<b>Discretionary Grants Sub-Total</b>	<b>\$ 33,374</b>	<b>\$ -</b>	<b>\$ 33,374</b>			

<b>Easter Seals Project Action Program</b>						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2004-05 Driving to Wellness Program	\$ 100,000	\$ -	\$ 100,000	June 2005	December 2005	Pending Approval
<b>Discretionary Grants Sub-Total</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>			

<b>Federal Highway Administration Grant Program (FHWA)</b>						
Value Pricing Pilot Program (VPP) to fund the research and potential deployment of OCTA's Performance Monitoring and Pricing Project.						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2004-05 Value Pricing Pilot Program	\$ 1,190,000	\$ 395,000	\$ 1,585,000	March 2005	December 2005	Pending Approval
<b>Discretionary Grants Sub-Total</b>	<b>\$ 1,190,000</b>	<b>\$ 395,000</b>	<b>\$ 1,585,000</b>			

<b>Federal Railroad Administration (FRA) - Self Powered Vehicle (SPV) Statement of Interest</b>						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2003-04 Compliant SPV	\$ 4,970,500	\$ 4,970,500	\$ 9,941,000	April 2004		Denied
<b>Discretionary Grants Sub-Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			

<b>AAA Foundation for Traffic Safety</b>						
GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	SUBMITTAL DATE	EST. APPROVAL DATE	STATUS
FY 2004-05 Driving to Wellness Program	\$ 100,000	\$ -	\$ 100,000	September 2003		Denied
<b>Discretionary Grants Sub-Total</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>			

<b>Pending Grants Sub-Total</b>	<b>\$ 5,668,342</b>	<b>\$ 1,312,390</b>	<b>\$ 6,980,696</b>			
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**Quarterly Grant Status Report  
July through September 2005  
Current Formula & Discretionary Grants**

**ATTACHMENT C**

**FTA SECTION 5307, 5309 AND 5313 GRANT FUNDS**

**FTA Section 5307 - Urbanized Area Formula Capital Grant Program**

Formula grants funded by the Transportation Equity Act for the 21st Century (TEA-21).

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

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
FY 2004-05	\$ 83,581,587	\$ 15,411,320	\$ 98,992,907	\$ -	\$ -	\$ 98,992,907
FY 2003-04 **	45,164,302	14,024,519	59,188,821	44,180,103	2,042,626	12,966,092
FY 2001-03 *	131,076,208	25,003,175	156,079,383	144,258,915	3,874,229	7,946,239
FY 2000-01	30,138,775	7,474,532	37,613,307	19,934,053	601,755	17,077,499
FY 1999-00	85,949,714	17,992,719	103,942,433	43,495,790	-	60,446,643
<b>Formula Grants Total</b>	<b>\$ 375,910,586</b>	<b>\$ 79,906,265</b>	<b>\$ 455,816,851</b>	<b>\$251,868,861</b>	<b>\$ 6,518,610</b>	<b>\$ 197,429,380</b>

Note: The Remaining Balance reflects funds in an Approved Grant waiting for the procurement contract.

\* The FY 2001-03 Section 5307 Grant is a consolidated FY 2001-02 and FY 2002-03 mega grant.

\*\* The FY 2003-04 Section 5307 Grant is "ONLY" 9/12 of the amount available because the extension of TEA-21 expired June 30, 2004.

**FTA Section 5309 - Discretionary Capital Grant Program**

Discretionary grants funded by the Transportation Equity Act for the 21st Century (TEA-21).

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

CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	EXPENDED TO DATE	UNLIQUIDATED OBLIGATIONS	REMAINING BALANCE
FY 2001-03 City of Anaheim	\$ 986,854	\$ 202,127	\$ 1,188,981	\$ -	\$ -	\$ 1,188,981
FY 2000-02 Cities of Anaheim and Brea and Santa Ana Bus Base	1,930,671	469,249	2,399,920	1,654,951	40,516	704,453
FY 2001-03 New Starts - CenterLine PE	4,437,739	1,109,435	5,547,174	5,547,174	-	-
FY 2000-01 ITC Transitway	2,481,380	620,345	3,101,725	-	-	3,101,725
FY 1999-00 Buses/Intermodal Fac.	4,103,680	928,299	5,031,979	2,603,241	-	2,428,738
<b>Discretionary Grants Total</b>	<b>\$ 13,940,324</b>	<b>\$ 3,329,455</b>	<b>\$ 17,269,779</b>	<b>\$ 9,805,366</b>	<b>\$ 40,516</b>	<b>\$ 7,423,897</b>

Note: The above grant amounts include FTA amount and OCTA local match but exclude operating assistance.

**Quarterly Grant Status Report  
July through September 2005  
Current Other Discretionary Grants**

DISCRETIONARY ALLOCATIONS					
<b>South Coast Air Quality Management District Grant Program (SCAQMD) and Mobile Source Air Pollution Reduction Review Committee (MSRC)</b> Provides grants for the purchase of clean fuel revenue vehicles and other activities to reduce mobile source emissions.					
CURRENT GRANT	STATE GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
FY 2004-05 Contract # PT05063	\$ 603,500	-	603,500	\$ 603,500	The grant was awarded in February 2005 for \$150,000 to purchase and install 71 catalyzed diesel particulate filter systems in an effort to retrofit certain diesel-fueled buses. In subsequent action in June 2005, the MSRC Board increased the amount of the award to \$603,500. Contract to be executed.
FY 2004-05 Contract # MS05047	75,563	-	75,563	75,563	This grant provides \$75,563 to fund the modernization of an obsolete LNG displacement pump. Grant was submitted in September 2004 and awarded in January 2005.
FY 2004-05 Contract # TBD	200,000	-	200,000	200,000	Funds the purchase up to 25 buses that are equipped with an advanced natural gas fueling system. The grant was submitted in September 2004 and awarded in January 2005. Awaiting contract.
2001-02 Mobile Source Air Pollution Reduction Committee (MSRC) Contract #AB2766/02003	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	This grant funds 21 LNG Buses at \$13,642 each. The funds were awarded in November 2001. On May 27, 2004, the MSRC denied OCTA's request to use the funds for LNG facility modifications. The MSRC has allowed the OCTA to retain \$10,000 for LNG facility modifications. On September 22, 2004, the OCTA requested a contract for \$10,000 to cost-share ventilation improvements at the Anaheim Bus Base. The project has been completed and the reimbursement request has been sent to the MSRC.
2002-03 Mobile Source Air Pollution Reduction Committee (MSRC) Contract #MS03041	1,360,000	-	1,360,000	1,360,000	This grant funds 68 LNG Buses at \$20,000 each. On June 1, 2004, OCTA executed a contract with MSRC with an expiration date of 2008. A pending decision on fuel technology may change the decision on whether or not to use these funds.
2002-03 Mobile Source Air Pollution Reduction Committee (MSRC) Contract #MS03059	375,000	-	375,000	145,916	These grant funds are being used for the expansion of the OCTA's Freeway Service Patrol Program (FSP). A total of five new freeway service patrol beats have been established which, will operate from 10:00 a.m. until 2:00 p.m.. The grant was approved by AQMD on June 6, 2003. The OCTA executed the agreement on December 23, 2003. This project is proceeding.
2002-03 Mobile Source Air Pollution Reduction Committee (MSRC) Contract #MS04006	405,000	-	405,000	405,000	Funds 10 gasoline/electric hybrid buses at \$40,000 each plus \$5,000 for mechanical training. Contract signed by OCTA on August 24, 2004. Contract was executed on November 9, 2004. Vehicles have arrived on property and are going through acceptance.
2002-03 South Coast Air Quality Management District (SCAQMD) Contract # TBD	1,000,000	-	1,000,000	1,000,000	Funds the expansion of the LNG fueling infrastructure at the Garden Grove and Anaheim facilities. Funds were awarded in October 2002. OCTA submitted a request to AQMD on August 12, 2004, requesting to use the funds for LNG fuel tank upgrades. AQMD staff responded on September 29, 2004, agreeing to the scope change and also agreeing to allow funds to be used for new alternative fuel refueling infrastructure. The AQMD Board concurred with staff recommendation on December 3, 2004. Awaiting contract.

**Quarterly Grant Status Report  
July through September 2005  
Current Other Discretionary Grants**

DISCRETIONARY ALLOCATIONS					
<b>Federal Highway Administration Grant Program (FHWA)</b>					
Funds the development, implementation and deployment of Intelligent Transportation Systems (ITS) and Transit Enhancement Activities (TEA) for the PE ROW.					
CURRENT GRANT	GRANT AMOUNT	SHARE AMOUNT	GRANT AMOUNT	REMAINING BALANCE	PROJECT STATUS
FY 2003-04 Southern California Goods Movement Study	300,000	500,000	800,000	800,000	SCAG awarded the Partnership Planning Grant for the Goods Movement Study on November 29, 2004. A Memorandum of Understanding (MOU) is being drafted with acceptance anticipated in the near future.
<b>Traffic Congestion Relief Program (TCRP)</b>					
Governor's TCRP State funding for the SR-22 Project Advanced Planning Study					
FY 2002	\$ 394,269	\$ -	\$ 394,269	\$ -	The advanced Planning Study for the SR-22 Project is complete and the final reimbursement was received on 1/15/2003.
Governor's TCRP State funding for the SR-22 Project Planning, Construction, Construction Management, ROW					
FY 2002	\$ 180,100,000	\$ -	\$ 180,100,000	\$ 132,212,277	In July 2005, OCTA was granted the remaining allocation of \$123.7 million of TCRP funds. To date, OCTA has been allocated \$180.1 million with \$4.9 million allocated to Caltrans for environmental and Quality Assurance and Quality Control (QA/QC) activities. Reimbursements received to date total \$47.8 million against the following phases: Phase 2 (Preliminary Design and detailed Plans, Specifications and Estimates (PS&E)) @ \$12.7 million and Phase 3 (Right of Way) @ \$22.6 million, and Phase 4 (Initial Mobilization for Construction) @ \$12.5 million.. Staff has submitted a reimbursement for \$77.8 million for the following: Phase 1 @ \$0.9 million, Phase 2 @ \$6.7 million, Phase 4 @ \$70.2 million.
<b>FY 2002 Environmental Justice Planning Grant Program</b>					
California State Highway Account - Adult Day Health Care Center Transportation Plan					
FY 2004	\$ 50,000	\$ 20,000	\$ 70,000	\$ 49,696	To develop a comprehensive transportation plan for Adult Day Health Care Centers (ADHC) in Orange County. ADHC Centers account for approximately 1/3 of all trips taken on ACCESS. The plan will develop recommendations on other more cost-effective transportation programs for the 22 ADHC Centers in Orange County. There is a \$10,000 match each from OCTA and the Office on Aging (OOA). A contract was let to Medical Transportation Inc., on January 27, 2005. Reimbursements are continuing.
<b>U.S. Department of Homeland Security</b>					
These grants are to be used for the protection of the Orange County's transportation system and the hardening of OCTA's critical facilities.					
FY 2003-04 Homeland Security Grant Program	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	Funding to install security video detection surveillance system equipment at three critical freeway under crossing bridges.
<b>FTA Section 5313 (b) - Transit Planning Grant Program</b>					
Caltrans is the Federal Grant Recipient					
FY 2004	\$ 50,000	\$ 12,000	\$ 62,000	\$ 62,000	Funds shall be utilized for statewide planning and other technical assistance activities, planning support for non-urbanized areas, research, development and demonstration projects, fellowships for training in the public transportation field, and human resource development. SCAG is the recipient of these funds, with OCTA as a sub-recipient.
FY 2003-04	280,000	33,037	313,037	313,037	Funding to conduct a commuter rail needs assessment at 18 commuter rail stations located along the three Metrolink lines in Orange County. The study will assess demand for parking, transit feeder service, and transit oriented development. SCAG is the recipient of these funds, with OCTA as management lead on the project.
<b>Total</b>	<b>\$ 185,453,332</b>	<b>\$ 565,037</b>	<b>\$ 186,018,369</b>	<b>\$ 137,486,990</b>	

## Quarterly Grant Status Report July through September 2005

FTA SECTION 5307 GRANT FUNDS				
<u>FTA Section 5307 - Urbanized Area Formula Capital Grant Program</u>				
Note: Operating Assistance Only				
CURRENT GRANT	FEDERAL GRANT AMOUNT	LOCAL SHARE AMOUNT	TOTAL GRANT AMOUNT	FTA DATE PAID
FY 2004-05 *	\$ 5,341,510	\$ 24,844,621	\$ 30,186,131	Oct. 4, 2005
FY 2003-04 *	3,010,031	15,503,544	18,513,575	Aug. 30, 2004
FY 2001-03 *	6,966,007	37,562,925	44,528,932	Aug. 21, 2003
FY 2000-01 *	3,155,000	16,411,495	19,566,495	March 8, 2002
FY 1999-00 *	2,889,244	13,818,506	16,707,750	Sept. 29, 2000
<b>Formula Grants Sub-Total</b>	<b>\$ 21,361,792</b>	<b>\$ 108,141,091</b>	<b>\$ 129,502,883</b>	

Note: \* Includes ADA Paratransit Operating Assistance "ONLY"



**Quarterly Grant Status Report  
July through September 2005  
FTA Capital Grant Index**

(thru September 30, '05)

GRANT NO.	DESCRIPTION	OBLIG. DATE	GRANT BUDGET	UNLIQUIDATED OBLIGATIONS	TOTAL OUTLAYS	TOTAL COMMIT/COSTS	REMAINING BALANCE	PERCENT COMPLETE	ANTICIPATED CLOSE-OUT
CA-03-0561	Bus Procurement/Intermodal Fac.	9/21/2000	5,031,979	-	2,603,241	2,603,241	2,428,738	51.73%	April '07
CA-03-0585	ITC Transitway Improvements	9/26/2001	3,101,725	-	-	-	3,101,725	0.00%	July '07
CA-03-0599	New Starts - CenterLine PE	9/6/2002	5,547,174	-	5,547,174	5,547,174	-	100.00%	November '05
CA-03-0626	Cities of Anaheim and Brea	\$37,858	\$ 2,399,920	40,516	1,654,951	1,695,467	704,453	68.96%	March '08
CA-03-0685	Cities of Anaheim and Brea	8/25/2004	1,188,981	-	-	-	1,188,981	0.00%	July '06
CA-90-X962	Program of Projects	9/25/2000	103,942,433	-	43,495,790	43,495,790	60,446,643	41.85%	March '07
CA-90-Y048	Program of Projects	3/4/2002	37,613,307	601,755	19,934,053	20,535,808	17,077,499	53.00%	March '08
CA-90-Y163	Program of Projects	8/14/2003	156,079,383	3,874,229	144,258,915	148,133,144	7,946,239	92.43%	March '08
CA-90-Y237	Program of Projects	8/19/2004	59,188,821	2,042,626	44,180,103	46,222,729	12,966,092	74.64%	March '08
CA-90-Y349	Program of Projects	9/22/2005	98,992,907	-	-	-	98,992,907	0.00%	March '11
<b>TOTALS</b>			<b>\$473,086,630</b>	<b>\$ 6,559,126</b>	<b>\$261,674,227</b>	<b>\$ 268,233,353</b>	<b>\$ 204,853,277</b>	<b>55.31%</b>	





**BOARD COMMITTEE TRANSMITTAL**

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** Fiscal Year 2005-06 First Quarter Budget Status Report

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Receive and file as an information item.



**December 14, 2005**

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Fiscal Year 2005-06 First Quarter Budget Status Report

**Overview**

The Orange County Transportation Authority's staff has implemented the fiscal year 2005-06 budget. This report summarizes the material variances between the budget plan and actual revenues and expenses.

**Recommendation**

Receive and file as an information item.

**Background**

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2005-06 Budget on June 13, 2005. The approved budget itemizes the anticipated revenues and expenses necessary to meet OCTA's transportation programs and service commitments. The OCTA budget is a compilation of individual budgets for each of OCTA's funds, including: the General Fund; three enterprise funds (Orange County Transit District (OCTD), Orange County Taxicab Administration Program (OCTAP), and 91 Express Lanes, eight special revenue funds; two capital project funds; one debt service fund; three trust funds; and five internal service funds.

The approved revenue budget is \$681.8 million comprised of \$612.3 million in current year revenues and \$69.5 million in use of reserves. The approved expenditure budget is \$681.8 million with \$669.7 million of current year expenditures and \$12.1 million of designations. This report will analyze variances between the current year-to-date budget and actuals for both revenues and expenditures.

During the first quarter, the Board approved three budget amendments. A summary of each amendment follows:

Fiscal Year 2005-06 Amended Budget

In Thousands	Description	Total
6/13/2005	Approved Budget	\$ 681,816
6/27/2005	Rapid Transit Development - Project Management Consultant	750
6/27/2005	Santa Ana Freeway Oso Parkway Chokepoint Improvement Project	1,633
7/25/2005	Purchase of 50 Compressed Natural Gas 40-ft Buses	21,409
7/25/2005	Improve Fueling System on Liquefied Natural Gas Buses	1,120
9/30/2005	Total Amended Budget	\$ 706,728

**Discussion**

Staff monitors and analyzes current year revenues and expenditures versus the amended budget. This report will provide budget-to-actual explanations for material variances.

**Staffing**

A staffing plan of 1,909 full-time equivalent (FTE) positions was approved in the FY 2005-06 budget. The average filled positions through the end of September 2005 were 1,859. In the first quarter the vacancy rate for OCTA was 2.7 percent. A breakdown of the vacancy rate by job category is provided in the table below.

Full-Time Equivalent Average Vacancy Rate

	Budget	Filled	Vacancy Rate
Coach Operators	1,125.0	1,119.2	0.5%
Maintenance	256.0	251.7	1.7%
Transportation Communications International Union	45.0	43.7	3.1%
Union Subtotal	1,426.0	1,414.5	0.8%
Direct Transit Operations Support	204.0	194.0	5.2%
Other Administrative	279.0	250.5	11.4%
Administrative Subtotal	483.0	444.5	8.7%
Total Authority	1,909.0	1,859.0	2.7%

Revenue Summary

During the fiscal year, OCTA augmented its revenue budget by \$1.6 million and \$23.3 million in reserve funds. As the table below indicates, the amended current year revenue budget for FY 2005-06 is \$706.7 million. This report focuses on variances between budgeted and actual year-to-date revenues and expenditures for the first quarter.

Fiscal Year 2005-06 Amended Revenue Budget

In Thousands	Current Year	Reserves	Other Sources	Total
Approved Budget	\$ 612,357	\$ 69,459		\$ 681,816
Rapid Transit Development - Project Management Consultant		750		\$ 750
Santa Ana Freeway Oso Parkway Chokepoint Improvement Project <sup>1</sup>			1,633	\$ 1,633
Purchase of 50 Compressed Natural Gas 40-ft Buses		21,409		\$ 21,409
Improve Fueling System on Liquefied Natural Gas Buses		1,120		\$ 1,120
<b>Total Amended Budget</b>	<b>\$ 612,357</b>	<b>\$ 92,738</b>	<b>\$ 1,633</b>	<b>\$ 706,728</b>

Note:

1 - State Transit Improvement Program

Year-to-date revenue of \$97.3 million is 30 percent under the first quarter amended budget of \$139.1 million. Variances at the summary object level are presented on the following page:

## First Quarter Revenue Summary

*In Thousands*

Description	Budget	Actual	Variance	%
Federal Operating Grants	-	(19,047)	(19,047)	0.0%
Federal Capital Grants	6,937	(6,243)	(13,179)	-190.0%
Sales Tax Revenue	82,158	80,491	(1,667)	-2.0%
Interest Income	7,441	4,830	(2,611)	-35.1%
Advertising Revenue	975	-	(975)	-100.0%
Department of Motor Vehicles Fees Revenue	1,238	485	(753)	-60.8%
Gas Tax Exchange	5,750	5,183	(567)	-9.9%
Farebox Revenue	13,345	12,934	(411)	-3.1%
State Grants	-	(365)	(365)	0.0%
Property Tax Revenue	898	674	(224)	-25.0%
Miscellaneous	1,162	1,125	(36)	-3.1%
Fees & Fines	46	31	(15)	-32.6%
Rental Income	250	256	6	2.6%
Toll Road Revenue	8,210	10,558	2,348	28.6%
Other Financial Assistance	857	6,399	5,542	646.9%
<b>Total Revenue</b>	<b>129,266</b>	<b>97,313</b>	<b>(31,953)</b>	<b>-24.7%</b>

## Federal Operating and Capital Grants and Other Financial Assistance

Note: Revenues in all three of the following categories are received on a reimbursement basis. Revenues budgeted here can be received in future years rather than the year in which they are reflected in the budget. In addition, reimbursements budgeted in a prior year can be received in the current year. This will lead to a variance between budgeted revenues and actual cash receipts primarily due to revenues not being recorded in the same period as encumbrances. Revenues received include reimbursements from the Federal Transit Administration (FTA), California Department of Transportation (Caltrans), cities, and other agencies.

Federal Operating Grants: Year-to-date actuals indicate a negative amount of \$19 million compared to no budget. The primary reason for this variance is due to \$19 million of 2005 grant dollars (accrued as of June 30, 2005) that were expected to be received during the first quarter of FY 2006. As part of the accrual process, an accrual reversal was recorded for (\$19 million), which was not offset with the actual revenue receipts leaving a negative balance in the general ledger. The \$19 million 2005 grant dollars were reimbursed and

recorded as of October 4, 2005, (second quarter) and has since offset the negative balance.

Federal Capital Grants: Year-to-date actuals indicate a negative amount of \$6.2 million compared to a budget of \$6.9 million. This variance is due to an accrual reversal for the Garden Grove Freeway (State Route 22) project which was encumbered last fiscal year. In addition, as a result of the note stated above, a variance is expected to exist throughout the fiscal year.

Other Financial Assistance: Year-to-date actuals of \$6.4 million were \$5.5 million over the amended budget of \$0.9 million. The primary reason for this variance is caused by actual reimbursements received from the City of Garden Grove (\$3.2 million) and a partial reimbursement from Caltrans (\$3.1 million) for the State Route 22 (SR-22) project which was encumbered last fiscal year.

Sales Tax Revenue: First quarter actuals of \$80.5 million were 6.5 percent or \$5.6 million under the budget of \$86 million for the same period. The primary reasons for this variance are under runs in Local Transportation Authority (LTA) fund \$2.2 million, State Transit Assistance Fund (STAF) \$2 million, and the Gas Tax Exchange (GTE) fund \$1.9 million.

The LTA fund is running under budget primarily due to lower than budget sales tax revenue growth, 3.9 percent actual versus 4.2 percent budgeted or a difference of \$1.7 million of the \$2.2 million variance. STAF is running under budget because the State Controller normally delays making payments until after the end of the quarter. The payment for the first quarter (\$2.9 million) was received in October. Since the state increased the STAF program after OCTA's budget was approved, total revenues from the STAF are now expected to be \$11.6 million or 46.4 percent more than the original budget amount of \$7.9 million. The GTE fund (\$23 million) is paid equally each month (\$1.9 million) directly by the state to OCTA and normally is one month in arrears. As of September 30, 2005, only payments for the month of July and August were accounted. These three variances above were partially off-set by greater than budgeted actuals in the Local Transportation Funds (\$0.5 million).

Interest Income: First quarter actuals of \$4.8 million were \$2.6 million below the budget of \$7.4 million for the same period. The variance is primarily due to realized losses (\$4.4 million) resulting from the sale of fixed income securities. Securities are sometimes sold during a period of rising interest rates to purchase higher yielding securities that will provide a greater return over time. This realized loss is being offset by actual cash receipts resulting from interest on investments coming in \$2 million over budget. Actuals to budget are



anticipated to be aligned by year end as a result of the purchases of these higher yielding securities.

Advertising Revenue: The variance of \$1 million through September is 100 percent below the budgeted amount of \$1 million. The variance is due to the effective starting date for the new advertising contract, which began September 1. Future revenue receipts are expected to be one month in arrears with reconciliations made at each quarter end. OCTA will receive a minimum guarantee of \$3.8 million for the fiscal year.

Toll Road: First quarter actuals of \$10.6 million were 28.6 percent greater than the amended budget of \$8.2 million. This variance is primarily due to an increase of 17.6 percent in traffic volume (\$0.7 million) and more revenue from the interoperating agreement with the Transportation Corridor Agencies (TCA). OCTA bills the TCA for TCA customers who use the 91 Express Lanes (\$0.8 million). In addition, there was an increase in the monthly minimum fee account due to an increase in transponder sales. Transponders sold increased from 172,220, in 2005 to 177,636, in 2006 which equates to \$0.5 million.

Expense Summary

During FY 2005-06, the expenditure budget was increased by \$24.9 million to accommodate several projects: the purchase of 50 compressed natural gas 40-foot buses (\$21.4 million), improve the fueling system on the liquefied natural gas (LNG) buses (\$1.1 million), additional funding required for the Santa Ana Freeway (I-5) Oso Parkway chokepoint improvement project (\$1.6 million) and a project management consultant for Bus Rapid Transit development (\$0.8 million). As the table below indicates, the amended current year expenditure budget is \$706.7 million. The following section focuses on variances between the amended budget and year-to-date expenses.

Fiscal Year 2005-06 Amended Expenditure Budget

In Thousands	Expenditures		
	Current Year	Designations	Total
Approved Budget	\$ 669,729	\$ 12,087	\$ 681,816
Amendments	24,912	-	24,912
Total Amended Budget	\$ 694,641	\$ 12,087	\$ 706,728

First quarter expenditure actuals of \$103.3 million represents a 38.8 percent under run in comparison to the budget of \$143.5 million. Variances at the object summary level are presented in table form on the next page.

## First Quarter Expense Summary

*In Thousands*

Description	Budget	Actual	Variance	%
<b>Salaries</b>				
Compensated Absences	2,649	2,803	(154)	-5.5%
Salaries	21,607	20,941	665	3.2%
<b>Total Salaries</b>	<b>24,256</b>	<b>23,745</b>	<b>511</b>	<b>2.2%</b>
<b>Benefits</b>				
Pensions	3,472	3,783	(311)	-8.2%
Insurances	538	372	166	44.7%
Other Benefits	896	281	614	218.2%
<b>Total Benefits</b>	<b>4,906</b>	<b>4,436</b>	<b>470</b>	<b>10.6%</b>
<b>Total Salaries &amp; Benefits</b>	<b>29,161</b>	<b>28,181</b>	<b>981</b>	<b>3.5%</b>
<b>Services and Supplies</b>				
Insurance	-	1,300	(1,300)	-100.0%
Fuels & Lubricants	2,641	3,613	(973)	-26.9%
Miscellaneous Expense	267	299	(33)	-11.0%
Debt Service	14,905	14,895	11	0.1%
Travel, Training, Mileage	156	98	58	59.8%
Leases	1,216	1,103	114	10.3%
Utilities	577	399	178	44.6%
Advertising Fees	263	56	208	372.5%
Maintenance Expense	2,472	2,174	298	13.7%
Tires & Tubes	577	168	409	243.3%
Other Materials & Supplies	769	324	445	137.5%
Insurance Claims Expense	7,666	6,918	748	10.8%
Contract Transportation	11,251	10,430	821	7.9%
Taxes	201	(731)	933	-127.6%
Office Expense	1,446	493	953	193.4%
Outside Services	8,436	7,258	1,178	16.2%
Professional Services	11,291	6,471	4,821	74.5%
Contributions to Other Agencies	32,539	13,702	18,837	137.5%
<b>Total Services &amp; Supplies</b>	<b>96,674</b>	<b>68,968</b>	<b>27,706</b>	<b>40.2%</b>
<b>Capital and Fixed Assets</b>				
Construction in Progress	1,494	5,006	(3,512)	-70.2%
Capital Expense-Local Funding	4	-	4	100.0%
Work In Process	5,864	312	5,552	1781.1%
Capital Expense-Grant Funding	10,270	879	9,391	1068.4%
<b>Total Capital and Fixed Assets</b>	<b>17,632</b>	<b>6,197</b>	<b>11,435</b>	<b>184.5%</b>
<b>Total All Expenses</b>	<b>143,467</b>	<b>103,345</b>	<b>40,122</b>	<b>38.8%</b>

Salaries and Benefits: First quarter actuals of \$28.2 million were 3.5 percent or \$1 million under the amended budget of \$29.2 million. The variance is primarily due to under runs in salaries (\$0.7 million) and other benefits (\$0.6 million). The under run are due to actual administrative vacancy rate (8.7 percent) running higher than the budgeted rate of 3 percent. This variance

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is partially offset by expenses running greater than budgeted for compensated absences (\$0.1 million) and pensions (\$0.3 million).

The variance for compensated absences is caused by the seasonality of the coach operator workforce, which tends to use more vacation during the summer months and less in the winter. (Staff will revisit the budgeted cash flow to account for this seasonality in the future).

Pension costs were higher partially due to the change in the Orange County Retirement Systems (OCERS) Adjusted Retirement Benefit rate, which rose from 0.5 percent to 1 percent which equates to \$0.1 million. The new rate took effect July 1, 2005, which was subsequent to the budget development. As a result, a variance is expected throughout the fiscal year.

Services and Supplies: First quarter services and supplies actuals of \$69 million were 40.2 percent below the amended budget of \$96.7 million. Detailed explanations for each of these sub-categories are provided below.

Insurance: Year-to-date actuals of \$1.3 million were related to a physical liability/physical damage claim that was charged to the Orange County Transit District (OCTD) fund. The source of funds to cover these costs reside in the Internal Service Funds. The budget to actual variance is the result of budgeting the expense for these claims within the Internal Service Fund, rather than the enterprise (OCTD) fund itself. This will be corrected in the future, however, the variance is expected to remain throughout the year.

Fuels and Lubricants: Year-to-date actuals of \$3.6 million are over the amended budget of \$2.6 million by 26.9 percent. The over run is due to increased diesel fuel costs specifically related to our ACCESS service. OCTA has an agreement with our ACCESS service provider, which states that for any increase in fuel above the contracted rate of \$1.04, OCTA will reimburse the contractor for the difference in fuel price. (In the event that prices are lower than the agreed upon rate, the contractor will credit OCTA). However, these additional expenses were not budgeted in anticipation of rolling these added costs into the new procurement.

Taxes: First quarter actuals of negative \$0.7 million were under the amended budget of \$0.2 million. This variance is due to an accrual reversal for taxes on fuels and lubricants. The tax expense represents an incorrect interpretation of the State tax laws related to the LNG during the period of FY 2001 through FY 2005. This payment will be made in the second quarter, offsetting the accrual reversal.

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Office Expense: First quarter actuals of \$0.5 million were under the amended budget of \$1.5 million. The under run is primarily due to software and printing along with other miscellaneous office supplies.

The under run in software is due to the delay in purchasing the Trapeze Software (\$0.3 million) which was going to be utilized for the mobile data terminals in the paratransit vehicles. This project has been delayed until the third quarter of the fiscal year due to the extension of the pilot program.

The under runs in printing are due to the invoicing for printing of bus books running one month in arrears (\$0.1 million). In addition, the printing of day and monthly passes varies throughout the year depending on demand. It is difficult to predict when funds will be expended, as a result there is a variance in the first quarter of \$0.1 million.

Outside Services: First quarter actuals of \$7.3 million were under the amended budget of \$8.4 million by \$1.2 million or 16.2 percent. This variance is primarily due to under runs in hardware/software maintenance (\$0.3 million), repairs and maintenance on office equipment and graphic design and mural application service (\$0.1 million). In addition, security services (\$0.3 million) and bus stop maintenance (\$0.2 million) invoicing is running in arrears, one and two months, respectively. Furthermore, Motorist Services will be removing multiple callboxes within the Callbox Program. This project has been delayed (\$0.3 million) until the second quarter.

Professional Services: First quarter actuals of \$6.5 million were under the amended budget of \$11.3 million by \$4.8 million. The primary variances can be attributed to the Local Transportation Authority (\$1.3 million), the Orange County Transit District (\$0.9 million), and the 91 Express Lanes (\$0.2 million) funds. The following explanations are listed below:

Within the LTA fund, approximately \$1.3 million of the variance is due to the delay of the following projects: the Central County Corridor Study Phase II (\$0.9 million) and the South Orange County Major Investment Study Outreach (\$0.1 million). These two projects are expected to be under contract by February 2006. In addition, there is an under run in the Chokepoint Program Support of \$0.3 million. The total cost for the project was budgeted in September, whereas, the actuals are coming in on a monthly basis. This variance is expected to be off-set by year-end.

Within the OCTD fund, there is an under run of \$0.9 million. Under runs include, the Vanpool Program (\$0.3 million), which is currently under review by the External Affairs Division, the American with Disabilities Act (ADA) in-house

assessment (\$0.3 million) which was started later than anticipated, and the Customer Information Center (CIC) contract (\$0.3 million).

The under runs in the 91 Express Lanes were attributed to the delay in the Traffic and Revenue Study (\$0.1 million) and the Technical Studies for Environmental Documentation (\$0.1). These studies are anticipated to begin in November 2005. OCTA is in the process of negotiating the new operating agreement.

**Contributions to Other Agencies:** The Measure M combined transportation funding program and turnback program comprise 93 percent of the "Contributions to Other Agencies" (53 percent and 40 percent, respectively). Under runs in this category total \$18.8 million, due to cities not requesting reimbursements at the rate OCTA has anticipated.

#### Capital and Fixed Assets Summary

During the first quarter, capital and fixed asset actuals of \$6.2 million were 184.5 percent below the amended budget of \$17.6 million.

**Construction in Progress:** Year-to-date actuals of \$5 million were 70.2 percent above the amended budget of \$1.5 million. This variance is primarily due to an acceleration of right-of-way land acquisition for the I-5 Gateway project (\$5.5 million) due to increasing real estate cost. In addition, utility relocation and construction cost were less than anticipated by \$1.7 million. Actuals are expected to run in line with the budget by year end.

**Work in Process:** Year-to-date actuals of \$0.3 million were \$5.6 million below the amended budget of \$5.9 million. The majority of this variance is due to \$4.2 million which was budgeted for contract change orders (CCO) related to the SR-22 project. OCTA budgets CCO's in the event of unforeseen cost increases. Only \$0.2 million in CCO's were issued through the first quarter. In addition, \$0.5 million of the variance is due to slower than anticipated right-of-way land acquisition and right-of-way utility relocation \$0.4 million.

**Capital Expense – Grant Funding:** Year-to-date actuals of \$0.9 million were below the amended budget by \$9.4 million. The variance is the result of several projects being delayed such as the North American Bus Industries (NABI) engine replacements (\$1.2 million) which are scheduled to begin in Spring 2006. The Request for Proposals (RFP) was issued at a later time than initially anticipated. The first articles of small bus and paratransit revenue vehicles (\$2.6 million) will be received in June 2006, however; they were budgeted to be purchased quarterly throughout the year. In addition, the

paratransit radio project (\$4.5 million) will be delayed until a decision is finalized on the ACCESS procurement.

**Fund Level Analysis**

A fund level analysis as well as fund level financial schedules for the General Fund, Local Transportation Authority fund, Orange County Transit District fund, 91 Express Lanes fund and the Internal Service funds are included as Attachments A and B.

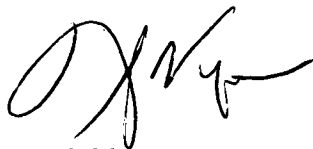
**Summary**

This summary report of budget-to-actuals provides information for the first quarter for fiscal year 2005-06 activities of the Orange County Transportation Authority. First quarter revenues were 30 percent lower than the amended revenue budget, while the expenditures were 39.8 percent below budgeted levels during this same period. Staff recommends this report be received and filed as an information item by the Finance and Administration Committee.

**Attachments**

- A. Fund Level Analysis.
- B. Fund Level Financial Schedules.

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**Fund Level Analysis**

**General Fund – Revenue and Expense Summary**

Year-to-date revenues of negative \$0.1 million are 113.6 percent below the amended budget of \$0.7 million. Year-to-date expenditures of \$8.4 million are 32.1 percent under the amended budget of \$12.3 million.

Note: Expenses in the General Fund are greater than revenues, this is due to the majority of the expenses being allocated to the other funds.

**General Fund - Variance Analysis – Revenues**

Other Financial Assistance: Revenue in this category is received on a reimbursement basis. Revenues budgeted here can be received in future years rather than the year in which they are reflected in the budget. On the other hand, reimbursements budgeted in prior years can be received in the current year. This will lead to a variance between budgeted revenues and actual cash receipts primarily due to revenues not being recorded in the same period as encumbrances. As a result, year-to-date revenue of negative \$0.4 million is 160.6 percent below the year-to-date amended budget of \$0.6 million. The negative revenue in this case is caused by an accrual reversal for the San Diego Freeway (Interstate 405) Major Investment Study (\$0.1 million), Santa Ana Freeway (Interstate 5)/Costa Mesa Freeway (State Route 55) Project Report (\$0.1 million), and the Riverside Freeway (State Route 91) Project Development Support (\$0.2 million). This revenue is anticipated to be received in the second quarter of the fiscal year.

**General Fund – Variance Analysis – Expenses**

Salaries and Benefits: Year-to-date expenditures of \$5.9 million are 9.3 percent less than the amended budget of \$6.5 million. Salaries are \$0.4 million under budget due to the actual vacancy rate (7 percent) being greater than budgeted (3 percent).

Services and Supplies: During the the first quarter, actuals of \$2.4 million are 57.9 percent less than the amended budget of \$5.7 million for the same period. Major variances are explained below.

Office Expense: Year-to-date actuals of \$0.3 million are 48.1 percent less than the amended budget of \$0.6 million. This is due to combined under-runs in printing, postage, office supplies and equipment, PC workstations/hardware and software purchases of \$0.3 million.

Contributions to Other Agencies: In the first quarter, actuals of negative \$0.3 million were below the amended budget of \$0.01 million. The reason behind the negative actuals is due to an accrual reversal of \$0.3 million for expenses incurred related to the Irvine Transportation Center. However, an extension until September 30, 2006 for the cooperative agreement with the City of Irvine for this project is in process and the expense will not be incurred until the end of the fiscal year.

Outside Services: Year-to-date actuals of \$0.4 million are 52.3 percent less than the amended budget of \$0.9 million. This variance is due to under-runs in hardware/software maintenance (\$0.3 million), repairs & maintenance on office equipment and graphic design and mural application service (\$0.1 million). The reason for these under-runs is caused by delays in invoicing.

Professional Services: Year-to-date expenditures of \$0.8 million are 70.5 percent less than the amended budget of \$2.8 million. The variance is primarily due to the delay of the following projects: the Central County Corridor Study Phase II (\$0.9 million) and the South Orange County Major Investment Study Outreach (\$0.1 million). These two projects will be under contract by February 2006. In addition, there is an under-run in the Choekpoint Program Support of \$0.3 million. The reason for this under-run is that the total cost for the project was budgeted in September, whereas, the actuals are coming in on a monthly basis. This variance is expected to be off-set by year-end.

#### **Local Transportation Authority (LTA) Fund – Revenue and Expense Summary**

Year-to-date revenues of \$59.8 million are 0.1 percent above the amended budget of \$59.8 million. Year-to-date expenditures of \$16.4 million are 51.3 percent under amended budget of \$33.7 million.

#### **Local Transportation Authority Fund - Variance Analysis – Revenues**

Federal Capital Assistance Grants: Year-to-date actuals of negative \$4.5 million is due to an accrual reversal for work that was done on the Garden Grove Freeway (State Route 22) with Granite-Meyers. OCTA is anticipated to receive this Congestion Mitigation and Air Quality (CMAQ) revenue within the next 30 days.

Taxes/Fees: In the LTA fund, the taxes/fees category solely records the half cent Measure M sales tax. Year-to-date actuals of \$54.5 million are lower than the budgeted amount of \$56.7 million or 3.9 percent less than anticipated. As a result of strong consumer spending in fiscal year 2005, Measure M sales tax was projected to increase by 4.2 percent in fiscal year 2006. However, due to various economic factors, sales tax revenue for the first quarter of fiscal year 2006 has only increased by 3.3 percent compared to the prior year.



Interest Income: Interest income for the LTA fund is received in the General Fund and redistributed to LTA in accordance with the average daily cash balance in the fund. Year-to-date actuals of \$1.9 million are 37.2 percent less than the amended budget of \$3.1 million. This variance is primarily due to a realized loss (\$2.2 million) on maturing investments, which is partially off-set by an increase in interest on investments (\$1.1 million).

Sale Capital Assets: In the first quarter, there was an unbudgeted revenue of \$1.4 million. This revenue represents a 10 percent down payment from the Anaheim Redevelopment Agency for the purchase of the 19 excess parcels and one Stingray parcel. The total revenues expected to be received for these parcels is \$14.3 million, which will be repaid on a quarterly basis over the next five years.

Other Financial Assistance: Revenue in this category is received on a reimbursement basis. Revenues budgeted here can be received in future years rather than the year in which they are reflected in the budget. On the other hand, reimbursements budgeted in prior years can be received in the current year. This will lead to a variance between budgeted revenues and actual cash receipts primarily due to revenues not being recorded in the same period as encumbrances.

Year-to-date actuals of \$6.4 million is primarily comprised of reimbursement from the City of Garden Grove (\$3.2 million) and reimbursement from Caltrans (\$3.1 million) for the Garden Grove (State Route 22) project.

### **Local Transportation Authority Fund – Variance Analysis – Expenses**

Total Services and Supplies: Year-to-date actuals of \$11.2 million are 58.3 percent less than the amended budget of \$26.9 million. Variance analysis for each category is presented below.

Professional Services: Year-to-date actuals of \$3.9 million are 2.6 percent less than the amended budget of \$4 million. This variance is due to under-runs in investment portfolio management fees and rail Right-of-Way maintenance services (totaled \$0.2 million), which is being off-set by an over-run in legal services related to the State Route 22 project (\$0.1 million) due to negotiations with the Cities of Garden Grove and Orange.

Contributions to Other Agencies: Year-to-date actuals of \$7.1 million are 68.8 percent less than the amended budget of \$22.7 million. This is due to a delay in invoicing by cities for the Combined Transportation Funding Program (CTFP).

Total Capital Expenditures: Year-to-date actuals of \$5.2 million are 23.5 percent less than the amended budget of \$6.8 million. Variance analysis for each category is presented below.

Construction in Progress: Year-to-date actuals of \$5 million are 238.5 percent above the amended budget of \$1.5 million. This variance is primarily due to an acceleration of right-of-way land acquisition for the Santa Ana Freeway (I-5) Gateway project (\$5.5 million) due to increasing real estate cost. In addition, utility relocation and construction cost were less than anticipated by \$1.7 million. Actuals are expected to run in line with the budget by year end.

Work in Process: Year-to-date actuals of \$0.3 million are 95.2 percent below the amended budget of \$5.3 million. The majority of this variance is due to \$4.2 million which was budgeted for contract change orders (CCO) related to the Garden Grove Freeway (State Route 22) project. OCTA budgets CCO's in the event of unforeseen cost increases. Only \$0.2 million in CCO's were issued through the first quarter. In addition, \$0.5 million of the variance is due to slower than anticipated right-of-way land acquisition and right-of-way utility relocation (\$0.4 million).

### **Orange County Transit District Fund – Revenue and Expense Summary**

Year-to-date revenues of negative \$1.2 million are 103.7 percent below the amended budget of \$33 million. Year-to-date expenditures of \$41 million are 25.9 percent under amended budget of \$55.3 million.

### **Orange County Transit District Fund - Variance Analysis – Revenues**

Federal Operating Grants: Since revenues in this category are received on a reimbursement basis, revenues budgeted here are often times received in future years rather than the year in which they are reflected in the budget. This will lead to a variance between budgeted revenues and actual cash receipts.

Year-to-date actuals of negative \$19 million are 421.9 percent below the amended budget of \$5.9 million. There were two factors driving the \$24.9 million variance recorded in the first quarter. First, staff had budgeted \$5.9 million in anticipation of receiving the fiscal year 2006 federal grant dollars within the first quarter. However, these dollars will not be received until the end of the fiscal year once the Fiscal Year 2006 Grant application is submitted.

Second, \$19 million of 2005 grant dollars (accrued as of June 30, 2005) were expected to be received during the first quarter of Fiscal Year 2006. As part of the accrual process, an accrual reversal was recorded for (\$19 million), which was not offset with the actual revenue receipts leaving a negative balance in the general ledger. The \$19 million 2005 grant dollars were reimbursed and

recorded as of October 4, 2005, (second quarter) and has since offset the negative balance.

**Advertising Revenue:** There is a variance of \$1 million through September or 100 percent below the budgeted amount of \$1 million. The variance is due to the effective starting date for the new advertising contract which began September 1. Future revenue receipts are expected to be one month in arrears with reconciliations made at each quarter end. OCTA will receive a minimum guarantee of \$3.8 million for the fiscal year.

**Federal Capital Grants:** Funding is anticipated to be received for the Bus Rapid Transit development, the construction of the Buena Park Rail Station, Revenue Vehicles, ADA bus stop modifications and debt service for a total of \$14.7 million for the fiscal year. Year-to-date, actuals indicate a negative amount of \$1.8 million compared to a budget of \$4.7 million. This variance is due to an accrual reversal which will be offset as the grant revenues are submitted for reimbursement.

**Interest Income:** Interest income for the OCTD fund is received in the General Fund and redistributed to OCTD in accordance with the daily average cash balance in the fund. Year-to-date actuals of \$0.5 million are 52.9 percent lower than the amended budget of \$1.2 million. This variance is primarily due to a realized loss (\$0.2 million) on maturing investments resulting from the sale of fixed income securities. Securities are sometimes sold during a period of rising interest rates to purchase higher yielding securities that will provide a greater return over time. This variance is partially off-set by an increase in interest on investments (\$0.1 million).

### **Orange County Transit District Fund – Variance Analysis – Expenses**

**Total Salaries and Benefits:** Year-to-date actuals of \$22.3 million are 1.5 percent lower than the budget of \$22.6 million. This variance is due to actuals running lower by \$0.8 million in Salaries – Regular (\$0.1), Insurances (\$0.1) and Other Benefits (\$0.5), while Pensions (\$0.3) and Compensated Absences (\$0.2) over-ran the budget by \$0.5 million. The reason pension costs are higher is due to the change in the Orange County Retirement Systems (OCERS) Adjusted Retirement Benefit rate, which rose from 0.5 percent to 1 percent. The new rate took effect as of July 1, 2005. The variance for compensated absences was caused by the seasonality of vacation usage related to the coach operator workforce. More vacation is utilized during the summer months and less in the winter. In the future, this expense will be adjusted in the budget to accommodate for the seasonality.

**Total Services and Supplies:** Year-to-date actuals of \$17.8 million are 20.5 percent less than the amended budget of \$22.4 million. Detailed variance analysis is presented below.

Insurance: Year-to-date actuals of \$1.3 million is related to a Physical Liability/Physical Damage claims that were charged to the Orange County Transit District fund (OCTD). The source of funds to cover these costs reside in the Internal Service Funds. The budget to actual variance is the result of budgeting the expense for these claims within the Internal Service Fund, rather than the enterprise fund (OCTD) itself. This will be corrected in the future, however, the variance is expected to remain throughout the year.

Professional Services: Year-to-date actuals of \$0.2 million are 89.2 percent less than the amended budget of \$1.6 million. This under-run is associated with the Customer Information Center contract (CIC) \$0.3 million. This variance is due to a duplicate accrual reversal in error during the year end process. The CIC contract is actually running in line with the budget.

Other under-runs include, Vanpool Program (\$0.3 million), which is currently under review by the External Affairs Division and the American with Disabilities Act (ADA) in-house assessment (\$0.3 million) which was started later than anticipated.

Fuels and Lubricants: Year-to-date actuals of \$3.6 million are over the amended budget of \$2.6 million by 26.9 percent. The over-run is due to increased diesel fuel costs specifically related to our ACCESS service. OCTA has an agreement with our ACCESS service provider, which states that for any increase in fuel above the contracted rate of \$1.04, OCTA will reimburse the contractor for the difference in fuel price. (In the event that prices are lower than the agreed upon rate, the contractor will credit OCTA). However, these additional expenses were not budgeted in anticipation of rolling these added costs into the new procurement. These additive diesel costs will be corrected through the request of a 2006 budget amendment.

Total Capital Expenditures: Year-to-date actuals of \$0.9 million are 91.4 percent less than the amended budget of \$10.3 million. This variance is due to delays in the following projects: NABI bus engine replacements (\$1.2 million), 47 Paratransit Buses (\$0.7 million), and Fixed Route Small Buses (\$1.9 million) due to be purchased in June 2006. In addition, the ACCESS Radio Replacement Project (\$4.5 million) is being delayed under final decision on the ACCESS procurement.

### **State Route 91 Toll Road Fund – Revenue and Expense Summary**

Year-to-date revenues of \$10.9 million are 30.7 percent above the amended budget of \$8.3 million. Year-to-date expenditures of \$5.2 million are 21.5 percent under the amended budget of \$6.6 million.

## **State Route 91 Toll Road Fund - Variance Analysis – Revenues**

Interest Income: Year-to-date actuals of \$0.3 million are 162.6 percent greater than the amended budget of \$0.1 million. Although the actual interest rate (2.8 percent) earned on investment is lower than the budgeted rate (3 percent), the actual cash balance is higher than what was anticipated, as a result, the actual interest revenue is higher than the budgeted interest revenue.

Miscellaneous Toll Road: Year-to-date actuals of \$1.9 million are 77.4 percent greater than the amended budget of \$1.1 million. This is primarily due to the increase in the monthly minimum fee collected income account due to an increase in transponder sales. Transponders sold increased from 172,220 in 2005 to 177,636 in 2006 which equates to \$0.5 million.

Toll Road: Year-to-date actuals of \$8.7 million are 21.4 percent greater than the amended budget of \$7.2 million. This variance is due to an increase of 17.6 percent in traffic volume (\$0.7 million) and more revenue from the interoperating agreement with the Transportation Corridor Agencies (TCA) for tollroad revenue. OCTA bills the TCA for TCA customers who use the State Route 91 Toll Road (\$0.8 million).

## **State Route 91 Toll Road Fund – Variance Analysis – Expenses**

**Total Services and Supplies:** Year-to-date actuals of \$5.2 million are 21.5 percent less than the amended budget of \$6.6 million. Variance analysis is presented below.

Equipment/Structure: Year-to-date actuals of \$0 are 100 percent less than the amended budget of \$0.3 million. This variance is due to a change in accounting practice related to transponders. Prior to July 1, 2005, these fixed assets were part of the balance sheet and depreciated over their useful life. However, moving forward, as these transponders are purchased they will be placed into an inventory account and expensed as they are issued to the 91 Express Lanes customers. Actuals should appear by the second or third quarter as the existing transponders are depreciated and new transponders are purchased and expensed.

Professional Services: Year-to-date actuals of \$0.5 million are 40.9 percent less than the amended budget of \$0.9 million. This is mainly due to the Traffic and Revenue Study (\$0.1 million) and Technical Studies for Environmental Documentation (\$0.1 million) being put on hold until November.

Total Capital Expenditures: Year-to-date actuals of \$0.02 million are 96.1 percent less than the amended budget of \$0.4 million. This is due to the delay in replacing the phone system (\$0.3 million). This was delayed pending

the outcome of the operating agreement. This expense is now expected to occur in the third quarter.

### **Internal Service Funds – Revenue and Expense Summary**

Year-to-date revenues of \$7.7 million are 2.3 percent above the amended budget of \$7.5 million. Year-to-date expenditures of \$7.2 million are 8.9 percent under the amended budget of \$7.9 million.

### **Internal Service Funds - Variance Analysis – Revenues**

Interest Income: Year-to-date actuals of \$0.2 million are 45.1 percent less than the amended budget of \$0.3 million. This variance is primarily due to a realized loss (\$0.2 million) on maturing investments, which is partially off-set by an increase in interest on investments (\$0.1 million).

Charges for Services: Year-to-date actuals of \$7.4 million are 5 percent greater than the amended budget of \$7.1 million. The variance is due to physical liability and property damage (\$1.3 million) revenue being greater than anticipated. This variance is partially offset by over-runs in workers' compensation (\$0.4 million) and employee contributions to health care (\$0.3 million).

### **Internal Service Funds – Variance Analysis – Expenses**

**Total Services and Supplies:** Year-to-date expenditures of \$7.2 million are 8.9 percent less than the amended budget of \$7.9 million. Variance analysis is presented below.

Insurance Claims: Year-to-date actuals of \$6.9 million are 9.1 percent less than the amended budget of \$7.6 million. This is due to lower workers' compensation claim expenses of \$1.1 million versus \$2.3 million that was budgeted. The primary reason for this under run is due to less claims and lower cost per claim than anticipated.

**Fund Level Financial Schedules****General Fund  
Revenues and Expenses***In Thousands*

Description	Budget	Actual	Variance	%
Other Financial Assistance	601	(365)	(966)	-160.6%
Fees and Fines	41	29	(12)	-28.7%
Miscellaneous	31	104	73	234.2%
Interest Income	56	133	77	137.9%
<b>Total Revenues</b>	<b>729</b>	<b>(99)</b>	<b>(828)</b>	<b>-113.6%</b>
Pensions	968	973	(4)	-0.4%
Extra Help Employees	163	161	2	1.1%
Compensated Absences	594	558	36	6.1%
Insurances	162	108	54	33.6%
Other Benefits	229	163	66	28.8%
Salaries-Regular Employees	4,400	3,951	449	10.2%
<b>Total Salaries &amp; Benefits</b>	<b>6,516</b>	<b>5,913</b>	<b>603</b>	<b>9.3%</b>
Maintenance Expense	2	-	2	100.0%
Travel, Training, and Mileage	95	66	29	30.6%
Other Materials and Supplies	48	15	33	69.6%
Miscellaneous Expense	125	81	44	35.1%
Leases	935	878	56	6.0%
Advertising Fees	126	51	75	59.5%
Utilities	202	97	105	51.9%
Office Expense	560	291	269	48.1%
Contributions to other Agencies	5	(298)	303	6375.0%
Outside Services	879	419	460	52.3%
Professional Services	2,759	815	1,944	70.5%
<b>Total Services &amp; Supplies</b>	<b>5,736</b>	<b>2,416</b>	<b>3,320</b>	<b>57.9%</b>
Capital Expense-Locally Funded	58	35	23	39.5%
<b>Total Expenses</b>	<b>12,310</b>	<b>8,364</b>	<b>3,946</b>	<b>32.1%</b>

## Local Transportation Authority Fund (Measure M) Revenues and Expenses

*In Thousands*

Description	Budget	Actual	Variance	%
Federal Capital Assistance Grants	-	(4,468)	(4,468)	0.0%
Taxes/Fees	56,675	54,482	(2,194)	-3.9%
Interest Income	3,100	1,946	(1,154)	-37.2%
Rental Income	19	33	14	76.2%
Sale Capital Assets	-	1,445	1,445	100.0%
Other Financial Assistance	-	6,400	6,400	100.0%
<b>Total Revenues</b>	<b>59,794</b>	<b>59,838</b>	<b>44</b>	<b>0.1%</b>
Debt Service	135	202	(67)	-49.8%
Leases	-	19	(19)	100.0%
Utilities	-	4	(4)	100.0%
Miscellaneous Expense	1	0	1	96.8%
Travel, Training, and Mileage	2	0	1	78.4%
Other Materials & Supplies	9	-	9	100.0%
Advertising Fees	16	-	16	100.0%
Outside Services	34	12	22	65.3%
Office Expense	46	1	45	97.6%
Professional Services	4,030	3,925	105	2.6%
Contributions to Other Agencies	22,653	7,070	15,583	68.8%
<b>Total Services &amp; Supplies</b>	<b>26,924</b>	<b>11,233</b>	<b>15,691</b>	<b>58.3%</b>
Construction in Progress	1,464	4,957	(3,492)	-238.5%
Capital Expense-Grant Funded	4	-	4	100.0%
Capital Expense-Locally Funded	18	-	18	100.0%
Work in Process	5,324	255	5,069	95.2%
<b>Total Capital</b>	<b>6,810</b>	<b>5,212</b>	<b>1,599</b>	<b>23.5%</b>
<b>Total Expenses</b>	<b>33,734</b>	<b>16,445</b>	<b>17,290</b>	<b>51.3%</b>



## Orange County Transit District Fund Revenues and Expenses

*In Thousands*

Description	Budget	Actual	Variance	%
Federal Operating Grants	5,916	(19,047)	(24,964)	-421.9%
Federal Capital Grants	4,737	(1,714)	(6,451)	-136.2%
Taxes/Fees	898	674	(224)	-25.0%
Advertising Revenue	975	-	(975)	-100.0%
Interest Income	1,183	558	(625)	-52.9%
Other Financial Assistance	5,764	5,192	(573)	-9.9%
Farebox Revenue	13,345	12,934	(412)	-3.1%
Miscellaneous	19	(16)	(35)	-188.4%
Insurance Recoveries	46	42	(4)	-9.0%
Rental Income	98	105	7	6.6%
Operating Transfer In	-	65	65	100.0%
<b>Total Revenues</b>	<b>32,982</b>	<b>(1,210)</b>	<b>(34,191)</b>	<b>-103.7%</b>
Pensions	2,497	2,808	(311)	-12.4%
Compensated Absences	2,051	2,244	(194)	-9.4%
Extra Help Employees	188	148	40	21.5%
Insurances	375	264	111	29.6%
Salaries-Regular Employees	16,805	16,672	134	0.8%
Other Benefits	666	118	547	82.2%
<b>Total Salaries &amp; Benefits</b>	<b>22,581</b>	<b>22,254</b>	<b>328</b>	<b>1.5%</b>
Insurance	-	1,300	(1,300)	100.0%
Fuels and Lubricants	2,641	3,611	(970)	-36.7%
Miscellaneous Expense	75	103	(28)	-37.7%
Insurance Claim Expense	-	6	(6)	100.0%
Travel, Training, and Mileage	52	29	23	43.9%
Advertising Fees	44	2	42	95.8%
Utilities	255	204	51	20.0%
Debt Service	47	(6)	53	112.1%
Leases	183	118	65	35.6%
Other Materials and Supplies	386	296	89	23.2%
Maintenace Expense	2,470	2,174	297	12.0%
Contributions to other Agencies	425	25	400	94.1%
Tires and Tubes	577	168	409	70.9%
Office Expense	579	57	522	90.2%
Taxes	201	(731)	933	462.9%
Outside Services	3,133	2,027	1,106	35.3%
Professional Services	1,583	171	1,412	89.2%
Contract Transportation	9,767	8,277	1,490	15.3%
<b>Total Services &amp; Supplies</b>	<b>22,418</b>	<b>17,830</b>	<b>4,588</b>	<b>20.5%</b>
Construction in Progress	-	-	-	0.0%
Work in Process	540	57	483	89.5%
Capital Exp-Locally Funded	9,770	828	8,942	91.5%
<b>Total Capital</b>	<b>10,310</b>	<b>885</b>	<b>9,425</b>	<b>91.4%</b>
<b>Total Expenses</b>	<b>55,309</b>	<b>40,968</b>	<b>14,341</b>	<b>25.9%</b>

## Toll Road Fund Revenues and Expenses

*In Thousands*

Description	Budget	Actual	Variance	%
Rental Income	4	4	-	0.0%
Insurance Recovery	4	7	3	83.8%
Interest Income	130	340	211	162.6%
Miscellaneous Toll Road Revenue	1,055	1,871	816	77.4%
Toll Road Revenue	7,155	8,687	1,532	21.4%
<b>Total Revenues</b>	<b>8,347</b>	<b>10,909</b>	<b>2,562</b>	<b>30.7%</b>
Outside Services	383	397	(14)	-3.6%
Travel, Training, and Mileage	1	1	(0)	-25.3%
Utilities	73	69	4	6.1%
Leases	99	87	11	11.3%
Miscellaneous Expense	61	36	25	40.9%
Debt Service	2,490	2,465	25	1.0%
Insurance Claims Expense	115	52	63	54.4%
Advertising Fees	78	3	75	96.4%
Contract Transportation	1,484	1,408	75	5.1%
Office Expense	222	143	79	35.6%
Equipment/Structure	313	-	313	100.0%
Professional Services	871	515	356	40.9%
<b>Total Services &amp; Supplies</b>	<b>6,190</b>	<b>5,177</b>	<b>1,013</b>	<b>16.4%</b>
Capital Expense-Locally Funded	425	16	409	96.1%
<b>Total Capital</b>	<b>425</b>	<b>16</b>	<b>409</b>	<b>96.1%</b>
<b>Total Expenses</b>	<b>6,615</b>	<b>5,193</b>	<b>1,421</b>	<b>21.5%</b>

## Internal Service Funds Revenues and Expenses

*In Thousands*

Description	Budget	Actual	Variance	%
Interest Income	344	189	(155)	-45.1%
Insurance Recoveries	67	37	(29)	-43.8%
Charges for Services	7,071	7,424	354	5.0%
<b>Total Revenues</b>	<b>7,481</b>	<b>7,650</b>	<b>170</b>	<b>2.3%</b>
Professional Services	294	352	(58)	-19.7%
Miscellaneous Expense	1	0	0	49.0%
Outside Services	83	12	71	85.6%
Insurance Claims Expense	7,551	6,860	691	9.1%
<b>Total Services and Supplies Expenses</b>	<b>7,928</b>	<b>7,224</b>	<b>704</b>	<b>8.9%</b>





*BOARD COMMITTEE TRANSMITTAL*

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject** Orange County Transportation Authority Headquarters Building Options

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendations***

- A. Request the Board of Directors authorization to negotiate a lease extension, with an option to purchase, of the Orange County Transportation Authority headquarters buildings at 550 and 600 South Main Street, Orange, California.
- B. Request the Board of Directors' authorization to evaluate the relocation of the Orange County Transportation Authority Radio Communications/Dispatch Center to the building located at 550 South Main Street, Orange, California.



**December 14, 2005**

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Orange County Transportation Authority Headquarters Building Options

### **Overview**

The office lease on the Orange County Transportation Authority's Orange Administrative Headquarters building is set to expire on April 30, 2008. Due to the length of time required for real estate transactions, an analysis of options for administrative office space commenced, per Finance and Administration Committee direction, in December 2004 when the real estate services of CB Richard Ellis were retained through the competitive procurement process.

### **Recommendations**

- A. Request the Board of Directors authorization to negotiate a lease extension, with an option to purchase, of the Orange County Transportation Authority headquarters buildings at 550 and 600 South Main Street, Orange, California.
- B. Request the Board of Directors authorization to evaluate the relocation of the Orange County Transportation Authority Radio Communications/Dispatch Center to the building located at 550 South Main Street, Orange, California.

### **Background**

The Orange County Transportation Authority (OCTA) currently leases approximately 126,500 square feet of office space at its Orange Administrative Headquarters Building, with the lease expiring on April 30, 2008. OCTA has worked with CB Richard Ellis to consider the options available to OCTA at the end of its current lease term. The options considered were:

- Negotiate new lease when the current lease expires in 2008

- 
- Extend current lease now, with an option to purchase currently occupied buildings
  - Seek another facility to lease in 2008
  - Purchase or construct a facility

***Discussion***

Since staff and representatives from CB Richard Ellis last addressed the Finance and Administration Committee in June 2005, various lease versus buy scenarios have been analyzed from a financial perspective. While the OCTA could wait until close to the end of the term of the current lease to negotiate an extension, there would be no guarantees of availability or price at that point, thereby putting OCTA in a potentially unfavorable position. It is assumed that a more favorable rate could be negotiated if done sooner rather than closer to the end of the lease term. The results of the analyses are presented below.

OCTA could continue to lease the current location and then renew at the end of the lease term at the prevailing rates. This scenario has an estimated 20-year net present value occupancy cost of \$70 million. However, in the past, The Colton Company (Colton), OCTA's landlord, has expressed an interest in a lease extension with a purchase option, which could be exercised at a future agreed upon date. This scenario has a 20-year net present value occupancy cost of \$65.2 million. It should be noted that since the inception of the current lease in September 1993, OCTA has paid nearly \$25 million in lease costs. The current lease cost is \$2.14 per square foot and will escalate to \$2.32 per square foot in the final year of the current lease. Total lease costs for fiscal year 2005-06 are \$3,520,000.

Another option considered was to locate another building to lease in 2008, when the lease term at the current facility expires. In addition to site identification, which could take as long as two years, build out costs, moving expenses and disruption to operations for any relocation scenario are important considerations.

Assumptions for lease costs in a new location begin at \$1.90 per rentable square foot (2008 dollars). The 20-year net present value occupancy cost of this scenario is approximately \$82 million including relocation and capital infrastructure improvement costs. It is important to note that according to the November 21, 2005, *Orange County Business Journal*, lease rates in Orange County currently average \$2.55 per rentable square foot, in current dollars.

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The final option considered was the purchase of a building or the purchase of a build-to-suit property. Due diligence on these scenarios would be approximately eighteen months, with construction taking approximately two years. The 20-year net present value occupancy cost of this scenario is approximately \$74 million.

The scenarios above are based on data provided to OCTA by CB Richard Ellis as well as internal OCTA data.

Based on the above scenarios, OCTA staff has narrowed the recommendations to two, both of which have OCTA remaining at the current facility. Remaining at the current location has many advantages, whether the lease is extended or if the lease is renegotiated to include a purchase option. Staying at the current location would cause the least amount of disruption to operations. It would also save OCTA at least \$8 million in relocation and capital infrastructure improvement costs. Additionally, OCTA could negotiate, as part of the process, additional tenant improvements, such as new carpet and replacement ceiling tiles. OCTA would incur some costs related to conducting due diligence of the facility, such as property inspections, seismic evaluation, and appraisals. A study of relocating the radio/communications center would be done in conjunction with these investigations.

Some disadvantages that were considered regarding remaining in the current facility were the seismic condition of the current buildings and the narrow floor plates, which cause a slight inefficiency of space utilization. Also, acquiring the facility may cause OCTA to become a landlord of certain floors if the space is not yet needed internally or if the tenants have leases that are still in force. By owning the building, OCTA also assumes the burden of its maintenance and security, similar to the OCTA bus bases.

Based on the information and analyses, staff recommends negotiating an extension of current lease for an additional five-year term (to 2013) and include a purchase option. Additionally, staff recommends retaining the services of appropriate resources for building inspections and appraisals. Staff is uniquely qualified to undertake the negotiations without outside representation because of the professional relationship that has developed over the past five years that OCTA has leased from the current property owner. If negotiations reach an impasse, outside sources can be consulted at that time when they may be deemed necessary and appropriate.

Staff further recommends completing a study of the relocation of the radio/communications center to the Orange Headquarters facility. This location



will better facilitate the communications within the County of Orange in the event of a natural disaster. Co-located with an emergency operations center, it will allow for a quick response and for greater coordination in times of crisis.

***Summary***

The Orange County Transportation Authority is currently in a position to secure the future of its administrative headquarters building. Because there are still two and one half years remaining on the existing lease, there is sufficient time to make a well informed decision that will be in the best interest of the Orange County Transportation Authority. It is also the appropriate time to consider relocating the radio/communications center to the Orange Headquarters location.

***Attachment***

None.

**Prepared by:**



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Financial Planning & Analysis  
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**Approved by:**



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





*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>JK</sup> Arthur T. Leahy, Chief Executive Officer  
**Subject:** <sup>JK</sup> Draft 2006 Long-Range Transportation Plan and Draft Program Environmental Impact Report

**Overview**

Preparation of the 2006 Long-Range Transportation Plan is underway and preliminary results are presented for review. The draft plan and associated draft Program Environmental Impact Report for the plan will be circulated for public review starting in January 2006.

**Recommendation**

Authorize staff to release the draft 2006 Long-Range Transportation Plan for public review.

**Background**

Every four years, the Orange County Transportation Authority (OCTA) prepares a Long-Range Transportation Plan (LRTP) as input into the Southern California Association of Governments' Regional Transportation Plan process. The LRTP was last prepared in 2002. The 2006 plan, titled "New Directions," provides a conceptual blueprint for future transportation improvements and investments. This process has included policy direction from the Board of Directors (Board) as well as both technical work and public participation. The draft version of New Directions is presented for review along with a status report on the associated draft Program Environmental Impact Report (PEIR) below. The information included in this report was presented to the Regional Planning and Highways Committee on December 19, 2005. The draft of New Directions is included as Attachment A.

**Discussion**

Trends in Orange County's population and workforce, where people live and work, how they commute, and the dollars available to carry out transportation

solutions serve as key inputs into New Directions. Projections prepared by the Center for Demographic Research at California State University, Fullerton forecast continued, sustained growth in Orange County's population and employment by 2030. Today's population and workforce is expected to grow by 24 percent and 27 percent, respectively, by 2030. The portion of the population 65 years and older will double by 2030. Orange County will continue to be a net importer of workers, and intercounty commuting is expected to continue as a result of this shortage of resident workers.

This continued growth will put a significant strain on the Orange County transportation system. Without significant investments in freeway, roadway, and transit systems, the quality of life in Orange County will decline substantially. Freeway and city street speeds will drop by 30 and 40 percent, respectively, by 2030. That additional delay means another five days a year stuck in traffic for the average commuter. Developing solutions to address these problems is further compounded by the fact that Orange County's roadway system is essentially built out with limited opportunities to widen roads or build new ones.

To address this and other mobility issues, OCTA developed strategies to ensure mobility for future residents and workers. These strategies were folded into three alternative futures for the 2030 transportation system. The first alternative (Constrained Alternative) recognizes that transportation funding will decline considerably in the future if the current Measure M half-cent sales tax program sunsets in 2011. The second alternative (Balanced Plan) assumes Orange County voters approve a 30-year extension of the current Measure M transportation sales tax, and major new multi-modal transportation capacity is added to the system. A third alternative (Unconstrained Alternative) imagines a future where even more transportation capacity is added, and funding is not a limiting factor. All three alternatives are compared to a funded Baseline Alternative derived from approved, short-term, regional financial plans. Performance of the various alternatives is further discussed below.

### Performance

The Balanced Plan provides a multi-modal package of projects and programs that includes a significant expansion of transit services (bus, rail, and other mobility programs), freeway improvements concentrating on correcting operational problems and expanding capacity within existing right-of-way, and an extension of the current Measure M programs for local street improvements and maintenance. Major components of the Balanced Plan include:

- Expanding the Orange County freeway system to remove bottlenecks and add new capacity primarily within the existing freeway rights-of-way

- Enhancing street maintenance programs to reduce wear and tear on cars, buses, and trucks
- Coordinating traffic signals across cities to improve traffic flow
- Expanding street capacity at major bottleneck locations
- Separating road and rail traffic with grade separations at key locations
- Expanding the Metrolink commuter rail system with high-frequency service to Los Angeles
- Providing new transit connections to and from Metrolink stations
- Connecting Metrolink service to new regional transportation systems and centers
- Maintaining low bus fares for seniors and the disabled
- Expanding community-based shuttles to link people to shopping, medical facilities, and job centers
- Improving water quality by dedicating funds to further enhance mitigations of water run-off from freeways and roadways

For an additional investment of \$11.862 billion of Measure M funds, the Balanced Plan is projected to reduce delay due to congestion by 34 percent compared to the Baseline Alternative, and improve morning peak freeway speeds by 23 percent. Morning peak arterial street speeds are projected to improve by 28 percent over the Baseline Alternative. Transit ridership is expected to increase by 26 percent compared to the Baseline Alternative with a moderate expansion of bus and rail systems in the county. Performance of all the alternatives compared to the Baseline Alternative is summarized below:

Measure of Effectiveness	Constrained Alternative	Balanced Plan	Unconstrained Alternative
Delay due to congestion	Delay reduced by 9%	Delay reduced by 34%	Delay reduced by 41%
Average peak period freeway speed (AM)	Speed increased by 6%	Speed increased by 23%	Speed increased by 30%
Average peak period roadway speed (AM)	Speed increased by 6%	Speed increased by 28%	Speed increased by 40%
Daily transit trips	Increased by 16%	Increased by 26%	Increased by 26%

While the Unconstrained Alternative provides the greatest improvement in congestion relief, costs are probably beyond foreseeable future revenues with an extension of Measure M, and community and environmental impacts are likely higher than for the Balanced Plan. The Balanced Plan strives to provide a high level of improvement for Orange County residents and workers with potentially lower community and environmental impacts than the Unconstrained Alternative. OCTA will continue to evaluate the concepts within

the Unconstrained Alternative and include viable solutions as part of the future updates to the plan.

#### **Next Steps**

As part of New Directions, OCTA is also preparing a PEIR that generally evaluates the improvements proposed in the plan. The PEIR is intended to evaluate the broad-scale potential impacts of an entire plan or policy. The California Environmental Quality Act requires that the PEIR identify and assess the overall environmental impacts of a proposed program or policy and include a comparison to a "No Project" alternative.<sup>1</sup>

The draft New Directions document and PEIR will be circulated for a 45-day public review period commencing on January 12, 2006. After responding to public input, the final PEIR and New Directions will be brought to the Board by July 2006 for approval, following local jurisdiction resolutions of support for the associated draft Measure M extension plan.

#### **Summary**

A draft LRTP intended to expand transportation choices and reduce travel delay has been completed. With Board direction, staff will release the draft plan for public review. The associated PEIR is scheduled for release for a 45-day period beginning January 12, 2006.

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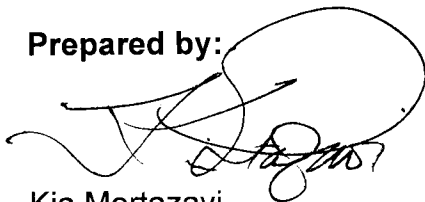
<sup>1</sup> For CEQA purposes, the Baseline Alternative is the No-Project alternative and the Balanced Plan is the Project alternative.

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***Attachment***

- A. Draft, New Directions, Charting the course for Orange County's future transportation system

**Prepared by:**



Kia Mortazavi  
Director Strategic Planning  
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**Approved by:**



Paul C. Taylor, P.E. *BT*  
Executive Director  
Planning, Development and  
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**THIS DOCUMENT  
IS ON FILE WITH THE  
CLERK OF THE BOARD'S OFFICE.**

**PLEASE CONTACT WENDY KNOWLES  
IF YOU WOULD LIKE TO VIEW  
THIS DOCUMENT.**

**THANK YOU**







*BOARD COMMITTEE TRANSMITTAL*

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Financial and Compliance Audits of Combined Transportation Funding Programs

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendations***

- A. Receive and file the Financial and Compliance Audits of Combined Transportation Funding Programs, Revised Internal Audit Report No. 05 036
- B. Receive and file the Financial and Compliance Audit of Combined Transportation Funding Programs The City of Mission Viejo – El Toro Road-Widening Project Internal Audit Report No. 05-013.





**December 14, 2005**

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Financial and Compliance Audits of Combined Transportation Funding Programs

### **Overview**

Financial and compliance audits of 15 projects funded by the Orange County Transportation Authority's Combined Transportation Funding Program have been completed. The results of the audits concluded that the agencies generally complied with the Combined Transportation Funding program guidelines. Recommendations have been made that management staff has indicated have been or are in the process of being implemented.

### **Recommendations**

- A. Receive and file the Financial and Compliance Audits of Combined Transportation Funding Programs, Revised Internal Audit Report No. 05-036.
- B. Receive and file the Financial and Compliance Audit of Combined Transportation Funding Programs The City of Mission Viejo – El Toro Road-Widening Project Internal Audit Report No. 05-013.

### **Background**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M "turnback" funds. OCTA issues a CTFP "Call for Projects" on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA's Technical Advisory Committee recommends and the Board of Directors approves projects and funding allocations.

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***Discussion***

The professional firms of Conrad and Associates, L.L.P., Mendoza Berger & Company, L.L.P., and Thompson, Cobb, Bazilio and Associates, P.C., have completed audits of 15 projects funded by OCTA's CTFP. Based on the results of these audits, Internal Audit made recommendations to revise the CTFP program guidelines to provide clarification, to implement further controls to ensure the CTFP program guidelines are followed, and to ensure required documentation submitted by recipient agencies is complete and accurate. Recommendations were made that will strengthen internal controls and ensure recipient agencies' compliance with the CTFP requirements. Additionally, recommendations were made to follow up with the agencies that had questioned costs. Management has implemented changes or is in the process of making changes in response to the recommendations.

Internal Audit selected 15 closed CTFP projects for review. One project, the Mission Viejo - El Toro road-widening project, was selected for the first review to be conducted by Internal Audit department staff. Upon completion of this review, the reviews of the remaining 14 projects were contracted to three firms for completion. All 15 projects are included in this report. Internal Audit revised the initial report on the 14 projects to correct an error in Attachment A of the internal audit report.

***Summary***

Based on the review, the agencies receiving CTFP funding generally complied with the CTFP program guidelines developed by the Orange County Transportation Authority for the audited projects. Internal Audit did offer some recommendations, which management staff indicated would be implemented or otherwise satisfactorily addressed.

***Attachments***

- A. Financial and Compliance Audits of Combined Transportation Funding Programs, Revised Internal Audit Report No. 05-036
- B. Management Response to Financial and Compliance Audits of the Combined Transportation Funding Programs, Internal Audit Report No. 05-036
- C. Financial and Compliance Audits of Combined Transportation Funding Programs Audit Close-out Memo

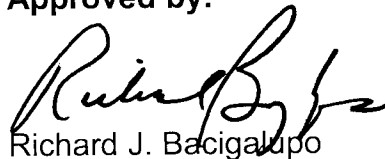
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- D. Financial and Compliance Audits of Combined Transportation Funding Programs The City of Mission Viejo – El Toro Road-Widening Project Internal Audit Report No. 05-013
  - E. Management Response to Financial and Combined Audit of Combined Transportation Funding Programs, The City of Mission Viejo - El Toro Road Widening Project, Internal Audit Report No. 05-013
  - F. Financial and Compliance Audit of Combined Transportation Funding Programs The City of Mission Viejo – El Toro Road-Widening Project Audit Close-out Memo

**Prepared by:**



Robert A. Duffy  
Manager, Internal Audit  
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**Approved by:**



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



INTEROFFICE MEMO

October 4, 2005

To: Paul Taylor, Executive Director  
Planning, Development & Commuter Services

From: Lisa Monteiro, Senior Internal Auditor *LM*  
Internal Audit

Subject: **Financial and Compliance Audits of Combined Transportation  
Funding Programs, Revised Internal Audit Report No. 05-036**

**Conclusion**

Financial and compliance audits of 14 projects funded by the Orange County Transportation Authority's Combined Transportation Funding Program have been completed by the professional firms of Conrad and Associates, L.L.P., Mendoza Berger & Company, L.L.P., and Thompson, Cobb, Bazilio and Associates, P.C. The results of the audits concluded that in general, the agencies receiving the funding complied with the Combined Transportation Funding Program Guidelines developed by the Orange County Transportation Authority for the audited projects. However, various recommendations are being made that will strengthen internal controls and ensure recipient agencies' compliance with the CTFP requirements. Additionally, some unsupported project costs were recommended for disallowance.

**Background**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M "turnback" funds.

OCTA issues a CTFP "Call for Projects" on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA's Technical Advisory Committee and the Board of Directors approve projects and funding allocations.

As part of OCTA's ongoing efforts to continually monitor and routinely assess the financial and system controls and financial integrity of OCTA's operations,

financial and compliance audits of a sample of completed projects funded by the Measure M Streets and Roads Programs under the CTFP were performed.

### **Purpose and Scope**

The audits were performed based on the CTFP Guidelines developed by OCTA and last updated in September 2002. Based on the requirements of the CTFP Guidelines, the scope included, but was not limited to, the following:

- Ensuring that proper accounting and cash management procedures were followed;
- Ensuring that the project was completed in accordance with the application;
- Ensuring that all records and documentation related to the project were adequately maintained; and
- Ensuring that a separate fund is set up by the local agency to account for Measure M transactions and expenditures.

### **Discussion**

#### Sampling Methodology

The sample of projects to be audited was selected from a listing provided by the Local Programs Department of all CTFP projects closed in fiscal year 2003-04, which included 54 projects with total funding of \$15,054,139. These figures do not include the El Toro Road-Widening Project, which has already been audited in Internal Audit Report No. 05.013. From the listing, the following steps were followed to select the sample:

1. All projects with over \$300,000 in CTFP funding were selected, which resulted in 10 selected projects.
2. Two additional projects were then randomly selected to ensure adequate coverage of all funding types under the CTFP.
3. Two additional projects were then randomly selected to ensure adequate coverage of small and large agencies.

These sample selection procedures resulted in 14 projects to be audited totaling \$9,542,282 in CTFP funding, or 63.39% of the universe.

#### Summary of Audit Results

Based on the results of the audits performed by Conrad and Associates, L.L.P. (Conrad), Mendoza Berger & Company, L.L.P. (Mendoza), and Thompson,



Cobb, Bazilio and Associates, P.C. (TCBA), it appears that, in general, the agencies complied with the CTFP Guidelines. However, various recommendations were made to strengthen internal controls and ensure recipient agencies' compliance with the CTFP requirements. Additionally, some unsupported project costs were recommended for disallowance. Please see Attachment A – Summary of Findings and Recommendations for Audited Projects (Attachment A) for details. The individual audit reports that support Attachment A are also attached.

### **Summary**

A summary of the projects audited and the findings and recommendations is included in Attachment A. The detailed scope, objectives, findings, and recommendations resulting from the audits are included in the attached reports prepared by Conrad, Mendoza, and TCBA.

### **Management Response**

Internal Audit is requesting that a response indicating the actions taken or planned to address the five Internal Audit Recommendations, as listed in Attachment A, be forwarded to Lisa Monteiro, Senior Internal Auditor, by October 18, 2005.

Audits performed by: Conrad and Associates, L.L.P.  
Mendoza Berger & Company, L.L.P.  
Thompson, Cobb, Bazilio and Associates, P.C.

### **Attachments:**

- Summary of Findings and Recommendations for Audited Projects
- County of Orange, California, Closeout Audit of Costs Claimed, Combined Transportation Funding Program, Newport Boulevard Widening Project (Phase II), For the Period December 21, 1999 through October 31, 2003
- City of Santa Ana, California, Closeout Audit of Costs Claimed, Combined Transportation Funding Program, Program Number 97-SNTA-IIP-1140, Fairview Street/Edinger Avenue Improvements, For the Period May 3, 1999 through December 15, 2003
- Combined Transportation Funding Program, Financial and Compliance Review, for the Period June 18, 2002 to March 4, 2004, City of Yorba Linda, Bastanchury Widening (Construction), Project No. 00-YLND-GMA-3202 and 00-YLND-MPH-3204

Attachments (cont'd)

- City of Santa Ana, California, Closeout Audit of Costs Claimed, Combined Transportation Funding Program, Project Number 99-SNTA-IIP-1175, Harbor Boulevard/Warner Avenue Widening Project, For the Period October 25, 2000 through January 29, 2004
- Combined Transportation Funding Program, Financial and Compliance Review, For the Period of 1998-99, 1999-2000, and 2002-03, City of Placentia, Orangethorpe Railroad Lowering Study, Project No. 00-PLAC-GMA-2009
- City of Costa Mesa, California, Closeout Audit of Costs Claimed, Combined Transportation Funding Programs, Program Number 00-CMSA-SIP-3031, CCTV and Communications Cable Expansion Project, For the Period May 7, 2002 through September 29, 2003
- Financial and Compliance Audit for Combined Transportation Funding Programs (CTFP), Report on Agreed-Upon Procedures, The City of Los Alamitos, Los Alamitos Boulevard/Orangewood Avenue Signal Improvement
- Financial and Compliance Audit for Combined Transportation Funding Programs (CTFP), Report on Agreed-Upon Procedures, The City of Los Alamitos, Los Alamitos Boulevard/Rossmoor Way Signal Improvement
- Combined Transportation Funding Program, Financial and Compliance Review, For the Period December 24, 2001 to January 31, 2003, City of Laguna Woods, Non-Automobile and Bike Lane (Design), Project No. 00-LWDS-TDM-3126
- Combined Transportation Funding Program, Financial and Compliance Review, For the Period April 1, 2002 to April 15, 2003, City of Fountain Valley, Newhope Street Extension (Construction), Project No. 97-FVLY-IIP-1066, 99-FVLY-IIP-1061, 99-FVLY-MPH-1062
- Financial and Compliance Audit for Combined Transportation Funding Programs (CTFP), Report on Agreed-Upon Procedures, The City of Anaheim, Lincoln Avenue/Euclid Street Intersection Project
- Financial and Compliance Audit for Combined Transportation Funding Programs (CTFP), Report on Agreed-Upon Procedures, City of Seal Beach, Seal Beach Boulevard/Westminster Avenue Intersection Project
- Financial and Compliance Audit for Combined Transportation Funding Programs (CTFP), Report on Agreed-Upon Procedures, The City of Irvine, Jamboree Road at I-405 Project

Attachments (cont'd)

- Combined Transportation Funding Program, Financial and Compliance Review, For the Period March 15, 2002 to December 2, 2003, City of Fountain Valley, Brookhurst Street/Ellis Avenue Intersection Widening (Construction and Right-of-Way Acquisition), Project No. 97-FVLY-IIP-1064

c: Rick Bacigalupo  
Kia Mortazavi  
Darrel Johnson  
Robert Duffy

## CTFP AUDITS

ATTACHMENT A

## SUMMARY OF FINDINGS AND RECOMMENDATIONS FOR AUDITED PROJECTS

Project Name	Funding Type	Agency	Close Date	Amount Funded	Audit Firm	Finding	Type of Finding	Internal Audit Recommendation
Newport Blvd. Phase II	GMA	County of Orange	10/31/03	1,453,000	Conrad	Internal rates used by the County to allocate indirect costs were outdated. (However, the rates used to allocate costs to the CTFP project were within the rates allowable per the CTFP Guidelines.)	Internal Control	(1) If the County of Orange receives CTFP funding in the future, OCTA should follow up with the County to ensure that the proper internal rates are used to allocate indirect costs to the project.
Fairview St. / Edinger Ave. Improvements	IIP	Santa Ana	12/15/03	1,082,118	Conrad	The City did not include all its project costs on the final report submitted to OCTA. (However, all CTFP funds and required match were included.)	Internal Control	(2) For future projects, OCTA should take steps to ensure that final reports submitted by the agencies are complete and accurate.
Bastunchury Widening w/o Rose	MPH & GMA	Yorba Linda	3/4/04	432,507	TCBA	Documentation to support contract change orders was not available, resulting in \$28,559 in questioned costs.	Questioned costs	(3) Unless the City can provide the documentation in question, OCTA should recover the \$28,559 in questioned costs from the City.
Harbor Blvd. / Warner Ave. Widening	IIP	Santa Ana	1/29/04	399,767	Conrad	Although the City met the matching requirement, the City did not include all costs of the project on the final report, resulting in the <i>appearance</i> of matching requirement not being met. An adjustment was made by auditors to reflect the correct amounts in the audit report.	Internal Control	See recommendation number 2.
Orangethorpe Ave. Lowered Rail Study	GMA	Placentia	2/4/04	350,000	TCBA	The City did not use competitive bidding for the project; however, the CTFP Guidelines are unclear on any requirements for competitive bidding.	Internal Control	(4) The CTFP Guidelines should be revised to specify any requirements for competitive bidding for contracts issued by recipient agencies in connection with CTFP projects.
CCTV and Community Cable Expansion Project	SIP	Costa Mesa	9/29/03	250,000	Conrad	Documentation to support internal direct labor charged to the project was not available.	Compliance	(5) For future projects, OCTA should take steps to ensure that the agencies adhere to the requirements under Chapter 14 of the CTFP Guidelines, which discusses requirements for project cost documentation.
Los Alamitos / Orangewood Signal Improvement	SIP	Los Alamitos	7/11/03	112,547	Mendoza	\$12,073 worth of equipment for the project was not fully installed; however, the Notice of Completion for the project was filed. The portion funded by the CTFP was \$9,658. The City indicated this oversight was due to personnel turnover; equipment is planned to be installed in the near future.	Internal Control	(6) OCTA should follow up with the City to ensure that the equipment was properly installed. If installation is not completed within a reasonable time period, OCTA should recover the \$9,658 used by the City in CTFP funding for the equipment.
Los Alamitos Blvd. / Rossmoor Way Signal Improvement	SIP	Los Alamitos	7/11/03	112,547	Mendoza	\$12,073 worth of equipment for the project was not fully installed; however, the Notice of Completion for the project was filed. The portion funded by the CTFP was \$9,658. The City indicated this oversight was due to personnel turnover; equipment is planned to be installed in the near future.	Internal Control	See recommendation number 6.

CTFP AUDITS  
SUMMARY OF FINDINGS AND RECOMMENDATIONS FOR AUDITED PROJECTS

ATTACHMENT A

Project Name	Funding Type	Agency	Close Date	Amount Funded	Audit Firm	Finding	Type of Finding	Internal Audit Recommendation
Non-Automobile Mobility & Bike Lanes	TDM	Laguna Woods	3/8/04	100,000	TCBA	None.	n/a	n/a
Newhope Street Improvements/Extension	IIP & MPH	Fountain Valley	8/1/03	\$2,165,414	TCBA	None.	n/a	n/a
Lincoln Ave. / Euclid St. Intersection	GMA & IIP	Anaheim	1/29/04	1,136,910	Mendoza	None.	n/a	n/a
Seal Beach Blvd. @ Westminster Ave.	GMA & IIP	Seal Beach	4/12/04	1,096,962	Mendoza	None.	n/a	n/a
Jamboree Road Widening Project	GMA & MPH	Irvine	1/29/04	480,190	Mendoza	None.	n/a	n/a
Brookhurst St. / Ellis Ave. Intersection Widening	IIP	Fountain Valley	10/3/03	370,320	TCBA	None.	n/a	n/a
<b>TOTAL</b>				<b>\$9,542,282</b>				

**Funding Types Legend:**

SSP - Smart Streets Program  
 RIP - Regional Interchange Program  
 IIP - Intersection Improvement Program  
 SIP - Signal Improvement Program  
 TDM - Transportation Demand Management Program  
 MPH - Master Plan of Arterial Highways Program  
 GMA - Growth Management Areas Program

**Audit Firms Legend:**

Conrad - Conrad and Associates, L.L.P.  
 Mendoza - Mendoza Berger and Company, L.L.P.  
 TCBA - Thompson, Cobb, Bazilio and Associates, P.C.

Orange County Transportation Authority  
Internal Audit  
Orange, California

In planning and performing our audit of the final report submitted by the County of Orange for the period December 21, 1999 through October 31, 2003 under Combined Transportation Funding Program (CTFP) program numbers 97-ORCO-GMA-1054, 97-ORCO-GMA-1055, 97-ORCO-GMA-1056, 00-ORCO-GMA-3045, 00-ORCO-GMA-3046 and 00-ORCO-GMA-3048 with the Orange County Transportation Authority (OCTA) to widen Newport Boulevard from Greenbrier Road to the Orange City limits, we considered its internal control structure and compliance controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedule (Schedule of Costs Claimed) and not to provide an opinion on the internal control structure, nor render an opinion on compliance.

During our audit we became aware of one matter involving the internal control structure and its operation that represent opportunities for strengthening internal controls and operating efficiency. We offer the following recommendation for consideration:

#### **Need to Update Overhead Rates**

During our audit, we noted that the overhead rate in use by the County of Orange was 42%, which was based upon actual expenditures for the 1995-96 fiscal year. As the fiscal years included in the audit period ranged from fiscal year 1999-00 through 2003-04, the overhead rate in use was outdated. The CTFP guidelines stipulate that overhead may be charged to a project, but that the overhead rate should not exceed 30%. Based upon our review of the CTFP claims, the County of Orange charged the maximum 30% overhead rate on the claim.

The County of Orange has an established policy to prepare the overhead rate calculation on an annual basis. We did note that the County of Orange did prepare an overhead rate calculation for fiscal year 2004-05 that they intend to use on future projects. Failure to use a current overhead rate can result in either excess or a shortfall of overhead costs charged to the CTFP project.

#### **Recommendation**

We recommend that the County of Orange ensure that overhead costs charged to CTFP projects represent current overhead charges.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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This letter is intended solely for the use of the management of the Orange County Transportation Authority and the County of Orange and is not intended to be and should not be used by anyone other than these specified parties.

*Conrad and Associates, L.L.P.*

April 8, 2005

**COUNTY OF ORANGE**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Newport Boulevard Widening Project (Phase II)

For the Period  
December 21, 1999 through October 31, 2003



# COUNTY OF ORANGE

## Closeout Audit of Costs Claimed Combined Transportation Funding Program Newport Boulevard Widening Project (Phase II)

For the Period December 21, 1999 through October 31, 2003

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Orange County Transportation Authority  
Internal Audit  
Orange, California

**INDEPENDENT AUDITORS' REPORT**

We have audited the final report submitted by the County of Orange for the period December 21, 1999 through October 31, 2003 under Combined Transportation Funding Program (CTFP) Project Numbers 97-ORCO-GMA-1054, 97-ORCO-GMA-1055, 97-ORCO-GMA-1056, 00-ORCO-GMA-3045, 00-ORCO-GMA-3046 and 00-ORCO-GMA-3048 with the Orange County Transportation Authority (OCTA) to complete phase II of the widening of Newport Boulevard from Greenbrier Road to the Orange City limits. The costs as presented in the Schedule of Costs Claimed are the responsibility of the County of Orange. Our responsibility is to express an opinion on the accompanying financial schedule based on our audit.

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

The accompanying financial schedule was prepared to present the total cost incurred by the County of Orange for the period December 21, 1999 through October 31, 2003 under CTFP programs with the OCTA as described in Note 1, and is not intended to be a complete presentation of their financial position in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 2, the financial schedule was prepared from invoices submitted by the County of Orange. The accounting practices used to prepare the financial schedule may differ in some respects from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedule is not intended to present the financial position and results of operations of the County of Orange in conformity with accounting principles generally accepted in the United States of America.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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In our opinion, the financial schedule referred to above presents fairly, in all material respects, the total cost incurred by the County of Orange for the period December 21, 1999 through October 31, 2003 in accordance with the CTFP programs with the OCTA in conformity with the basis of accounting described in Note 2.

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

*Conrad and Associates, L.L.P.*

April 8, 2005

**COUNTY OF ORANGE**

Closeout Audit of Costs Claimed  
 Combined Transportation Funding Program  
 Newport Boulevard Widening Project (Phase II)

Schedule of Costs Claimed

For the Period December 21, 1999 through October 31, 2003

	As Submitted			As Audited	Questioned Costs
	CTFP	County Match	Total		
Revenue:					
97-ORCO-GMA-1054	\$ 196,500	\$ -	\$ 196,500	\$ 196,500	\$ -
97-ORCO-GMA-1055	200,000	-	200,000	200,000	-
97-ORCO-GMA-1056	504,000	-	504,000	504,000	-
00-ORCO-GMA-3045	210,000	-	210,000	210,000	-
00-ORCO-GMA-3046	167,500	-	167,500	167,500	-
00-ORCO-GMA-3048	175,000	-	175,000	175,000	-
Highway users tax	-	4,310,926	4,310,926	4,310,926	-
Total revenue	<u>1,453,000</u>	<u>4,310,926</u>	<u>5,763,926</u>	<u>5,763,926</u>	<u>-</u>
Expenditures:					
Construction engineering	189,522	1,522,259	1,711,781	1,711,781	-
Construction	<u>1,263,478</u>	<u>2,788,667</u>	<u>4,052,145</u>	<u>4,052,145</u>	<u>-</u>
Total expenditures	<u>\$ 1,453,000</u>	<u>\$ 4,310,926</u>	<u>\$ 5,763,926</u>	<u>\$ 5,763,926</u>	<u>\$ -</u>

See accompanying notes to financial schedule

## COUNTY OF ORANGE

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Newport Boulevard Widening Project (Phase II)

### Notes to Financial Schedule

For the Period December 21, 1999 through October 31, 2003

#### **(1) General Information**

On May 23, 1995, the County of Orange entered into an agreement with the Orange County Transportation Authority (OCTA) to use Measure M funds under the Combined Transportation Funding Program (CTFP) for County transportation projects. The Newport Boulevard Widening Project (Phase II) was awarded under Project Numbers 97-ORCO-GMA-1054, 97-ORCO-GMA-1055, 97-ORCO-GMA-1056, 00-ORCO-GMA-3045, 00-ORCO-GMA-3046 and 97-ORCO-GMA-3048. These Project Numbers are all awarded under the Growth Management Areas (GMA) Program. This Program is designed to blend both local and regional planning perspectives and traffic control techniques. Eligible GMA projects include:

- Intersection improvements;
- Signal coordination;
- Traffic management systems;
- Arterial highway improvements; and
- Signal preemption (intersection devices only).

Eligible projects are to benefit the GMA as a whole, or at a minimum, more than one jurisdiction. Participating agencies are to comply with their individual agreement as well as the *Combined Transportation Funding Program Guidelines* published by the OCTA.

#### **(2) Summary of Significant Accounting Policies**

The accompanying financial schedule has been prepared from costs incurred and reported by the County of Orange to the OCTA in accordance with the terms of the agreement. The cash basis of accounting, which differs from generally accepted accounting principles, was utilized in the preparation of the financial schedule.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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

We have audited the financial schedule (Schedule of Costs Claimed) which summarizes the amounts paid to the County of Orange for the period December 21, 1999 to October 31, 2003 under Combined Transportation Funding Program (CTFP) Project Numbers 97-ORCO-GMA-1054, 97-ORCO-GMA-1055, 97-ORCO-GMA-1056, 00-ORCO-GMA-3045, 00-ORCO-GMA-3046 and 97-ORCO-GMA-3048 with the Orange County Transportation Authority (OCTA) to complete phase II of the widening of Newport Boulevard from Greenbrier Road to the Orange city limits, and have issued our report thereon dated April 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Orange's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial schedule, and not to provide assurance on the internal control over financial

reporting. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial schedule being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that we have reported to management of the OCTA and the County of Orange in a separate letter dated April 8, 2005.

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

*Conrad and Associates, L.L.P.*

April 8, 2005

Orange County Transportation Authority  
Internal Audit  
Orange, California

In planning and performing our audit of the final report submitted by the City of Santa Ana, California, for the period May 3, 1999 through December 15, 2003 under Combined Transportation Funding Program (CTFP) Program Number 97-SNTA-IIP-1140 with the Orange County Transportation Authority (OCTA) to improve the Fairview Street/Edinger Avenue intersection, we considered its internal control structure and compliance controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedule (Schedule of Costs Claimed) and not to provide an opinion on the internal control structure, nor render an opinion on compliance.

During our audit we became aware of one matter involving the internal control structure and its operation that represents an opportunity for strengthening internal controls and operating efficiency. We offer the following recommendation for consideration:

**Need to Include all Costs on Final Report**

During our audit, we noted that the final report submitted by the City of Santa Ana to OCTA for CTFP Program Number 97-SNTA-IIP-1140 did not contain all costs of the project. The City incurred additional local match costs in the amount of \$5,629, which was not included on the final report. The omission of some project costs in the final report does not comply with CTFP guidelines to include all project cost.

Exhibit 13-3, *Final Report*, of Chapter 13 of the CTFP Guidelines states, in part:

“...I hereby certify that the above is a true and correct statement of the work performed and costs incurred on the above project...”

**Recommendation**

We recommend that the City of Santa Ana include all project costs on the final CTFP reports.



Orange County Transportation Authority  
Internal Audit  
Orange, California

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This letter is intended solely for the use of the management of the Orange County Transportation Authority and the City of Santa Ana and is not intended to be and should not be used by anyone other than these specified parties.

*Conrad and Associates, L.L.P.*

April 8, 2005

**CITY OF SANTA ANA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 97-SNTA-IIP-1140  
Fairview Street/Edinger Avenue Improvements

For the Period  
May 3, 1999 through December 15, 2003

CITY OF SANTA ANA, CALIFORNIA

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 97-SNTA-IIP-1140  
Fairview Street/Edinger Avenue Improvements

For the Period May 3, 1999 through December 15, 2003

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Orange County Transportation Authority  
Internal Audit  
Orange, California

**INDEPENDENT AUDITORS' REPORT**

We have audited the final report submitted by the City of Santa Ana, California for the period May 3, 1999 through December 15, 2003 under Combined Transportation Funding Program (CTFP) Program Number 97-SNTA-IIP-1140 with the Orange County Transportation Authority (OCTA) for improvements to the Fairview Street/Edinger Avenue intersection. The costs as presented in the Schedule of Costs Claimed are the responsibility of the City of Santa Ana. Our responsibility is to express an opinion on the accompanying financial schedule based on our audit.

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

The accompanying financial schedule was prepared to present the total cost incurred by the City of Santa Ana for the period May 3, 1999 through December 15, 2003 under the CTFP program with the OCTA as described in Note 1, and is not intended to be a complete presentation of their financial position in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 2, the financial schedule was prepared from invoices submitted by the City of Santa Ana. The accounting practices used to prepare the financial schedule may differ in some respects from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedule is not intended to present the financial position and results of operations of the City of Santa Ana in conformity with accounting principles generally accepted in the United States of America.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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In our opinion, the financial schedule referred to above presents fairly, in all material respects, the total cost incurred by the City of Santa Ana for the period of May 3, 1999 through December 15, 2003 in accordance with the CTFP program with the OCTA in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information of the management of the Orange County Transportation Authority and the City of Santa Ana and is not intended to be and should not be used by anyone other than those specified parties.

*Conrad and Associates, L.L.P.*

April 8, 2005

CITY OF SANTA ANA, CALIFORNIA

Closeout Audit of Costs Claimed  
 Combined Transportation Funding Program  
 Program Number 97-SNTA-IIP-1140  
 Fairview Street/Edinger Avenue Improvements

Schedule of Costs Claimed

For the Period May 3, 1999 through December 15, 2003

	As Audited			As Submitted			Adjustments		
	CTFP	City Match	Total	CTFP	City Match	Total	CTFP	City Match	Total
Revenue:									
97-SNTA-IIP-1140	\$ 1,082,118	\$ -	\$ 1,082,118	\$ 1,082,118	\$ -	\$ 1,082,118	-	\$ -	\$ -
Local match (note 3)	-	173,994	173,994	-	168,365	168,365	-	5,629	5,629
Total revenue	<u>1,082,118</u>	<u>173,994</u>	<u>1,256,112</u>	<u>1,082,118</u>	<u>168,365</u>	<u>1,250,483</u>	<u>-</u>	<u>5,629</u>	<u>5,629</u>
Expenditures:									
Right-of-way (note 3)	110,000	2,838	112,838	110,000	-	110,000	-	2,838	2,838
Construction engineering (note 3)	107,663	14,093	121,756	107,663	11,302	118,965	-	2,791	2,791
Construction	717,755	75,344	793,099	717,755	75,344	793,099	-	-	-
Design engineering	146,700	81,719	228,419	146,700	81,719	228,419	-	-	-
Total expenditures	<u>1,082,118</u>	<u>173,994</u>	<u>1,256,112</u>	<u>1,082,118</u>	<u>168,365</u>	<u>1,250,483</u>	<u>-</u>	<u>5,629</u>	<u>5,629</u>
Net revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to schedule of costs claimed.

## CITY OF SANTA ANA, CALIFORNIA

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 97-SNTA-IIP-1140  
Fairview Street/Edinger Avenue Improvements

Notes to Schedule of Cost Claimed

For the Period May 3, 1999 through December 15, 2003

### (1) General Information

On August 18, 1995, the City of Santa Ana entered into an agreement with the Orange County Transportation Authority (OCTA) to use Measure M funds under the Combined Transportation Funding Program (CTFP) for County transportation projects. The Fairview Street/Edinger Avenue Improvement Project was awarded under Program Number 97-SNTA-IIP-1140. This Project Number was awarded under the Intersection Improvement Program (IIP). This Program is designed to provide funds to decrease congestion for more than 100 intersections throughout the County. Eligible IIP expenditures include:

- Design (plans, specifications and estimates);
- Right-of-way;
- Construction activities, such as:
  - Widening;
  - Traffic signals;
  - Bus turnouts (if part of the intersection improvements);
  - Bike lanes (striping only);
  - Aesthetic improvements including landscaping; and
  - Grade separation projects.

Arterial street intersections contained on the Master Plan of Arterial Highways are eligible under this Program. Participating agencies are to comply with their individual agreement as well as the *Combined Transportation Funding Program Guidelines* published by the OCTA.

### (2) Summary of Significant Accounting Policies

The accompanying financial schedule has been prepared from invoices submitted by City of Santa Ana to the OCTA in accordance with the terms of the agreement. The cash basis of accounting, which differs from generally accepted accounting principles, was utilized in the preparation of the financial schedule.

**CITY OF SANTA ANA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 97-SNTA-IIP-1140  
Fairview Street/Edinger Avenue Improvements

Notes to Schedule of Cost Claimed (Continued)

For the Period May 3, 1999 through January 29, 2004

**(3) Adjustment to As Submitted Amounts**

The City of Santa Ana prepared the final CTFP report to account for only those project costs incurred that were paid for by the CTFP grant. Adjustments were necessary to increase the as submitted amounts in order to reflect the actual costs incurred by the City for the entire project. Total additional costs incurred on the project were \$5,629.



Orange County Transportation Authority  
Internal Audit  
Orange, California

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

We have audited the financial schedule (Schedule of Costs Claimed) which summarizes the amounts paid to the City of Santa Ana, California, for the period May 3, 1999 to December 15, 2003 under Combined Transportation Funding Program (CTFP) Program Number 97-SNTA-IIP-1140 with the Orange County Transportation Authority (OCTA) for Fairview Street/Edinger Avenue improvements, and have issued our report thereon dated April 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Santa Ana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial schedule, and not to provide assurance on the internal control over financial reporting. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that

Orange County Transportation Authority  
Internal Audit Department  
Orange, California

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would be material in relation to the financial schedule being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management of the Orange County Transportation Authority and the City of Santa Ana and is not intended to be and should not be used by anyone other than those specified parties.

*Comrad and Associates, L.L.P.*

April 8, 2005

***ORANGE COUNTY TRANSPORTATION  
AUTHORITY***

**Combined Transportation Funding Program  
Financial and Compliance Review**

**FOR THE PERIOD  
JUNE 18, 2002 TO MARCH 4, 2004**

**City of Yorba Linda  
Bastanchury Widening (Construction)  
Project No. 00-LYND-GMA-3202 and 00-LYND-MPH-3204**

**Submitted by**

**TCBA**

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**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

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**COMBINED TRANSPORTATION FUNDING PROGRAM  
FINANCIAL AND COMPLIANCE REVIEW**

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## THOMPSON, COBB, BAZILIO & ASSOCIATES, PC

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### INDEPENDENT ACCOUNTANT'S REPORT ON FINANCIAL AND COMPLIANCE REVIEW

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

We have completed our financial and compliance review of the Bastachury Widening project of the City of Yorba Linda (the City), Project Numbers 00-YLND-GMA-3202 and 00-LLND-MPH-3204 awarded by the Orange County Transportation Authority (OCTA) under the Combined Transportation Funding Program (CTFP). Our fieldwork began on April 25, 2004 and was completed on April 27, 2005. The objectives of this review were to determine whether 1) adequate documentation was maintained to show that costs were reasonable and allocable to the project, and that the City had complied with State competitive contracting requirements, 2) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for cost chargeable to the project in accordance with the CTFP agreement with OCTA, 3) the project was completed in accordance with the CTFP agreement, and 4) the fund set up by the City for the project was separately maintained.

#### **RESULTS IN BRIEF**

We found that:

- Costs charged to the project were reasonable, allocable and supported by contractor invoices.
- The City has a competitive procedure in place for the selection of contractor construction services. However, the City does not have supporting documentation in support of the review and approval of changes in the contract value.
- The City exercised adequate controls to ensure that project funds were used only for the approved project costs.
- The project was completed in accordance with the CTFP agreement.
- The City charged the project costs to a separate account. The City incurred costs to the project prior to receipt the of CTFP funds. Thus, no fund interest allocation was required.

## **BACKGROUND**

On June 18, 2002, Orange County Transportation Authority awarded \$175,000 under the Growth Management Areas (GMA) program and \$257,507 under the Master Plan of Arterial Highways (MPH) program to the City of Yorba Linda (the City) for the Bastanchury Widening project (the Project) under the Combined Transportation Funding Program (CTFP). The Project was to widen Bastanchury Road from West City Limits to Rose Drive, which will provide extra lanes and pedestrian facilities between the school and housing tract. The total cost incurred for the project was \$525,055, of which \$432,507 was funded by CTFP and \$92,548 was funded by the City. The project started on July 8, 2002 and was completed on February 18, 2003.

## **PROCEDURES PERFORMED**

We performed the following procedures to ensure that the City had complied with the CTFP requirements:

1. We reviewed the CTFP project agreement between the City and OCTA to obtain an understanding of the project and CTFP funding requirements.
2. We obtained and reviewed contract files for contracts issued by the City for the project to identify contract provisions pertinent to our review and evidence of competitive bid procedures.
3. We identified fund accounting procedures set up by the City to account for Measure M transactions and expenditures.
4. We assessed the reasonableness of interest allocated to the project fund for unused fund balances and determined whether that interest was used for the CTFP project.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample of expenditures for review.
6. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with contract and/or CTFP requirements.

## **RESULTS OF REVIEW**

Our review disclosed the following:

### **Project Costs and Contractor Documentation**

The City of Yorba Linda charged a total of \$525,055 to the Project. OCTA provided \$432,507 in funding for the Project and the remaining balance of \$92,548 was funded by the City. We found that all costs charged to the project were reasonable and supported by contractor invoices. We found no questioned costs and no OCTA fund balance remained.

### **Compliance with State Contracting Requirements**

The City provided documentation showing that it had complied with State laws on the competitive contracting requirements. The contract was awarded to the lowest bidder, Orion Contracting, Inc. (Orion) by the City Council through a sealed bid competitive selection process. Orion was the main contractor to perform work on the project.

The contract was awarded to Orion on June 18, 2002 in the amount of \$399,381. The total cost incurred by the end of the project by Orion was \$474,493, representing an increase of \$75,112 to the contract value. The City was unable to locate the supporting documentation evidencing the review and approval of this increase in contract value. According to City officials, the increase in contract value was due to the increase in the scope of work. However, we were unable to verify this increase in scope of work to formally approved contract change order documents.

### **Accounting and Cash Management Procedures**

The City established adequate controls to ensure that project funds were used only for the approved project costs. All contractor invoices charged to the project were reviewed and approved by the City Engineer.

### **Project Completion**

The project was completed as agreed under the CTFP project.

### **Separate Project Fund and Interest Allocation**

The City charged the costs of the project to a separate General Ledger Account titled Capital Improvement Fund, Account Number 008.4.512.7610. All project costs were incurred prior to receipt of CTFP funds. Consequently, no requirement for a separate fund or fund interest allocation was needed.

## LIMITATIONS AND RESTRICTIONS

These procedures described above did not constitute an audit in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Internal Audit Department of the OCTA and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California  
May 5, 2005

*Thompson, Cole, Bazilio & Associates, PC*



**ATTACHMENT A**

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
COMBINED TRANSPORTATION FUNDING PROGRAM**

**SCHEDULE OF REVIEW RESULTS**

**Cooperative No.** C-95-996

**Agency:** City of Yorba Linda

**Project Title:** Bastanchury Widening

**Project Status:** Completed

<u>Project No.</u>	<u>CTFP Funding Provided</u>	<u>Matching Required</u>	<u>Total Funding CTFP/Match</u>	<u>Cost Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>	<u>Fund Due OCTA</u>
00-YLND-GMA-3202	\$ 175,000	\$ -	\$ 175,000	\$525,055	\$ -	\$ -	\$ -
00-YLND-MPH-3204	\$ 257,507	\$ -	\$ 257,507	\$525,055	\$ -	\$ -	\$ -

Orange County Transportation Authority  
Internal Audit  
Orange, California

In planning and performing our audit of the final report submitted by the City of Santa Ana, California, for the period October 31, 2000 through January 29, 2004 under Combined Transportation Funding Program (CTFP) Program Number 99-SNTA-IIP-1175 with the Orange County Transportation Authority (OCTA) to widen the Harbor Boulevard/Warner Avenue intersection, we considered its internal control structure and compliance controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedule (Schedule of Costs Claimed) and not to provide an opinion on the internal control structure, nor render an opinion on compliance.

During our audit we became aware of one matter involving the internal control structure and its operation that represents an opportunity for strengthening internal controls and operating efficiency. We offer the following recommendation for consideration:

**Need to Include all Costs on Final Report**

During our audit, we noted that the final report submitted by the City of Santa Ana to OCTA for CTFP Program Number 99-SNTA-IIP-1175 did not contain all costs of the project. The City Reported all costs incurred that were funded by the CTFP grant, and a representative amount of the project cost to determine that the City met the required match. However, the total cost of the project was \$215,846 greater than what was included on the final report. The addition cost of the project represented additional City match. The omission of some project costs in the final report does not comply with CTFP guidelines to include all project cost.

Exhibit 13-3, *Final Report*, of Chapter 13 of the CTFP Guidelines states, in part:

“...I hereby certify that the above is a true and correct statement of the work performed and costs incurred on the above project...”

**Recommendation**

We recommend that the City of Santa Ana include all project costs on the final CTFP reports.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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This letter is intended solely for the use of the management of the Orange County Transportation Authority and the City of Santa Ana and is not intended to be and should not be used by anyone other than these specified parties.

*Conrad and Associates, L.L.C.*

April 8, 2005

**CITY OF SANTA ANA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Project Number 99-SNTA-IIP-1175  
Harbor Boulevard/Warner Avenue Widening Project

For the Period October 25, 2000 through January 29, 2004

CITY OF SANTA ANA, CALIFORNIA

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Project Number 99-SNTA-IIP-1175  
Harbor Boulevard/Warner Avenue Widening Project

For the Period October 25, 2000 through January 29, 2004

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Orange County Transportation Authority  
Internal Audit  
Orange, California

**INDEPENDENT AUDITORS' REPORT**

We have audited the final report submitted by the City of Santa Ana, California for the period October 25, 2000 through January 29, 2004 under Combined Transportation Funding Program (CTFP) project number 97-SNTA-IIP-1175 with the Orange County Transportation Authority (OCTA) for the widening of the Harbor Boulevard/Warner Avenue intersection. The costs as presented in the Schedule of Costs Claimed are the responsibility of the City of Santa Ana. Our responsibility is to express an opinion on the accompanying financial schedule based on our audit.

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

The accompanying financial schedule was prepared to present the total cost incurred by the City of Santa Ana for the period of October 25, 2000 through January 29, 2004 under the CTFP program with the OCTA as described in Note 1, and is not intended to be a complete presentation of their financial position in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 2, the financial schedule was prepared from invoices submitted by the City of Santa Ana. The accounting practices used to prepare the financial schedule may differ in some respects from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedule is not intended to present the financial position and results of operations of the City of Santa Ana in conformity with accounting principles generally accepted in the United States of America.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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In our opinion, the financial schedule referred to above presents fairly, in all material respects, the total cost incurred by the City of Santa Ana for the period of October 25, 2000 through January 29, 2004 in accordance with the CTFP program with the OCTA in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information of the management of the Orange County Transportation Authority and the City of Santa Ana and is not intended to be and should not be used by anyone other than those specified parties.

*Conrad and Associates, L.L.P.*

April 8, 2005

CITY OF SANTA ANA, CALIFORNIA

Closeout Audit of Costs Claimed  
 Combined Transportation Funding Program  
 Project Number 99-SNTA-IIP-1175

Schedule of Costs Claimed

For the Period October 25, 2000 through January 29, 2004

	As Audited			As Submitted			Adjustments		
	CTFP	City Match	Total	CTFP	City Match	Total	CTFP	City Match	Total
Revenues:									
99-SNTA-IIP-1175	\$ 399,768	\$ -	\$ 399,768	\$ 399,768	\$ -	\$ 399,768	\$ -	\$ -	\$ -
Local match (see Note 3)	-	248,801	248,801	-	32,955	32,955	-	215,846	215,846
Total revenue	<u>399,768</u>	<u>248,801</u>	<u>648,569</u>	<u>399,768</u>	<u>32,955</u>	<u>432,723</u>	<u>-</u>	<u>215,846</u>	<u>215,846</u>
Expenditures:									
Right-of-way costs (see Note 3)	11,022	51,461	62,483	11,022	-	11,022	-	51,461	51,461
Construction costs (see Note 3)	338,040	164,385	502,425	338,040	-	338,040	-	164,385	164,385
Construction engineering	50,706	32,955	83,661	50,706	32,955	83,661	-	-	-
	<u>\$ 399,768</u>	<u>\$ 248,801</u>	<u>\$ 648,569</u>	<u>\$ 399,768</u>	<u>\$ 32,955</u>	<u>\$ 432,723</u>	<u>\$ -</u>	<u>\$ 215,846</u>	<u>\$ 215,846</u>

See accompanying notes to schedule of costs claimed.



## CITY OF SANTA ANA, CALIFORNIA

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Project Number 99-SNTA-IIP-1175  
Harbor Boulevard/Warner Avenue Widening Project

Notes to Schedule of Costs Claimed

For the Period October 25, 2000 through January 29, 2004

### **(1) General Information**

On August 18, 1995, the City of Santa Ana entered into an agreement with the Orange County Transportation Authority (OCTA) to use Measure M funds under the Combined Transportation Funding Program (CTFP) for County transportation projects. The Harbor Boulevard/Warner Avenue Widening Project was awarded under Project Number 99-SNTA-IIP-1175. This Project Number was awarded under the Intersection Improvement Program (IIP). The IIP is designed to provide funds to decrease congestion for more than 100 intersections throughout the County. Eligible IIP expenditures include:

- Design (plans, specifications and estimates);
- Right-of-way;
- Construction activities, such as:
  - Widening;
  - Traffic signals;
  - Bus turnouts (if part of the intersection improvements);
  - Bike lanes (striping only);
  - Aesthetic improvements including landscaping; and
  - Grade separation projects.

Arterial street intersections contained on the Master Plan of Arterial Highways are eligible under this Program. Participating agencies are to comply with their individual agreement as well as the *Combined Transportation Funding Program Guidelines* published by the OCTA.

### **(2) Summary of Significant Accounting Policies**

The accompanying financial schedule has been prepared from invoices submitted by City of Santa Ana to the OCTA in accordance with the terms of the agreement. An accrual accounting system, which agrees with generally accepted accounting principles, was utilized in the preparation of the financial schedule.

**CITY OF SANTA ANA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Project Number 99-SNTA-IIP-1175  
Harbor Boulevard/Warner Avenue Widening Project

Notes to Schedule of Costs Claimed (Continued)

For the Period May 3, 1999 through January 29, 2004

**(3) Adjustment to As Submitted Amounts**

The City of Santa Ana prepared the final CTFP report to account for only those project costs incurred that were paid for by the CTFP grant. Adjustments were necessary to increase the as submitted amounts in order to reflect the actual costs incurred by the City for the entire project.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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

We have audited the financial schedule (Schedule of Costs Claimed) which summarizes the amounts paid to the City of Santa Ana, California, for the period October 25, 2000 through January 29, 2004 under Combined Transportation Funding Program (CTFP) Project Number 99-SNTA-IIP-1175 with the Orange County Transportation Authority (OCTA) for the widening of the Harbor Boulevard/Warner Avenue intersection, and have issued our report thereon dated April 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Santa Ana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial schedule, and not to provide assurance on the internal control over financial reporting. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that

would be material in relation to the financial schedule being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management of the Orange County Transportation Authority and the City of Santa Ana and is not intended to be and should not be used by anyone other than those specified parties.

*Conrad and Associates, L.L.P.*

April 8, 2005

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Combined Transportation Funding Program  
Financial and Compliance Review  
For the Period of  
1998-99, 1999-2000, and 2002-03**

**City of Placentia  
Orangethorpe Railroad Lowering Study  
Project No. 00-PLAC-GMA-2009**

Submitted by

**TCBA**

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**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

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# COMBINED TRANSPORTATION FUNDING PROGRAM

## FINANCIAL AND COMPLIANCE REVIEW

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**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**  
*Certified Public Accountants and Management, Systems, and Financial Consultants*

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**INDEPENDENT ACCOUNTANT'S REPORT ON  
FINANCIAL AND COMPLIANCE REVIEW**

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

We have completed our financial and compliance review of the Orangethorpe Railroad Lowering Study project of the City of Placentia (the City), Project Number 98-PLAC-GMA-2009 awarded by the Orange County Transportation Authority (OCTA) under the Combined Transportation Funding Program (CTFP). Our fieldwork began on April 11, 2005 and was completed on April 14, 2005. The objectives of this review were to determine whether 1) adequate documentation was maintained to show that costs were reasonable and allocable to the project, 2) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project in accordance with the CTFP agreement with OCTA, 3) the project was completed in accordance with the CTFP agreement, and 4) the fund set up by the City for the project was separately maintained.

**RESULTS IN BRIEF**

We found that:

- Costs charged to the project were reasonable, allocable and supported by contractor and subcontractor invoices.
- The City did not maintain supporting evidence that competitive bidding procedures were used for the selection of a professional services contractor.
- The City exercised adequate controls to ensure that project funds were used only for the approved project costs.
- The project was completed in accordance with the CTFP agreement.
- The City charged the project costs to a separate account. The City incurred costs to the project prior to receipt of CTFP funds. Thus, no fund interest allocation was required.

### **Separate Project Fund and Interest Allocation**

The City charged the costs of the project to a separate General Ledger Account entitled Ontrac General Fund, Fund 970. All project costs were incurred prior to receipt of CTFP funds. Consequently, no requirement for a separate fund or fund interest allocation was needed.

### **LIMITATIONS AND RESTRICTIONS**

These procedures described above did not constitute an audit in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Internal Audit Department of the OCTA and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California  
April 27, 2005

*Thompson, Caldwell, Bergin & Associates, PC*



ATTACHMENT A

ORANGE COUNTY TRANSPORTATION AUTHORITY  
COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF REVIEW RESULTS

**Cooperative No.** C-95-987

**Project No.** 98-PLAC-GMA-2009

**Agency:** City of Placentia

**Project Title:** Orangethorpe Railroad Lowering Study

**Project Status:** Open

<u>Year</u>	<u>CTFP Funding Provided</u>	<u>Matching Required</u>	<u>Total Funding CTFP/Match</u>	<u>Cost Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>	<u>Fund Due OCTA</u>
98/99	\$ 100,000	\$ -	\$ 100,000	\$ 402,638	\$ -	\$ -	\$ -
99/00	\$ 100,000	\$ -	\$ 100,000	\$2,382,848	\$ -	\$ -	\$ -
02/03	\$ 150,000	\$ -	\$ 150,000	\$3,363,337	\$ -	\$ -	\$ -

Orange County Transportation Authority  
 Internal Audit  
 Orange, California

In planning and performing our audit of the final report submitted by the City of Costa Mesa, California for the period May 7, 2002 through September 29, 2004 under Combined Transportation Funding Program (CTFP) Program Number 00-CMSA-SIP-3031 with the Orange County Transportation Authority (OCTA) provide CCTV cameras and communications cable expansion at various intersections within the City of Costa Mesa, we considered its internal control structure and compliance controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedule (Schedule of Costs Claimed) and not to provide an opinion on the internal control structure, nor render an opinion on compliance. During our audit we became aware of one matter involving the internal control structure and its operation that represent opportunities for strengthening internal controls and operating efficiency. We offer the following recommendation for consideration:

**Need to Support Actual Direct Labor Hours**

During our review of compliance with CTFP guidelines, we noted that the City of Costa Mesa personnel assigned to the CTFP project were not preparing the proper documentation to account for their submitted hours on the project. Specifically, the following hours and amounts were charged to the project which were not properly supported by timesheets.

<u>Classification</u>	<u>Hours</u>	<u>Amount</u>
Project development and design:		
Director	1	\$112
City Engineer	1	92
Transportation Manager	<u>1</u>	<u>89</u>
Total project development and design	<u>3</u>	<u>293</u>
Construction:		
Attorney's Office Staff	1	37
Secretary	5	163
City Clerk's Staff	<u>1</u>	<u>40</u>
Total construction	<u>7</u>	<u>240</u>
Total unsupported direct labor	<u>10</u>	<u>\$533</u>

In addition, we noted that the following direct labor charged to the project was in excess of supported amounts:

<u>Classification</u>	<u>Per Audit</u>	<u>As Submitted</u>	<u>Unsupported</u>
Project development and design:			
Engineering Technician	<u>\$9,982</u>	<u>\$10,991</u>	<u>\$1,009</u>
Total project development and design	<u>9,982</u>	<u>10,991</u>	<u>1,009</u>
Construction:			
Engineering Technician	<u>616</u>	<u>2,621</u>	<u>2,005</u>
Total construction	<u>616</u>	<u>2,621</u>	<u>2,005</u>
Total unsupported direct labor	<u>\$10,598</u>	<u>\$13,612</u>	<u>\$3,014</u>

The total unsupported labor costs charged to Program Number 00-CMSA-SIP-3031 was \$3,547.

Chapter 14 of the CTFP Guidelines states, in part:

“...**Direct Labor** For all direct labor charged to a project, including engineering labor, the following records must be maintained:

1. Summary time sheets showing the total time charged to the project by the different individuals working on it.
2. Individual time sheets or time cards showing the total time worked by the individual for each period and the different tasks to which the individual's time was charged...”

The unsupported labor costs were claimed on the final report as City match. As the City more than exceeded its minimum match requirements, no costs were questioned.

### Recommendation

We recommend that the City of Costa Mesa comply with the CTFP guidelines by requiring their personnel to prepare timesheets to document their specific times and tasks charged to CTFP projects.

This letter is intended solely for the use of the management of the Orange County Transportation Authority and the City of Costa Mesa and is not intended to be and should not be used by anyone other than these specified parties.

*Conrad and Associates, L.L.P.*

April 15, 2005

**CITY OF COSTA MESA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 00-CMSA-SIP-3031  
CCTV and Communications Cable Expansion Project

For the Period  
May 7, 2002 through September 29, 2003

**CITY OF COSTA MESA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 00-CMSA-SIP-3031  
CCTV and Communications Cable Expansion Project

For the Period May 7, 2002 through September 29, 2003

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Orange County Transportation Authority  
Internal Audit  
Orange, California

**INDEPENDENT AUDITORS' REPORT**

We have audited the final report submitted by the City of Costa Mesa, California for the period May 7, 2002 through September 29, 2003 under Combined Transportation Funding Program (CTFP) Program Number 00-CMSA-SIP-3031 with the Orange County Transportation Authority (OCTA) to provide CCTV cameras and communications cable expansions at various intersections throughout the City of Costa Mesa. The costs as presented in the Schedule of Costs Claimed are the responsibility of the City of Costa Mesa. Our responsibility is to express an opinion on the accompanying financial schedule based on our audit.

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

The accompanying financial schedule was prepared to present the total cost incurred by the City of Costa Mesa for the period of May 7, 2002 through September 29, 2003 under the CTFP program with the OCTA as described in Note 1, and is not intended to be a complete presentation of their financial position in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 2, the financial schedule was prepared from invoices submitted by the City of Costa Mesa. The accounting practices used to prepare the financial schedule may differ in some respects from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedule is not intended to present the financial position and results of operations of the City of Costa Mesa in conformity with accounting principles generally accepted in the United States of America.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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In our opinion, the financial schedule referred to above presents fairly, in all material respects, the total cost incurred by the City of Costa Mesa for the period of May 7, 2002 through September 29, 2003 under a contract with the SCRRA in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information of the management of the Orange County Transportation Authority and the City of Costa Mesa and is not intended to be and should not be used by anyone other than those specified parties.

*Conrad and Associates, L.L.P.*

April 15, 2005

**CITY OF COSTA MESA, CALIFORNIA**

Closeout Audit of Costs Claimed  
 Combined Transportation Funding Program  
 Program Number 00-CMSA-SIP-3031  
 CCTV and Communications Cable Expansion Project

Schedule of Costs Claimed

For the Period May 7, 2002 through September 29, 2003

	As Audited			As Submitted			Adjustments		
	CTFP	City Match	Total	CTFP	City Match	Total	CTFP	City Match	Total
Revenues:									
00-CMSA-SIP-3031	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -
Local match (see Note 3)	-	62,471	62,471	-	65,978	65,978	-	(3,507)	(3,507)
Total revenue	<u>250,000</u>	<u>62,471</u>	<u>312,471</u>	<u>250,000</u>	<u>65,978</u>	<u>315,978</u>	<u>-</u>	<u>(3,507)</u>	<u>(3,507)</u>
Expenditures:									
Project development and design (see Note 3)	-	19,636	19,636	-	20,938	20,938	-	(1,302)	(1,302)
Construction engineering (see Note 3)	-	10,435	10,435	-	12,640	12,640	-	(2,205)	(2,205)
Construction costs	<u>250,000</u>	<u>32,400</u>	<u>282,400</u>	<u>250,000</u>	<u>32,400</u>	<u>282,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>250,000</u>	<u>62,471</u>	<u>312,471</u>	<u>250,000</u>	<u>65,978</u>	<u>315,978</u>	<u>-</u>	<u>(3,507)</u>	<u>(3,507)</u>
Net revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial schedule



## CITY OF COSTA MESA, CALIFORNIA

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 00-CMSA-SIP-3031  
CCTV and Communications Cable Expansion Project

### Notes to Financial Schedule

For the Period May 7, 2002 through September 29, 2003

#### **(1) General Information**

On August 18, 1995, the City of Santa Ana entered into an agreement with the Orange County Transportation Authority (OCTA) to use Measure M funds under the Combined Transportation Funding Program (CTFP) for County transportation projects. The CCTV and Communications Cable Expansion Project was awarded under Program Number 00-CMSA-SIP-3031 in the amount of \$250,000. This Program Number was awarded under the Signal Improvement Program (SIP). This Program is designed to provide funds for improvements that lead to better operation and management of signal systems and traffic congestion relief. Eligible SIP expenditures include:

- Signal coordination (new or 7+ years since funded):
  - Timing;
  - Design;
  - Equipment (such as interconnect, controllers, software); and
  - Construction engineering (up to 15% of construction costs).
- System detection (new or 7+ years since funded):
  - CCTV's;
  - Inductive loops;
  - Video imaging detection systems (VIDS); and
  - Other detection systems.
- Expert systems, such as decision support systems or adaptive control systems
- System communication links, i.e., between master systems/traffic operations centers
- Modification of existing traffic signal, i.e., conversion to protective/permission signals

To be eligible for funding under the SIP program, the intersection must be included on the County Master Plan of Arterial Highways, be multi-jurisdictional, new signals are to be coordinated with adjacent systems and the participating agency has not received SIP funds in the past 7 years. Participating agencies are to comply with their individual agreement as well as the *Combined Transportation Funding Program Guidelines* published by the OCTA.

**CITY OF COSTA MESA, CALIFORNIA**

Closeout Audit of Costs Claimed  
Combined Transportation Funding Program  
Program Number 00-CMSA-SIP-3031  
CCTV and Communications Cable Expansion Project

Notes to Financial Schedule (Continued)

For the Period May 7, 2002 through September 29, 2003

**(2) Summary of Significant Accounting Policies**

The accompanying financial schedule has been prepared from documentation submitted by the City of Costa Mesa to the OCTA in accordance with the terms of the agreement. An accrual accounting system, which agrees with generally accepted accounting principles, was utilized in the preparation of the financial schedule.

**(3) Adjustments to Final Report**

Based upon our audit of the costs as submitted on the final report for Program Number 00-CMSA-SIP-3031, we noted that the following adjustments were required:

To remove unsupported labor costs	\$3,547
To correct mathematical error	<u>(40)</u>
Total adjustments to final report	<u>\$3,507</u>

The adjustments made to the final report were all related to the City's match. As the City exceeded the minimum match requirement of 20%, including the audit adjustment, no costs were questioned.

Orange County Transportation Authority  
Internal Audit  
Orange, California

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

We have audited the financial schedule (Schedule of Costs Claimed) which summarizes the amounts paid to the City of Costa Mesa, California, for the period May 7, 2002 to September 29, 2003 under Combined Transportation Funding Program (CTFP) Program Number 00-CMSA-SIP-3031 with the Orange County Transportation Authority (OCTA) to provide CCTV cameras and communications cable expansion at various intersections within the City of Costa Mesa, and have issued our report thereon dated April 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Costa Mesa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial schedule, and not to provide assurance on the internal control over financial reporting. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial schedule being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that we have reported to management of the OCTA and the City of Costa Mesa in a separate letter dated April 15, 2005.

This report is intended solely for the information of management of the Orange County Transportation Authority and the City of Costa Mesa and is not intended to be and should not be used by anyone other than those specified parties.

*Conrad and Associates, L.L.P.*

April 15, 2005

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**The City of Los Alamitos  
Los Alamitos Boulevard/Orangewood Avenue Signal Improvement**

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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Los Alamitos – Los Alamitos Boulevard/Orangewood Avenue Signal Improvement Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the CTFP, City of Los Alamitos – Los Alamitos Boulevard/Orangewood Avenue Signal Improvement Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Mendoza Berger & Company, LLP**

*Mendoza Berger & Company, LLP*

Irvine, California  
April 25, 2005

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
AVENUE SIGNAL IMPROVEMENT PROJECT**

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**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Los Alamitos by OCTA for the Los Alamitos Boulevard/Orangewood Avenue Signal Improvement Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project provided traffic signal improvements at the intersection of Los Alamitos Boulevard and Orangewood Avenue, consisting of replacement of existing obsolete equipment with updated equipment that will better serve the present traffic demand. Additionally, the project enabled signal coordination with Seal Beach and interties with Katella Avenue corridor system and Cerritos Avenue corridor system.



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
AVENUE SIGNAL IMPROVEMENT PROJECT**

---

**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the CTFP, City of Los Alamitos – Los Alamitos Boulevard/Orangewood Avenue Signal Improvement Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in November 2004.

**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Los Alamitos for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Los Alamitos through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Close Date</u>	<u>Amount</u>
00-LSAL-SIP-3131	July 11, 2003	\$ 140,000
		<u>\$ 140,000</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
AVENUE SIGNAL IMPROVEMENT PROJECT**

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**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

1. After completing our test work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to contractors by the City of Los Alamitos.

**Findings**

2. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. We believe that the City of Los Alamitos is in compliance with Chapter 14 of the CTFP guidelines.
3. During our fieldwork, we observed that an equipment purchase of \$12,073 (check #047722), was partially installed. We verified that only the camera unit was installed at the intersection and that the drivers and controllers to make the camera functional were not mounted on the device. Due to personnel turnover at the City, the reason why the equipment was not installed could not be determined. The City intends to install the equipment in the near future. We verified through observation that both of these items were at the facilities of Hartzog and Crabill, a subcontractor. The percentage of the cost that was funded by CTFP funds was 80% or \$9,658.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
AVENUE SIGNAL IMPROVEMENT PROJECT**

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4. A notice of completion was filed with OCTA; however, there is uninstalled equipment as noted in finding #3. This indicates a lack of internal controls to ensure that projects funded through the CTFP have proper oversight and are in compliance with the CTFP guidelines.

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**Findings**

5. We selected a sample of disbursements made by the City of Los Alamitos and determined that all supporting documentation related to the expenditures were included. For supportive documentation time sheets and payroll reports were reviewed. We believe that the City of Los Alamitos is in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**Findings**

6. We selected a sample of disbursements made by the City of Los Alamitos and determined that all supporting documentation related to equipment rental expense were included. The contractor for the City of Los Alamitos was selected based on a cost competitive bid process and the contract was a lump-sum contract. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to the City of Los Alamitos for payment. The City of Los Alamitos did not directly incur any equipment rental expenses associated with this project.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
AVENUE SIGNAL IMPROVEMENT PROJECT**

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**Findings**

7. The City of Los Alamitos contracted the entire Los Alamitos Boulevard/Orangewood Avenue Signal Improvement Project to a contractor and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**PROCEDURE #6**

- A. Review the local agencies' use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**Findings**

8. It was noted that the City of Los Alamitos was reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**RECOMMENDATIONS**

**Procedure #2**

1. The City of Los Alamitos intends to install the drivers and controllers to the camera unit, referenced in finding #3 to enable it to be operational. We recommend that OCTA follow up with the City of Los Alamitos to ensure that the devices are installed and the camera is operational according to the project description in the contract task order.
2. We recommend that the City of Los Alamitos ensure that projects funded through the CTFP have proper oversight and are in compliance with the CTFP guidelines.
3. Currently, OCTA contracts with an inspector to physically verify, on a random sample basis, that projects have been completed in accordance with the CTFP Guidelines and that notices of completion submitted by recipients are accurate. We recommend that OCTA consider sending an inspector to perform this verification either for all completed projects or on a sample basis selected judgmentally based on predetermined criteria, which may include level of risk associated with the type of project or the technical complexity of the project.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
AVENUE SIGNAL IMPROVEMENT PROJECT**

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**CONCLUSION**

Based on the test work performed, it appears that proper accounting and cash management procedures were followed.

Based on the test-work performed, it appears that the Los Alamitos Boulevard/Orangewood Avenue Signal Improvement Project was completed in accordance with the application, except for finding 3.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Los Alamitos to account for Measure M transactions and expenditures. The City of Los Alamitos is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Los Alamitos is in accordance with the Measure M Ordinance.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
 FINANCIAL AND COMPLIANCE AUDIT OF  
 COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
 CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ORANGEWOOD  
 AVENUE SIGNAL IMPROVEMENT PROJECT

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ATTACHMENT A – SCHEDULE OF FUNDING AND COSTS INCURRED

Project Number	CTFP Funds	Local Match (20%)	Total	Costs Incurred	Unused Funds	Questioned Costs
00-LSAL-SIP-3130	\$ 112,547	\$ 28,137	\$ 140,684	\$ 140,684	-	\$ 9,658

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**The City of Los Alamitos  
Los Alamitos Boulevard/Rossmoor Way Signal Improvement**

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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Los Alamitos – Los Alamitos Boulevard/Rossmoor Way Signal Improvement Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the CTFP, City of Los Alamitos – Los Alamitos Boulevard/Rossmoor Way Signal Improvement Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Mendoza Berger & Company, LLP**

*Mendoza Berger & Company, LLP*

Irvine, California  
April 25, 2005

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY  
IMPROVEMENT PROJECT**

---

**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Los Alamitos by OCTA for the Los Alamitos Boulevard/ Rossmoor Way Signal Improvement Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project provided traffic signal improvements at the intersection of Los Alamitos Boulevard and Rossmoor Way, consisting of replacement of existing obsolete equipment with updated equipment that will better serve the present traffic demand. Additionally, the project enabled signal coordination with Seal Beach and interties with Katella Avenue corridor system and Cerritos Avenue corridor system.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
 FINANCIAL AND COMPLIANCE AUDIT OF  
 COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
 CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY  
 IMPROVEMENT PROJECT**

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**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the CTFP, City of Los Alamitos – Los Alamitos Boulevard/Rossmoor Way Signal Improvement Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in November 2004.

**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Los Alamitos for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Los Alamitos through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Close Date</u>	<u>Amount</u>
00-LSAL-SIP-3130	July 11, 2003	\$ 140,000
		<u>\$ 140,000</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY  
IMPROVEMENT PROJECT

---

**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

1. After completing our test work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to contractors by the City of Los Alamitos.

**Findings**

2. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. We believe that the City of Los Alamitos is in compliance with Chapter 14 of the CTFP guidelines.
3. During our fieldwork, we observed that an equipment purchase of \$12,073 (check #047722), was partially installed. We verified that only the camera unit was installed at the intersection and that the drivers and controllers to make the camera functional were not mounted on the device. Due to personnel turnover at the City, the reason why the equipment was not installed could not be determined. The City intends to install the equipment in the near future. We verified through observation that both of these items were at the facilities of Hartzog and Crabill, a subcontractor. The percentage of the cost that was funded by CTFP funds was 80% or \$9,658.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY  
IMPROVEMENT PROJECT**

---

4. A notice of completion was filed with OCTA; however, there is uninstalled equipment as noted in finding #3. This indicates a lack of internal controls to ensure that projects funded through the CTFP have proper oversight and are in compliance with the CTFP guidelines.

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**Findings**

5. We selected a sample of disbursements made by the City of Los Alamitos and determined that all supporting documentation related to the expenditures were included. For supportive documentation time sheets and payroll reports were reviewed. We believe that the City of Los Alamitos is in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**Findings**

6. We selected a sample of disbursements made by the City of Los Alamitos and determined that all supporting documentation related to equipment rental expense were included. The contractor for the City of Los Alamitos was selected based on a cost competitive bid process and the contract was a lump-sum contract. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to the City of Los Alamitos for payment. The City of Los Alamitos did not directly incur any equipment rental expenses associated with this project.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY  
IMPROVEMENT PROJECT**

---

**Findings**

7. The City of Los Alamitos contracted the entire Los Alamitos Boulevard/Rossmoor Way Signal Improvement Project to a contractor and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**PROCEDURE #6**

- A. Review the local agencies' use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**Findings**

8. It was noted that the City of Los Alamitos was reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**RECOMMENDATIONS**

**Procedure #2**

1. The City of Los Alamitos intends to install the drivers and controllers to the camera unit, referenced in finding #3, to enable it to be operational. We recommend that OCTA follow up with the City of Los Alamitos to ensure that the devices are installed and the camera is operational according to the project description in the contract task order.
2. We recommend that the City of Los Alamitos ensure that projects funded through the CTFP have proper oversight and are in compliance with the CTFP guidelines.
3. Currently, OCTA contracts with an inspector to physically verify, on a random sample basis, that projects have been completed in accordance with the CTFP Guidelines and that notices of completion submitted by recipients are accurate. We recommend that OCTA consider sending an inspector to perform this verification either for all completed projects or on a sample basis selected judgmentally based on predetermined criteria, which may include level of risk associated with the type of project or the technical complexity of the project.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY  
IMPROVEMENT PROJECT**

---

**CONCLUSION**

Based on the test work performed, it appears that proper accounting and cash management procedures were followed.

Based on the test-work performed, it appears that the Los Alamitos Boulevard/Rossmoor Way Signal Improvement Project was completed in accordance with the application, except for finding #3.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Los Alamitos to account for Measure M transactions and expenditures. The City of Los Alamitos is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Los Alamitos is in accordance with the Measure M Ordinance.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**FINANCIAL AND COMPLIANCE AUDIT OF**  
**COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)**  
**CITY OF LOS ALAMITOS – LOS ALAMITOS BOULEVARD/ROSSMOOR WAY IMPROVEMENT PROJECT**

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**ATTACHMENT A – SCHEDULE OF FUNDING AND COSTS INCURRED**

Project Number	CTFP Funds	Local Match (20%)	Total	Costs Incurred	Unused Funds	Questioned Costs
00-LSAL-SIP-3131	\$ 112,547	(1) \$ 28,137	\$ 140,684	\$ 140,684	\$ -	\$ 9,658

(1) Total CTFP funding was \$112,547; however, there was a credit in the amount of \$3,179 from Project Number 97-LSAL-SIP-1112 which reduced the total funding to \$109,369.



# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

Combined Transportation Funding Program  
Financial and Compliance Review  
For the Period  
December 24, 2001 to January 31, 2003

**City of Laguna Woods  
Non-Automobile and Bike Lane (Design)  
Project No. 00-LWDS-TDM-3126**

*Submitted by*

## **TCBA**

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**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

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**COMBINED TRANSPORTATION FUNDING PROGRAM  
FINANCIAL AND COMPLIANCE REVIEW**

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**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**  
*Certified Public Accountants and Management, Systems, and Financial Consultants*

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**INDEPENDENT ACCOUNTANT'S REPORT ON  
FINANCIAL AND COMPLIANCE REVIEW**

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

We have completed our financial and compliance review of the Non-Automobile and Bike Lane project of the City of Laguna Woods (the City), Project Number 00-LWDS-TDM-3126 awarded by the Orange County Transportation Authority (OCTA) under the Combined Transportation Funding Program (CTFP). Our fieldwork began on March 29, 2005 and was completed on March 31, 2005. The objectives of this review were to determine whether 1) adequate documentation was maintained to show that costs were reasonable and allocable to the project, and that the City had complied with State competitive contracting requirements, 2) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for cost chargeable to the project in accordance with the CTFP agreement with OCTA, 3) the project was completed in accordance with the CTFP agreement, and 4) the fund set up by the City for the project was separately maintained.

**RESULTS IN BRIEF**

We found that:

- Costs charged to the project were reasonable, allocable and supported by contractor and subcontractor invoices. However, documentation could be improved by requiring contractors and subcontractors to provide employee time sheets with their invoices. Adequate documentation of compliance with State laws on competitive contracting requirements was maintained.
- The City exercised adequate controls to ensure that project funds were used only for the approved project costs.
- The project was completed in accordance with the CTFP agreement.

- The City charged the project costs to a separate account. The City incurred costs to the project prior to receipt the of CTFP funds. Thus, no fund interest allocation was required.

## **BACKGROUND**

On September 20, 2000, Orange County Transportation Authority awarded \$100,000 to the City of Laguna Woods (the City) for the design of the Non-Automobile and Bike Lanes project (the Project) under the Combined Transportation Funding Program (CTFP). The Project was to provide easily accessible system of reserved right of way for non-automobile traffic that will reach all activity centers adjacent to the City. The total design cost of the Project to date is \$154,550, of which \$100,000 was funded by CTFP and \$54,550 was funded by the South Coast Air Quality Management District. The performance under this project was from December 24, 2001 to January 31, 2003.

## **PROCEDURES PERFORMED**

We performed the following procedures to ensure that the City had complied with the Combined Transportation Funding Program requirements.

1. We reviewed the CTFP project agreement between the City and OCTA to obtain an understanding of the project and CTFP funding requirements.
2. We obtained and reviewed contract files for contracts issued by the City for the project to identify contract provisions pertinent to our review and evidence of competitive bid procedures.
3. We identified fund accounting procedures set up by the City to account for Measure M transactions and expenditures.
4. We assessed the reasonableness of interest allocated to the project fund for unused fund balances and determined whether that interest was used for the CTFP project.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample of expenditures for review.
6. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with contract and/or CTFP requirements.

## **RESULTS OF REVIEW**

Our review disclosed the following:

### **Project Costs and Contractor Documentation**

The City of Laguna Woods had charged a total of \$154,550 to the project. OCTA provided \$100,000 and the balance of \$54,550 was funded by SCAQMD with AB2766 money. We found that all costs charged to the project were reasonable and supported by contractor and subcontractor invoices. We found no questioned costs and no OCTA fund balance remained.

However, we noted that the contractor and subcontractors submitted Time and Material invoices without supporting employee timesheets. To strengthen controls over contractor oversight, the City should strongly consider requiring contractors to submit supporting timesheets with invoices under a Time and Material contract to verify that costs being charged are reasonable, supported, accurate and allocable to the respective project.

### **City of Laguna Woods Response**

*The City of Laguna Woods does not find it necessary to require the engineering firm to provide timesheets as backup to their invoices. They stated that the engineering firm works very closely with City staff on up to 30 to 40 projects at a time and that they have had no reason to question the billings to date. However, they did indicate that they could obtain copies of timesheets from the engineering firm if needed.*

### **Compliance With State Contracting Requirements**

The City provided documentation showing that it had complied with State laws on competitive contracting requirements. The City used an engineering firm who functioned as the "City Engineer" to perform the project. This engineering firm was hired by the City Council through a competitive selection process.

### **Accounting and Cash Management Procedures**

The City established adequate controls to ensure that project funds were used only for the approved project costs. All contractor and subcontractor invoices charged to the project were reviewed and approved by the Assistant City Manager who worked closely with the contractor and was familiar with the work being performed.

### **Project Completion**

The project design was completed as agreed under the CTFP project and is currently being constructed under another CTFP agreement.

## **Separate Project Fund and Interest Allocation**

The City charged the costs of the project to a separate General Ledger Account titled Measure M Program, Account Number 2200. All project costs were incurred prior to receipt of CTFP funds. Consequently, no requirement for a separate fund or fund interest allocation was needed.

## **LIMITATIONS AND RESTRICTIONS**

These procedures described above did not constitute an audit in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Internal Audit Department of the OCTA and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California  
April 7, 2005

*Thompson, Cobb, Benjilio & Associates, PC*

ATTACHMENT A

ORANGE COUNTY TRANSPORTATION AUTHORITY  
COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF REVIEW RESULTS

**Cooperative No.** C-0-0936  
**Project No.** 00-LWDS-TDM-3126  
**Agency:** City of Laguna Woods  
**Project Title:** Non-Automobile and Bike Lanes  
(Project Design)  
**Project Status:** Completed

<b><u>CTFP Funding Provided</u></b>	<b><u>Matching Required</u></b>	<b><u>Total Funding CTFP/Match</u></b>	<b><u>Cost Incurred</u></b>	<b><u>Unused Fund Balance</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Funds Due OCTA</u></b>
\$ 100,000	\$ -	\$ 100,000	\$ 154,550	\$ -	\$ -	\$ -

***ORANGE COUNTY TRANSPORTATION  
AUTHORITY***

**Combined Transportation Funding Program  
Financial and Compliance Review**

**For The Period April 1, 2002 to April 15, 2003**

**City of Fountain Valley  
Newhope Street Extension (Construction)  
Project No. 97-FVLY-IIP-1066, 99-FVLY-IIP-1061, and 99-FVLY-MPH-1062**

**Submitted by**

**TCBA**

**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

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**COMBINED TRANSPORTATION FUNDING PROGRAM**

**FINANCIAL AND COMPLIANCE REVIEW**

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**INDEPENDENT ACCOUNTANT'S REPORT ON  
FINANCIAL AND COMPLIANCE REVIEW**

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

We have completed our financial and compliance review of the Newhope Street Extension project (the Project) of the City of Fountain Valley (the City), Project Numbers 97-FVLY-IIP-1066, 99-FVLY-IIP-1061, and 99-FVLY-MPH-1062 awarded by the Orange County Transportation Authority (OCTA) under the Combined Transportation Funding Program (CTFP). Our fieldwork began on June 8, 2005 and completed on June 21, 2005. The objectives of this review were to determine whether 1) adequate documentation was maintained to show that costs were reasonable and allocable to the project, and that the City had complied with State competitive contracting requirements, 2) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for cost chargeable to the project in accordance with the CTFP agreement with OCTA, 3) the project was completed in accordance with the CTFP agreement, and 4) a separate fund was set up and maintained by for the project.

**RESULTS IN BRIEF**

We found that:

- Costs charged to the project were reasonable, allocable and adequately supported.
- The City has a competitive procedure in place for the selection of the construction and professional services.
- The City exercised adequate controls to ensure that project funds were used only for the approved project costs.
- The project was completed in accordance with the CTFP agreement.
- The City charged the project costs to a separate account. The interest was calculated and allocated to the Traffic Improvement Fund on a quarterly basis. The interest allocated was reasonable and properly recorded.

## **BACKGROUND**

Orange County Transportation Authority awarded \$1,723,062 under the Intersection Improvement Program (IIP) and \$442,352 under the Master Plan of Arterial Highways Program (MPH) to the City of Fountain Valley (the City) for the Newhope Street Extension project (the Project) under the Combined Transportation Funding Program (CTFP) in 1997 and 1999. The Project was to provide a direct arterial link between the I405 northbound ramps and Newhope Street, which will improve circulation from the freeway to the commercial areas along Newhope Street. The total cost incurred for the project was \$3,686,474, of which \$2,165,414 was funded by CTFP, \$300,000 was funded by CalTrans, and \$1,221,060 was funded by the City. The project began on April 1, 2002 and was completed on April 15, 2003. (See Attachment A for detailed results).

## **PROCEDURES PERFORMED**

We performed the following procedures to ensure that the City had complied with the CTFP requirements:

1. We reviewed the CTFP project agreement between the City and OCTA to obtain an understanding of the project and CTFP funding requirements.
2. We obtained and reviewed contract files for contracts issued by the City for the project to identify contract provisions pertinent to our review and evidence of competitive bid procedures.
3. We identified fund accounting procedures set up by the City to account for Measure M transactions and expenditures.
4. We assessed the reasonableness of interest allocated to the project fund for unused fund balances and determined whether that interest was used for the CTFP project.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample of expenditures for review.
6. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with contract and/or CTFP requirements.

## **RESULTS OF REVIEW**

Our review disclosed the following:

### **Project Costs and Contractor Documentation**

The City of Fountain Valley charged a total of \$3,686,474 to the project, of which \$3,141,792 was for work performed by Sequel Contractor, Inc., \$427,307 was for work performed by Harris & Associates, \$48,872 was for work performed by RBF Consulting, and \$68,503 was for the City's labor and other contractor costs. OCTA funded \$2,165,414, Caltrans funded \$300,000, and \$1,221,060 was funded by the City. We found that all costs charged to the project were reasonable and adequately supported.

### **Compliance with State Contracting Requirements**

The City provided documentation showing that it had complied with State laws on the competitive contracting requirements. The contract was awarded to the lowest bidder, Sequel Contractor, Inc. by the City Council through a sealed bid competitive selection process. Sequel Contractor was the main contractor to perform work on the project.

The City also used a professional firm, Harris & Associates to provide inspection services and RBF Consulting to provide engineering services during construction for the project. These firms were hired by the City Council through a competitive selection process.

### **Accounting and Cash Management Procedures**

The City established adequate controls to ensure that project funds were used only for the approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

### **Project Completion**

The project was completed on April 15, 2003.

### **Separate Project Fund and Interest Allocation**

The City charged the costs of the project to a separate General Ledger Account titled Traffic Improvement Fund under Account Number 24.3311.TI2852. Interest earned was calculated and allocated to the Traffic Improvement Fund on a quarterly basis. The interest allocated was reasonable and properly recorded.

**LIMITATIONS AND RESTRICTIONS**

These procedures described above did not constitute an audit in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Internal Audit Department of the OCTA and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California  
June 27, 2005

*Shannon, Colby, Bazilio & Associates, PC*

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
COMBINED TRANSPORTATION FUNDING PROGRAM**

**SCHEDULE OF REVIEW RESULTS**

**Cooperative No.** C-95-972  
**Agency:** City of Fountain Valley  
**Project Title:** Newhope Street Extension  
**Project Status:** Completed

<u>Project No.</u>	<u>CTFP Funding Provided</u>	<u>Matching Required</u>	<u>Total Funds CTFP + Match</u>	<u>City/Other Funding Provided</u>	<u>Cost Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>	<u>Fund Due OCTA</u>
97-FVLY-IIP-1066	\$ 1,063,728	\$ -	\$ 1,063,728	\$ -	\$ 1,063,728	\$ -	\$ -	\$ -
99-FVLY-IIP-1061	659,334	-	659,334	-	659,334	-	-	-
99-FVLY-MPH-1062	442,352	442,352	884,704	-	884,704	-	-	-
	-	-	-	300,000 (A)	300,000	-	-	-
	-	-	-	778,708 (B)	778,708	-	-	-
	<u>\$ 2,165,414</u>	<u>\$ 442,352</u>	<u>\$ 2,607,766</u>	<u>\$ 1,078,708</u>	<u>\$ 3,686,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Explanation Notes:**

(A) CalTrans funded \$300,000 for the project.

(B) The City requested and approval was obtained from OCTA to combine three projects as one project. Therefore, the City did not segregate the cost incurred for each project. Total cost incurred for the project was \$3,686,474. We calculated the cost incurred for each project by the CTFP funding provided and matching required per the CTFP guideline. The City funded the remaining balance of \$778,708.

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**The City of Anaheim  
Lincoln Avenue/Euclid Street Intersection Project**

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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Anaheim – Lincoln Avenue/Euclid Street Intersection Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the CTFP, City of Anaheim – Lincoln Avenue/Euclid Street Intersection Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Mendoza Berger & Company, LLP**

*Mendoza Berger & Company, LLP*

Irvine, California  
May 17, 2005

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF ANAHEIM – LINCOLN AVENUE/EUCLID STREET INTERSECTION  
PROJECT**

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**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Anaheim – Lincoln Avenue/Euclid Street Intersection Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project improved the intersection of Lincoln Avenue and Euclid Street by constructing a third eastbound through lane, second westbound and northbound left-turn lanes, and a third northbound through lane. Construction also included traffic signal modification, street striping, and landscaping. The project required design, right-of-way acquisition, and the actual construction of the intersection improvements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF ANAHEIM – LINCOLN AVENUE/EUCLID STREET INTERSECTION  
PROJECT**

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**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the CTFP, City of Anaheim – Lincoln Avenue/Euclid Street Intersection Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in November 2004.

**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Anaheim for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Anaheim through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Close Date</u>	<u>Amount</u>
97-ANAH-GMA-1007	January 29, 2004	\$ 655,000
97-ANAH-IIP-1010	January 29, 2004	481,910
		\$ 1,136,910

ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF ANAHEIM – LINCOLN AVENUE/EUCLID STREET INTERSECTION  
PROJECT

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**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

1. After completing our test work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to contractors by the City of Anaheim.

**Findings**

2. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. The City of Anaheim was able to provide supporting documentation for direct material that was required by the CTFP guidelines. We believe that the City of Anaheim is in compliance with Chapter 14 of the CTFP guidelines.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF ANAHEIM – LINCOLN AVENUE/EUCLID STREET INTERSECTION  
PROJECT**

---

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**Findings**

3. We selected a sample of disbursements made by the City of Anaheim and determined that all supporting documentation related to the expenditures were included. The City of Anaheim was able to provide supporting documentation for direct labor, time sheets and payroll reports that were required by the CTFP guidelines. We believe that the City of Anaheim was in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**Findings**

4. We selected a sample of disbursements made by the City of Anaheim and determined that all supporting documentation related to equipment rental expense were included. The contractor for the City of Anaheim was selected based on a cost competitive bid process and its contract was a lump-sum contract. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to the City for payment. The City of Anaheim did not directly incur any equipment rental expenses associated with this project.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**Findings**

5. The City of Anaheim contracted the entire Lincoln Avenue/Euclid Street Intersection Project to a contractor and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF ANAHEIM – LINCOLN AVENUE/EUCLID STREET INTERSECTION  
PROJECT**

---

**PROCEDURE #6**

- A. Review the local agencies use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**Findings**

6. It was noted that the City of Anaheim was reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**RECOMMENDATIONS**

1. None noted.

**CONCLUSION**

Based on the test-work performed, it appears that proper accounting and cash management procedures were followed.

Based on the test-work performed, it appears that the Lincoln Avenue/Euclid Street Intersection Project was completed in accordance with the application.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Anaheim to account for Measure M transactions and expenditures. The City of Anaheim is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Anaheim is in accordance with the Measure M Ordinance.

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**City of Seal Beach  
Seal Beach Boulevard/Westminster Avenue  
Intersection Project**

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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the CTFP, City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Mendoza Berger & Company, LLP**

*Mendoza Berger & Company, LLP*

Irvine, California  
May 17, 2005

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

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**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project added an additional eastbound and westbound left turn lane, an additional eastbound thru lane, a northbound right turn lane, and bike lanes. The project required design, right-of-way acquisition, and construction of intersection improvements. The purpose of the project was to improve capacity, safety, and provide thru bike lanes.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

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**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the CTFP, City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in November 2004.

**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Seal Beach for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Seal Beach through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Close Date</u>	<u>Amount</u>
97-SBCH-IIP-1153	April 12, 2004	\$ 712,000
95-SBCH-GMA-1186	April 12, 2004	385,000
		<u>\$ 1,097,000</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

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**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

1. After completing our test work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to contractors by the City of Seal Beach.

**Findings**

2. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. The City of Seal Beach was able to provide supporting documentation for direct material that was required by the CTFP guidelines. We believe that the City of Seal Beach is in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

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**Findings**

3. We selected a sample of disbursements made by the City of Seal Beach and determined that all supporting documentation related to the expenditures were included. The City of Seal Beach was able to provide supporting documentation for direct labor, time sheets and payroll reports that were required by the CTFP guidelines. We believe that the City of Seal Beach was in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**Findings**

4. We selected a sample of disbursements made by the City of Seal Beach and determined that all supporting documentation related to equipment rental expense were included. The contractor for the City of Seal Beach was selected based on a cost competitive bid process and its contract was a lump-sum contract. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to the City for payment. The City of Seal Beach did not directly incur any equipment rental expenses associated with this project.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**Findings**

5. The City of Seal Beach contracted the entire Seal Beach Boulevard/Westminster Avenue Intersection Project to a contractor and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**PROCEDURE #6**

- A. Review the local agencies use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

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**Findings**

6. It was noted that the City of Seal Beach were reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**RECOMMENDATIONS**

1. None noted.

**CONCLUSION**

Based on the test-work performed, it appears that proper accounting and cash management procedures were followed.

Based on the test-work performed, it appears that the Seal Beach Boulevard/Westminster Avenue Project was completed in accordance with the application.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Seal Beach to account for Measure M transactions and expenditures. The City of Seal Beach is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Seal Beach is in accordance with the Measure M Ordinance.

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**City of Seal Beach  
Seal Beach Boulevard/Westminster Avenue  
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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

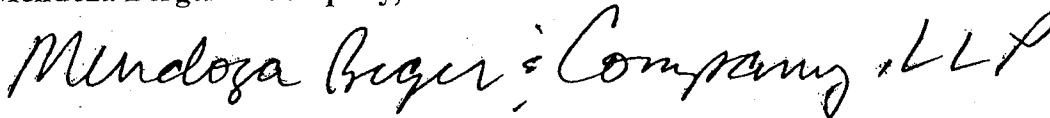
**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the CTFP, City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Mendoza Berger & Company, LLP



Irvine, California  
May 17, 2005

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

---

**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project added an additional eastbound and westbound left turn lane, an additional eastbound thru lane, a northbound right turn lane, and bike lanes. The project required design, right-of-way acquisition, and construction of intersection improvements. The purpose of the project was to improve capacity, safety, and provide thru bike lanes.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

---

**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the CTFP, City of Seal Beach – Seal Beach Boulevard/Westminster Avenue Intersection Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in November 2004.

**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Seal Beach for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Seal Beach through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Close Date</u>	<u>Amount</u>
97-SBCH-IIP-1153	April 12, 2004	\$ 712,000
95-SBCH-GMA-1186	April 12, 2004	385,000
		<u>\$ 1,097,000</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT

---

**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

- 1. After completing our test work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to contractors by the City of Seal Beach.

**Findings**

- 2. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. The City of Seal Beach was able to provide supporting documentation for direct material that was required by the CTFP guidelines. We believe that the City of Seal Beach is in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

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**Findings**

3. We selected a sample of disbursements made by the City of Seal Beach and determined that all supporting documentation related to the expenditures were included. The City of Seal Beach was able to provide supporting documentation for direct labor, time sheets and payroll reports that were required by the CTFP guidelines. We believe that the City of Seal Beach was in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**Findings**

4. We selected a sample of disbursements made by the City of Seal Beach and determined that all supporting documentation related to equipment rental expense were included. The contractor for the City of Seal Beach was selected based on a cost competitive bid process and its contract was a lump-sum contract. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to the City for payment. The City of Seal Beach did not directly incur any equipment rental expenses associated with this project.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**Findings**

5. The City of Seal Beach contracted the entire Seal Beach Boulevard/Westminster Avenue Intersection Project to a contractor and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**PROCEDURE #6**

- A. Review the local agencies use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF SEAL BEACH – SEAL BEACH BOULEVARD/WESTMINSTER AVENUE  
INTERSECTION PROJECT**

---

**Findings**

6. It was noted that the City of Seal Beach were reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**RECOMMENDATIONS**

1. None noted.

**CONCLUSION**

Based on the test-work performed, it appears that proper accounting and cash management procedures were followed.

Based on the test-work performed, it appears that the Seal Beach Boulevard/Westminster Avenue Project was completed in accordance with the application.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Seal Beach to account for Measure M transactions and expenditures. The City of Seal Beach is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Seal Beach is in accordance with the Measure M Ordinance.

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**The City of Irvine  
Jamboree Road at I-405 Project**

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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Irvine – Jamboree Road at I-405 Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the CTFP, City of Irvine – Jamboree Road at I-405 Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Mendoza Berger & Company, LLP**

*Mendoza Berger & Company, LLP*

Irvine, California  
June 2, 2005

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF IRVINE – JAMBOREE ROAD AT I-405 PROJECT**

---

**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Irvine by OCTA for the Jamboree Road at I-405 Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project widened the Jamboree Road/I-405 over-crossing from 6 to 8 lanes, including the freeway over-crossing, widened the north and southbound freeway slip on-ramps from one metered lane and one HOV lane to two metered lanes and one HOV lane. The project also included intersection improvements at Main Street and Michelson Drive. The improvements were extended into the Jamboree Road Phase I improvements, which added one additional lane in each direction between Main Street and 350 feet south of Barranca Parkway.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF IRVINE – JAMBOREE ROAD AT I-405 PROJECT**

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**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the CTFP, City of Irvine – Jamboree Road at I-405 Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in November 2004.

**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Irvine for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Irvine through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Close Date</u>	<u>Amount</u>
92-IRVN-MPH-1091	January 29, 2004	\$ 155,190
94-IRVN-GMA-1076	January 29, 2004	325,000
		<u>\$ 480,190</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF IRVINE – JAMBOREE ROAD AT I-405 PROJECT**

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**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

- 1. After completing our test-work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to contractors by the City of Irvine.

**Findings**

- 2. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. The City of Irvine was able to provide supporting documentation for direct material that was required by the CTFP guidelines. We believe that the City of Irvine is in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**Findings**

- 3. We selected a sample of disbursements made by the City of Irvine and determined that all supporting documentation related to the expenditures were included. The City of Irvine was able to provide supporting documentation for direct labor, time sheets and payroll reports that were required by the CTFP guidelines. We believe that the City of Irvine was in compliance with Chapter 14 of the CTFP guidelines.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF IRVINE – JAMBOREE ROAD AT I-405 PROJECT**

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**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**Findings**

4. We selected a sample of disbursements made by the City of Irvine and determined that all supporting documentation related to equipment rental expense were included. The contractor for the City of Irvine was selected based on a cost competitive bid process and the contract was a lump-sum contract. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to the City for payment. The City of Irvine did not directly incur any equipment rental expenses associated with this project.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**Findings**

5. The City of Irvine contracted the entire Jamboree Road at I-405 Project to a contractor and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**PROCEDURE #6**

- A. Review the local agencies use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**Findings**

6. It was noted that the City of Irvine was reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**RECOMMENDATIONS**

1. None noted.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
CITY OF IRVINE – JAMBOREE ROAD AT I-405 PROJECT**

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**CONCLUSION**

Based on the test-work performed, it appears that proper accounting and cash management procedures were followed.

Based on the test-work performed, it appears that the Jamboree Road at I-405 Project was completed in accordance with the application.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Irvine to account for Measure M transactions and expenditures. The City of Irvine is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Irvine is in accordance with the Measure M Ordinance.

***ORANGE COUNTY TRANSPORTATION  
AUTHORITY***

**Combined Transportation Funding Program  
Financial and Compliance Review**

**For The Period March 15, 2002 to December 2, 2003**

**City of Fountain Valley  
Brookhurst Street/Ellis Avenue Intersection Widening  
(Construction and Right-Of-Way Acquisition)  
Project No. 97-FVLY-IIP-1064**

**Submitted by**

**TCBA**

**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

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**COMBINED TRANSPORTATION FUNDING PROGRAM  
FINANCIAL AND COMPLIANCE REVIEW**

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**THOMPSON, COBB, BAZILIO & ASSOCIATES, PC**

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**INDEPENDENT ACCOUNTANT'S REPORT ON  
FINANCIAL AND COMPLIANCE REVIEW**

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

We have completed our financial and compliance review of the Brookhurst Street/Ellis Avenue Intersection Widening project (the Project) of the City of Fountain Valley (the City), Project Number 97-FVLY-IIP-1064 awarded by the Orange County Transportation Authority (OCTA) under the Combined Transportation Funding Program (CTFP). Our fieldwork began on June 8, 2005 and completed on June 21, 2005. The objectives of this review were to determine whether 1) adequate documentation was maintained to show that costs were reasonable and allocable to the project, and that the City had complied with State competitive contracting requirements, 2) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for cost chargeable to the project in accordance with the CTFP agreement with OCTA, 3) the project was completed in accordance with the CTFP agreement, and 4) a separate fund was set up and maintained by for the project.

**RESULTS IN BRIEF**

We found that:

- Costs charged to the project were reasonable, allocable and adequately supported.
- The City has a competitive procedure in place for the selection of the construction and professional services.
- The City exercised adequate controls to ensure that project funds were used only for the approved project costs.
- The project was completed in accordance with the CTFP agreement.

- The City charged the project costs to a separate account. The interest was calculated and allocated to the Traffic Improvement Fund on a quarterly basis. The interest allocated was reasonable and properly recorded.

## **BACKGROUND**

The Orange County Transportation Authority awarded \$370,320 under the Intersection Improvement Program (IIP) to the City of Fountain Valley (the City) for the Brookhurst Street/Ellis Avenue Intersection Widening project (the Project) under the Combined Transportation Funding Program (CTFP) in 1997. The Project was to supply additional westbound left turn movement and improving the level of service while providing accommodations for bike lanes. The total cost incurred for the project to date was \$597,372, of which \$370,320 was funded by CTFP, \$55,008 was reimbursed by the Orange County Water District, and \$172,044 was funded by the City. The project began on March 15, 2002 and was completed on December 2, 2003. (See Attachment A for detailed results).

## **PROCEDURES PERFORMED**

We performed the following procedures to ensure that the City had complied with the CTFP requirements:

1. We reviewed the CTFP project agreement between the City and OCTA to obtain an understanding of the project and CTFP funding requirements.
2. We obtained and reviewed contract files for contracts issued by the City for the project to identify contract provisions pertinent to our review and evidence of competitive bid procedures.
3. We identified fund accounting procedures set up by the City to account for Measure M transactions and expenditures.
4. We assessed the reasonableness of interest allocated to the project fund for unused fund balances and determined whether that interest was used for the CTFP project.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample of expenditures for review.
6. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with contract and/or CTFP requirements.

## **RESULTS OF REVIEW**

Our review disclosed the following:

### **Project Costs and Contractor Documentation**

The City of Fountain Valley charged a total of \$597,372 to the project, of which \$433,791 was for work performed by All American Asphalt, Inc., \$30,960 was for work performed by Harris & Associates, \$70,177 was for the right-of-way property acquisition cost, and \$62,444 was for the City's labor, material, and other contractor costs. The project funding consisted of OCTA - \$370,320, the Orange County Water District - \$55,008, and the City of Fountain Valley - \$172,044. We found that all costs charged to the project were reasonable and adequately supported. (See Attachment A for detailed results).

### **Compliance with State Contracting Requirements**

The City provided documentation showing that it had complied with State laws regarding competitive contracting requirements. Through a competitive selection process, the City Council awarded the contract to the lowest bidder -- All American Asphalt. The City also used a professional firm, Harris & Associates to provide inspection services for the project. This firm was also hired by the City Council through a competitive selection process.

### **Accounting and Cash Management Procedures**

The City established adequate controls to ensure that project funds were used only for the approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

### **Project Completion**

The project was completed on December 2, 2003 in accordance with the revised contract schedule.

### **Separate Project Fund and Interest Allocation**

The City charged the costs of the project to a separate General Ledger Account titled Traffic Improvement Fund under Account Number 24.3311.TI2357. Interest earned was calculated and allocated to the Traffic Improvement Fund on a quarterly basis. The interest allocated was reasonable and properly recorded.

**LIMITATIONS AND RESTRICTIONS**

These procedures described above did not constitute an audit in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Internal Audit Department of the OCTA and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California  
June 21, 2005

*Thompson, Cole, Brizola & Associates, PC*

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
COMBINED TRANSPORTATION FUNDING PROGRAM**

**SCHEDULE OF REVIEW RESULTS**

**Cooperative No.** C-95-972  
**Agency:** City of Fountain Valley  
**Project Title:** Brookhurst Street/Ellis Avenue Intersection Widening  
**Project Status:** Completed

<u>Project No.</u>	<u>CTFP Funding Provided</u>	<u>Matching Required</u>	<u>Total Funds CTFP + Match</u>	<u>Cost Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>	<u>Fund Due OCTA</u>
97-FVLY-IIP-1064	\$ 370,320	\$ -	\$ 370,320	\$ 597,372	\$ -	\$ -	\$ -



INTEROFFICE MEMO

October 25, 2005

To: Lisa Monteiro, Senior Internal Auditor  
Internal Audit

From: Paul Taylor, Executive Director  
Planning, Development & Commuter Services

A handwritten signature in black ink, appearing to be "PT", is written over the name "Paul Taylor" in the "From:" field.

Subject: **Management Response To Financial and Compliance Audits  
of the Combined Transportation Funding Programs, Internal  
Audit Report No. 05-036**

Below is a summary of our management response to the Internal Audit Report No. 05-036. In addition, we have provided a revised Attachment A, which gives a further detailed management response, presented directly along side each of the findings and recommendations made in the internal audit:

- (1) The audit report recommends that OCTA follow up with the County of Orange to ensure that proper internal overhead rates are used to allocate indirect costs to a project. Management has reviewed CTFP guidelines, which do not currently require local agencies to update their overhead rates. Measure M guidelines however, place a cap on the maximum allowable overhead rates, thus providing a safeguard for all Measure M funds used in a project. In addition, OCTA has recently prepared a labor cost form, presented at the July 27, 2005 Technical Advisory Committee (TAC), which will help agencies supply the documentation needed to substantiate direct and indirect labor charges to a project. Through their involvement in the TAC, the County of Orange will continue to be updated as appropriate.
- (2) The audit report recommends that OCTA take steps to ensure that final reports submitted by the agencies are complete and accurate. Management agrees with the recommendation and has ensured that all City of Santa Ana funds were consistent with the CTFP guidelines.
- (3) The audit report recommends that the CTFP Guidelines be revised to specify any requirements for competitive bidding for contracts issued in connection with CTFP Projects. Management has reviewed the Funding Policies section of the Precepts chapter of the CTFP

Guidelines and determined that although requirements for selection of professional services consultants are based primarily on qualifications and vary depending on the funding source, the guidelines will be updated to emphasize the process for competitive bidding and the selection of consultants.

- (4) The audit report recommends that OCTA take steps to ensure that agencies adhere to the requirements under Chapter 14 of the CTFP guidelines, which discusses requirements for project cost documentation. Management will organize a series of workshops for local agencies to delineate the CTFP payment documentation requirements and to further explain the procedures described in the 2004 CTFP Guidelines.
- (5) The audit report recommends that OCTA follow up with the City of Los Alamitos to ensure that equipment for the signal improvement project was properly installed. Management has performed an on-site field investigation and the City of Los Alamitos has agreed to comply with the original scope of work. A follow-up site inspection will take place to make sure that compliance has occurred.

If you have any questions regarding this response, please feel free to contact me at extension 5431.

cc: Rick Bacigalupo  
Kia Mortazavi  
Darrell Johnson  
Robert Duffy  
Yvette Pierre

ATTACHMENT A - CTFP AUDITS  
SUMMARY OF FINDINGS AND RECOMMENDATIONS FOR AUDITED PROJECTS

Project Name	Funding Type	Agency	Finding	Type of Finding	Internal Audit Recommendation	Management Response
Newport Blvd. Phase II	GMA	County of Orange	Internal rates used by the County to allocate indirect costs were outdated. (However, the rates used to allocate costs to the CTFP project were within the rates allowable per the CTFP Guidelines.)	Internal Control	(1) If the County of Orange receives CTFP funding in the future, OCTA should follow up with the County to ensure that the proper internal rates are used to allocate indirect costs to the project.	Current CTFP guidelines do not require local agencies to update their own overhead rates, however OCTA has recently (7/27/05) prepared a labor cost form for agencies to use which will help agencies supply the documentation needed to substantiate direct and indirect labor charges to a project.
Fairview St. / Edinger Ave. Improvements	IIP	Santa Ana	The City did not include all its project costs on the final report submitted to OCTA. (However, all CTFP funds and required match were included.)	Internal Control	(2) For future projects, OCTA should take steps to ensure that final reports submitted by the agencies are complete and accurate.	OCTA did not account for how the agency's own funds were used beyond the match requirement, however, OCTA ensured that all funds used for the match were consistent with the CTFP guidelines.
Harbor Blvd. / Warner Ave. Widening	IIP	Santa Ana	Although the City met the matching requirement, the City did not include all costs of the project on the final report, resulting in the appearance of matching requirement not being met. An adjustment was made by auditors to reflect the correct amounts in the audit report.	Internal Control	See recommendation number 2.	OCTA did not account for how the agency's own funds were used beyond the match requirement, however OCTA ensured that all funds used for the match were consistent with the CTFP guidelines.
Orangethorpe Ave. Lowered Rail Study	GMA	Placentia	The City did not use competitive bidding for the project; however, the CTFP Guidelines are unclear on any requirements for competitive bidding.	Internal Control	(3) The CTFP Guidelines should be revised to specify any requirements for competitive bidding for contracts issued by recipient agencies in connection with CTFP projects.	Local agencies are required by the State Public Contract Code to competitively bid the construction of "public projects". However, the requirements for selection of professional services consultants are based primarily on qualifications and vary depending on the funding source. The Funding Policies section of the Precepts chapter of the CTFP Guidelines will be updated to emphasize the process for competitive bidding and the selection of consultants.
CCTV and Community Cable Expansion Project	SIP	Costa Mesa	Documentation to support internal direct labor charged to the project was not available.	Compliance	(4) For future projects, OCTA should take steps to ensure that the agencies adhere to the requirements under Chapter 14 of the CTFP Guidelines, which discusses requirements for project cost documentation.	Current guidelines do not require local agencies to submit timesheets from contractors, only from local agency workforces. OCTA created a form to simplify the accounting of local agency workforce data. OCTA will organize a series of workshops for local agencies to delineate the CTFP payment documentation requirements and to emphasize the importance of proper timekeeping. OCTA will also create an online clearinghouse of information related to CTFP. The web page will include links to all payment request forms, examples of correctly completed forms, cost estimates forms, useful tips, frequently asked questions, PDF version of CTFP guidelines, and other useful information.
Los Alamitos / Orangewood Signal Improvement	SIP	Los Alamitos	\$12,073 worth of equipment for the project was not fully installed; however, the Notice of Completion for the project was filed. The portion funded by the CTFP was \$9,658. The City indicated this oversight was due to personnel turnover; equipment is planned to be installed in the near future.	Internal Control	(5) OCTA should follow up with the City to ensure that the equipment was properly installed. If installation is not completed within a reasonable time period, OCTA should recover the \$9,658 used by the City in CTFP funding for the equipment.	In response to the audit finding, OCTA performed an on-site field verification and determined that the work was not completed as described in the final report. However, the agency agreed to comply with the original scope of work by installing monitoring equipment at City Hall. A follow-up site inspection will occur within 60 days. OCTA will begin performing field verifications for all projects, where appropriate, prior to issuing the final payment.



**ATTACHMENT A - CTFP AUDITS  
SUMMARY OF FINDINGS AND RECOMMENDATIONS FOR AUDITED PROJECTS**

Project Name	Funding Type	Agency	Finding	Type of Finding	Internal Audit Recommendation	Management Response
Los Alamitos Blvd. / Rossmoor Way Signal Improvement	SIP	Los Alamitos	\$12,073 worth of equipment for the project was not fully installed; however, the Notice of Completion for the project was filed. The portion funded by the CTFP was \$9,658. The City indicated this oversight was due to personnel turnover; equipment is planned to be installed in the near future.	Internal Control	See recommendation number 5.	Same as above.
Non-Automobile Mobility & Bike Lanes	TDM	Laguna Woods	None.	n/a	n/a	
Newhope Street Improvements/Extension	IIP & MPH	Fountain Valley	None.	n/a	n/a	
Lincoln Ave. / Euclid St. Intersection	GMA & IIP	Anaheim	None.	n/a	n/a	
Seal Beach Blvd. @ Westminster Ave.	GMA & IIP	Seal Beach	None.	n/a	n/a	
Jamboree Road Widening Project	GMA & MPH	Irvine	None.	n/a	n/a	
Brookhurst St. / Ellis Ave. Intersection Widening	IIP	Fountain Valley	None.	n/a	n/a	

**Funding Types Legend:**

- SSP - Smart Streets Program
- RIP - Regional Interchange Program
- IIP - Intersection Improvement Program
- SIP - Signal Improvement Program
- TDM - Transportation Demand Management Program
- MPH - Master Plan of Arterial Highways Program
- GMA - Growth Management Areas Program



INTEROFFICE MEMO

November 3, 2005

To: Paul Taylor, Executive Director  
Planning, Development & Commuter Services

From: Lisa Monteiro, Senior Internal Auditor *jm*  
Internal Audit

Subject: **Financial and Compliance Audits of Combined Transportation  
Funding Programs  
Audit Close-out Memo**

Internal Audit has received and concurs with management's responses to the recommendations issued in Internal Audit Report No. 05-036 – Financial and Compliance Audits of Combined Transportation Funding Programs. Management has agreed to implement some recommendations, and is in the process of implementing the other recommendations. We will conduct a follow-up review on the status of management's planned corrective actions in six months.

Attachment: Management Response to Financial and Compliance Audits of Combined Transportation Funding Programs, Internal Audit Report No. 05-036

c: Rick Bacigalupo  
Kia Mortazavi  
Darrel Johnson  
Yvette Pierre  
Robert Duffy



INTEROFFICE MEMO

March 4, 2005

To: Kia Mortazavi, Division Director  
Strategic Planning

From: Lisa Monteiro, Internal Auditor *jm*

Subject: **Financial and Compliance Audit of Combined  
Transportation Funding Programs  
The City of Mission Viejo – El Toro Road-Widening Project  
Internal Audit Report No. 05.013**

**Conclusion**

Mendoza Berger (Mendoza) has completed a financial and compliance audit of the City of Mission Viejo (City)'s El Toro Road-Widening Project (Project), funded by the Orange County Transportation Authority (OCTA)'s Combined Transportation Funding Program (CTFP). The results of the audit concluded that in general, the City complied with the CTFP Guidelines developed by OCTA for CTFP funds used to complete the Project. However, Mendoza recommends revisions be made to the CTFP Guidelines to clarify certain requirements of the program and ensure recipient agencies comply with these requirements. Additionally, several unallowable or unsupported project costs were recommended for disallowance.

**Background**

The CTFP was created by the OCTA to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M "turnback" funds.

OCTA issues a CTFP "Call for Projects" on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA's Technical Advisory Committee and the Board of Directors approve projects and funding allocations.

As part of OCTA's ongoing efforts to continually monitor and routinely assess the financial and system controls and financial integrity of OCTA's operations,

financial and compliance audits of completed CTFP projects are being performed.

### **Purpose and Scope**

The audit of the City's Project, which was funded by the Growth Management Areas Program (GMA) and the Master Plan of Arterial Highways Program (MPH) of the CTFP, is the first of numerous planned audits of completed CTFP projects. The audits are being performed based on the CTFP Guidelines developed by OCTA; the latest version available for the City's Project audit was updated in September 2002. Based on the requirements of the CTFP Guidelines, the scope includes, but is not limited to, the following:

- Ensure that project records showing that proper accounting and cash management procedures were followed.
- Ensure that the project was completed in accordance with the application.
- Ensure that all records and documentation related to the project were adequately maintained.
- Ensure that a separate fund is set up by the local agency to account for Measure M transactions and expenditures.

### **Discussion**

Based on the results of the audit performed by Mendoza, it appears that proper accounting and cash management procedures were followed, the project was completed in accordance with the application, all records and documentation related to the project were adequately maintained, and a separate fund was set up by the City to account for Measure M transactions and expenditures, except for the following:

- The City contracted all of the work associated with the Project to Shea Homes, Inc. (Shea), who in turn subcontracted all of the work to various contractors. The City did not maintain adequate documentation to support the project costs, and consequently the audit had to be performed at Shea's place of business. The CTFP Guidelines do not address the use of contractors and subcontractors and their responsibility for retention of project documentation.
- The contract between the City and Shea included a provision for administrative costs, which was calculated at a rate of 5% of the construction costs. The CTFP Guidelines do not address the reimbursement of general, administrative, and overhead costs.

- Landscaping costs of \$29,566.09 were reimbursed under GMA, which specifically disallows landscaping costs. Since the Project was also funded under MPH, which allows landscaping costs, OCTA's Planning Department is currently working with the City to review the landscaping costs in question to determine if they were coded correctly under GMA.
- Shea could not provide support for two invoices paid to a subcontractor totaling \$26,515.27.

Mendoza recommends that the CTFP Guidelines be revised to specifically address the issues above, and that the unallowable and unsupported costs be disallowed as project costs reimbursable by the CTFP.

### **Summary**

The detailed scope, objectives, findings, and recommendations resulting from the audit are included in the attached report prepared by Mendoza.

### **Management Response**

Internal Audit is requesting that a response indicating the actions taken or planned to address Mendoza's recommendations be forwarded to Lisa Monteiro, Internal Auditor, by March 18, 2005.

Audit performed by: Mendoza Berger

Attachment: Financial and Compliance Audit for Combined Transportation Funding Program, Report on Agreed-Upon Procedures, **The City of Mission Viejo – El Toro Road-Widening Project**

c: Rick Bacigalupo  
Paul Taylor  
Shohreh Dupuis  
Steve Montano  
Robert Duffy

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**Financial and Compliance Audit for  
Combined Transportation Funding Programs (CTFP)**

**Report on Agreed-Upon Procedures**

**The City of Mission Viejo  
El Toro Road-Widening Project**

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**MENDOZA  
BERGER  
COMPANY, L.L.P.**

Certified Public Accountants

Mr. Robert Duffy, CPA  
Manager, Internal Audit  
Orange County Transportation Authority  
Orange, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by you solely to assist you with the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Mission Viejo – El Toro Road-Widening Project. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Orange County Transportation Authority (OCTA). Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. Our report is intended for your internal use and should not be used for any other purposes.

We performed the agreed-upon procedures based on the attached objectives and procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Mission Viejo – El Toro Road-Widening Project and the agreed-upon procedures attached. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Mendoza Berger & Company, LLP**

*Mendoza Berger & Company, LLP*

Irvine, California  
January 3, 2005



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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**BACKGROUND**

The Combined Transportation Funding Program (CTFP) was created by the Orange County Transportation Authority (OCTA) to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs. To participate in the CTFP, an agency must have been declared eligible to receive Measure M “turnback” funds. The CTFP encompasses the following programs:

- A. Measure M Streets and Roads Programs:
  - a. Smart Streets Program
  - b. Regional Interchange Program
  - c. Intersection Improvement Program
  - d. Signal Improvement Program
  - e. Transportation Demand Management Program
  - f. Master Plan of Arterial Highways Program
  - g. Growth Management Areas Program
  
- B. Federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) Programs
  - a. Arterial Highway Rehabilitation Program (AHRP)
  - b. Regional Surface Transportation Program (RSTP)

OCTA issues a CTFP “Call for Projects” on a biennial basis to all eligible local agencies, at which time the agencies are required to submit applications to OCTA to receive funding. OCTA reviews and ranks each application using evaluation criteria developed for each program. OCTA’s Technical Advisory Committee (TAC) and the Board of Directors approve projects and funding allocations.

The Internal Audit Department sought professional consultant services from an Independent Auditor to perform a financial and compliance audit on CTFP funds provided to the City of Mission Viejo by OCTA for the El Toro Road-Widening Project to ensure that the CTFP policies and procedures that OCTA developed were followed.

The project widened El Toro Road in north Mission Viejo between the Foothill Corridor and Glenn Ranch Road from two lanes to six lanes to improve existing level of service and accommodate increased demand in the future.

**OBJECTIVES**

Agreed-upon procedures were used to conduct a financial and compliance audit of the Combined Transportation Funding Programs (CTFP), City of Mission Viejo – El Toro Road-Widening Project. The agreed-upon procedures were performed based on the CTFP requirements developed by OCTA; the latest version was updated in September 2002.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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**SCOPE**

The scope of our agreed-upon procedures are as follows:

1. Ensure proper accounting and cash management procedures were followed.
2. Ensure that the project was completed in accordance with the application.
3. Ensure that all records and documents were adequately maintained.
4. Ensure that a separate fund is set up by the City of Mission Viejo for Measure M transactions and expenditures.

Listed below is the breakdown of the allocations made to the City of Mission Viejo through CTFP in connection with the project to be audited.

<u>Program</u>	<u>Date</u>	<u>Amount</u>
97-MVJO-MPH-1116	June 19, 2001	\$ 1,215,400
97-MVJO-GMA-1115	September 17, 2001	100,000
00-MVJO-GMA-3132	November 19, 2001	625,000
		<hr/> <u>\$ 1,940,400</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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**AGREED-UPON PROCEDURES**

**PROCEDURE #1**

- A. Review the contracts associated with the project, including evidence of competitive bid procedures, contractor invoices, payments, change order documents, and contract completion.

**Findings**

1. It was determined that the El Toro Road Widening Project was completed in accordance with the CTFP Guidelines. However, we noted that the City of Mission Viejo subcontracted all of the work associated with the El Toro Road Widening Project to Shea Homes, Inc. There is no language in the CTFP Guidelines regarding the use of contractors.

Additionally, fieldwork had to be conducted at Shea Homes, Inc.'s place of business since the City of Mission Viejo did not have the documentation required by the CTFP guidelines. Refer to finding number 6.

2. We reviewed the contract between the City of Mission Viejo and Shea Homes, Inc. and noted that it included a provision for administrative costs, which was calculated at a rate of 5% of the construction costs for each of the Remedial Grading, PA 11 Improvements, and City Improvements. Shea Homes, Inc. charged the total amount of \$123,187.68 for administrative costs to the City of Mission Viejo, of which \$56,324.38 was OCTA's reimbursement.
3. After completing our test work we determined that there was evidence of bid procedures, contractor invoices, payments, change orders and contract completion.

**PROCEDURE #2**

- A. Review direct materials charged to the CTFP project, including a review of supporting documentation, reasonableness of price, and proof of payment.
- B. In conjunction with this procedure we tested the payments made to subcontractors by Shea Homes, Inc.

**Findings**

4. Included in the costs accumulated by Shea Homes, Inc., it was noted that there was landscaping, which under CTFP guidelines, MPAH (Master Plan Arterial

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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Highways Program) is allowable (page 9-1), but under GMA (Growth Management Areas Program) it is not allowable (page 11-4).

5. Shea Homes, Inc. could not provide us with support for two invoices paid to a subcontractor, Hillcrest Consulting totaling \$26,515.27.
6. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct materials and other miscellaneous expenses charged to a project. The CTFP guidelines did not mention specifically whether this project was allowed to be sub-contracted, but all of the guidelines refer to the local agency directly. The City of Mission Viejo was not able to provide supporting documentation for direct material, payroll reports, and equipment rental expenses that were required by the CTFP guidelines. The City of Mission Viejo provided limited support, which included the invoices from Shea Homes, Inc. and the related copies of invoices and payments made to their subcontractors who worked on the project. We believe that the City of Mission Viejo is not in compliance with Chapter 14 of the CTFP guidelines.

**PROCEDURE #3**

- A. Review direct labor charged to the CTFP project, including a review of pay rates and supporting documentation in the form of time sheets and payroll reports.

**Findings**

7. We selected a sample of disbursements made by Shea Homes, Inc. and determined that all supporting documentation related to the expenditures were included except for the noted findings. No time sheets or payroll reports were reviewed since the subcontractors were selected based on a cost competitive bid process and their contracts were lump-sum contracts, which did not require that timesheets or payroll reports be provided. Shea Homes, Inc. and the City of Mission Viejo did not incur any direct labor costs associated with this project.
8. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to direct labor charged to a project. Refer to finding number 6.

**PROCEDURE #4**

- A. Review equipment rental expenses charged to the CTFP project, including a review of invoices, evidence of quotes obtained to determine the best rate, and documentation of project needs for the equipment.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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**Findings**

9. We selected a sample of disbursements made by Shea Homes, Inc and determined that all supporting documentation related to equipment rental expense were included, except for the noted findings. The subcontractors for Shea Homes, Inc. were selected based on a cost competitive bid process and their contracts were lump-sum contracts. Equipment rental expenses charged to the project were included in the total amount of the related invoices presented to Shea Homes, Inc. for payment. Shea Homes, Inc. and the City of Mission Viejo did not directly incur any equipment rental expenses associated with this project.
10. According to Chapter 14 of the CTFP guidelines, the local agency must maintain all records relating to equipment rental expenses charged to a project. Refer to finding number 6.

**PROCEDURE #5**

- A. Review documentation to support work performed by local agency forces as to whether the local agency force could perform the work more cost effectively or timely than a contractor.

**Findings**

11. The City of Mission Viejo subcontracted the entire El Toro Road Widening Project to Shea Homes, Inc. and did not perform any work except for oversight, approval of payments, inspection and final approval of the project.

**PROCEDURE #6**

- A. Review the local agencies use of interest earned on CTFP funds to ensure they are in accordance with the Measure M Ordinance.

**Findings**

12. It was noted that both the City of Mission Viejo and Shea Homes, Inc. were reimbursed for costs incurred; therefore, no interest was earned on CTFP funds.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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**Recommendations**

**Procedure #1**

1. OCTA should revise the CTFP Guidelines to include the requirement that any contractors performing work on projects funded by the CTFP must comply with the requirements of the program. Additionally, we recommend that the CTFP Guidelines be revised to explicitly state that the local agencies are required to maintain detailed documentation related to the project for all contractor and subcontractor expenses.
2. We recommend that OCTA clarify in the CTFP Guidelines what methodology can be utilized to reimburse contractors for general, administrative, and overhead costs. An example would be the regulations in accordance with FAR 16.102(c), which states that the cost-plus-a-percentage-of-cost system of contracting shall not be used. Actual costs could be an alternative method for reimbursement.

**Procedure #2**

3. We recommend that OCTA disallow \$29,566.09 of the cost reimbursed to the City of Mission Viejo for landscaping costs associated with the GMA Program.
4. We recommend that OCTA disallow the total unsupported costs of \$26,515.27.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT OF  
COMBINED TRANSPORTATION FUNDING PROGRAMS (CTFP)  
City of Mission Viejo – El Toro Road Widening Project**

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**CONCLUSION**

Based on the test work performed, it appears that proper accounting and cash management procedures were followed, except for findings 2, 4 and 5.

Based on the test-work performed, it appears that the El Toro Road Widening Project was completed in accordance with the application, except for findings 1, 6, 7 and 9.

Based on the test-work performed, it appears that all records and documentation related to the project were adequately maintained, except for findings 6, 8 and 10.

In compliance with CTFP guidelines, it appears that a separate fund was set up by the City of Mission Viejo to account for Measure M transactions and expenditures. The City of Mission Viejo is in compliance with the Measure M Ordinance.

Based on the test-work performed, it appears that there was no interest earned on CTFP funds. The City of Mission Viejo is in accordance with the Measure M Ordinance.

Based on the test-work performed, the following amounts were unsupported or unallowable:


Landscaping costs	\$ 29,566.09
Unsupported costs	<u>26,515.27</u>
Total disallowed costs	<u>\$ 56,081.36</u>



INTEROFFICE MEMO

March 24, 2005

To: Lisa Monteiro, Internal Auditor

From: Shohreh Dupuis, Acting Manager, Local Programs & Commuter Rail Services 

Subject: **Management Response to Financial and Combined Audit of Combined Transportation Funding Programs, The City of Mission Viejo - El Toro Road Widening Project, Internal Audit Report No. 05.013**

Below is our management response to the Internal Audit Report No. 05.013:

The audit report recommends revisions to be made to the CTFP Guidelines to clarify certain requirements of the program and ensure recipient agencies comply with these requirements. Management agrees with the specific recommended clarifications to the CTFP Guidelines. Since Internal Audit is currently in the process of auditing several other CTFP projects, we are recommending delaying the actual modifications to the guidelines until the completion of these audits. Once we have received all recommended changes to the guidelines as the results of these projects audits, we will incorporate the changes and will seek the approval of the Technical Steering and Technical Advisory Committees on the revised guidelines.

The audit report also identifies unallowable or unsupported project costs. Specifically, the audit report recommends the disallowance of landscaping cost of \$29,566 reimbursed under the GMA program. Since landscaping cost is allowed under the MPAH program, which also funded this project, the City of Mission Viejo has agreed to revise their financial statements to record this expense under the MPAH program. Therefore, we believe that no reimbursement of these funds to OCTA is necessary.

The audit report also recommends reimbursement of \$26,515.26 since Shea Homes could not provide support for two invoices paid to a subcontractor for this amount. We will work with the OCTA accounting department to request the reimbursement of \$26,515.26 from City of Mission Viejo.

If you have any questions regarding this response, please feel free to contact me at extension 5673.

c: Rick Bacigalupo  
Paul Taylor  
Kia Mortazavi  
Robert Duffy  
Steve Montano





INTEROFFICE MEMO

March 25, 2005

To: Kia Mortazavi, Division Director  
Strategic Planning

From: Lisa Monteiro, Internal Auditor *lm*

Subject: **Financial and Compliance Audit of Combined Transportation Funding Programs**  
**The City of Mission Viejo – El Toro Road-Widening Project**  
**Audit Close-out Memo**

Internal Audit has received and concurs with management's responses to the recommendations issued in Internal Audit Report No. 05.013 – Financial and Compliance Audit of Combined Transportation Funding Programs, The City of Mission Viejo – El Toro Road-Widening Project. Staff is working on seeking reimbursement from the City of Mission Viejo for \$26,515.27 in unsupported costs, and adequate corrective action has been taken to resolve \$29,566.09 in unallowable landscaping costs under the GMA program. Also, since additional audits of various Combined Transportation Funding Program (CTFP) projects are currently being performed, staff plans to implement all recommended revisions to the CTFP Guidelines after the conclusion of these additional CTFP project audits, which are scheduled to be completed by June 30, 2005. Internal Audit will follow up with the status of management's planned corrective actions six months following the completion of all CTFP project audits.

Attachment: Management Response to Financial and Compliance Audit of Combined Transportation Funding Programs, The City of Mission Viejo – El Toro Road-Widening Project, Internal Audit Report No. 05.013

c: Rick Bacigalupo  
Paul Taylor  
Shohreh Dupuis  
Robert Duffy  
Steve Montano





**BOARD COMMITTEE TRANSMITTAL**

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Amendment to Cooperative Agreement with the City of Buena Park for the Santa Ana Freeway (Interstate 5) Gateway Project

Regional Planning and Highways Committee

December 19, 2005

**Present:** Directors Norby, Cavecche, Rosen, Dixon, Brown, Green, Monahan, Pringle, and Ritschel  
**Absent:** None

***Committee Vote***

This item was passed by all Committee Members present.

Committee Member Dixon was not present to vote.

***Committee Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 1 to Cooperative Agreement C-5-2358 between the Orange County Transportation Authority and the City of Buena Park, in an amount not to exceed \$265,650, for mitigation measures for the Santa Ana Freeway (Interstate 5) Gateway Project.



**December 19, 2005**

**To:** Regional Planning and Highways Committee

**From:** Arthur T. Leahy, <sup>AV</sup> Chief Executive Officer

**Subject:** Amendment to Cooperative Agreement with the City of Buena Park for the Santa Ana Freeway (Interstate 5) Gateway Project

**Overview**

On July 25, 2005, the Board of Directors approved a cooperative agreement with the City of Buena Park, in the amount of \$1,976,000, to reimburse a portion of the City of Buena Park's cost for mitigation of roadway intersections and pavement in conjunction with detours for the Santa Ana Freeway (Interstate 5) Gateway Project. The Orange County Transportation Authority proposes to amend the cooperative agreement.

**Recommendation**

Authorize the Chief Executive Officer to execute Amendment No. 1 to Cooperative Agreement C-5-2358 between the Orange County Transportation Authority and the City of Buena Park, in an amount not to exceed \$265,650, for mitigation measures for the Santa Ana Freeway (Interstate 5) Gateway Project.

**Background**

The Santa Ana Freeway (Interstate 5) Gateway Project (Project) is the last phase of the overall improvements to Interstate 5 (I-5) through Orange County as part of the Measure M Freeway Improvement Program. The segment is a two-mile section through the City of Buena Park (City) from just north of the Riverside Freeway (State Route 91) to the Orange/Los Angeles County line at approximately the Artesia Boulevard interchange. The Project will provide freeway widening consisting of High Occupancy Vehicle lanes, multi-purpose lanes, auxiliary lanes, bridge crossing improvements, and aesthetically treated retaining walls and landscaping. Project construction requires a Traffic Management Plan (TMP) that identifies vehicular detour routes within the City and recommended roadway and intersection modifications to improve the routing traffic flow.

***Discussion***

Implementation of the Project's four-year construction program will impact City roadways. Accordingly, the Orange County Transportation Authority (Authority) coordinated with the City to identify specific responsibilities for the duration of the Project. The Authority and the City executed a cooperative agreement where the Authority will reimburse the City's actual TMP-related costs up to \$1,976,000. A major element of this expenditure was identified as mitigation of the City street intersections, signal systems, and pavement impacted by long-term construction detours. The cost for the intersection/traffic signal mitigation portion was initially estimated at \$405,700, and was included as part of the cooperative agreement. The City's council members approved the cooperative agreement at their June 28, 2005, meeting. The Authority's Board of Directors (Board) approved executing the agreement on July 25, 2005.

Subsequently, the project designers and Authority staff continued to work with City staff to fine tune the Scope of Work and identify associated cost increases, especially any inflation costs of construction materials. The revised engineer's estimate revealed the City's TMP intersection improvements would be approximately \$541,000. City staff advertised the job and received bids on December 5, 2005. The lowest responsive, responsible bid was \$639,368.50. The total TMP intersection cost mitigation is \$671,350, with a 5 percent contingency. Authority staff has reviewed the revised engineer's cost estimate and the low bid received by the City and recommends the execution of Amendment No. 1 to increase the TMP intersection cost mitigation by \$265,650, to the total of \$671,350.

The original cooperative agreement, awarded on July 25, 2005, was in the amount of \$1,976,000. Amendment No. 1, in the amount of \$265,650 will increase the total agreement amount to \$2,241,650 (Attachment A).

**Funding**

The Project is included in the Authority's Fiscal Year 2005-06 Budget. Funds for this agreement are in Account 0010-9084-F1610-9Y2, and are funded through Measure M.

***Summary***

Authority staff requests Board approval for the Chief Executive Officer to execute Amendment No. 1 to Cooperative Agreement C-5-2358, between the Authority and the City for mitigation measures for the I-5 Gateway Project.

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**Attachment**

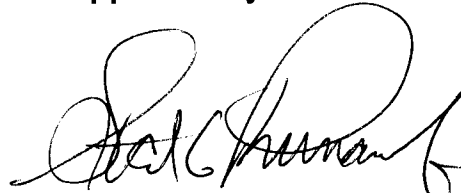
- A. City of Buena Park Cooperative Agreement C-5-2358 Fact Sheet

**Prepared by:**



For Charles Guess, P.E..  
Program Manager  
(714) 560-5775

**Approved by:**



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

**City of Buena Park  
Cooperative Agreement C-5-2358 Fact Sheet**

1. July 25, 2005, Cooperative Agreement C-5-2358, \$1,976,000, approved by the Board of Directors
  - City of Buena Park's Traffic Management Plan (TMP) related costs for Construction of the Santa Ana Freeway (Interstate 5) Gateway Project.
2. January 9, 2006, Amendment No. 1 to Agreement C-5-2358, \$265,650, pending approval by Board of Directors.
  - Increase reimbursement amount to the City of Buena Park for implementation of TMP-related intersection mitigation work associated to the construction of the (Interstate 5) Gateway Project.

Total committed to City of Buena Park, Cooperative Agreement C-5-2358: \$2,241,650.







BOARD COMMITTEE TRANSMITTAL

January 9, 2006

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Cooperative Agreement with the City of Laguna Hills for Southbound San Diego Freeway (Interstate 5)/Aliso Creek Soundwall Design, Construction, and Construction Management

Regional Planning and Highways Committee

December 19, 2005

**Present:** Directors Norby, Cavecche, Rosen, Dixon, Brown, Green, Monahan, Pringle, and Ritschel  
**Absent:** None

**Committee Vote**

This item was passed by all Committee Members present.

Committee Member Dixon was not present to vote.

**Committee Recommendations**

- A. Approve design and construction of the Aliso Creek soundwall.
- B. Authorize the Chief Executive Officer to execute Agreement C-5-2951 between the Orange County Transportation Authority and the City of Laguna Hills, in an amount not to exceed \$1,376,000, for the preparation of the Plans, Specifications, and Estimates, construction, and construction management for the San Diego Freeway (Interstate 5)/Aliso Creek community soundwall.
- C. Increase the Measure M portion of the 1996 Freeway Strategic Plan budget by \$1,485,000, to include the Aliso Creek soundwall project feasibility study, design, construction, and construction management.



**December 19, 2005**

**To:** Regional Planning and Highways Committee

**From:** Arthur T. Leahy, Chief Executive Officer

**Subject:** Cooperative Agreement with the City of Laguna Hills for Southbound San Diego Freeway (Interstate 5)/Aliso Creek Soundwall Design, Construction, and Construction Management

### **Overview**

The City of Laguna Hills has prepared a feasibility study for construction of a soundwall adjacent to the Aliso Creek community on southbound San Diego Freeway (Interstate 5) between Los Alisos Boulevard and Alicia Parkway. The Orange County Transportation Authority proposes to enter into a cooperative agreement with the City of Laguna Hills for design and construction of the proposed soundwall.

### **Recommendations**

- A. Approve design and construction of the Aliso Creek soundwall.
- B. Authorize the Chief Executive Officer to execute Agreement C-5-2951 between the Orange County Transportation Authority and the City of Laguna Hills, in an amount not to exceed \$1,376,000, for the preparation of the Plans, Specifications, and Estimates, construction, and construction management for the San Diego Freeway (Interstate 5)/Aliso Creek community soundwall.
- C. Increase the Measure M portion of the 1996 Freeway Strategic Plan budget by \$1,485,000, to include the Aliso Creek soundwall project feasibility study, design, construction, and construction management.

### **Background**

The Orange County Transportation Authority (Authority) provided funding through the Measure M Program for construction of High Occupancy Vehicle (HOV) lanes and related improvements on the San Diego Freeway (Interstate 5) between the Interstate 5 (I-5)/San Diego

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Freeway (Interstate 405) confluence and Pacific Coast Highway. The project included several soundwalls for noise mitigation. One area that did not receive a soundwall was a community bordering southbound I-5 between Los Aliso Boulevard and Alicia Parkway in the City of Laguna Hills (City). The environmental documentation indicated noise levels would exceed the California Department of Transportation/Federal Highway Administration criteria for noise abatement. Nonetheless, construction of a soundwall at this location was not considered to be feasible due to the hillside topography of the community. The community sits on top of the hill, while the state right-of-way (ROW) ends at the bottom of the slope. Construction of a soundwall within the state ROW would have exceeded the maximum allowable height. Further, policies in place at that time did not allow for soundwall construction outside of state ROW. Subsequent policy changes now allow soundwalls to be constructed on private property provided all affected owners agree to this and to record the construction and maintenance of the soundwall as a permanent burden on their property.

In September 2003, the Authority's Board of Directors approved Cooperative Agreement C-3-0312 with the City to perform a feasibility study to investigate constructing a soundwall along the rear property lines of 17 affected homes near the freeway. The City, acting as the lead agency, hired a consultant to prepare the feasibility study. The study concluded that a series of soundwalls can be constructed to mitigate the highway noise affecting the residences. Thirteen homeowners residing south of Aliso Creek unanimously expressed a desire for a soundwall. Based upon the feasibility study, this soundwall will provide noise abatement for 29 homes in the affected area. The four homeowners north of Aliso Creek did not agree to soundwall construction on their property. Instead they have requested additional studies be conducted. This issue will be handled by the City without any further obligations to the Authority.

### ***Discussion***

The City has requested a cost proposal for preparation of Plans, Specifications, and Estimates (PS&E) for the soundwall. In accordance with the cooperative agreement, the City will act as the lead agency in the preparation of PS&E, and in addressing other issues including encroachment permits, ROW, and recording the homeowners' agreements with the County Recorder's Office. The design is scheduled to be completed in April 2006, with construction beginning in August 2006.

**Cooperative Agreement with the City of Laguna Hills for Southbound San Diego Freeway (Interstate 5)/Aliso Creek Soundwall Design, Construction, and Construction Management**

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**Fiscal Impact**

The design phase was approved in the Authority's Fiscal Year 2005-06 Budget, Construction & Engineering, Account 0010-7519-F2212-AJT, and is funded through the Local Transportation Authority.

**Funding**

This project is not included in the 1996 Freeway Strategic Plan (Plan) budget. In order to use Measure M funds, the Plan's budget must be amended to include the Aliso Creek soundwall and the associated project funding as shown below:

Noise Study	\$ 10,600
Feasibility Study	<u>\$ 98,400</u>
	\$ 109,000
Detail Design	\$ 160,000
Construction	\$1,100,000
Construction Management	<u>\$ 116,000</u>
	\$1,376,000
Total Aliso Creek Soundwall Cost	\$ 1,485,000

The noise study and feasibility study are completed. The proposed design, construction, and construction management will be funded through the proposed Cooperative Agreement C-5-2951, in an amount not-to-exceed \$1,376,000. The construction and construction management costs will be included in the fiscal year 2006-07 budget.

**Summary**

The soundwall for the southbound I-5 Aliso Creek community in the City was not constructed as part of the I-5 improvements because of physical constraints. Subsequent policy changes now permits the wall to be constructed on private property with the property owners' approval. A feasibility study by the City indicates that a soundwall can be constructed on private property behind the homes affected by the I-5 improvements. Staff requests approval of a cooperative agreement with the City to prepare the PS&E and construction of the soundwall.

**Cooperative Agreement with the City of Laguna Hills for  
Southbound San Diego Freeway (Interstate 5)/Aliso Creek  
Soundwall Design, Construction, and Construction  
Management**

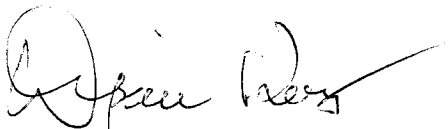
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**Page 4**

***Attachment***

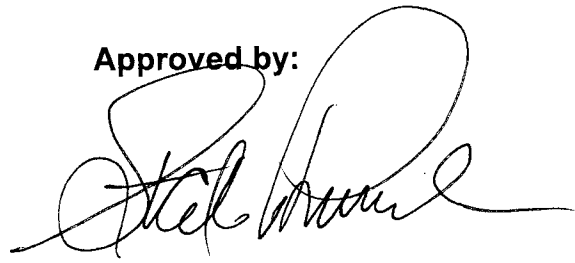
None.

**Prepared by:**



Dipak Roy, P.E.  
Senior Project Manager  
(714) 560-5863

**Approved by:**



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





**BOARD COMMITTEE TRANSMITTAL**

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject** Garden Grove Freeway (State Route 22) Design-Build Project Sound Study Review and Use of Rubberized Asphalt

Regional Planning and Highways Committee

December 19, 2005

**Present:** Directors Norby, Cavecche, Rosen, Dixon, Brown, Green, Monahan, Pringle, and Ritschel  
**Absent:** None

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendations (Reflects change from staff recommendation)**

- A. Install air conditioning units for 13 classrooms in the Sunnyside and Mitchell Elementary Schools, as recommended by the approved environmental document.
- B. Approve a 14-foot soundwall along the north side of the State Route 22 Freeway between Magnolia Avenue and Euclid Street at a cost of \$4.4 million, contingent upon the Garden Grove City Council's approval. Should the City prefer a plexi-glass soundwall, the City would be responsible for the additional cost.
- C. Orange County Transportation Authority work in conjunction with the City of Garden Grove to establish a rubberized asphalt demonstration project on Trask Avenue between Brookhurst Street and Magnolia Street. The capital cost would be paid by Orange County Transportation Authority and the maintenance and operation by the City of Garden Grove.

**Staff Comments**

Note: Attached is the PowerPoint presentation given to the Regional Planning and Highways Committee on December 19, 2005, and is provided for your review.



# GARDEN GROVE FREEWAY (SR-22)

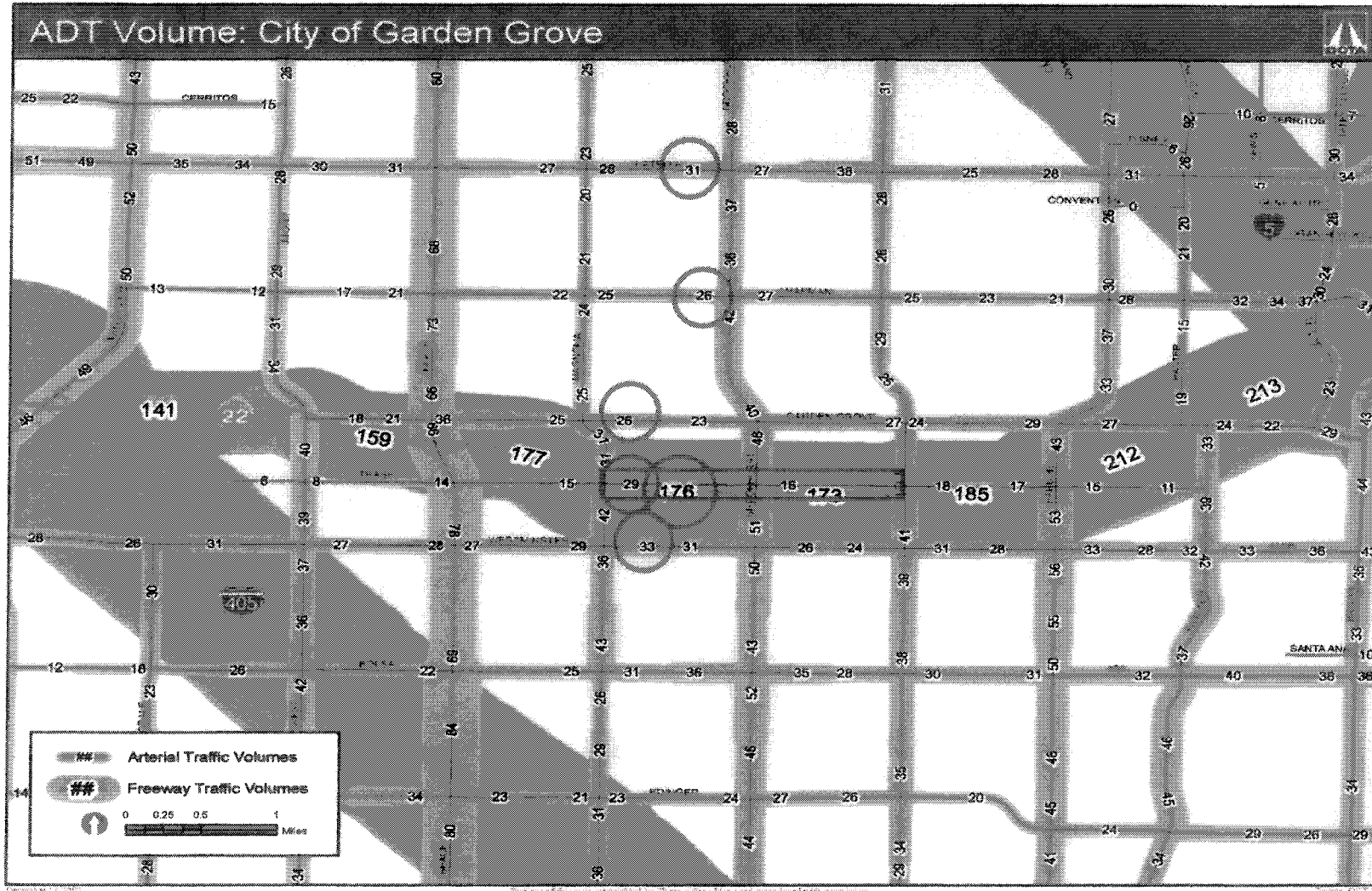
## Noise Study for Area North of Trask Avenue

Board of Directors Meeting  
January 9, 2006





# Traffic Counts



# Overview of Presentation

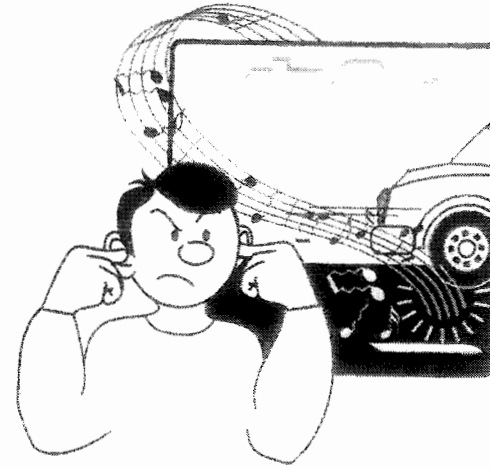
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- Traffic Noise Information
- Noise Mitigation Measures
- SR-22 Noise Mitigation
- Noise Demonstration Video
- Trask Avenue Noise Mitigation
- Recommendations
- Q & A

# Traffic Noise

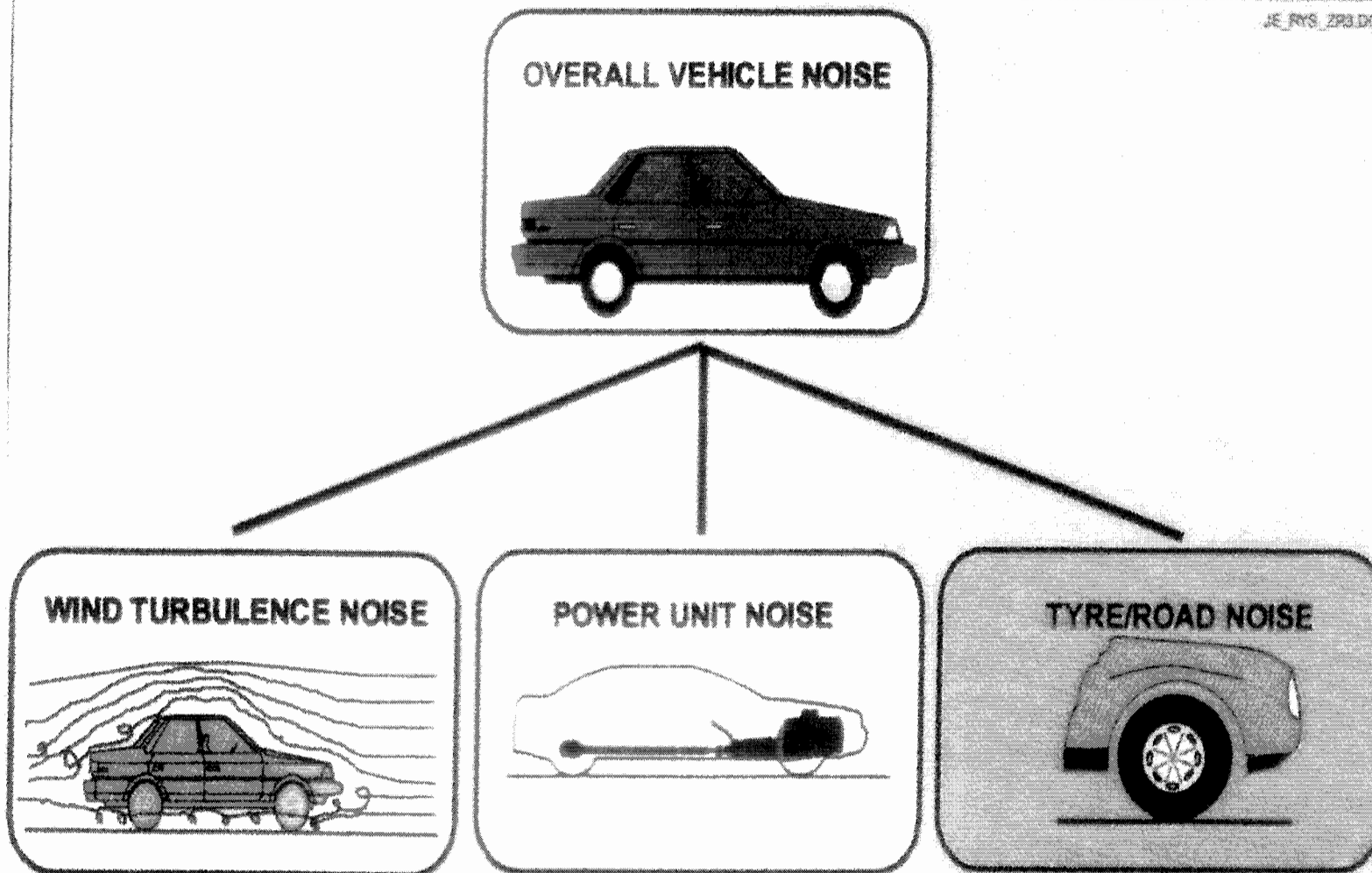
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- Traffic noise is a major source of annoyance
- Traffic noise increases as you near roadways
- Traffic noise levels close to major freeways can be 70 to 80 dBA



# Vehicle Noise Sources

JE\_RYS\_Z93.DOC





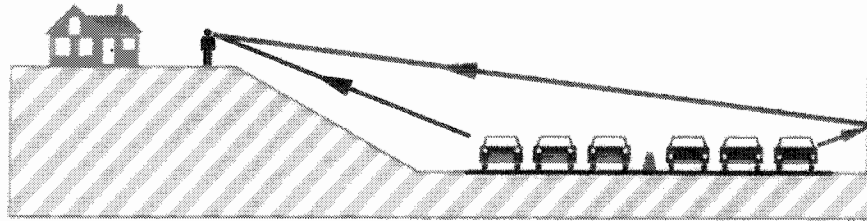
# Physics of Noise

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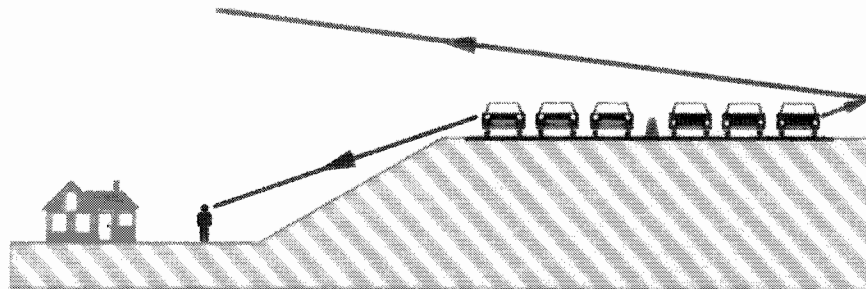
- 3 dBA noise change is not perceivable
- 5 dBA noise change is perceivable
- Adding noise levels  
 $80 \text{ dBA} + 80 \text{ dBA} = 83 \text{ dBA}$
- Doubling traffic volumes will increase noise by only 3 dBA

# Reflective Noise

Traffic noise can be reflected from soundwalls in some situations



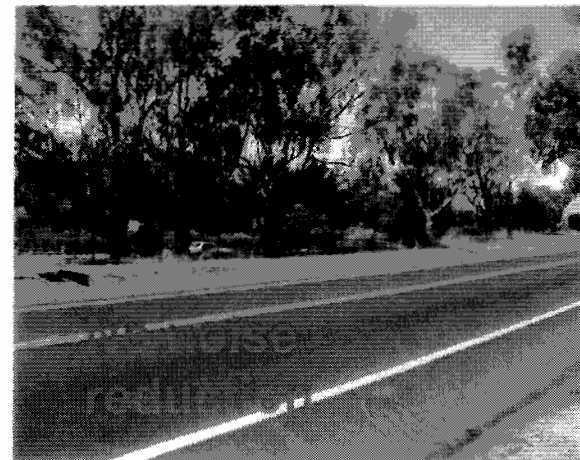
That is not the case on SR-22



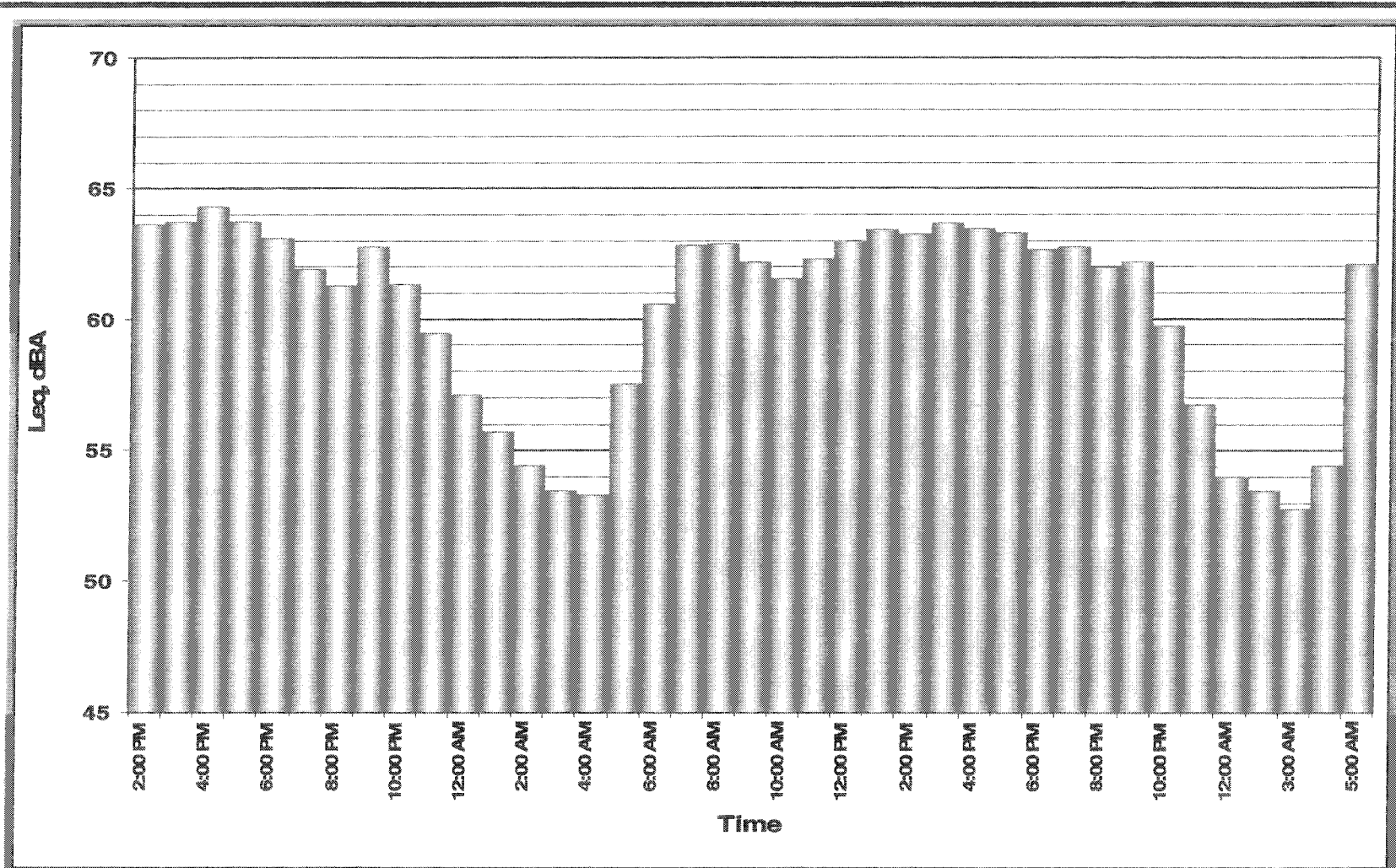
# Trees & Noise Reduction

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- Tree and vegetation must be wide and dense to reduce noise
- A 100 ft wide strip of dense trees and vegetation could provide a 5 dBA noise reduction
- Research shows that typical roadside landscaping accounts for less than a 1 dBA noise reduction



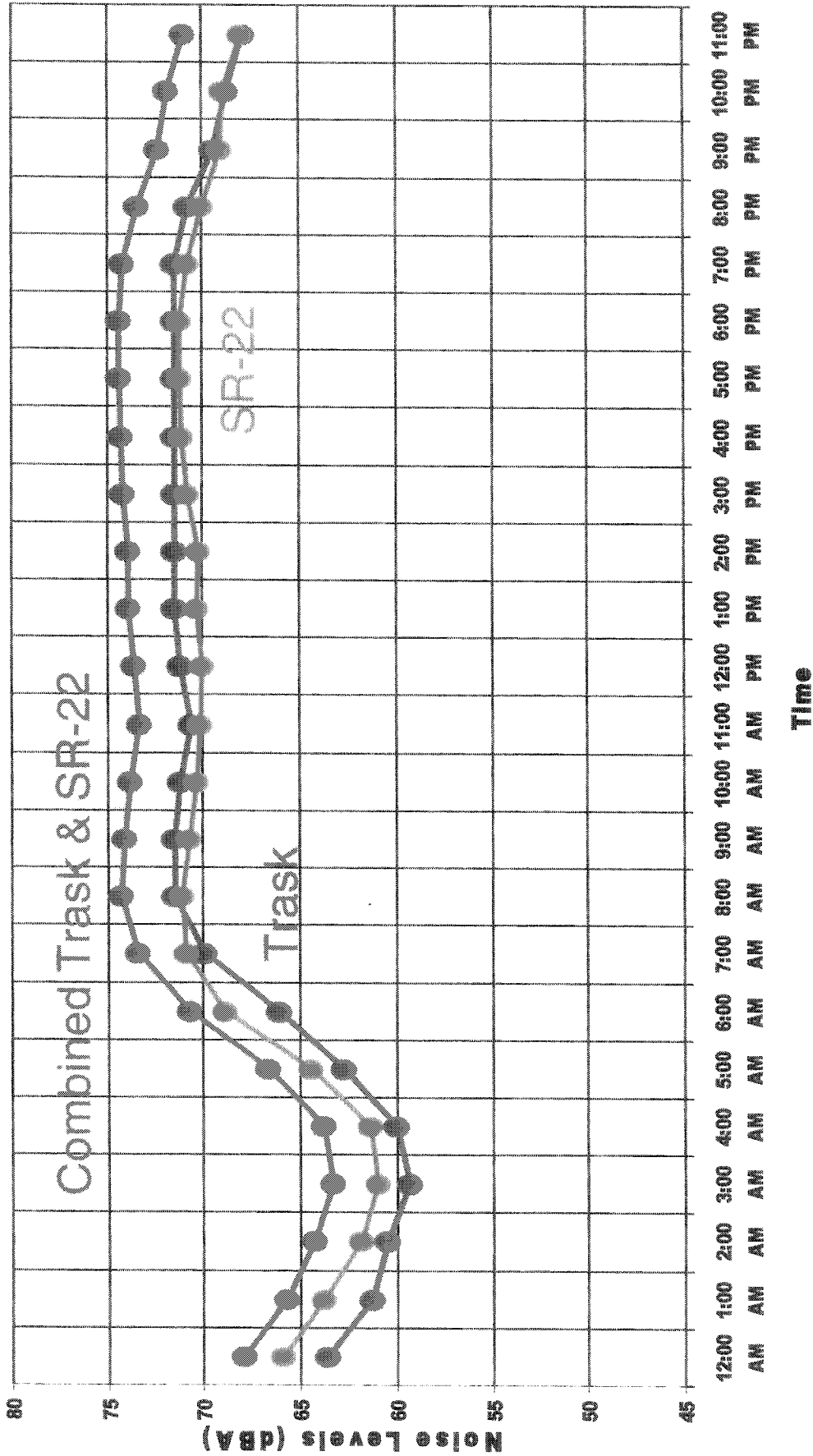
# Measured Noise Profile



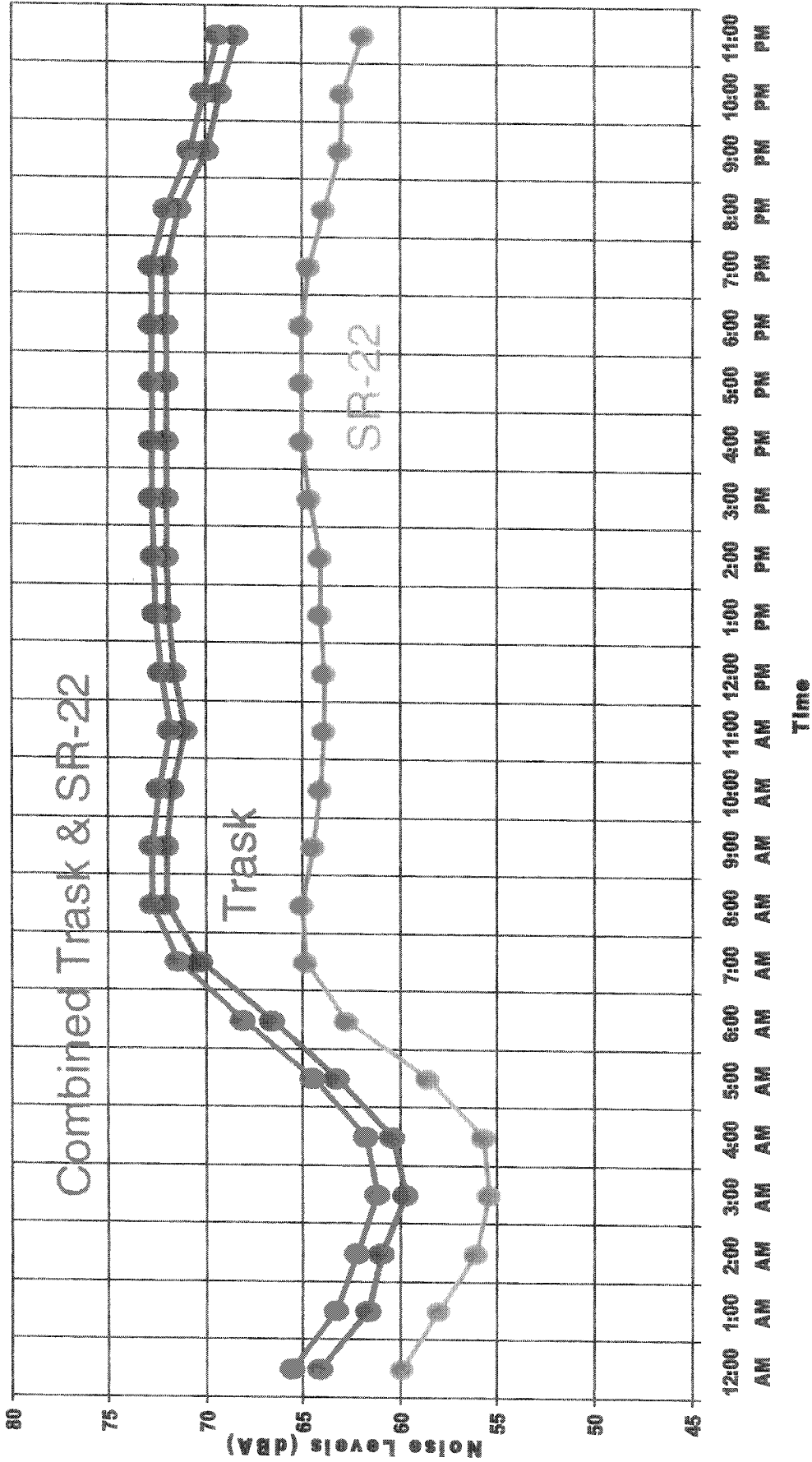


# Modeled Noise Profile

## 1st Row of Houses (No Wall)

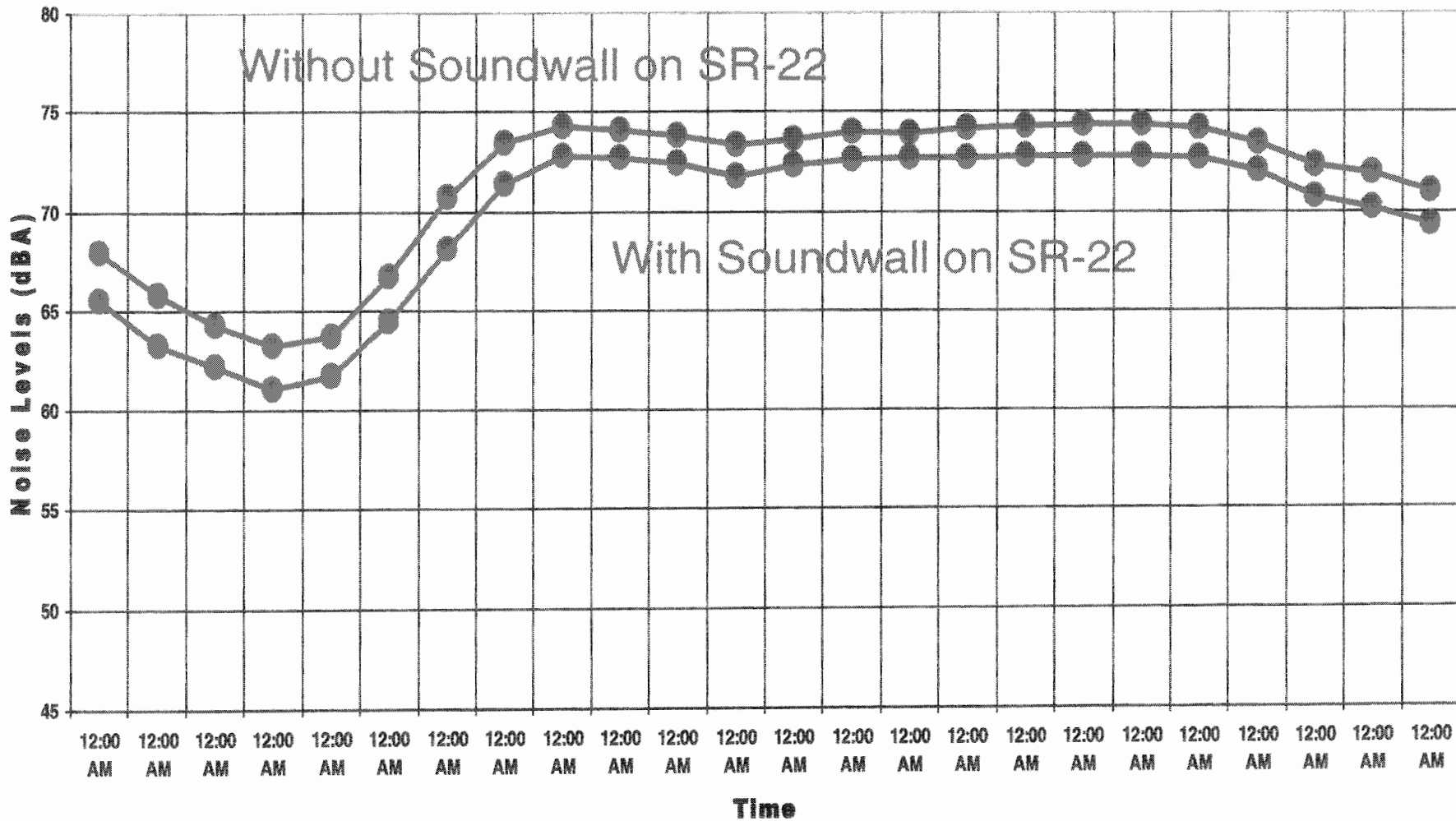


# Modeled Noise Profile 1st Row Behind Buildings (With Soundwall)



# Modeled Noise Profile

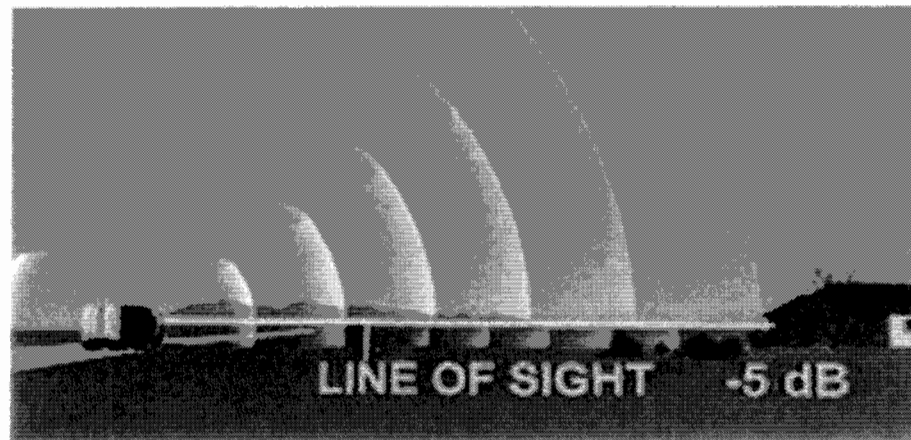
## Combined Trask & SR-22



# Caltrans Noise Abatement Protocol

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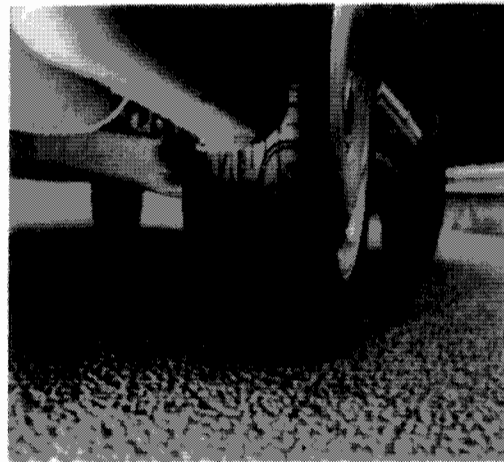
- Traffic noise greater than 66 dBA
- Traffic noise abatement measures result in reduction of 5 dBA or greater



# Noise Mitigation Measures

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- Soundwalls
- Roadway surface treatment
- Building improvements

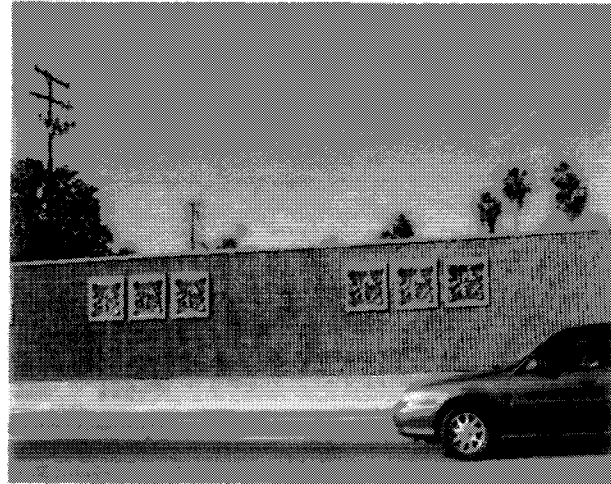




# Soundwall Mitigation

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- Soundwalls are commonly used for noise mitigation
- Soundwalls are most effective when they are close to source
- Soundwalls have minimal effect when receivers are more than 250 ft away



# Possible Soundwall Locations

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- **Along SR-22**
  - Not effective in reducing overall noise levels due to Trask Ave noise impacts
- **Along Trask Ave**
  - Would mitigate Trask Ave noise & minimal SR-22 noise

# Soundwall Noise Reduction

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- Soundwall along SR-22  
Approximately 1.5 to 2 dBA
- Property wall along Trask Ave (1<sup>st</sup> row)  
7.5 ft existing wall = 5.6 dBA (measured)  
6 to 7 ft wall = 5 to 6 dBA (modeled)  
8 to 9 ft wall = 6 to 9 dBA (modeled)



# Rubberized Asphalt

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- Open grade or rubberized asphalt can reduce noise by 0 to 8 dBA
- Amount of net reduction depends on condition of existing roadway surface
- SR-22 surface is in good condition from diamond grinding & new concrete pavement
- Overlaying of SR-22 would result in net noise reduction of only 0.5 to 2 dBA at 1<sup>st</sup> row of houses north of Trask Avenue

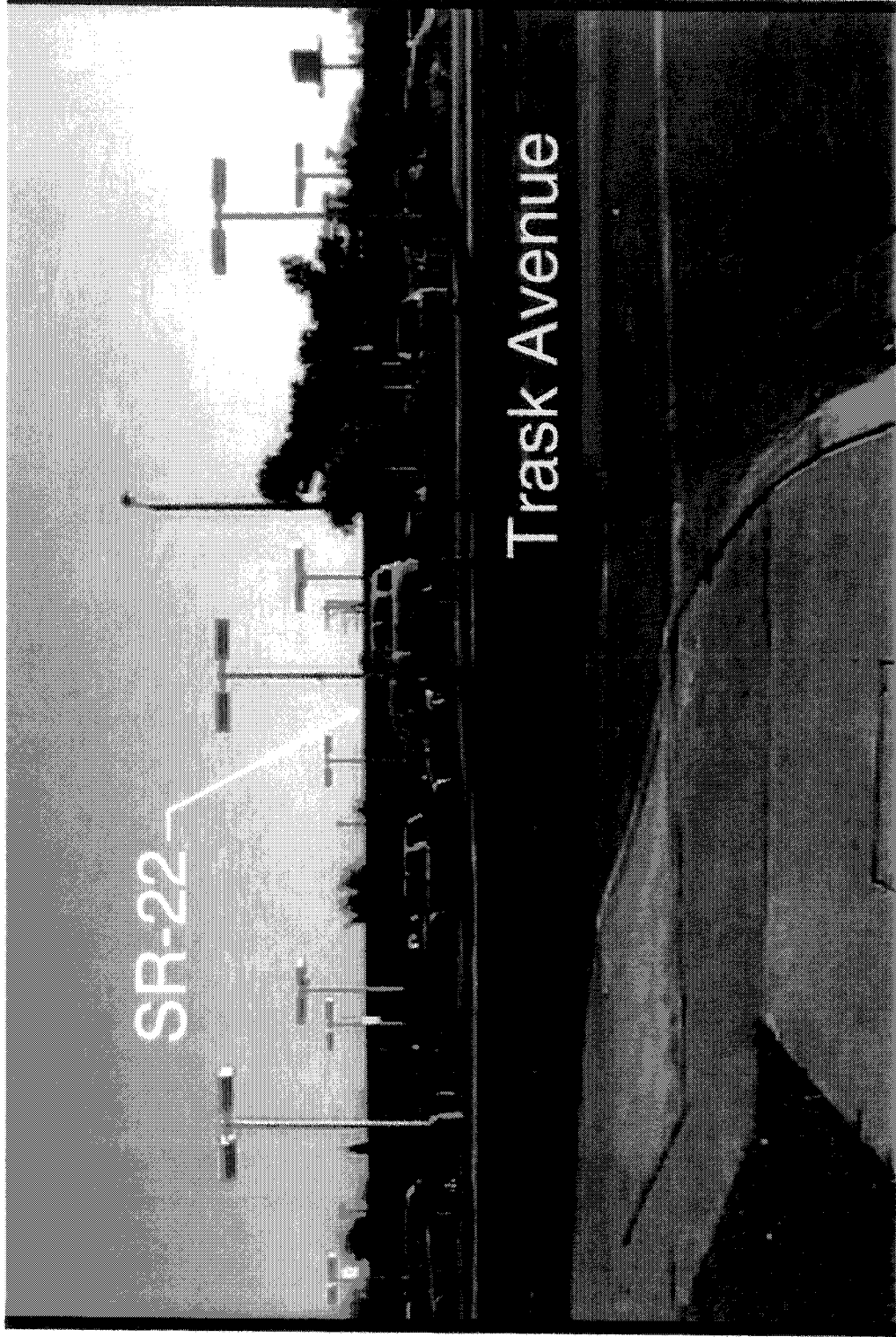
# SR-22 Noise Mitigation

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- Several noise studies have been performed
- All studies derive the same conclusion:
  - Noise is a combination of SR-22 & Trask
  - No mitigation measures on SR-22 effectively reduce noise in the area north of Trask

# Intersection of Trask & Galway

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# Galway – 1500 ft n/o Trask

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# **Noise Mitigation North of Trask**

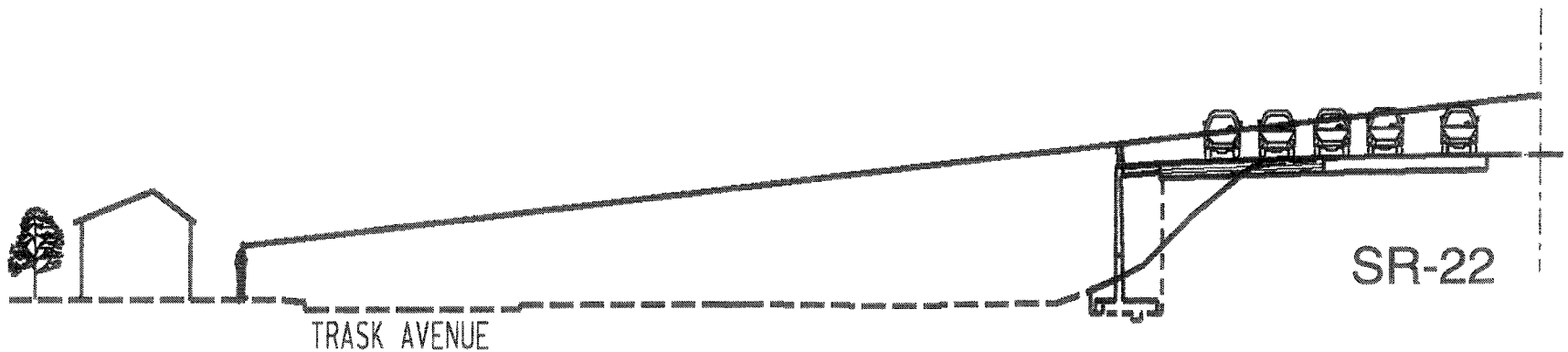
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**Then what can be done to mitigate noise north of Trask Ave???**

# SR-22 Proposed Enhancement

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3 ft high concrete barrier in lieu of metal beam guard rail





# Trask Ave Noise Mitigation

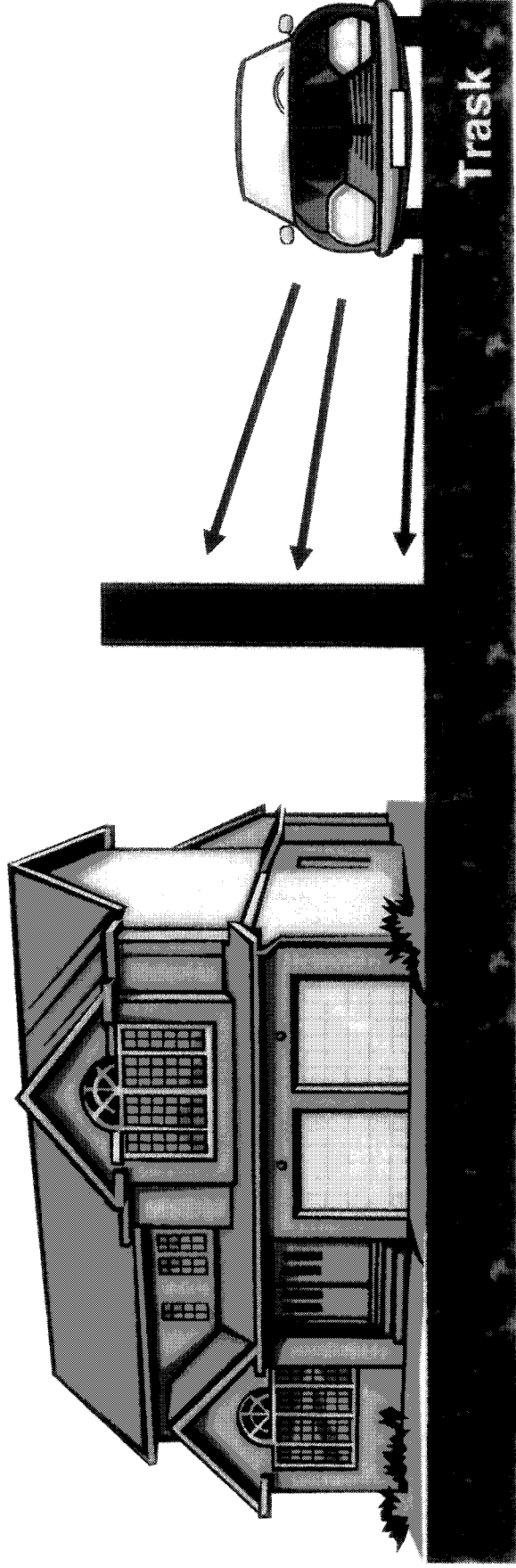
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- City of Garden Grove provided mitigation for 1<sup>st</sup> row houses north of Trask between Euclid & Brookhurst
  - Mitigation included funding for either soundwall or building improvements
- Mitigation between Brookhurst & Magnolia has not previously been provided

# Trask Ave Noise Mitigation

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A property/soundwall along north side of Trask Ave will reduce 1<sup>st</sup> row noise level by 5 dBA or greater





# Recommendations

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- Construct concrete barrier in lieu of metal beam guard rail along SR-22
  - Approximate Cost = \$200K
- Construct 7 to 9 foot soundwall along properties adjacent to Trask Ave between Brookhurst & Magnolia
  - Approximate Cost = \$500K
- Result: 5 dBA or greater on 1<sup>st</sup> row north of Trask Avenue



**December 19, 2005**

**To:** Regional Planning and Highways Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Garden Grove Freeway (State Route 22) Design-Build Project Sound Study Review and Use of Rubberized Asphalt

### **Overview**

Ms. Janet Bennett, a resident of the City of Garden Grove, has made a request to the Orange County Transportation Authority Board of Directors to consider the use of rubberized asphalt on a section of the Garden Grove Freeway (State Route 22) as a noise mitigation alternative for the residents living north of Trask Avenue, between Magnolia Street and Brookhurst Street in the City of Garden Grove. The Board referred this issue to the Regional Planning and Highway Committee for consideration. The committee referred this issue to Orange County Transportation Authority staff for review.

### **Recommendations**

- A. Direct staff to proceed with the following noise mitigation measures and enhancements:
1. Install air conditioning units for 13 classrooms in the Sunnyside and Mitchell Elementary Schools, as recommended by the approved environmental document.
  2. Construct individual property walls along the north side of Trask Avenue or acoustical mitigation for the first row of homes along Trask Avenue.
  3. Construct a 3-foot high concrete barrier along the freeway mainline in lieu of a metal beam guardrail.

### **Background**

On October 11, 2001, the Orange County Transportation Authority (Authority) Board of Directors (Board) approved the implementation of the Garden Grove

Freeway (State Route 22) improvements using the design-build approach. Design-build is an innovative system of contracting where one entity performs both final engineering design and construction under one contract. In a traditional delivery scenario, these two elements are performed consecutively. In a design-build project they are performed concurrently resulting in significant time savings.

As part of the environmental analysis for the State Route 22 (SR-22) Design-Build Project (Project) improvements, two noise impact reports were prepared by the California Department of Transportation (Caltrans) to determine if the predicted noise levels result in increased traffic noise impacts. The purpose of these reports was to identify traffic noise impacts associated with the proposed Project improvements as well as potential noise abatement measures. The final noise impact reports were included in the SR-22 Final Environmental Impact Statement and Environmental Impact Report (FEIS/EIR), dated March 2003. The noise studies provide detailed analysis for the impacted areas, including commercial land uses, several car dealerships located along the north side of the SR-22, single-family residences located on the north side of Trask Avenue, and three impacted schools.

There have been five different noise studies prepared by different agencies to evaluate the noise impact along the Trask Avenue corridor, roughly bordered by Harbor Boulevard to the east and Magnolia Street to the west. They are listed as follows:

1. "Noise Impact Report as part Trask Widening Project," City of Garden Grove (1993)
2. "Traffic Noise Impact Technical Report," Caltrans (December 2000)
3. "Evaluation of the Traffic Noise Adjacent to Trask Avenue," Weiland Associates for the City of Garden Grove (November 2001), as requested by Mrs. Bennett
4. "Supplemental Traffic Noise Impact Report between Magnolia Street and Havenwood Drive," Caltrans (October 2002)
5. "Focused Traffic Noise Study," Parsons Transportation Group for the Authority (November 2005)

These studies concluded that both Trask Avenue and SR-22 contribute to the traffic noise in this area, and any SR-22 noise mitigation intended to benefit the residential area would be negated by traffic noise from Trask Avenue.

***Discussion***

In addition to the noise reports developed during the environmental phase, the Authority commissioned additional focused studies and analyses to address specific areas along the project alignment. One of these areas was between Brookhurst and Magnolia Streets and is identified in Attachment A. A detailed study for this area was initiated based on concerns voiced by Ms. Bennett, who is a local resident. Ms. Bennett's residence is located approximately ¼-mile north of the SR-22 (Attachment A). As part of these studies, the future worst case traffic noise levels were predicted using computer modeling at residences and schools in the study area.

**Residences**

Noise modeling was performed at 25 representative locations between Brookhurst and Magnolia Streets, with each location analyzed for 11 different pavement and traffic scenarios. Typically, only a few receptors are used to evaluate traffic noise impacts in a city block; however, to determine the detailed noise impacts in the study area, 25 receptors were used for this study. The pavement scenarios included both concrete and rubberized asphalt. Traffic contributions were modeled for the freeway alone, Trask Avenue alone, and both combined. Noise levels were calculated at houses with and without property walls and at various locations between the first and fifth rows of residences north of Trask Avenue. Some of the receptors were located behind car dealership buildings and others had an unobstructed view of the SR-22. In order to develop a noise profile, a 39-hour continuous noise measurement was also conducted at the backyard of a first row residence north of Trask Avenue. Results of this measurement indicated that the traffic noise is relatively steady between 7:00 a.m. and 10:00 p.m.

In order to meet the governing Caltrans standards, any noise mitigation measure must achieve a minimum 5 decibels (dBA) reduction in noise. Soundwalls were found to be effective in reducing noise levels at the car dealerships; however, the commercial land owners did not want noise barriers because it would block their visibility from the freeway. This was documented during the public review period of the environmental document.

It was also concluded in the FEIS/EIR that noise barriers located within Caltrans right-of-way would not be feasible in achieving a minimum 5 dBA noise reduction in the residential areas north of Trask Avenue. The primary reason a 5 dBA noise reduction cannot be achieved in the residential areas is because the reduction in SR-22 traffic noise provided by the noise barriers

would be negated by traffic noise from Trask Avenue. Trask Avenue, an adjacent arterial that is parallel with the SR-22, serves as an alternative roadway to the freeway. Accordingly, this local street is often congested and traffic patterns mirror those of the freeway.

Results of the additional analyses and site investigations confirmed that traffic on Trask Avenue is a major component of the total traffic noise at the residences located north of the avenue. Even if the traffic noise from the SR-22 is completely eliminated, the total noise levels at the first row houses would not be reduced appreciably due to the traffic on Trask Avenue.

The analyses indicate abatement measures implemented for SR-22 noise reduction will not produce a noticeable noise reduction at the residences located north of Trask Avenue; however, substantial noise reductions could be achievable at the first row houses by placing individual soundwalls on private property along the north side of the avenue. A wall at the property line would reduce the Trask Avenue traffic noise as well as provide some reduction of traffic noise from the SR-22; however, construction of these soundwalls must be agreed to by the homeowners, if practical. Another option for the impacted residents along the first row of houses is to provide interior noise reduction. This option was used by the City of Garden Grove in 1993 as part of the Trask Avenue Widening Project, between Brookhurst and Newhope Streets. As part of the mitigation measures, windows and doors were upgraded to reduce interior noise levels. Agreements with individual property owners would be required to implement such mitigation measures.

The project currently includes a combination of concrete barrier or metal guardrail along the edge of the freeway from Euclid Avenue to Brookhurst Street. It is proposed to replace approximately 3000 feet of the metal guardrail with a 3-foot high concrete barrier to provide some reduction of the generated tire/pavement noise. This will provide the additional benefit of visual screening from the residential area while maintaining visibility to the car dealerships. The addition of the concrete barrier is also considered a safety enhancement. It is believed that the barrier would achieve a noise reduction approximately equal to that provided by rubberized asphalt.

#### Schools

The Authority conducted a traffic noise analysis for Sunnyside and Mitchell Elementary Schools, as well as King of Kings Christian School to determine classroom interior noise levels and possible noise abatement measures.

At Sunnyside Elementary School, there are two sets of classrooms that are exposed to Trask Avenue and SR-22 traffic noise. The first set consists of six portable classrooms which have air conditioning units. The second set consists of seven classrooms without air conditioning units. Results of the noise study indicate that the seven classrooms with no air conditioning units would exceed Caltrans noise abatement criteria when classroom windows are open. As recommended in the FEIS/EIR, air conditioning units may be provided for these seven classrooms to allow the school to keep the windows closed during hot weather.

At Mitchell Elementary School, there are six classrooms with no air conditioning units in two separate buildings. Air conditioning units may be provided for these six classrooms as noise abatement for this school.

At King of Kings Christian School, the impacted classrooms already have air conditioning units and there is no need for further interior noise mitigation.

In accordance with the environmental document and recent detailed noise studies, the Authority recommends providing air conditioning units for the 13 classrooms in the Sunnyside and Mitchell Elementary Schools.

#### **Rubberized Asphalt**

Although the additional studies and analyses confirmed the conclusion of the environmental report, namely any amount of noise mitigation to the freeway would not provide a noticeable noise reduction in the residential area, the Authority conducted research into the use of rubberized asphalt as a possible noise abatement measure. Authority staff contacted Caltrans Headquarters Pavement Division, Caltrans District 12 management, the Asphalt Pavement Alliance, and the American Concrete Pavement Association to gather information about rubberized asphalt and its application.

Rubberized asphalt is a paving mixture containing about 20 percent tire rubber that is blended into a liquid asphalt mixture. Rubberized asphalt was initially pioneered as a method to reduce the amount of used tires in the landfills. In fact, Assembly Bill 338 (Levine, D-Los Angeles) was recently enacted by the State of California, in essence provides for a minimum amount of crumb rubber (old tires) to be used statewide by Caltrans on projects that use asphalt concrete as a paving material. The Authority's legislative staff reviewed this bill and provided an analysis to the Board. The legislation does not impact the SR-22 improvements for three primary reasons:

- The pavement material on SR-22 is concrete, not asphalt;
- The crumb rubber requirement is on a statewide basis, not project specific; and
- The legislation becomes effective on January 1, 2007, which is after completion of the SR-22 improvements.

Rubberized asphalt can be used as a new pavement section and as an overlay to rehabilitate aged pavement. In some cases, this method of rehabilitation has proven to provide an economical treatment to aging highways. One of the unintended benefits of rubberized asphalt is its possible use as a noise mitigation measure.

With increased attention on the possible noise benefits of rubberized asphalt, there has been considerable information and misinformation distributed regarding this issue. The Federal Highway Administration (FHWA) issued a memorandum, dated January 19, 2005, entitled "Highway Traffic Noise - Guidance on Quiet Pavement Pilot Programs and Tire/Pavement Noise Research" (Attachment B). The FHWA policy does not allow the use of pavement type or surface texture as a noise abatement measure. On September 5, 2005, Caltrans issued a Pavement Advisory entitled "Designing Quieter Pavements" (Attachment C). This advisory was issued to provide project designers with the most current information available regarding pavement and traffic noise. The advisory states that Caltrans must adhere to the aforementioned FHWA policy regarding noise abatement measures, which restricts making adjustments for pavement type in the prediction of highway traffic noise levels and using specific pavement types or surface textures.

The FHWA policy does not preclude the use of rubberized asphalt. The policy simply states that rubberized asphalt cannot be used as an approved noise mitigation measure (i.e., it cannot be used to offset the need for a soundwall). If the Authority chose to place rubberized asphalt, FHWA would not participate in funding that element. Federal dollars on the Project are not jeopardized if rubberized asphalt is placed and funded by local funds.

Many reports have discussed the noise benefits of rubberized asphalt, specifically noting the Arizona program to overlay its urban freeways with rubberized asphalt to reduce noise. There are some key differences between Arizona's and California's concrete pavement. Caltrans reports that noise measurements on existing California concrete pavement are 4 to 7 dBA quieter than equivalent Arizona concrete pavement; therefore, California will not see as dramatic a noise reduction through the use of rubberized asphalt. One of the key differences between the concrete pavement in the two states is the

direction of the tined or grooved texturing. Arizona has grooves transverse to the traffic direction, whereas California has longitudinal grooves.

#### **Conclusion**

Five previous sound studies have analyzed the noise impact from both Trask Avenue and the SR-22. The results have consistently stated that traffic noise is generated by both Trask Avenue and the freeway. Consequently, freeway noise reduction, in whatever form, would be negated by traffic noise from Trask Avenue. The only noise mitigation required of the Project is to provide air conditioning units for the two elementary schools, as indicated in the environmental document.

To provide additional noise enhancements staff recommends placement of a property wall north of Trask Avenue. A wall along the property line will reduce the Trask Avenue traffic noise as well as provide some reduction of traffic noise from the SR-22. Replacement of approximately 3000 feet of metal guardrail with concrete barrier is also recommended to provide some nominal reduction of the generated tire/pavement noise and provide some visual screening.

As directed by the Regional Planning and Highways Committee, staff has reviewed a number of different options, and combinations thereof, to provide noise mitigation to the area. The alternatives provided for Board consideration are summarized in Attachment D. The options include various soundwall configurations, locations, and materials. Pavement options were also reviewed, including rubberized asphalt to address the noise source directly. The cost for each alternative and anticipated benefit is shown in Attachment D.

#### ***Summary***

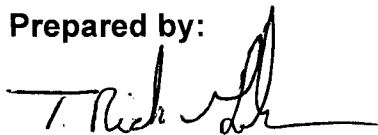
The Authority continues to work on the first project in the State of California to be constructed on an active freeway using the innovative design-build delivery method and remains committed to project mitigations to minimize impacts to the community.



**Attachments**

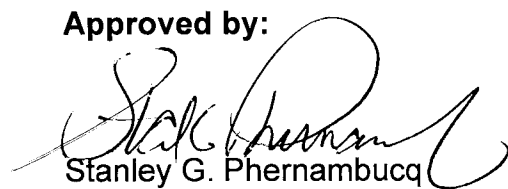
- A. Project Location Map
- B. Highway Traffic Noise – Guidance on Quiet Pavement Pilot Programs and Tire/Pavement Noise Research
- C. Designing Quieter Pavements
- D. SR-22 Enhanced Noise Mitigation Alternatives – Garden Grove

**Prepared by:**



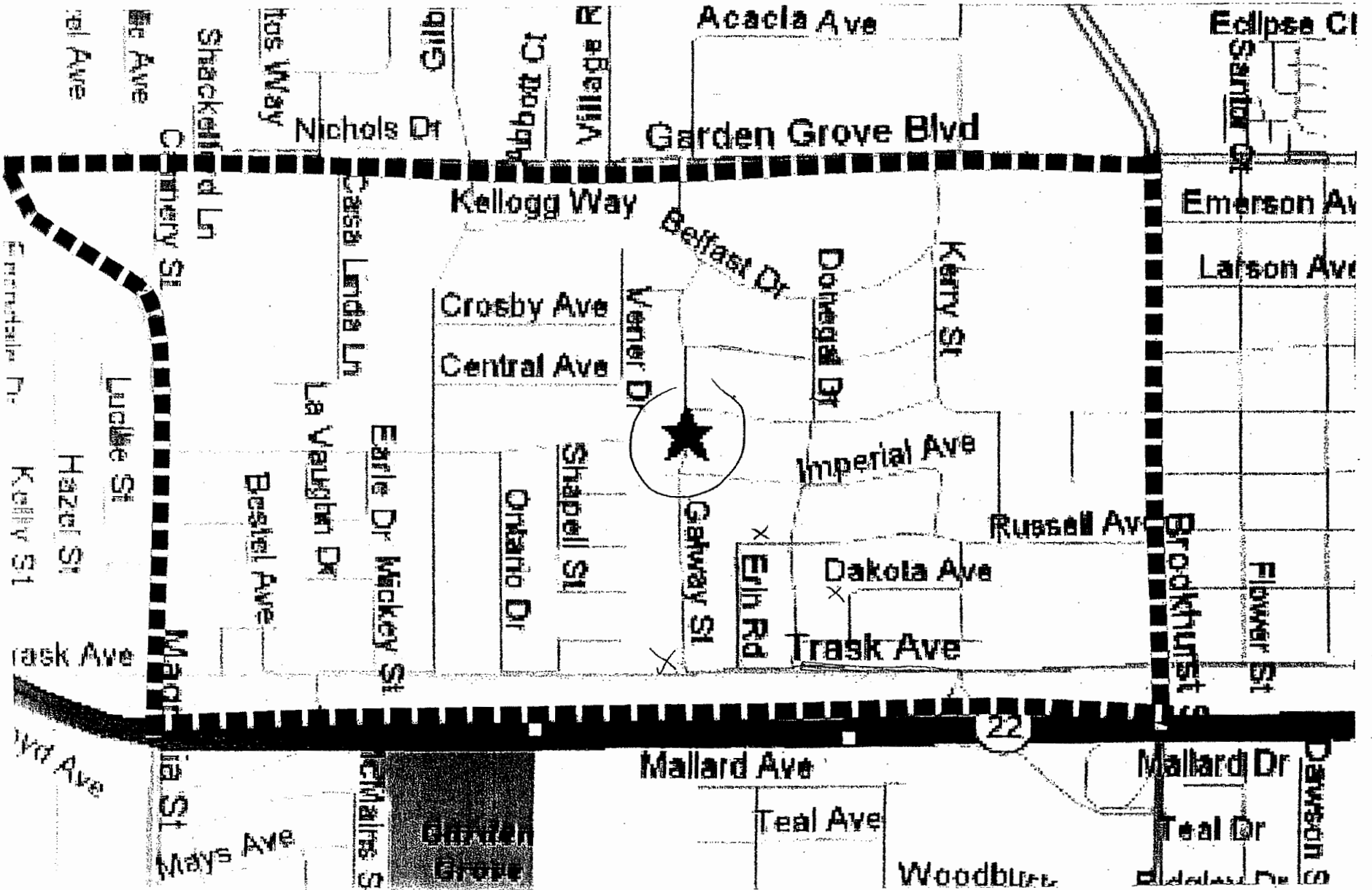
T. Rick Grebner, P.E.  
Program Manager  
(714) 560-5729

**Approved by:**



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

Project Location Map



Project Area Analyzed ■■■■■■

Highway Traffic Noise -  
Guidance on Quiet Pavement Pilot Programs and Tire/Pavement Noise Research



U.S. Department  
of Transportation

# Memorandum

Federal Highway  
Administration

SENT VIA ELECTRONIC MAIL

Subject: **INFORMATION:** Highway Traffic Noise -  
Guidance on Quiet Pavement Pilot Programs  
and Tire/Pavement Noise Research

Date: January 19, 2005

Reply to: HEPN-20

*(Original Signed by)*

From: James M. Shrouds  
Director, Office of Natural and Human Environment

To: Division Administrators  
Federal Lands Highway Division Engineers

## Purpose

This memorandum provides guidance to a State DOT(s) that wants to develop a Quiet Pavement Pilot Program (QPPP) or conduct tire/pavement noise research. It specifically provides information on the QPPP implemented by the Arizona Department of Transportation (ADOT). Please note that the selection of pavement type and texture is based on engineering and economic analysis, specifically including safety and durability considerations. **Pavement safety and durability should never be jeopardized to obtain noise reduction.**

## Background

The FHWA noise program policy related to tire/pavement noise, contained on page 31 of "Highway Traffic Noise Analysis and Abatement: Policy and Guidance (found at <http://www.fhwa.dot.gov/environment/polguid.pdf> )," reads as follows:

"Pavement is sometimes mentioned as a factor in traffic noise. While it is true that noise levels do vary with changes in pavements and tires, it is not clear that these variations are substantial when compared to the noise from exhausts and engines, especially when there are a large number of trucks on the highway. Additional research is needed to determine to what extent different types of pavements and tires contribute to traffic noise.

It is very difficult to forecast pavement surface condition into the future. Unless definite knowledge is available on the pavement type and condition and its noise generating characteristics, no adjustments should be made for pavement type in the prediction of highway traffic noise levels. Studies have shown open-graded asphalt pavement can



initially produce a benefit of 2-4 dBA reduction in noise levels. However, within a short time period (approximately 6-12 months), any noise reduction benefit is lost when the voids fill up and the aggregate becomes polished. The use of specific pavement types or surface textures must not be considered as a noise abatement measure.”

The FHWA policy restricts making adjustments for pavement type in the prediction of highway traffic noise levels and using specific pavement types or surface textures as noise abatement measures.

### QPPP

As a result of input from the general public, as well as results from studies conducted during the 1990's, ADOT asked the FHWA for approval to implement a QPPP, specifically to use asphalt rubber friction courses on selected freeway segments in the Phoenix area to reduce noise. The FHWA approved ADOT's QPPP in June 2003. Based on similar public concerns and tire/pavement noise studies, the California Department of Transportation has indicated a desire to develop a proposal for a QPPP in California.

The QPPP's are intended to demonstrate the effectiveness of quiet pavement strategies and to evaluate any changes in their noise mitigation properties over time. Current knowledge on changes over time is extremely limited. Thus, the programs will collect data and information for at least a 5-10 year period, after which the FHWA will determine if policy changes to a State DOT(s) noise program are warranted.

The QPPP's will accomplish the following:

1. Account for documented noise reduction benefits of pavement types by adjusting predicted (modeled) highway traffic noise levels in project noise analyses (this may either reduce the number of identified traffic noise impacts or reduce the height of noise barriers that are required to mitigate identified traffic noise impacts);
2. Include post-construction monitoring for the projects to collect acoustic, texture, and frictional characteristics (monitoring will be performed for at least 5-10 years);
3. Document the general public's reaction to the noise reduction capabilities of specific pavement types; and
4. Include commitments to take appropriate actions to provide required noise reduction into perpetuity.

### **Guidance for Developing a QPPP**

The development of a QPPP is strictly voluntary and should not preclude the use of any “quieter pavement” technology. To account for variability in pavement designs and materials, as well as differing climatic conditions, a QPPP should be State-specific. However, if a group of State DOTs would like to jointly enter into a QPPP, they may do so if they collectively agree on the same pavement type(s), design(s) and materials. The State DOTs should also experience the same climatic conditions. The program should include a Program Plan and a Data Acquisition Plan, which should be reviewed and approved by the respective FHWA Division Office with the concurrence of the Office of Natural and Human Environment (HEPN).

The Program Plan will be specific to that State DOT(s). At a minimum, a State DOT(s) should address the nine items outlined in the attached Arizona DOT Program Plan. The Data Acquisition Plan should contain requirements to monitor noise characteristics, as well as safety and durability factors, measured over time [e.g., vehicle incident data, wayside acoustical data, porosity, frictional characteristics, skid number, impedance, etc.]. The attached Sample Data Acquisition Plan should be used as a proto-type for data collection; however, a State DOT’s QPPP may add items to adequately document the safety, durability, and noise requirements of their program. A State DOT(s) that adopts at a minimum the nine items in the Arizona DOT Program Plan and the Sample Data Acquisition Plan will obtain concurrence from FHWA HEPN.

For any project in a QPPP, a State DOT(s) is allowed to make adjustments for pavement type in the prediction of highway traffic noise levels and/or use specific pavement types or surface textures as noise abatement measures. However, a commitment must also be made to maintain in perpetuity any noise reduction attributed to the pavement type or surface texture.

### **Guidance for Conducting “Quiet Pavement” Research**

A State DOT(s) may also elect to conduct “quiet pavement” research. Once completed, this research would help substantiate a possible future policy change in its program to allow the use of a pavement adjustment factor in traffic noise predictions and the use of pavement types or surface textures as noise abatement measures. To conduct “quiet pavement” research, a State DOT(s) should develop a Quiet Pavement Research Plan that (1) outlines its intended purpose, (2) details all data acquisition, and (3) contains periodic reporting requirements. The Research Plan should be reviewed and approved by the respective FHWA division office, with the concurrence of HEPN. The attached Sample Data Acquisition Plan should be used as guidance for data acquisition. Noise data must be gathered to document the noise levels in residents’ backyards (wayside acoustical data). The research should include, for each applicable pavement type, a minimum of four studies that substantiate the policy change being considered. To account for variations in pavement design, construction, maintenance, and materials, these studies should (1) be in different locations within the State; (2) collect noise characteristics and safety and durability data for at least 5-10 years (or longer, based on the pavement life); and (3) involve different construction contractors.

## **Differences Between the QPPP and “Quiet Pavement” Research**

The data gathered for both a QPPP and “quiet pavement” research are exactly the same. This allows data for a specific pavement type from either source to be compared directly at a national level. This also can help to determine any correlation between pavement characteristics (e.g., texture or skid resistance), safety, durability, and noise reduction. The two major differences between a QPPP and “quiet pavement” research are discussed below.

First, a State DOT(s) entering into the QPPP has already submitted acceptable documentation on a specific pavement type’s noise reduction and safety capabilities over time. With this approved documentation, the State DOT(s) may make adjustments for (1) pavement type in the prediction of highway traffic noise levels; and (2) the use of specific pavement types or surface textures as noise abatement measures. These adjustments must be based on existing documentation. A State DOT(s) conducting “quiet pavement” research may not make these adjustments until acceptable documentation on a specific pavement type’s noise reduction and safety capabilities over time is submitted and approved. This determination will not be made until the “quiet pavement” research is completed.

Second, a State DOT(s) implementing a QPPP must make a commitment to monitor noise levels and take appropriate actions, if the noise reduction benefits do not last in perpetuity. A State DOT(s) conducting “quiet pavement” research does not need to make any commitment regarding the noise reduction benefits of the pavement, since no change in program policy, i.e., adjustments for pavement can occur until the research is complete.

### **Safety**

The Data Acquisition Plan for any QPPP or “quiet pavement” research should, as a minimum, contain what is presented in the attached Sample Data Acquisition Plan. If any pavement that is constructed in the QPPP and/or “quiet pavement” research fails to meet structural requirements to the extent that road users’ safety is compromised, the State DOT(s) shall immediately take action to achieve acceptable safety levels by (1) repaving with an adjusted pavement mix, or (2) repaving with a documented safe pavement type or surface. The determination of the appropriate action shall be with the concurrence of FHWA.

### **Funding**

No special or separate funding is available for the development of a QPPP or “quiet pavement” research. However, construction of a quiet pavement may be funded with any appropriate category of FA construction funds. The evaluation of a QPPP or “quiet pavement” research may be funded either as part of the construction project or as a separate project with NHS or STP, which can be used for research, development and technology transfer, or with SPR funds. The SPR funds may not be used for construction of the pavement.

## Summary

In summary, FHWA policy does not allow the use of pavement type or surface texture as a noise abatement measure. If policy change is to occur, results of the QPPP and/or additional research must demonstrate the safety and durability of each "quiet pavement," as well as its noise reduction capability. The safety and noise reduction of the pavement must last in perpetuity. In the short term, any policy change will be State specific, i.e., the change will only apply to a given State DOT(s) for a specified pavement type and/or texture. If warranted, changes in national policy may be considered in the future. The FHWA will disseminate information regarding Quiet Pavement Pilot Programs and Tire/Pavement Noise Research as they are developed and as deemed appropriate.

Questions and comments on the QPPP or "Quiet Pavement" research should be directed to Mark Ferroni ([Mark.Ferroni@fhwa.dot.gov](mailto:Mark.Ferroni@fhwa.dot.gov)) at (202) 366-3233 or Chris Corbisier ([Chris.Corbisier@fhwa.dot.gov](mailto:Chris.Corbisier@fhwa.dot.gov)) at (202) 366-1473, respectively.

2 Attachments

cc: Directors of Field Services

State of California  
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

*Flex your power!  
Be energy efficient!*

*Pavement Standards Team (PST)*

Number: PSTPA-02

***Pavement Advisory***

Effective Date: IMMEDIATE

Approval Date: September 6, 2005

Title: Designing Quieter Pavements

**This advisory applies only to pavements, not bridges or structure approach slabs which are under the purview of Structures in the Division of Engineering Services.**

**ISSUE**

The issue of quieter pavements has received increasing attention nationwide over the past several years. Traffic noise has become a growing public concern.

The Federal Highway Administration issued a letter on January 19, 2005 to all State DOTs (see attachment) reiterating "The FHWA policy restricts making adjustments for pavement type in the prediction of highway traffic noise levels and using specific pavement types or surface textures as noise abatement measures." This means that FHWA will not participate in the costs for pavement work done solely for the purposes of reducing noise. FHWA stresses the need to not compromise safety and durability for noise reduction in meeting requirements found in NEPA and 23 CFR 772 for abating and maintaining noise. In their letter FHWA also notes their support in researching the issue and ultimately left open the possibility of modifying their policy based on this research. California has been investigating quieter pavement strategies for the last seven years and has developed several test sections. Arizona has also been testing thin overlays as a quiet pavement strategy for a number of years. Arizona has embarked on a program to overlay its urban freeways with open graded asphalt to reduce noise. Because of differences between Arizona's and California's pavements, California has not adopted Arizona's program. See p. 4 "Difference Between Arizona's and California's Pavements" of this advisory for further information. Several other state DOTs are working on developing additional research. Because one of the issues that FHWA wants addressed is how long pavement will maintain its noise benefits, it will be several more years before this research is fully completed.

In the mean time, with increasing attention, there has been a lot of information and misinformation distributed regarding this issue. Since the Department strives to provide the best product possible to the public, this advisory is being issued to provide designers with the most



current information available and provide interim recommendations on how to design pavements that are safe, long lasting, and quiet.

For reference, a 3dBA change in noise levels is barely perceptible to an average healthy ear. Caltrans constructs sound walls (in accordance with Federal requirements) after a reasonable and feasible analysis determines that a 'readably perceptible' decrease of 5 dBA or more can be achieved.

## CURRENT INFORMATION

Recent developments in testing now allow us to measure pavement noise separate from other noise factors. Based on research done to date and other experiences and comparisons here is what we know today:

1. Of the primary noise sources emanating from a vehicle, the noise generated from the interaction between the tire and pavement is the only variable transportation departments have some immediate control over. For passenger cars operating at freeway speeds, tire/pavement noise accounts for 75-90% of the overall wayside noise levels. The acoustics for heavy trucks is much more complex and the Department is examining this topic. Caltrans has a number of on-going studies that are examining various aspects of traffic related noise.
2. California's longitudinally tined concrete pavements are already 4 to 7 dB quieter than other states (including Arizona) that use transverse tining surface texture.
3. California's standard open graded asphalt pavements (conventional and rubberized) have noise readings that compare favorably with other "quiet pavements" developed in other states and in Europe. Caltrans will be testing some additional designs developed in other states and in Europe over the next several years.
4. Mixes with increased void content (like open graded asphalt) and smaller rock size seem to provide better noise performance.
5. While dense graded asphalt is typically quieter than concrete pavement, it is not necessarily always the case. Studies in California and the Midwest seem to show that well built concrete pavements which avoid transverse tining and give proper attention to surface texture can be statistically equivalent to dense graded asphalt mixes.
6. Caltrans has also seen some success in reducing noise on concrete pavements by grinding, but this really depends on the initial condition of the concrete. Significant

decreases in tire/pavement noise have been achieved when transversely textured concrete pavement is ground longitudinally. One interesting example of a successful grind on a recently built concrete pavement is on Route 85 in Santa Clara County, where a "whisper grind" reduced noise to the satisfaction of neighboring residents. Even though tests showed an overall 2 dBA reduction in noise, the grinding on Route 85 produced more uniform noise levels and showed a greater reduction in frequencies around 1600 Hz than at other ranges. It is possible but not proven that grinding may have changed the noise at the frequencies that were the most annoying to neighboring residents and created a surface with a more uniform sound.

7. Quality matters. Although additional data are being collected, there does appear to be a correlation between the quality of workmanship and noise performance. For example, we are seeing higher than average noise measurements for pavements that are also rougher than average. Poorly constructed pavement joints generate louder joint slap noise, which in turn increases overall noise levels. Also faulting on old concrete pavements increases noise. Caltrans has instituted the following improvements to its pavement design & practices, which will improve their noise performance in the future:
  - a. Enhanced smoothness specifications for asphalt and concrete pavements (see attached letter from Randall Iwasaki dated March 25, 2005)
  - b. Use of dowel bars in concrete pavements which reduces faulting by up to 90% and can double the pavement service life for faulting.
  - c. Increased use of open graded asphalt mixes on asphalt pavements.
8. Caltrans has not found any significant difference in noise performance between California's conventional and rubberized open graded asphalt pavements. Of what has been tested to date, open graded mixes are typically 3 – 5 dBA lower than conventional dense graded asphalt pavements. Caltrans has yet to test gap or dense graded rubberized asphalt pavements. Further investigation is needed and underway to sort out how material properties like aggregate size, surface texture, and void content effect noise performance. Although there is no apparent noise benefit from using rubber, there are other benefits, such as increased longevity.
9. Generally, the acoustic variation of a California pavement on a single project is a maximum of 1.5 dBA. Recently, we have run across a project where the same type of rubberized asphalt open graded was placed in two directions of an urban freeway using the same contractor but where there was a 3.5 dBA difference in noise measurements between directions. We are currently trying to ascertain what is causing this large variation.

10. At this point it is too early to tell how pavements will perform over time. Limited studies to date indicate that the noise measurement on their open graded asphalt overlays will increase by about 1 dBA per every three years. California is currently in the sixth year of testing the long term noise performance of open graded overlays. Additional testing is planned over the next three years to collect enough data to identify performance trends over the service life of the surface treatment.
11. Although California pavements are typically quieter than other states, we have identified or are looking at strategies, textures, and mixes which could potentially be even quieter. Over the next several years, as resources allow, we hope through our own efforts or in collaboration with other states, to test these alternate designs.

#### DIFFERENCES BETWEEN ARIZONA'S AND CALIFORNIA'S PAVEMENTS

Because there has been an increased awareness and discussion of Arizona's program, it should be noted that there are differences between Arizona's and California's pavement. The purpose of the section is to provide the reader with information on how California's concrete pavements differ from Arizona's and why the Department is not pursuing the same program of thin overlays that Arizona is doing.

1. Noise measurements on California's concrete pavements are 4 to 7 dBA quieter than equivalent Arizona concrete pavements while the noise measurements between California's and Arizona's open graded asphalt pavements are virtually identical. The differences between the concrete pavements of the two states as measured was due primarily to the uniform and randomly transverse tined textures Arizona chose to use; they have recently switched in 2002 to longitudinal tining to lower the tire/pavement noise levels. Therefore Caltrans will not see as dramatic a noise reduction from this approach.
2. California's concrete pavements are older (typically 30 to 50 years old) than Arizona's (typically less than 15 years old) and as a result have more distress. Because of this, placing thin overlays on pavements with higher distresses will result in faster deterioration of the overlay and a more rapid loss of acoustic benefits.
3. California has higher levels of traffic volumes/congestion than Arizona and more stringent lane closure requirements. This does make it more difficult and in some cases impractical to place and maintain thin open graded overlays to achieve high quality acoustic benefits on a number of California freeways. Open graded asphalt (particularly rubberized asphalt) needs to be placed in warmer temperatures which cannot always be achieved when night work is the only option. Arizona has already experienced some

early failures of their open graded overlays because they were placed in too cold of ambient temperatures.

4. California has 16,000 lane miles of urban freeway compared to Arizona's 1500 lane miles. The current cost for Arizona's program is \$100 million and climbing. Extrapolating from Arizona's experience, a similar program in California would cost in excess of \$1 billion not accounting for any repair work to existing pavements.

## RECOMMENDED ACTIONS

- New Construction

In designing new pavement, both Caltrans and FHWA agree that the primary consideration in the design should be safety (including for maintenance/construction workers) and durability (longevity). Therefore pavement selection, such as whether to use an asphalt or concrete surface should be based on these factors. Life cycle cost analysis should be used to determine whether a concrete or asphalt surface is the most cost effective over time.

Although, safety and durability should be the controlling criteria, this does not mean that pavements cannot also be designed to be quieter as well. The following steps are recommended to improve noise performance of concrete and asphalt pavements.

1. Use the most current versions of standard plans and specifications. These include changes made to improve pavement performance.
2. Use the new pilot specifications for smoothness (see attached letter from Randall Iwasaki dated March 25, 2005). Smoother pavements not only improve longevity of pavements, but also help reduce noise.
3. Enhanced inspection and stricter enforcement of current specifications. Poor quality construction leads to rougher, noisier, less durable pavement. Further improvements to specifications requested by Districts will be considered on a case-by-case basis (see nSSP policy).

Caltrans is also evaluating several new strategies and designs that show some promise for reducing noise while maintaining or improving safety and durability and is interested in creating some test sections for evaluation. These include reduced joint widths for concrete pavement, continuous reinforced concrete pavement, alternate surface textures, and alternate asphalt mix designs. If interested in building a test section, please contact Linus Motumah, Office of Pavement Design, at (916) 227-5851.

Additionally, Caltrans would like to construct pilot projects that improve smoothness. To request using the pilot smoothness specification or make modifications to existing specifications, please contact Tom Pyle at (916) 227-72871 for concrete pavement, and Terrie Bressette at (916) 227-7303 for asphalt projects. All of the pilot projects will require noise measurements and performance monitoring for several years.

- **Rehabilitation, Preservation, and Previously Built Pavements**

Concrete Pavement

The most promising strategies for reducing noise on older concrete pavements are either grinding or an open graded asphalt overlay. Open graded asphalt pavement is typically quieter than concrete when initially built, but pavement noise will increase at a faster rate than concrete. Open graded asphalt will also need to be periodically removed and replaced requiring lane closures and exposure of maintenance/construction personnel. Grinding has performed longer than open graded asphalt but can only be done so many times (typically 2 to 3) before the concrete pavement becomes too thin and loses integrity.

When designing a surface treatment for a previously built concrete pavement, the following steps are recommended:

1. Failed sections of concrete pavement (e.g. slab replacements) should be replaced prior to performing any surface treatment. Grinding will not improve these sections and experience has shown that asphalt overlays will fail prematurely (some projects have failed within 2 years).
2. Grinding should be considered first. Grinding has been successfully used in the past to address noise complaints from neighboring residents and it provides a smooth long lasting surface. Other things to keep in mind are:
  - a. Grinding reduces faulting and the resulting noise "slap" at the joints.
  - b. Grinding can be limited to just a few lanes but open graded asphalt has to be applied throughout.
  - c. Even if an open graded surface is applied, the existing concrete will need to be ground to eliminate faulting and other anomalies that will reduce the service life of the overlay.

A grinding specification should be used that requires the contractor to grind to a specific smoothness and to grind the entire surface rather than one that has a maximum depth of grind. This is necessary to avoid leaving any faulting or rough areas in the pavement.

3. Before deciding to place an open graded asphalt overlay, a life cycle cost analysis should be performed to verify if it is cost effective. Consideration should also be given as to whether it can be maintained or replaced in the future given the anticipated traffic and

lane closure constraints. Repair of failed areas and grinding should be completed prior to placing the overlay. Rubberized open graded asphalt is preferred because it resists reflective cracking from the concrete joints for a longer time than conventional open graded.

### Asphalt Pavement

Open graded overlays are recommended for asphalt pavements regardless of whether they are used to reduce noise or not. Open graded surface courses, provide a wearing surface that can protect the dense graded layers, allow rainfall to drain into the open graded layer and off the pavement, and improve visibility in wet weather conditions. Caltrans open graded asphalt pavements are not suitable in all environments such as in freeze/thaw environments. When overlaying asphalt pavement in urban or other noise sensitive areas, the use of an open graded asphalt surface course is recommended. Gap graded rubberized asphalt pavement can also be used, but its noise benefits have not yet been determined.

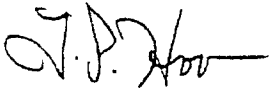
### UPCOMING ACTIVITIES

Caltrans will continue to pursue research on this subject and update guidance as new information becomes available. A web site for quieter pavements will be established by November 15, 2005 to provide the latest information to those designing pavements on state highways. The web site will be accessible from the Pavement web site at <http://www.dot.ca.gov/hq/oppd/pavement/index.htm>. For further information on pavement issues related to noise, please contact Linus Motumah at (916) 227-5851 or William K. Farnbach at (916) 227-5845 of the Office of Pavement Design in the Division of Design. For additional information on noise measuring issues, contact Bruce Rymer at (916) 653-6073.

### DURATION

This advisory will expire on July 1, 2008, unless updated before July 1, 2008.

### APPROVED



TOM HOOVER  
Project Manager  
Pavement

September 7, 2005

Date

Standards

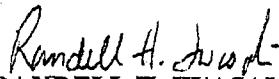
Program

## Memorandum

*Flex your power!  
Be energy efficient!*

To: DISTRICT DIRECTORS

Date: March 25, 2005

From:   
RANDELL H. IWASAKI  
Chief Deputy Director

Subject: Smoothness Specification Pilot Projects

In support of the California Department of Transportation's goal to improve mobility, a recent effort by the Pavement Standards Team (PST) has led to the introduction of an enhanced smoothness specification that includes an incentive/disincentive clause. The objective of this effort is to provide the traveling public with a smoother-riding pavement by providing contractors with an incentive for constructing smoother pavements. National experience has found that smoothness can improve the performance of pavements by 15 to 40 percent.

The PST is seeking assistance of the districts. The team would like to pilot these specifications on six to ten projects statewide that are scheduled for construction this coming spring/summer. The proposed projects should be a mix of dense-graded asphalt concrete (DGAC) and portland cement concrete (PCC) pavements.

The specification can be used on new and rehabilitated pavements. The projects should be at least five kilometers in length for DGAC pavements and three kilometers for PCC pavements. They can be either divided or undivided highways.

DGAC rehabilitation projects require a minimum overlay thickness of 90 mm. There is no minimum for new construction projects. Avoid widenings and shifting of centerlines.

PCC rehabilitation projects should be a substantial lane replacement or widening at least three kilometers in length. Avoid grinding projects.

It is anticipated the increased total project cost as a result of this specification would be in the one to two percent range. The project's contingency fund and G-12 fund should be able to fund the incentive payment. The Division of Transportation Programming has offered to assist the districts with this funding effort.

Should you have any questions, please contact Peter Vacura, Materials Engineering and Testing Services in the Division of Engineering Services, at (916) 227-5845 or via e-mail.

DISTRICT DIRECTORS

March 25, 2005

Page 2

- c: Richard D. Land, Project Delivery
- Lawrence H. Orcutt, Maintenance and Operations
- Ross A. Chittenden, Division of Transportation Programming
- Pavement Program Steering Committee
- Pavement Standards Team
- John Van Berkel, Division of Transportation Programming



**SR-22 ENHANCED NOISE MITIGATION ALTERNATIVES - GARDEN GROVE**

ALTERNATIVES	SEGMENT	CAPITAL COST	BENEFIT	
			dBA-Reduction	
			1st Row	5th Row
<b>Rubberized Asphalt (RA)</b>				
SR-22	Magnolia to Euclid	\$4.2 M *	1	2
Trask	Magnolia to Euclid	\$0.5 M	1	2
SR-22 and Trask	Magnolia to Euclid	\$4.7 M *	1	2
SR-22 with soundwall north of Trask	Magnolia to Brookhurst	\$4.7 M *	8-9	0-4
<b>Grinding</b>				
SR-22	Magnolia to Euclid	--	No overall noise reduction but may perceive as quieter. Work completed prior to construction.	
<b>Barrier</b>				
SR-22	Magnolia to Brookhurst	\$200 K	1	>1
SR22 with soundwall north of Trask		\$700 K	8	2.5
<b>Soundwall (14')</b>				
SR-22	Magnolia to Euclid	\$4.4 M	1-4	0-4
<b>Plexiglass (14')</b>				
SR-22	Magnolia to Euclid	\$8.9 M	1-4	0-4
<b>Soundwall (9')</b>				
North of Trask (15 homes)	Magnolia to Brookhurst	\$500 K	8-9	0-4

Notes: \* Includes increased maintenance cost (estimated to be \$2.0M in present dollars over 30 years)





BOARD COMMITTEE TRANSMITTAL

*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** Audit Reports on First Quarter Parts Inventory Counts

Finance and Administration Committee

December 14, 2005

**Present:** Directors Wilson, Duvall, Correa, Silva and Cavecche  
**Absent:** Directors Campbell and Ritschel

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Receive and file the First Quarter Parts Inventory Count Internal Audit Report No. 06-001 and the First Quarter Parts Inventory Count Internal Audit Report No. 06-001A.



**December 14, 2005**

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Audit Reports on First Quarter Parts Inventory Counts

**Overview**

The Internal Audit Department has completed separate parts inventory counts at the new Santa Ana Operating Base and the Garden Grove Base. Responses to the reports were not required.

**Recommendation**

Receive and file the First Quarter Parts Inventory Count Internal Audit Report No. 06-001 and the First Quarter Parts Inventory Count Internal Audit Report No. 06-001A.

**Background**

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

**Discussion**

Internal Audit conducted unannounced parts inventory counts at the new Santa Ana Operating Base on July 6, 2005, and at the Garden Grove Base on August 16, 2005. The inventory value as of the count date was \$1,455,565 for the Santa Ana Operating Base and \$1,329,433 for the Garden Grove Base.

For the Santa Ana Operating Base, a statistically valid sample of 428 part records was selected from the part records. The sample error rate was 7.48 percent, which indicated with a 95 percent confidence level that the error rate in the total parts population on that day fell between 5.9 percent and 10.6 percent. The Santa Ana Operating Base opened on May 15, 2005, and the parts inventory was moved from the Irvine Base from May 13, 2005, to

May 15, 2005. Operating management believes that the move contributed to the inventory discrepancies.

For the Garden Grove Base, a statistically valid sample of 414 part records was selected from the part records. The sample error rate was 3.14 percent, which indicated with a 95 percent confidence level that the error rate in the total parts population on that day fell between 2.6 percent and 5.9 percent.

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

**Summary**

The sample error rate for the unannounced count of parts inventory was 7.48 percent at the new Santa Ana Operating Base and 3.14 percent at the Garden Grove Base.

**Attachments**

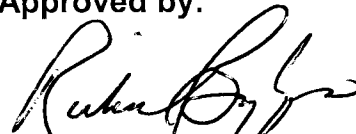
- A. First Quarter Parts Inventory Count Internal Audit Report No. 06-001
- B. First Quarter Parts Inventory Count Internal Audit Report No. 06-001A

**Prepared by:**



Robert A. Duffy  
Manager, Internal Audit  
(714) 560-5669

**Approved by:**



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



*INTEROFFICE MEMO*

August 15, 2005

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

From: Serena Ng, <sup>SN</sup> Internal Auditor  
Internal Audit

Subject: **First Quarter Parts Inventory Count  
Internal Audit Report No. 06-001**

***Conclusion***

Internal Audit conducted a parts inventory count at the Santa Ana Operating Base on July 6, 2005. In the sample of 428 part numbers, 32 errors were identified. The resulting 7.48 percent sample error rate indicated with a 95 percent confidence level that the error rate in the total parts inventory population on that day fell between 5.9 percent and 10.6 percent.<sup>1</sup>

***Purpose and Scope***

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

***Background***

The Santa Ana Operating Base commenced operations in May 2005. The parts inventory at the Irvine Operating Base was moved to the Santa Ana Operating Base. The inventory value at the Santa Ana Operating Base was \$1,455,565 as of July 6, 2005.

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<sup>1</sup> In determining the sample size, the confidence level was 95 percent with an expected rate of occurrence not over 5 percent. From the appropriate statistical sampling table, Internal Audit determined the sample size to be drawn and evaluated was 428 part records.

## ***Discussion***

An unannounced inventory count was conducted at the Santa Ana Operating Base on July 6, 2005, by the staff of the Internal Audit Department.

A statistically valid sample of 428 part records was randomly selected for testing. Of the 428 part records randomly selected, 21 part counts deviated from the quantities reported on MAPS, while there were 11 instances of the parts being found in bin locations other than those shown on MAPS or in incorrect bin slots. The 32 total errors resulted in a sample error rate of 7.48 percent at the Santa Ana Operating Base. For the previous parts inventory count on April 5, 2005, the sample error rate was 4.8 percent at the Irvine Operating Base, 5.0 percent at the Garden Grove Operating Base, and 0.7 percent at the Anaheim Operating Base, resulting in a 3.6 sample error rate for all three bases.

Based on the 7.48 percent sample error rate, Internal Audit is 95 percent confident that the true error rate in the total parts inventory population for the Santa Ana Operating Base on July 6, 2005, fell between 5.9 percent and 10.6 percent.<sup>2</sup> Detail differences for the random selection are shown in Exhibit A.

The other 10 part numbers tested were judgmentally selected while on the storeroom floor. Without a random selection, the differences noted in this test could not be combined with the others to yield a statistically valid conclusion. However, the two differences noted for the judgment sample might otherwise be useful and are shown in Exhibit B.

## ***Summary***

The random sample parts inventory error rate at the Santa Ana Operating Base on July 6, 2005, was 7.48 percent.

Please contact Serena Ng at extension 5938 if you have any questions.

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

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<sup>2</sup> The 32 errors in the 428 inventory part records counted (with a total valuation of \$110,128) resulted in a sample error rate of 7.48 percent. The 7.48 sample error rate indicated with a 95% confidence level that the error rate in the total parts population at the Santa Ana Operating Base was between 5.9 percent and 10.6 percent on July 6, 2005. There is a 5 percent sampling risk that the actual total parts population error rate varied outside of the 5.9 percent to 10.6 percent range.

***Attachments***

Exhibit A Differences Identified in Parts Inventory Count as of July 6, 2005,  
for Part Numbers Randomly Selected

Exhibit B Differences Identified in Parts Inventory Count as of July 6, 2005,  
for Part Numbers Judgmentally Selected

c: Richard Bacigalupo  
Virginia Abadessa  
Wendy Hebein  
Robert Duffy



Exhibit A

Differences Identified in Parts Inventory Count as of July 6, 2005  
for Part Numbers Randomly Selected

Part No.	Description	Bin Location	Quantity			Average Unit Cost	Absolute Cost Diff.	Description of Variance	Notes
			Per Count	Per MAPS	Diff.				
21173	Filter, Hydraulic	1C08C	2	0	2	\$ 52.5100	\$ 105.0200	Quantity difference	
5817	Cable, Door	1E01F	0	1	-1	\$ 8.1350	\$ 8.1350	Quantity difference	
19217	Brush, Door	1E03B	5	4	1	\$204.7140	\$ 204.7140	Quantity difference	
12168	Screw, Drum	1F02D	79	81	-2	\$ 1.0667	\$ 2.1334	Quantity difference	
22563	Gear, Sun	1F07E	1	0	1	\$192.8000	\$ 192.8000	Quantity difference	
15972	Sleeve, Air brake hose	1G03B	48	47	1	\$ 2.2520	\$ 2.2520	Quantity difference	
2299	Gasket, Axle	1GSKT1D	20	21	-1	\$ 1.2364	\$ 1.2364	Quantity difference	
22507	Lamp, Headlight	1H12B	21	20	1	\$ 3.6095	\$ 3.6095	Quantity difference	
3330	Lamp, Fluorescent	1R02A	54	55	-1	\$ 1.2311	\$ 1.2311	Quantity difference	
873	Lamp, Fluorescent	1R02B	18	54	-36	\$ 2.8984	\$ 104.3424	Quantity difference	
11941	Knob, Lever	1V02BB	1	0	1	\$ 6.6800	\$ 6.6800	Quantity difference	
1189	Decal, Number	1V02BB	0	8	-8	\$ 1.1315	\$ 9.0520	Quantity difference	
17644	Washer, Gear	1V04CA	0	16	-16	\$ 1.1506	\$ 18.4096	Quantity difference	
5275	Switch, Wheelchair	1V05BC	6	7	-1	\$ 18.0506	\$ 18.0506	Quantity difference	
12798	Sensor, Temperature	1V06CD	9	8	1	\$ 19.9831	\$ 19.9831	Quantity difference	
1566	Shim, Transmission	1V08CC	0	7	-7	\$ 6.7125	\$ 46.9875	Quantity difference	
1917	O-Ring, Compressor	1V12AD	3	4	-1	\$ 0.7457	\$ 0.7457	Quantity difference	
13701	Cap, Vacuum	1V12IA	64	44	20	\$ 0.3018	\$ 6.0360	Quantity difference	
14512	O-Ring, Transmission	1V13BA	53	54	-1	\$ 1.0023	\$ 1.0023	Quantity difference	
16759	Pipe, Exhaust	1N03D	5	9	-4	\$ 15.4931	\$ 61.9725	Quantity difference	(A)
1760	Contacto box, Retarder	1H10F	17	16	1	\$409.4200	\$ -	Quantity difference	(B)
16434	Hub, Rear wheel	1A09B	0	2	-2	\$316.1700	\$ -	Bin location difference	(C)
14444	Glass, Destination	1GLS4	0	1	-1	\$ 81.6250	\$ -	Bin location difference	(D)
21206	Gasket, Pump	1GSK1B	0	4	-4	\$ 1.8954	\$ -	Bin location difference	(E)
4445	Rocker Arm, Exhaust	1K10C	80	102	-22	\$ 25.5294	\$ -	Bin location difference	(F)
16515	Fitting, Fuel	1K11B	2	0	2	\$ 9.5350	\$ -	Bin location difference	(G)
12055	Sheet, Window	1N15B	9	20	-11	\$ 7.8331	\$ -	Bin location difference	(H)
22554	Fuse, Farebox	1V01AD	37	0	37	\$ 0.7810	\$ -	Bin location difference	(I)
16267	Plug, Drain	1V04CA	0	2	-2	\$ 3.8525	\$ -	Bin location difference	(J)
8216	Snap Ring, Transmission	1V09AD	5	0	5	\$ 0.6860	\$ -	Bin location difference	(K)
17447	Fitting, Elbow	1V11DD	0	8	-8	\$ 1.5520	\$ -	Bin location difference	(L)
21281	O-Ring, Door Motor	1V12AB	0	5	-5	\$ 0.5600	\$ -	Bin location difference	(M)
<b>Total</b>							<b>\$ 814.3931</b>	<b>21 quantity errors and 11 bin location errors</b>	

**Exhibit A**

**Differences Identified in Parts Inventory Count as of July 6, 2005  
for Part Numbers Randomly Selected**

Legend:

(A) - Internal Audit could not find part #16759 at location #1N03D. The Parts Clerk located around 5 feet of the part in the front of the Parts area. Since the quantity shown in MAPS is 9 feet, there is a quantity discrepancy of 4 feet.

(B) - MAPS showed a rebuild quantity of 16, while Internal Audit counted 17. As rebuild parts have zero value, the cost difference resulting from the quantity variance is also zero.

(C) - Part #16434 was found in location 1A08B, instead of the 1A09B location shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(D) - Part #14444 was found in location 1GLS3, instead of the 1GLS4 location shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(E) - Part #21206 was found in location 1GSK1C, instead of the 1GSK1B location shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(F) - Although the 102 total quantity of part #4445 had a location 1K10C in MAPS, there was 22 quantity of the part found in location 1K09C. A cost difference is not shown since it is considered a bin location error.

(G) - Although MAPS showed the 2 quantity of part #16515 under Base #066 (Obsolete), Internal Audit found the part at location 1K11B for Base #1 (Santa Ana Base). A cost difference is not shown since it is considered a bin location error.

(H) - Although the 20 total quantity of part #12055 had a location 1N15B in MAPS, there was 11 quantity of the part found in location 1N14C. A cost difference is not shown since it is considered a bin location error.

(I) - Part #22554 was found in location 1V01AD, although MAPS showed the 37 quantity of the part in the Unassigned location. A cost difference is not shown since it is considered a bin location error.

(J) - Part #16267 was found in the bin slot labeled #5598 instead of the bin slot labeled #16267. Although the part was located in the correct drawer, it is considered a location error because the part was in the wrong bin slot.

(K) - Part #8216 was found in location 1V09AD, although MAPS showed the 5 quantity of the part in the Unassigned location. A cost difference is not shown since it is considered a bin location error.

(L) - Part #17447 was found in a bin slot labeled for part #17448, and the part #17448 was found in the bin slot labeled for part #17447. Although the part was located in the correct drawer, it is considered a location error because the part was in the wrong bin slot.

(M) - Part #21281 was found in the adjacent bin slot. Although the part was located in the correct drawer, it is considered a location error because the part was in the wrong bin slot.

Exhibit B

Differences Identified in Parts Inventory Count as of July 6, 2005  
for Part Numbers Judgmentally Selected

Part No.	Description	Bin Location	Quantity			Average Unit Cost	Absolute Cost Diff.	Description of Variance	Notes
			Per Count	Per MAPS	Diff.				
14330	Lamp, Clearance	1H06D	7	6	1	\$ 16.4924	\$ 16.4924	Quantity difference	
22580	Fuse, Farebox	1V03DB	201	200	1	\$ 0.7813	\$ 0.7813	Quantity difference	
<b>Total</b>							<b>\$ 17.2737</b>	<b>2 quantity errors</b>	



INTEROFFICE MEMO

October 26, 2005

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

From: Serena Ng, <sup>SN</sup> Senior Internal Auditor  
Internal Audit

Subject: **First Quarter Parts Inventory Count  
Internal Audit Report No. 06-001A**

***Conclusion***

Internal Audit conducted a parts inventory count at the Garden Grove Operating Base on August 16, 2005. In the sample of 414 part numbers, 13 errors were identified. The resulting 3.14 percent sample error rate indicated with a 95 percent confidence level that the error rate in the total parts inventory population on that day fell between 2.6 percent and 5.9 percent.<sup>1</sup>

***Purpose and Scope***

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

***Background***

A parts inventory count was performed at the Santa Ana Operating Base earlier in the quarter. This report relates to the parts inventory count performed at the Garden Grove Operating Base for the first quarter. The inventory value at the Garden Grove Operating Base was \$1,329,433 as of August 16, 2005.

<sup>1</sup> In determining the sample size, the confidence level was 95 percent with an expected rate of occurrence not over 5 percent. From the appropriate statistical sampling table, Internal Audit determined the sample size to be drawn and evaluated was 414 part records.

## ***Discussion***

An unannounced inventory count was conducted at the Garden Grove Operating Base on August 16, 2005, by the staff of the Internal Audit Department.

A statistically valid sample of 414 part records was randomly selected for testing. Of the 414 part records randomly selected, eight part counts deviated from the quantities reported on MAPS, while there were five instances of the parts being found in bin locations other than those shown on MAPS or in incorrect bin slots. The 13 total errors resulted in a sample error rate of 3.14 percent at the Garden Grove Operating Base. For the previous parts inventory count on April 5, 2005, the sample error rate was 5.0 percent at the Garden Grove Operating Base, 4.8 percent at the Irvine Operating Base, and 0.7 percent at the Anaheim Operating Base, resulting in a 3.6 sample error rate for all three bases.

Based on the 3.14 percent sample error rate, Internal Audit is 95 percent confident that the true error rate in the total parts inventory population for the Garden Grove Operating Base on August 16, 2005, fell between 2.6 percent and 5.9 percent.<sup>2</sup> Detail differences for the random selection are shown in Exhibit A.

The other 10 part numbers tested were judgmentally selected while on the storeroom floor. There were no differences identified for these 10 parts.

## ***Summary***

The random sample parts inventory error rate at the Garden Grove Operating Base on August 16, 2005, was 3.14 percent.

Please contact Serena Ng at extension 5938 if you have any questions.

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

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<sup>2</sup> The 13 errors in the 414 inventory part records counted (with a total valuation of \$134,894) resulted in a sample error rate of 3.14 percent. The 3.14 sample error rate indicated with a 95% confidence level that the error rate in the total parts population at the Garden Grove Operating Base was between 2.6 percent and 5.9 percent on August 16, 2005. There is a 5 percent sampling risk that the actual total parts population error rate varied outside of the 2.6 percent to 5.9 percent range.

***Attachment***

Exhibit A Differences Identified in Parts Inventory Count as of  
August 16, 2005, for Part Numbers Randomly Selected

c: Richard Bacigalupo  
Ken Phipps  
Virginia Abadessa  
Wendy Hebein  
Robert Duffy

Exhibit A

Differences Identified in Parts Inventory Count as of August 16, 2005  
for Part Numbers Randomly Selected

Part No.	Description	Bin Location	Quantity			Average Unit Cost	Absolute Cost Diff.	Description of Variance	Notes
			Per Count	Per MAPS	Per Diff.				
9556	Plug, Drain	4D06BA	0	1	-1	\$ 3.76500	\$ 3.76500	Quantity difference	
9355	Clamp, Exhaust	4E02E	5	7	-2	\$ 5.76300	\$ 11.52600	Quantity difference	
8458	Seal, Lip	4E07EA	10	0	10	\$ 13.36000	\$ 133.60000	Quantity difference	
18568	Cover, Door	4I01HA	2	3	-1	\$ 23.70670	\$ 23.70670	Quantity difference	
15218	Pad, Stanchion	4I03C	4	0	4	\$ 23.28290	\$ 93.13160	Quantity difference	
14211	Sheet, Window	4K01	26	24	2	\$ 8.09400	\$ 16.18800	Quantity difference	
21787	Tread, Wheelchair Lift	Unassigned	0	1	-1	\$ 216.76000	\$ 216.76000	Quantity difference	(A)
22297	Washer, King Pin	Unassigned	0	2	-2	\$ 0.46250	\$ 0.92500	Quantity difference	(A)
958	Lens, Reflective	4B02E	0	5	-5	\$ 0.65380	\$ -	Bin location difference	(B)
15685	Bracket, Motor	4E08H	0	2	-2	\$ 322.40000	\$ -	Bin location difference	(C)
22442	Connector, Headsign	4F07BA	24	25	-1	\$ 2.15520	\$ -	Bin location difference	(D)
2698	Snap Ring, S-Cam	4C06BC	4	5	-1	\$ 0.12600	\$ -	Bin location difference	(E)
2837	Washer, Bearing	4C06BC	1	0	1	\$ 2.58000	\$ -	See Note (E)	(E)
13586	Amplifier, Paging	4F07ED	0	1	-1	\$ 96.93500	\$ -	Bin location difference	(F)

**Total**

**\$ 499.6023 8 quantity errors and 5 bin location errors**

Legend:

(A) - The MAPS showed quantities for these parts at the Unassigned location. However, the Stock Clerk was unable to locate these parts.

(B) - Part number #958 was found in location 4B03D, instead of the 4B02E shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(C) - Part number #15685 was found in location 4D08H, instead of the 4E08H shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(D) - There was 24 quantity of part #22442 found in the bin slot labeled #22442. There was one quantity of part #22442 found in the adjacent bin slot. Although the part #22442 was located in the correct drawer, it is considered a location error because one quantity of the part was found in the wrong bin slot.

(E) - There was four quantity of part #2698 found in the bin slot labeled #2698. There was one quantity of part #2698 found in the adjacent bin slot labeled #2837. It appeared that the one quantity of part #2698 slid under the divider into the bin slot #2837. Since the differences for the two selections are due to one error, only one bin location error has been counted for the two selections as part of the sample error rate.

(F) - Part #13586 was found in a drawer labeled 7B01E. The drawer was physically located in the same cabinet as drawers labeled 4F07A, 4F07B, etc. The Stock Clerk indicated that the bin was from the Irvine base and that they are in the process of relabeling the bins. Since the part was found in a drawer labeled differently from the location shown in MAPS, selection is considered a bin location error.







**BOARD COMMITTEE TRANSMITTAL**

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Measure M Investment Plan Outreach Update

Transportation 2020 Committee

December 16, 2005

**Present:** Directors Pringle, Brown, Campbell, Cavecche, Correa, Dixon, Green, Winterbottom, and Buffa

**Absent:** None

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendations***

- A. Receive and file the Measure M Investment Plan Phase I Public Outreach Program update.
- B. Direct staff to implement Phases II and III of the Measure M Investment Plan outreach program designed to solicit input as well as educate and inform the public about Measure M Investment Plan proposals.

**Correspondence / Comments / Discussion Items  
For Measure M Investment Plan**

## Renewed Measure M Investment Plan Discussion Items

### I. Turnback Program Versus Regional Capacity

Years	Current	Renewed Measure M Proposals				
	Measure M (approx)	OCTA 2020 Committee	OCTA Citizens Advisory Committee	OCTA Technical Advisory Committee (TAC)		Business
	20 Years	30 Years	30 Years	1st 10 years	Last 20 Years	30 Years
<b>Program</b>						
Fair Share / Turnback Program	14%	18%	18%	22%	18%	16%
Regional Competitive Program	18%	14%	14%	10%	14%	16%
- Regional Capacity - Widenings, Intersections		10%	10%	6%	10%	
- Traffic Operations & Management		4%	4%	4%	4%	
<b>Total</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>

### II. Competitive Match Requirements

Match Requirements	Current M*	OCTA 2020 Committee	OCTA Citizens Advisory Committee	OCTA TAC	Business
Capacity	50%*	50%	50%**	25%	50%
Traffic Operations & Management	20%	20%	20%	20%	20%

\* Master Plan of Arterial Highways Match 50%, Regional Interchanges 50%, Intersection Improvements 20%, Signal Improvements 20%, Growth Management Areas 0%, Regional Smart Streets 0% (average match ranges 34% to 42%)

\*\* CAC would consider lower match, no less than 35%, if capacity not sacrificed.

ORANGE COUNTY TRANSPORTATION AUTHORITY

**CITIZENS ADVISORY COMMITTEE**

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MEASURE M INVESTMENT PLAN  
PRELIMINARY RECOMMENDATIONS & COMMENTS

DECEMBER 15, 2005

December 15, 2005

To: OCTA Board of Directors

On behalf of the Orange County Transportation Authority (OCTA) Citizens Advisory Committee (CAC), I am submitting the attached CAC review and recommendations of transportation projects for potential inclusion in the Measure M Investment Plan.

This year, the CAC unanimously assumed the charge of reviewing the current Measure M plan and developing recommendations for potential inclusion in the renewal of Measure M. To accomplish this task, we established three ad hoc working groups, focused on transit, streets and roads, and highways. In addition to our monthly CAC meetings, the ad hoc working groups met independently several times over the last few months, for a total of 24 active working sessions.

Each ad hoc working group produced a report documenting their review and preliminary recommendations. After presentation of these results to the full CAC, each ad hoc working group met again to revise and format the reports. Each report was supported by a majority vote of the authoring ad hoc working group. Although the last full CAC meeting lacked a quorum, a straw vote of the 15 members present was unanimous in support of the three reports.

While many of our recommendations and comments closely follow those made by OCTA staff and by the OCTA Technical Advisory Committee (TAC), there were some significant differences, such as recommendations for the I-405. Overarching issues deemed important by the CAC but not fitting into the modal working group format included: (a) a high priority on institutional integration for planning, infrastructure development, and project operations, (b) a potential need for a fourth modal category for "non-motorized modes", and (c) a need to develop formal policies and procedures to address issues such as urban run-off and property taking. The CAC also supports a comprehensive 10-year public review cycle for Measure M.

Despite having most of the 34 current members being new to the CAC, the interest and effort of all members has been remarkable. Even with the experience and civic motivation brought by each CAC member to our discussions, our efforts would not have been fruitful without the cooperation of and contributions made by OCTA staff. I would like to take the opportunity to thank the OCTA Board for supporting CAC activity and encourage them to maintain this commitment to support a continued CAC effort over the remainder of the year.

Sincerely,



Michael McNally  
Citizens Advisory Committee Chairman

## HIGHWAYS

### **Background**

The ad hoc highways committee met seven times. The committee was presented information on highway concepts, Major Investment Study efforts, and highway transportation studies presented by CAC ad hoc members Jack Mallinckrodt and Roy Shahbazian.

### **Staff Concepts and CAC Recommendations**

1. Tier III-type highway projects (e.g., SR-57 extension via the Santa Ana River, Tunnel between Orange and Riverside County) should be excluded from the Measure M plan proposal.

Recommendation: The CAC understands why Tier III-type highway projects should be excluded from the Measure M plan proposal however, these should continue to be studied and developed without compromising the Measure M program.

2. Staff presented the following improvements, which were strongly supported by the full CAC and the ad hoc committee.
  - Riverside Freeway/State Route 91 corridor improvements should be emphasized. Supported on the State Route 91:
    - Add two lanes each direction from the Foothill Toll Road/241 to the 71 in Riverside County
    - Add one lane each direction on 91 from the 55 to the Foothill Toll Road/241
    - Add capacity to the 55/91 interchange
    - Add one lane westbound on the 91 from 57 to I-5
  - On Santa Ana Freeway / Interstate 5
    - Add one lane each direction in Santa Ana between SR-55 and SR-57 to relieve the "Orange Crush"
    - Add one lane each direction on I-5 from Laguna Canyon Road/133 to the 55
    - Add one lane each direction on I-5 from Alicia Parkway to Crown Valley Parkway
  - On Garden Grove Freeway / State Route 22
    - Add direct carpool lane connectors on the 405/22 and 405/605 interchanges
    - Improve Brookhurst, Euclid, Magnolia, and other congested streets where they intersect the 22 freeway
    - Improve the 405/22 interchange
  - On the Costa Mesa Freeway / State Route 55
    - Add one lane each direction from the 22 to the 91
    - Add one lane each direction between 22 and 405 including 5/55 interchange improvements
  - On the Orange Freeway / State Route 57
    - Add one lane each direction on 57 from the "Orange Crush" to the LA County line
    - Add a northbound truck lane on 57 between Lambert and the LA County line and add capacity to the Lambert interchange
  - Toll Roads, Other
    - Partially buy out or subsidize tolls to better use toll-road capacity

3. The following project was supported by the Ad Hoc committee in place of the staff project:

- On the San Diego Freeway / Interstate 405
  - Add 2 lanes each direction on 405 from Costa Mesa to Seal Beach (rather than the 1 lane each direction approved in Major Investment Study; see #3 in “Additional Recommendations for Measure M”, below)
  - Add Susan Street off-ramp (located between Harbor Blvd. and Fairview Rd.)

### **Additional Recommendations for Measure M Plan**

1. The primary, overarching goal of highway improvements should be mobility. Secondary goals should be protecting transportation resources and enhancing the quality of life per Attachment A.
2. The highway system is undersized to meet growing traffic demands. Highway lane miles need to be added and bottleneck areas fixed. This should be one of the major focuses of the proposed Measure M renewal plan.
3. To gain wider public support for highway projects, OCTA should explore the concept of providing stronger environmental impact allowances and enhanced mitigation. This would demonstrate sensitivity to the community impacts associated with projects. Examples of enhanced mitigation might include: upgraded soundwalls, improved landscaping and/or funding to better mitigate impacts on water quality caused by runoff. (Note: Consider this for all transportation projects.)
4. Support all decisions as to whether or not to take properties for right-of-way with economic analysis of the value of potential travel-time savings, versus the impacts of doing so.

### **Other Comments for the Highway System (Not for Measure M Plan)**

- OCTA should work with Caltrans to develop a pilot project that tests effectiveness of continuous ingress/egress of the High Occupancy Vehicle (HOV) system.
- Review the adequacy of HOV signage and hours of operation.
- Consider lane management strategies such as reversible lanes and express lanes for long trips.
- Review truck traffic; assess the feasibility of restricting or incentivizing truck traffic to use toll roads and/or approved truck routes during peak hours. Enforce vehicle code regulations relative to permitted travel lane use for truck traffic.
- Utilize freeway message boards to communicate traveler information.
- Enhance the management of signals on arterials controlling access to freeways. Implement dynamic “real time” traffic controls, encourage better coordination of city/Caltrans’ systems and meter all lanes on ramps.
- When assessing the costs and benefits of highway alternatives, focus solutions on regional areas and/or corridors and address adverse downstream or adjacent impacts.

**DRAFT GOALS AND OBJECTIVES FOR THE LONG-RANGE TRANSPORTATION PLAN UPDATE**

<b>GOAL</b>	<i>Objectives</i>
<b>IMPROVE MOBILITY</b>	<ul style="list-style-type: none"> <li>• Develop an integrated transportation system</li> <li>• Minimize increases in congestion</li> <li>• Offer safe and reliable transportation choices</li> <li>• Provide an accessible transportation network</li> </ul>
<b>GOAL</b>	<i>Objectives</i>
<b>PROTECT OUR TRANSPORTATION RESOURCES</b>	<ul style="list-style-type: none"> <li>• Use the existing transportation network efficiently</li> <li>• Maintain our investments in the infrastructure</li> <li>• Promote cost effective and multi-modal solutions</li> <li>• Explore creative strategies</li> </ul>
<b>GOAL</b>	<i>Objectives</i>
<b>ENHANCE THE QUALITY OF LIFE</b>	<ul style="list-style-type: none"> <li>• Promote coordinated planning</li> <li>• Minimize community impacts</li> <li>• Support economic vitality</li> <li>• Protect the environment</li> </ul>



## STREETS & ROADS

### Background

The streets and roads ad hoc committee met four times. The committee was presented information on a proposed Measure M Streets and Roads program that included three parts – I) Fair Share or Turnback Program, II) Regional Streets and Roads / Competitive Program and III) Safeguards and Eligibility factors. The committee also received information about a countywide signal synchronization program. The committee's recommendations are based on discussions about initial OCTA staff proposals as well as proposals forwarded by OCTA's Technical Advisory Committee (TAC). Unless otherwise noted, comments are related to OCTA staff proposals.

The CAC concurs with the OCTA staff recommended allocations within the Streets & Roads Program.

Program	Current Measure M	OCTA Staff Proposal		TAC Proposal for New Measure M	
		2011-2041	2011-2021	2022-2041	
Fair Share/Turnback	14%	18%	22%	18%	
Capacity (competitive)	18%	14%	10%	14%	
Road widening, intersections			10%	6 %	10%
Traffic Operations and Management			4 %	4 %	4 %
<b>Total</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	

### Staff Concepts and CAC Recommendations

#### I. Fair Share/Turnback Program

The following is the OCTA staff proposal:

- A. Increase the percentage of Measure M Fair Share funds for local city projects.
  1. Provide an 18 percent Fair Share allocation to the cities throughout the measure for ongoing local street needs.
- B. Retain the current formula for calculating Measure M Fair Share funds.
- C. Local agencies to comply with revised Measure M eligibility requirements as defined in the safeguards section.
- D. Expand eligible transportation related uses for Measure M Fair Share e.g. street projects to improve circulation near schools, pedestrian bridges, sidewalks, public parking facilities, other.
- E. Permit justified stand-alone enhancements (landscaping, retrofit soundwalls, water quality, upgraded lighting, other) to improve the transportation system environment. Local agencies have the option to utilize up to 15 percent (ten-year average) of their Fair Share program for such projects that may exceed provisions of Article 19.

#### CAC Recommendations:

- The CAC concurs with the OCTA staff proposal for the fair share program. However, the CAC recommends adding a provision to review this allocation every 10 years to ensure it is appropriate within the Streets and Roads Program.

- The committee supports retaining the current formula for calculating Measure M Fair Share funds based on the population, lane miles and sales tax.
- The CAC concurs with eligible transportation uses for Measure M (including improving circulation near schools, pedestrian bridges, sidewalks and public parking facilities) however, plans should include bike lanes and safety lighting as eligible uses for Measure M fair share funds.
- The CAC recommends Measure M plans be silent on landscaping but they should include upgraded lighting as eligible projects.

## II. Regional Streets & Roads Program (Competitive Program)

The following is the staff or TAC proposal:

- A. Allocate a total of 14 percent to the Competitive Streets and Roads Program throughout the life of the measure.
- B. Simplify the competitive program. Reduce funding categories from seven to two – a Regional Capacity Program and a Traffic Operations Management Program.
- C. Allocate 4 percent of funds to a *Traffic Operations and Management Program*.
  1. Require inter-jurisdictional planning, participation, and agreement to manage operation of traffic intersection signal operations along selected routes.
  2. Allow funds to be used for capital, operations/maintenance or both subject to inter-jurisdictional plan prepared by responsible agencies.
  3. Require the agencies to update timing plans at least every three years and provide a signal operation status report for funded routes every three years.
  4. Require a 20 percent local match requirement on Traffic Operations and Management Program streets and roads projects.
- D. Allocate 10 percent of funds to a *Regional Capacity Program*.
  1. Include arterial widening, new roads, intersection, and minor freeway interchange improvements as eligible projects.
  2. Allow freight railroad grade separations as eligible projects.
  3. Require a 50 percent local match for Regional Capacity Program projects.

Clarification: The OCTA staff is recommending a 50 percent local match for Regional Capacity and a 20 percent match for Traffic Operations and Management Programs. The TAC is advocating for a 25 percent local match for Regional Capacity.

### CAC Recommendations:

- The CAC concurs with the allocation of 4 percent to a Traffic Operations and Management Program with the stipulation that the 4-percent allocation should be held constant throughout the life of the program.
- In reference to grade separations, the plan should clarify that grade separations funded in the streets and roads category should be for projects along the Burlington Northern Santa Fe corridor. (Note: Assumes grade separations on the LOSSAN corridor are covered in the transit element.)
- In reference to the match requirement for Regional Capacity programs, the CAC favors a 50 percent match requirement unless it can be shown that arterial highway capacity would not be sacrificed if the match requirement were lowered. The lowest local match requirement should be 35 percent.

### III. Safeguards & Eligibility

The following is the staff proposal:

- A. No Supplanting of Funds
  - 1. Include a Maintenance of Effort (MOE) provision.
  - 2. Index MOE to the Consumer Price Index with a cap.
- B. Penalties for Misuse of Funds: Include a five-year blackout penalty for misuse of funds – using Measure M for non-transportation purposes.
- C. Timely Use of Funds: Include a timely use of funds provision – three years - which can be extended upon request with justification.
- D. Annual Expenditure Reporting: Require an annual reporting of streets and roads expenditures. Report shall be generally consistent with State Controllers report but with additional information relative to maintenance and construction expenditures.
- E. Growth Monitoring
  - 1. Rely on State Congestion Management Plan monitoring requirements.
  - 2. Retain development impact fees and development standards requirement.
  - 3. Replace Transportation Demand Management with Transit Oriented Development Policies.
- F. Capital Improvement Program
  - 1. As part of the decision to put Measure M on the ballot, require cities to provide a list of priority projects over a ten-year period.
  - 2. Require an annual update to the CIP with a five-year horizon.
- G. Pavement Management
  - 1. Require bi-annual Pavement Management Plan updates from each agency as part of their eligibility submittal.
  - 2. OCTA to develop a Baseline Pavement Report on the overall condition of city streets and update the report every six years.
  - 3. Require local agencies to consider investment in pavement maintenance as a priority for Capital Improvement Plans in the event Pavement Report reviews indicate deterioration of pavement conditions.
- H. Regional and City General Plan Consistency: Broaden requirements to include operational items i.e. signal coordination.
- I. Growth Management Areas: Replace Growth Management Areas with Signal Coordination Districts. City participation is required to fulfill Measure M eligibility.

#### CAC Recommendations:

- An addition to the Growth Monitoring provision is recommended. When cities are updating their General Plans, they should consider policies supportive of such concepts as transit-oriented development and alternative modes of transportation, and OCTA should provide guidelines for consideration.
- In regards to pavement management, there should be requirements to develop a Baseline Pavement Report but also a requirement that OCTA should publicize the findings.

## TRANSIT

### **Background**

The ad hoc transit committee met five times. The ad hoc committee was presented information about both existing transit services and funding as well as future transit concepts. The committee based its recommendations on information provided in a presentation entitled, "Long-Range Transportation Plan Transit Overview" which included a list of conceptual transit options for a potential Measure M extension.

There was concern by a majority of the ad hoc committee that existing bus revenues are insufficient to cover current and anticipated bus transit service needs as well as plans for expanded bus rapid transit (BRT) services.

The recommendations below reached consensus by the Transit Ad-Hoc Transit Committee at its Nov. 7, 2005 meeting and amended on November 22, 2005.

### **Staff Concepts and CAC Recommendations**

1. Implement all-day, high-frequency Metrolink service.

Recommendation: Support but consider safety of operations including "push-pull".

2. Provide high capacity transit extensions to Metrolink system.

Recommendation: Ensure system is highly coordinated and fully integrated with other transit services.

3. Connect Metrolink to regional gateways such as the proposed high-speed rail to San Francisco and Las Vegas.

Recommendation: While the committee considers these Tier-III projects a high priority, any Measure M extension funding should be limited to seed funding.

4. Deploy community-based shuttles.

Recommendation: Ensure that shuttles are highly coordinated and fully integrated with other transit services. Allow flexibility to communities to make decisions as to how best serve their residents, including the augmentation of fixed routes as an option if appropriate.

5. Expand transit choices for senior and disabled community.

Clarification: Includes expanding the existing local Senior Mobility Program as a complement to ACCESS services. Also includes continuing current Measure M fare stabilization for seniors and persons with disabilities.

6. Separate road/rail traffic or implement "quiet zones" at strategic locations.

Clarification: Transit program includes grade separations and quiet zones along the LOSSAN corridor only.

Recommendation: Grade separations at high volume crossings should be included for any new passenger rail extensions. Additionally, quiet zones should be implemented at lower volume crossings but not at stations.

7. Implement a "safe-stop" program.

Clarification: Safe stops include enhanced lighting and other safety / service features for high volume bus stops.

Recommendation: Include ticket vending machines where appropriate.

### **Additional Recommendations for Measure M Extension Proposal**

1. Expand BRT network beyond the five-year transit plan.
2. Preserve existing rail right of way.
3. Consider establishing a fourth category of Measure M to be named "Non-Motorized Transportation". Include commuter bikeways and pedestrian safety and accessibility improvements.
4. Under growth monitoring, when cities are updating their General Plans, they should consider policies supportive of such concepts as transit-oriented development and alternative modes of transportation, and OCTA should provide guidelines for consideration of development projects of all sizes.
5. Include transit as part of developer standards requirements and new development fees.

### **General Transit Vision (Not For Measure M Plan)**

A comprehensive transit vision should include the following elements, even if they cannot be funded with a Measure M extension:

1. Buses and trains should run as advertised – on time, eliminate severe overcrowding, and eliminate bus "pass-bys".
2. In both core and outlying areas there should be basic improvements to make public transportation a viable choice for more people, improving:
  - Travel time
  - Frequency
  - Hours of Service
  - Area Coverage



# ORANGE COUNTY FIRE AUTHORITY

P. O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

Chip Prather, Fire Chief

(714) 573-6000

[www.ocfa.org](http://www.ocfa.org)

December 17, 2005

Orange County Transportation Authority  
Attn: Art Leahy, Chief Executive Officer  
550 S. Main Street  
PO Box 14184  
Orange, CA 92863-1584

Re: Emergency Vehicle Preemption Systems in Orange County

Dear Mr. Leahy:

The purpose of this correspondence is to officially state the Orange County Fire Authority (OCFA) Board of Directors' support for emergency vehicle traffic signal pre-emption in Orange County. Additionally, we request that the OCTA Board of Directors identify emergency vehicle traffic signal pre-emption as a program element in the Measure M renewal investment plan.

The OCFA provides fire and emergency services to 22 cities and the unincorporated areas of Orange County. It is governed by a 24 member Board of Directors, comprised of one City Council member from each of our 22 partner cities and two members of the Board of Supervisors. Serving a population of 1.3 million citizens in an area of 500 square miles, the OCFA responded to more than 79,000 emergencies in 2004 and is expected to reach 82,000 emergencies for the current year.

The OCFA Board of Directors firmly believes that traffic impacts on emergency response times can be reduced or alleviated with the use of traffic signal pre-emption (EVP) systems. As you are aware, with nearly 2,900,000 residents and daily influxes of many more visitors (tourists and travelers), Orange County has significant traffic issues. The Southern California Association of Governments (SCAG) projects the county population to reach over 3,400,000 by 2025.

The location and staffing of fire stations in Orange County has historically been based on traffic assumptions that may no longer be accurate. Current and future traffic issues will require working together to identify solutions to help reduce the impact on emergency services. Reconstructing a large number of fire stations and adding new stations, equipment and personnel is an expensive solution, but allowing the emergency vehicle to move through the traffic is a realistic, cost-effective alternative. EVP has shown that it is a viable alternative to assist in this effort.

Traffic congestion increases the potential for accidents at intersections, and the situation is compounded when emergency vehicles must cross over into oncoming traffic lanes, drive against traffic, and enter intersections on a red light. Local statistics have shown that response times for emergency vehicles in Orange County have degraded in the last few years, especially during peak periods. Emergency vehicle pre-emption systems are designed to reduce or maintain response times and reduce accident risks at intersections by making green traffic signals available to emergency vehicles. Pre-emption also enhances overall safety by reducing the stress level of the drivers, both in the emergency vehicle and the public at large.

Orange County currently has over 3,100 traffic signals owned and operated by 34 cities, the California Department of Transportation (CalTrans) and the County of Orange. Twenty (20) of the thirty-six (36) agencies are using EVP on one or more signals. Buena Park, for example, has 100% of the signals in the city equipped with Opticom, which is one type of EVP. EVP has assisted Buena Park with its own emergency response units, but as soon as the fire units travel outside of the city to an area without EVP, or fire units without EVP need to come into Buena Park from surrounding areas, the benefit is lost.

Current deployment of the EVP in Orange County is approximately 20%, with 618 signals equipped with the technology. An additional 250 signals are proposed or currently being installed with EVP at this time, taking implementation to nearly 27% of the total signals in the County.

All EVP installations in the cities and unincorporated areas of Orange County use Opticom or Opticom compatible devices. Installation of EVP varies with the type, age and condition of the equipment installed in each intersection. Typical installations cost approximately \$8,000 for an intersection that does not require replacement of existing hardware. Initial planning estimates indicate that a county-wide project will cost between \$20,000,000 and \$40,000,000 to fully implement. Funding sources for this effort currently are targeted to include developer contributions, local government funded projects, and grants from local, state and federal agencies. New signals and those undergoing major repair/replacement would be upgraded at the time the work is accomplished.

One of the goals of Measure M funding is to reduce the impacts of traffic congestion. The OCFA Board of Directors supports the use of Measure M funds for the implementation of emergency vehicle pre-emption systems in Orange County. While we recognize that the decision to place emergency vehicle pre-emption in a city is a local one, the OCFA Board of Directors believes it is extremely important for the OCTA

Mr. Art Leahy  
December 17, 2005  
Page 3

to provide a funding mechanism and technical oversight of the county-wide EVP effort to ensure its ultimate success. The OCFA Board of Directors feels strongly that emergency vehicle signal pre-emption can and should be used to maintain and improve response times for emergency vehicles, while increasing the safety for everyone in the communities we serve.

Sincerely,

A handwritten signature in cursive script that reads "Tracy Worley Hagen". The signature is written in black ink and is positioned above the typed name and title.

Tracy Worley Hagen, Chair  
Orange County Fire Authority  
Board of Directors





November 15, 2005

Mr. Art Leahy  
Chief Executive Officer  
Orange County Transportation Authority  
550 S. Main Street  
PO Box 14184  
Orange, CA 92863-1584

Re: Emergency Vehicle Preemption Systems in Orange County

Dear Mr. Leahy:

The purpose of this correspondence is to reinforce the Orange County Fire Chiefs Association's support for emergency vehicle traffic signal pre-emption in Orange County, and to request that the OCTA Board of Directors identify emergency vehicle traffic signal pre-emption as a program element in the Measure M renewal investment plan.

The Orange County Fire Chief's Association (OCFCA) feels strongly that traffic impacts on emergency response times can be reduced or alleviated with the use of traffic signal preemption (EVP) systems. As you are aware, with nearly 2,900,000 residents and daily influxes of many more visitors (tourists and travelers), Orange County has significant traffic issues. The Southern California Association of Governments (SCAG) projects the county population to reach over 3,400,000 by 2025.

The location and staffing of fire stations in Orange County has historically been based on traffic assumptions that may no longer be accurate. Current and future traffic issues will require working together to identify solutions to help reduce the impact on emergency services. Reconstructing a large number of fire stations and adding new stations, equipment and personnel is an expensive solution, but allowing the emergency vehicle to move through the traffic is a realistic, cost-effective alternative. EVP has shown that it is a viable alternative to assist in this effort.

Traffic congestion increases the potential for accidents at intersections, and the situation is compounded when emergency vehicles must cross over into oncoming traffic lanes, drive against traffic, and enter intersections on a red light. Local statistics have shown that response times for emergency vehicles in Orange County have degraded in last few years, especially during peak periods. Emergency Vehicle Preemption systems are designed to reduce or maintain response times and reduce accident risks at intersections by making green traffic signals available to emergency vehicles. Preemption also enhances overall safety by reducing the stress level of the drivers both in the emergency vehicle and the public at large.

Orange County currently has over 3,100 traffic signals owned and operated by 34 cities, the California Department of Transportation (CalTrans) and the County of Orange. Twenty (20) of the thirty-six (36) agencies are using EVP on one or more signals. Buena Park, for example, has 100% of the signals in the City equipped with Opticom, which is one type of EVP. Although EVP has assisted Buena Park with its own emergency response units, as soon as the fire units travel outside of the city to an area without EVP, or fire units without EVP need to come into Buena Park from surrounding areas, the benefit is lost.

Current deployment of the EVP in Orange County is approximately 20% with 618 signals equipped with the technology. An additional 250 signals are proposed or currently being installed with EVP at this time, taking implementation to nearly 27% of the total signals in the County.

All EVP installations in the cities and unincorporated areas of Orange County use Opticom or Opticom-compatible devices. Installation of EVP varies with the type, age and condition of the equipment installed in each intersection. Typical installations cost approximately \$8,000 for an intersection that does not require replacement of existing hardware. Initial planning estimates indicate that a County-wide project will cost between \$20,000,000 and \$40,000,000 to fully implement. Funding sources for this effort currently are targeted to include developer contributions, local government funded projects, and grants from local, state and federal agencies. New signals and those undergoing major repair/replacement would be upgraded at the time the work is accomplished.

One of the goals of Measure M funding is to reduce the impacts of traffic congestion. The Orange County Fire Chiefs Association supports the use of Measure M funds for the implementation of Emergency Vehicle Preemption systems in Orange County. While we recognize that the decision to place Emergency Vehicle Preemption in a City is a local one, the Orange County Fire Chiefs Association believes it is extremely important for the OCTA to provide a funding mechanism and technical oversight of the county-wide EVP effort to ensure its ultimate success. The Orange County Fire Chiefs Association feels strongly that Emergency Vehicle Signal Preemption can and should be used to maintain and improve response times for emergency vehicles while increasing the safety for everyone in the communities we serve.

Sincerely



Roger Smith  
President  
Orange County Fire Chiefs Association

RS:pa



AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA

RECEIVED  
EXECUTIVE OFFICE  
OCT 31 2005

October 28, 2005

Chairman Curt Pringle and Members of the Transportation 2020 Committee  
Orange County Transportation Authority  
600 South Main Street  
Orange, CA 92863-1584

**Subjects: Measure M Renewal  
Independent Citizens Oversight Committee, and  
Indexing of Maintenance of Efforts (MOE) Requirements**

Chairman Pringle and Members of the Committee:

Thank you for the opportunity to share our views with you about the upcoming Measure M renewal effort in your meeting of October 14, 2005.

You asked for our suggestions to improve and strengthen the independent citizens' oversight component of the proposed new Measure M ordinance, and we would like to share the following. The existing Citizens Oversight Committee needs to be strengthened by changing the membership criteria, and dedicating an annual budget for its independent audit responsibilities. These improvements are even more critical if the new Measure M expenditure plan is to be re-evaluated and its projects re-prioritized during its lifetime, as the current proposal appears to suggest. A model similar to the *Independent Taxpayers Oversight Committee (ITOC)* for San Diego County's recently approved transportation sales tax measure (*TransNet*) may be appropriate to consider. We have attached a copy of the pertinent pages of *TransNet* ordinance related to the *ITOC* activities for your information.

- We believe that the intent of a true independent citizens' oversight committee will be best served if the committee members have the background and qualifications that will assist them in performing their responsibilities and more effectively contributing to the overall Measure M projects delivery.

For example, each of the seven appointed members of the *ITOC* offers a unique area of expertise crucial to the oversight responsibility that this committee performs. Please refer to page 45 of the attachment for a more detailed description of these qualifications, under the heading of: "*Membership and Selection Process*".

- To better guarantee the independence of the oversight committee and its ability to perform its responsibilities, we believe that the committee needs to



have a minimum guaranteed annual budget, and this allocation should not require any further action by the OCTA Board of Directors on a regular basis. Of course, any extra expenditure beyond this amount needs to be justified by the oversight committee and will need approval of the Board of Directors. This minimum budget amount may be determined based on the historic expenditures by the Measure M Citizen Oversight Committee, similar activities by other such committees in other counties and other factors. For additional detailed information about this issue, please refer to pages 49 and 50 of the attachment.

In addition, the maintenance-of-effort (MOE) requirements by local jurisdictions should be adjusted by a reasonable pre-determined index every year to better ensure Orange County municipalities' commitment to pay for our transportation infrastructure, and to better safeguard the use of the Measure M revenues for their intended transportation purposes.

Again, we appreciate the opportunity to be part of this important process. The Auto Club has successfully supported several local transportation sales tax proposals in southern California counties. All included the following critical criteria -

- All funds are dedicated exclusively to transportation purposes;
- A specific expenditure plan that reflects local priorities and contains effective projects that address current and future needs;
- Adequate oversight and accountability provisions, including an independent oversight committee with audit responsibility and authority and adequate funding to carry out its responsibilities;
- A method to modify the expenditure plan in the future with appropriate and adequate safeguards;
- A maintenance-of-effort requirement for local agencies to ensure that the newly generated revenues are additive, and do not replace funds currently used for transportation; and
- A sunset or termination date.

We appreciate your consideration of these comments, and are looking forward to our continued partnership to improve traffic safety and mobility in Orange County. We are hopeful that our mutual efforts will result in a measure that the Auto Club can enthusiastically support.

Sincerely,



Hamid Bahadori

C: OCTA Board of Directors  
Art Leahy, OCTA  
Monte Ward, OCTA  
Steve Lenzi, ACSC

**STATEMENT OF UNDERSTANDING REGARDING THE IMPLEMENTATION OF THE  
INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE  
FOR THE *TRANSNET* PROGRAM**

**Purpose of the ITOC**

The Independent Taxpayer Oversight Committee (ITOC) is intended to provide an increased level of accountability for expenditures made under the *TransNet Extension*, in addition to the independent annual fiscal and compliance audits required under the existing *TransNet* program. The ITOC should function in an independent, open and transparent manner to ensure that all voter mandates are carried out as required in the Ordinance and Expenditure Plan, and to develop positive, constructive recommendations for improvements and enhancements to the financial integrity and performance of the *TransNet* program.

**Intent of the ITOC as a Functional Partner to SANDAG**

The *TransNet* Ordinance contains a summary of the ITOC's role and responsibilities consistent with the above Purpose. In this document, additional and supplementary details with regard to the ITOC are delineated. These pertain to the process for selecting members of ITOC, terms and conditions governing membership, responsibilities, funding and administration, and conflict of interest provisions.

It is noteworthy that these details have been developed in a cooperative process between SANDAG and representatives of the San Diego County Taxpayers Association, and with the involvement of other transportation professionals within the region. This document is understood to provide the basis for describing how the ITOC will function once the Ordinance is approved.

In addition to the details outlined in this document the intent that provides the foundation for the desired partnership between ITOC and SANDAG, as viewed by the principal authors, is summarized as follows:

- Resource—it is the intent that the ITOC will serve as an independent resource to assist in SANDAG's implementation of *TransNet* projects and programs. The Committee's membership is designed to provide to SANDAG a group of professionals who, collectively, can offer SANDAG the benefit of their experience to advance the timely and efficient implementation of *TransNet* projects and programs. The ITOC will work in a public way to ensure all deliberations are conducted in an open manner. Regular reports from the ITOC to the SANDAG Board of Directors (or policy committees) are expected with regard to program and project delivery, and overall performance.
- Productive—it is the intent that the ITOC will rely upon data and processes available at SANDAG, studies initiated by the ITOC, and other relevant data generated by reputable sources. It is understood, however, that SANDAG will be continuously striving to improve the reliability of data and to update analytical and modeling processes to be consistent with the state-of-the-art, and that the ITOC will be kept abreast of any such efforts, and invited to participate in development of such updates in a review capacity.

- Cost-efficient—it is the intent that the ITOC will not add cost burden to SANDAG’s implementation of the TransNet program and projects. Rather, through a cooperative and productive working relationship between ITOC and the SANDAG implementation team, it is the objective that costs will be saved.
- Flexible—it is the intent that the ITOC will assist SANDAG to be opportunistic to take advantage of changing situations in the future with regard to technologies and transportation developments. Therefore, the provisions contained below are viewed through 2048 based upon a 2004 perspective and are not meant to be unduly restrictive on ITOC’s and SANDAG’s roles and responsibilities.

**Membership and Selection Process**

1. Membership: There shall be seven ITOC voting members with the characteristics described below. The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one or more of the areas of expertise, then no more than two members from one or more of the remaining areas of expertise may be selected. For each of the areas of expertise listed below, an individual representing one of the region’s colleges or universities with a comparable level of academic experience also would be eligible for consideration.
  - A professional in the field of municipal/public finance and/or budgeting with a minimum of ten years in a relevant and senior decision making position in the public or private sector.
  - A licensed architect, civil engineer or traffic engineer with demonstrated experience of ten years or more in the fields of transportation and/or urban design in government or the private sector.
  - A professional with demonstrated experience of ten years or more in real estate, land economics, and/or right-of-way acquisition.
  - A professional with demonstrated experience of ten years or more in the management of large-scale construction projects.
  - A licensed engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten years experience in a relevant and senior decision making position in the government or private sector.
  - The chief executive officer or person in a similar senior-level decision making position, of a major private sector employer with demonstrated experience in leading a large organization.
  - A professional in biology or environmental science with demonstrated experience of ten years or more with environmental regulations and major project mitigation requirements and/or habitat acquisition and management.
  - Ex-Officio Members: SANDAG Executive Director and the San Diego County Auditor

The criteria established for the voting members of the ITOC are intended to provide the skills and experience needed for the ITOC to carry out its responsibilities and to play a valuable and constructive role in the ongoing improvement and enhancement of the *TransNet* program.

Applications will be requested from individuals interested in serving on the ITOC through an open, publicly noticed solicitation process.

2. **Technical Screening Committee:** A technical screening committee will be established to review applications received from interested individuals. This committee will consist of three members selected by the SANDAG Executive Director from high-level professional staff of local, regional, state or federal transportation agencies outside of the San Diego region, or from one of the region's colleges or universities in a transportation-related field, or a combination thereof. The committee will develop a list of candidates determined to be qualified to serve on the ITOC based on the criteria established for the open position(s) on the ITOC. The technical screening committee will recommend two candidates for each open position from the list of qualified candidates for consideration by the Selection Committee. The recommendations shall be made within 30 days of the noticed closing date for applications.
3. **Selection Committee:** A selection committee shall be established to select the ITOC members from the list of qualified candidates recommended by the technical screening committee. The selection committee shall consist of the following:
  - Two members of the County of San Diego Board of Supervisors
  - The Mayor of the City of San Diego
  - A mayor from the Cities of Chula Vista, Coronado, Imperial Beach, or National City selected by the mayors of those cities.
  - A mayor from the Cities of El Cajon, La Mesa, Lemon Grove, or Santee selected by the mayors of those cities.
  - A mayor from the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, or Solana Beach selected by the mayors of those cities.
  - A mayor from the Cities of Escondido, Poway, San Marcos, or Vista selected by the mayors of those cities.

The selection of ITOC members shall be made within 30 days of the receipt of recommendations from the technical screening committee. All meetings of the selection committee shall be publicly noticed and conducted in full compliance with the requirements of the Brown Act. Should the selection committee be unable to reach agreement on a candidate from the qualified candidates recommended by the technical screening committee, the selection committee shall request the technical screening committee to recommend two additional qualified candidates for consideration.

#### **Terms and Conditions for ITOC members**

- ITOC members shall serve a term of four years, except that initial appointments may be staggered with terms of two to four years.
- ITOC members shall serve without compensation except for direct expenses related to the work of the ITOC.
- In no case shall any member serve more than eight years on the ITOC.

- If and when vacancies in the membership of the ITOC occur, the same selection process as outlined above shall be followed to select a replacement to fill the remainder of the term. At the completion of a term, eligible incumbent members will need to apply for reappointment for another term.
- Term limits for ITOC members should be staggered to prevent significant turnover at any one time. The initial appointment process should be based on this staggered term limit concept.

### **ITOC Responsibilities**

The ITOC shall have the following responsibilities:

1. Conduct an annual fiscal and compliance audit of all TransNet-funded activities using the services of an independent fiscal auditor to assure compliance with the voter-approved Ordinance and Expenditure Plan. This annual audit will cover all recipients of TransNet funds during the fiscal year and will evaluate compliance with the maintenance of effort requirement and any other applicable requirements. The audits will identify expenditures made for each project in the prior fiscal year and will include the accumulated expenses and revenues for ongoing, multi-year projects.
2. Prepare an annual report to the SANDAG Board of Directors presenting the results of the annual audit process. The report should include an assessment of the consistency of the expenditures of *TransNet* funds with the Ordinance and Expenditure Plan and any recommendations for improving the financial operation and integrity of the program for consideration by the SANDAG Board of Directors. This consistency evaluation will include a review of expenditures by project type for each local jurisdiction. The ITOC shall share the initial findings of the independent fiscal audits and its recommendations with the SANDAG Transportation Committee 60 days prior to their release to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and recommendations, and adopt its report for submission directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as objective and accurate as possible in whatever final report it adopts. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.
3. Conduct triennial performance audits of SANDAG and other agencies involved in the implementation of TransNet-funded projects and programs to review project delivery, cost control, schedule adherence and related activities. The review should include consideration of changes to contracting, construction, permitting and related processes that could improve the efficiency and effectiveness of the expenditure of TransNet revenues. These performance audits shall be conducted using the services of an independent performance auditor and should include a review of the ITOC's performance. A draft of the ITOC's report and recommendations regarding the performance audits shall be made available to the SANDAG Transportation Committee at least 60 days before its final adoption by the ITOC to resolve inconsistencies and technical issues related to the ITOC's draft report and recommendations. Once this review has taken place, the ITOC shall make any final amendments it deems appropriate to its report and related recommendations, and adopt its report for presentation directly to the SANDAG Board of Directors and the public. The ITOC shall strive to be as



objective and constructive as possible in the text and presentation of the performance audits. Upon completion by the ITOC, the report shall be presented to the SANDAG Board of Directors at its next regular meeting and shall be made available to the public.

4. Provide recommendations to the SANDAG Board of Directors regarding any proposed amendments to the Ordinance and Expenditure Plan.
5. Provide recommendations as part of the 10-year review process. This process provides an opportunity to undertake a comprehensive review of the TransNet program every 10 years and to make recommendations for improving the program over the subsequent 10 years. This review process should take into consideration the results of the TransNet-funded improvements as compared to the performance standards established through the Regional Transportation Plan and the Regional Comprehensive Plan.
6. Participate in the ongoing refinement of SANDAG's transportation system performance measurement process and the project evaluation criteria used in development of the Regional Transportation Plan (RTP) and in prioritizing projects for funding in the Regional Transportation Improvement Program. The focus of this effort will be on TransNet-funded projects. Based on the periodic updates to the RTP, as required by state and federal law, the oversight committee shall develop a report to the SANDAG Transportation Committee, the SANDAG Board of Directors and the public providing recommendations for possible improvements and modifications to the TransNet program.
7. On an annual basis, review ongoing SANDAG system performance evaluations, including SANDAG's "State of the Commute" report, and provide an independent analysis of information included in that report. This evaluation process is expected to include such factors as level of service measurements by roadway segment and by time of day, throughput in major travel corridors, and travel time comparisons by mode between major trip origins and destinations. Such information will be used as a tool in the RTP development process.
8. Review and comment on the programming of *TransNet* revenues in the Regional Transportation Improvement Program (RTIP). This provides an opportunity for the ITOC to raise concerns regarding the eligibility of projects proposed for funding before any expenditures are made. In addition to a general eligibility review, this effort should focus on significant cost increases and/or scope changes on the major corridor projects identified in the Ordinance and Expenditure Plan.
9. Review proposed debt financings to ensure that the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs.
10. Review the major Congestion Relief projects identified in the Ordinance for performance in terms of cost control and schedule adherence on a quarterly basis.

In carrying out its responsibilities, the ITOC shall conduct its reviews in such a manner that does not cause unnecessary project delays, while providing sufficient time to ensure that adequate analysis can be completed to allow the ITOC to make objective recommendations and to provide the public with information about the implementation of the *TransNet* program.

## **ITOC Funding and Administration**

1. All costs incurred in administering the activities of the ITOC, including related fiscal and performance audit costs, shall be paid annually from the proceeds of the *TransNet* sales tax. The funds made available to the ITOC shall not exceed \$250,000 annually, as adjusted for inflation annually for the duration of the program. Any funds not utilized in one fiscal year shall remain available for expenditure in subsequent years as part of the annual budget process.
2. The expenditures of the ITOC shall be audited annually as part of the same fiscal audit process used for all other *TransNet*-funded activities.
3. The process for selecting the initial ITOC members shall be started no later than April 1 of the year following the passage of the Ordinance by the voters. Because the funding for this activity would not be available until Fiscal Year 2008-09, the ITOC activities during the initial transition period will be phased in to the extent possible within the budget constraints of the one percent administrative cap under the current *TransNet* Ordinance. Given the forty-year duration of the *TransNet* tax extension, the ITOC shall continue as long as funds from the current authorization remain available.
4. An annual ITOC operating budget shall be prepared and submitted to the SANDAG Board of Directors for its approval 90 days prior to the beginning of each fiscal year.
5. All ITOC meetings shall be public meetings conducted in full compliance with the Brown Act. The ITOC will meet on a regular basis, at least quarterly, to carry out its roles and responsibilities.
6. SANDAG Directors and staff will fully cooperate with and provide necessary support to the ITOC to ensure that it successfully carries out its duties and obligations, but should limit involvement to the provision of information required by the ITOC to ensure the independence of the ITOC as it carries out its review of the *TransNet* program and develops its recommendations for improvements.
7. ITOC members and their designated auditors shall have full and timely access to all public documents, records and data with respect to all *TransNet* funds and expenditures.
8. All consultants hired by the ITOC shall be selected on an open and competitive basis with solicitation of proposals from the widest possible number of qualified firms as prescribed by SANDAG's procedures for procurement. The scope of work of all such consultant work shall be adopted by the ITOC prior to any such solicitation.
9. SANDAG shall provide meeting space, supplies and incidental materials adequate for the ITOC to carry out its responsibilities and conduct its affairs. Such administrative support shall not be charged against the funds set aside for the administration of the ITOC provided under No. 1 above.

**Conflict of Interest**

The ITOC shall be subject to SANDAG's conflict of interest policies. ITOC members shall have no legal action pending against SANDAG and are prohibited from acting in any commercial activity directly or indirectly involving SANDAG, such as being a consultant to SANDAG or to any party with pending legal actions against SANDAG during their tenure on the ITOC. ITOC members shall not have direct commercial interest or employment with any public or private entity, which receives *TransNet* sales tax funds authorized by this Ordinance.

## Measure M Investment Plan - Streets & Roads Program

### OCTA – Technical Advisory Committee Recommendations (11-08-2005)

#### 1. Fair Share Program

- a. Increase the percentage of Measure M Fair Share funds for local city projects.
  - i. Provide a 22 percent Fair Share allocation during the first 10 years of the Measure to address deferred residential and arterial street maintenance needs.
  - ii. Provide an 18 percent Fair Share allocation to the cities during years 11 through 30 of the Measure for ongoing local street needs.
- b. Retain the current formula for calculating Measure M Fair Share funds.
- c. Local agencies to comply with revised Measure M eligibility requirements as defined in the Safeguards Section.
- d. Expand eligible transportation related uses for Measure M Fair Share e.g. street projects to improve circulation near schools, pedestrian bridges, sidewalks, public parking facilities, other.
- e. Permit stand-alone enhancements (such as; landscaping, retrofit sound walls, water quality improvement ) to better the transportation system environment. Project enhancements in this category are restricted to transportation facilities. Local agencies have the option to use up to 15 percent (ten-year average) of their Fair Share Program funds for such projects that may go beyond the provisions of Article 19. The 15 percent cap should be reviewed throughout the term of Measure “M” to evaluate effectiveness and to reflect current needs.

#### 2. Regional Streets & Roads Program

- a. Allocate a total of 10 percent to the Competitive Streets and Roads Program during the first 10 years of the Measure. Increase the percentage to 14 percent in years 11 through 30 of the Measure.
- b. Simplify the competitive program. Reduce funding categories from seven to two – a Regional Capacity Program and a Traffic Operations Management Program.
- c. Allocate 4 percent of funds to a Traffic Operations and Management Program.
  - Require inter-jurisdictional planning, participation and agreement to manage operation of traffic intersection signal operations along selected routes.
  - Allow funds to be used for capital, operations & maintenance or both consistent with the inter-jurisdictional plan prepared by responsible agencies.
  - Require the agencies to update timing plans at least every three years and provide a signal operation status report for funded routes every three years.
  - Require a 20 percent local match requirement on Traffic Operations and Management Program streets and roads projects.
- d. Allocate 6 percent of the funds to a Regional Capacity Program during the first 10 years. Increase the allocation to 10 percent of the Measure in years 11 through 30.
  - Include arterial widening, new roads, intersections, and minor freeway interchange improvements as eligible projects. Major freeway interchange projects to be funded under freeway component.
  - Allow freight railroad grade separations along BSFF corridor as eligible projects.
  - Require a 25 percent local match for Regional Capacity Program projects.

### **3. Safeguards & Eligibility**

- a. No Supplanting of Funds
  - Include a Maintenance of Effort (MOE) provision.
  - Index MOE to the Consumer Price Index with a cap.
- b. Penalties for Misuse of Funds: Include a five-year blackout penalty for misuse of funds – using Measure M for non-transportation purposes.
- c. Timely Use of Funds: Include a timely use of funds provision – three years - which can be extended upon request with justification.
- d. Annual Expenditure Reporting: Require an annual reporting of streets and roads expenditures. Report shall be generally consistent with State Controllers report but with additional information relative to maintenance and construction expenditures.
- e. Growth Monitoring
  - Rely on State Congestion Management Plan monitoring requirements.
  - Retain development impact fees and development standards requirement.
  - Replace Transportation Demand Management with Transit Oriented Development Policies and provide guidelines.
- f. Capital Improvement Program
  - Require an annual update to the CIP with a five-year horizon.
- g. Pavement Management
  - Cities shall submit bi-annual Pavement Management Plan updates as part of their eligibility package. A countywide standard rating system shall be utilized.
  - OCTA to develop a Pavement Report on the overall condition of city streets and update the report every six years.
  - Require local agencies to consider investment in pavement maintenance as a priority for Capital Improvement Plans in the event Pavement Report reviews indicate deterioration of pavement conditions.
- h. Regional and City General Plan Consistency: Broaden requirements to include operational items i.e. signal coordination.
- i. Growth Management Areas: Replace Growth Management Areas with Traffic and Transportation Districts that include transportation policies and priorities such as signal coordination, smart corridor strategies, transit corridors, pre-emption, signal operations and phasing (PPLT), cooperative agreements for signal operations etc. This program should also include funding for project incentive and start-up.



**December 16, 2005**

**To:** Transportation 2020 Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Measure M Investment Plan Outreach Update

**Overview**

The Orange County Transportation Authority is developing a long-range transportation plan and identifying improvements for a Measure M Investment Plan proposal. The planning process integrates technical and public outreach findings; this report provides an update on the public outreach program.

**Recommendations**

- A. Receive and file the Measure M Investment Plan Phase I Public Outreach Program update.
- B. Direct staff to implement Phases II and III of the Measure M Investment Plan outreach program designed to solicit input as well as educate and inform the public about Measure M Investment Plan proposals.

**Background**

Since fall 2004, the Orange County Transportation Authority (OCTA) has implemented a public participation program to support the development of a long-range transportation plan for Orange County. The goal of the first phase of outreach was to query the public about improvement options and policy proposals as well as gauge perceptions and attitudes on transportation issues.

Communications were initiated with local elected officials, city staff (city managers, planners and public works directors), transportation agencies, community stakeholders, and the public. Five focus groups and three opinion surveys augmented one-on-one meetings, roundtable discussions, workshops, presentations, and other community outreach (Attachment A).

City outreach included:

- 11 League of Cities "Super Committee" meetings including focused discussions on highways, streets and roads, and transit improvements and policies
- 21 City council briefings
- 70 One-on-one meetings with city managers and public works directors
- 7 OCTA Technical Advisory Committee consultations
- 3 Direct mail questionnaires to identify issues, needs and priorities and to inventory current Measure M projects
- 6 Orange County City Managers Association updates
- 5 Orange County Council of Governments (OCCOG) Board of Director presentations
- 6 OCCOG Technical Advisory Committee briefings

Community outreach consisted of:

- 24 Citizens Advisory Committee workshops focusing on highways, streets and roads, and transit improvements
- 58 Community involvement meetings, presentations or roundtable discussions with:
  - Chambers of commerce
  - Business leadership groups
  - Kiwanis/Rotary/Realtor clubs
  - Planning and engineering groups
  - Transportation agencies and professionals
  - Representatives from senior citizen and special needs groups (disability community)
  - Environmental groups
  - General public

In addition, 8,000 transportation questionnaires were collected at community events such as the Orange County Fair, as well as via the OCTA website.

***Discussion***

After more than a year of input from these groups and the public, ten general themes have emerged for Orange County's transportation future. These findings have been incorporated into the draft Measure M Investment Plan.

1. Add lanes to freeways to improve mobility. Reduce traffic congestion on links of the:
  - Santa Ana Freeway (Interstate 5)
  - Costa Mesa Freeway (State Route 55)
  - Orange Freeway (State Route 57)
  - Riverside Freeway (State Route 91)
  - San Diego Freeway (Interstate 405)
2. Fix the 91.
  - Relieve traffic congestion between Riverside and Orange County, especially at the county line.
3. Improve traffic flow at freeway interchanges. Major chokepoints are:
  - Orange Crush [Interstate 5 (I-5)/State Route 55 (SR-55)/State Route 57 (SR-57)]
  - I-5 south at Ortega Highway, Avery Parkway, La Paz Road, Alicia Parkway, Jamboree Road
  - I-5/SR-55 interchange
  - Garden Grove Freeway (State Route 22) at Magnolia Avenue, Brookhurst Street, Euclid Street
  - State Route 22 (SR-22)/Interstate 405 (I-405) interchange
  - I-405/San Gabriel Freeway (Interstate 605)
  - State Route 91 (SR-91)/Foothill Transportation Corridor (State Route 241)
4. Preserve existing infrastructure.
  - Maintain local arterials and streets in residential neighborhoods.
  - Repair potholes.
5. Optimize street operations.
  - Synchronize traffic lights.
  - Widen intersections by adding left/right turn lanes.
6. Include stringent voter safeguards.
  - Review the plan every 10 years.
  - Include an independent Citizens Oversight Committee.
  - Issue an annual progress report.
7. Acknowledge quality of life issues.
  - Clean up urban runoff that makes its way to the beaches.
  - When possible, use existing rights-of-way to make improvements.



8. Include safety improvements.
  - Improve traffic safety around schools.
  - Enhance bus stop safety (lighting, shelters, other).
  - Add grade crossings at street/rail intersections.
9. Provide transit options for seniors and persons with disabilities.
10. Build on the existing Metrolink service.
  - Use Metrolink as a backbone system.
  - Expand Metrolink service; operate later in the evening and on weekends.
  - Improve stations by adding parking and feeder service.
  - Plan for interregional transit activity (high speed rail, other).
  - Ensure Metrolink extensions complement (but do not duplicate) existing bus systems.
  - System connectivity is key. New local services should be well integrated with the regional system and there should be consistent fare media, convenient/coordinated schedules and transfers, etc.

### **Next Steps**

With Phase I outreach complete, it is recommended Measure M public participation activities shift to the next phases. The purpose of the Phase II outreach is to circulate proposals and receive feedback to make plan refinements between January and April 2006. The goal of Phase III outreach is to provide information to educate and inform so that the public can evaluate the potential plan and can make their views known to the city councils which will be considering whether to approve the proposal. In addition, this effort will help support public and city input to the OCTA Board prior to the decision to proceed—or not—to placing the measure on the November 2006 ballot. Phase II and III outreach is outlined on Attachment B. If approved, implementation will begin immediately.

### **Summary**

OCTA is developing a long-range transportation plan and Measure M Investment Plan proposal. Phase I of the public outreach program is complete and input has been incorporated into draft plans. Between January and April 2006, it is proposed OCTA circulate plan proposals and gather feedback. The final phase of outreach, proposed for the period April through July 2006, involves educating and informing the public about plan content.

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**Attachments**

- A. Measure M Investment Plan Outreach – Phase I
- B. Measure M Investment Plan Public Outreach Program Phases II and III

**Prepared by:**



David G. Simpson  
Manager, Local Government Relations  
(714) 560-5570

**Approved by:**



Ellen S. Burton  
Executive Director, External Affairs  
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**Measure M Investment Plan Public Outreach Program  
Phases II and III**

There are three phases of outreach designed to support development of and solicit feedback on long-range plans and a Measure M Investment Plan proposal.

<b>Phase</b>	<b>Goal</b>	<b>Timeframe</b>
I.	Solicit input and consult with stakeholders about transportation issues and improvement options.	Fall 2004-Dec 2005 (Complete)
II.	Circulate draft plan proposals and gather feedback to make plan refinements.	Jan-Apr 2006
III.	Educate and inform the public about plan details.	Apr 2006-July 2006

**Phase II Outreach (January - April 2006)**

With Phase I outreach complete, activities shift to Phase II. During this phase, copies of draft plans will be circulated and made available to the general public, community and civic groups, transportation professionals, business leaders, and other key stakeholders. The goal is to gather feedback and gauge attitudes and perceptions of preliminary plans and seek additional input to refine plans and programs.

**Phase II Outreach**

<b>Description</b>	<b>Timeframe</b>
Provide a draft Measure M Investment Plan to cities, county, key stakeholder groups, media and request feedback.	Jan 2006
Post the draft plan on the OCTA website; localize messages and offer cities similar website information and links.	Jan 2006
Mail plan information / fact sheets to an estimated 3,000 community leaders in the OCTA database; initiate speaker's bureau contacts.	Jan 2006

Intensify level of speaking engagements, conduct city council workshops, meet with industry and interest group participants, solicit formal feedback where possible.	Jan-Apr 2006
Host three regional general public open houses - one each in north, central and south Orange County. Use paid and non-paid media to announce places, dates and times; include minority media publications.	Feb-Mar 2006
Staff Super Committee, Citizen's Advisory Committee and Technical Advisory Committee workshops to gather plan feedback.	Feb-Mar 2006
Launch localized outreach efforts; customize information to the local level and well as highlight regional projects and services.	Feb-Mar 2006

**Phase III Outreach (April - July 2006)**

The goal of this phase of outreach is to educate and inform the public about the existing Measure M program as well as provide details of a the range of improvements in a proposed Measure M Investment Plan. In addition, if authorized by the OCTA Board of Directors, cities will be asked to approve the Measure M plan so that it may be placed on the ballot for consideration by voters in November 2006. Direct mail, community outreach, media relations and city presentations are proposed for this phase.

1. Direct Mail

OCTA will provide a comprehensive program of direct community contact through a series of brochures mailed directly to residents of the county. Three mailings of approximately 800,000 pieces each are proposed. They will follow mailing of the annual progress report routinely sent to residents for the current Measure M and include:

- a. A countywide mailing to educate residents about current projects, future transportation needs and proposed improvements (April 2005).
- b. Area brochures to inform residents about projects in distinct geographic areas (May 2005).

- c. Localized postcards to educate about improvements in smaller and more specific communities (June/July 2005).

## 2. Community Outreach

Continue and expand community contact program aimed at opinion leaders, elected officials, stakeholders and key organizations to provide awareness for the renewed Measure M investment plan.

## 3. News Media

Work through regular news media contacts to inform about the promises made and promises kept with the current Measure M and outlined plans for a renewed Measure M proposal.

## 4. Local Government Relations

Continue to work through the League of Cities Super Committee and contact individual cities for council presentations. Pending OCTA Board direction, seek city council resolutions approving the Measure M Plan so that it may be placed on the November 2006 ballot.





BOARD COMMITTEE TRANSMITTAL

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Agreement for Measure M Public Education Program

Transportation 2020 Committee

December 16, 2005

**Present:** Directors Pringle, Brown, Campbell, Cavecche, Correa, Dixon, Green, Winterbottom, and Buffa

**Absent:** None

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Authorize the Chief Executive Officer to execute Agreement C-5-2875 between the Orange County Transportation Authority and Townsend Raimundo Besler & Usher, in an amount not to exceed \$1.5 million, for a Measure M Plan direct mail public education program.





**December 16, 2005**

**To:** Transportation 2020 Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Agreement for Measure M Plan Public Education Program

**Overview**

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved the issuing of a Request for Proposals for a Measure M Plan direct mail public education program. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute an agreement.

**Recommendation**

Authorize the Chief Executive Officer to execute Agreement C-5-2875 between the Orange County Transportation Authority and Townsend Raimundo Besler & Usher, in an amount not to exceed \$1.5 million, for a Measure M Plan direct mail public education program.

**Background**

The Orange County Transportation Authority (OCTA) Board of Directors has directed staff to develop a 30-year Measure M Plan proposal and ensure there is a full public review and adequate communication of plan elements. To achieve this, OCTA has issued a Request for Proposals (RFP) for professional services for a Measure M Plan direct mail public education program.

**Discussion**

This procurement was handled in accordance with the OCTA's procedures for professional and technical services. The Transportation 2020 Committee discussed the RFP scope and directed staff to evaluate proposals based on equal weights (25 percent each) for the following criteria: firm qualifications, staffing and project organization, work plan, and cost and price.

On October 25, 2005, a notice of RFP 5-2875 was issued to 336 firms. A pre-proposal conference was held on November 2, 2005 with eight companies represented. On November 15, 2005, two offers were received. An evaluation committee composed of OCTA's Contracts Administration and Materials Management, Financial Planning & Analysis, Strategic Planning, External Affairs, and Special Projects was established to review all offers submitted.

Based on their findings, the evaluation committee recommended the following firms to the Transportation 2020 Committee for consideration of an award:

Firm and Location

Townsend Raimundo Besler & Usher  
Sacramento, CA

Adler Public Affairs  
Long Beach, CA

Townsend Raimundo Besler & Usher (TRBU) has extensive statewide experience with public education programs related to transportation plans for sales tax measures. Most recently, TRBU provided services for transportation programs in the counties of: Riverside, San Bernardino, San Diego, and Solano, as well as provided information for a bond issue for the Bay Area Rapid Transit in northern California. Subcontractor Smith Watts & Company also has extensive transportation experience working for transportation agencies in Contra Costa, El Dorado, Placer, Riverside, Santa Clara, San Joaquin, Solano, and Yolo counties. All have worked with OCTA on prior transportation plans and have a clear understanding of the requirements of the public education program.

In terms of a work plan, TRBU provided a detailed, focused approach. They identified roles of all key players, specified lead times and timelines, and provided cost saving approaches. Methods to refine mailing lists by screening for duplicate names as well as identifying people who have recently moved, and implementing bulk mailing approaches to reduce postage costs are all examples. In addition, TRBU identified a print and direct mail broker, Commonwealth Communications, and a mail list management firm, Statewide Information Systems, as part of the team to ensure on-time performance, print quality, integrity of the mailing list, and cost control.

The Adler Public Affairs proposal lacked detail and specificity. For example, the work plan did not include an approach to mail list management or mention ways to control costs. There was limited depth in the staffing plan with no

identification of main subcontractors such as the mail house or printer. The staffing plan also was substantially modified between the time the written proposal was submitted and the time the interview was conducted. In addition, the price proposal was higher than the TRBU proposal, and it did not include contingencies. As a result, the Adler Public Affairs proposal was rated lower than the TRBU proposal.

#### Work Plan

The TRBU work plan recommends:

- a) A countywide mailing to educate residents about current projects, future transportation needs and proposed improvements
- b) Area brochures to inform residents about projects in distinct geographic areas
- c) Localized postcards to educate about improvements in smaller and more specific communities

Under this approach, and in combination with ongoing stakeholder presentations and other outreach, residents will be well informed about the overall Measure M Plan proposal as well as gain knowledge about specific transportation improvements in their local area.

The TRBU estimated cost for three mailings is \$1,114,000 which includes labor, printing, fulfillment, postage, and an approximate 10 percent contingency. Quantities are estimated at 800,000 per mailing. Additional quantities, overprinting, or printing of education materials to distribute at other locations (cities, libraries, malls, etc) would be estimated separately; it is recommended these be authorized within the public education program agreement not to exceed the budgeted amount of \$1,500,000.

In summary, TRBU provided the most responsive proposal which best met the requirements of the Scope of Work. TRBU had an excellent technical proposal, strong staff experience in developing and implementing public education programs, a thorough understanding of the requirements of the project, and a competitive price.

#### Fiscal Impact

The project was approved in the OCTA Fiscal Year 2005-06 Budget, Planning, Development and Commuter Services, Account 0012-7519-C0101-BHS.

***Summary***

Based on the information provided, staff recommends award of Agreement C-5-2875 to Townsend Raimundo Besler & Usher, in an amount not to exceed \$1,500,000, to develop a Measure M Plan public education program.

***Attachment***

None.

**Prepared and Approved by:**

A handwritten signature in cursive script that reads "Ellen S. Burton".

Ellen S. Burton  
Executive Director, External Affairs  
(714) 560-5923





**BOARD COMMITTEE TRANSMITTAL**

**January 9, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Renewed Measure M: Draft Transportation Investment Plan

Transportation 2020 Committee

December 16, 2005

**Present:** Directors Pringle, Brown, Campbell, Cavecche, Correa, Dixon, Green, Winterbottom, and Buffa

**Absent:** None

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendations (Reflects change from staff recommendation)***

- A. Authorize the release of the Renewed Measure M Draft Transportation Investment Plan for review and comment.
- B. Direct the Chief Executive Officer to develop an Ordinance for renewal of the Measure M one-half cent transportation sales tax, including the formation of an Ordinance Legal Advisory Committee.
- C. Direct that a recommended Final Renewed Measure M Transportation Investment Plan and implementing Ordinance be submitted for consideration by the Transportation 2020 Committee and the full Board of Directors in April 2006.



***Committee Discussion:***

The Committee recommended increasing funding for mobility options for seniors and persons with disabilities in the Renewed Measure M Draft Transportation Investment Plan from 2.5 percent of net revenues (\$283.2 million) to 3.0 percent of net revenues (\$339.9 million) to accommodate future support for senior non-emergency medical transportation services.

**RENEWED**

# MEASURE M

002

**FOR YOUR REVIEW  
AND COMMENT**



## **Draft Transportation Investment Plan**

**January 9, 2006**

Draft Plan Released	January 9, 2006
Public Review Period	January 9 —April 1, 2006
Draft Final Plan Released	April 24, 2006
Cities and County Review and Approve Draft Final Plan	May—June 2006
Adoption of Plan by OCTA Board	July 2006

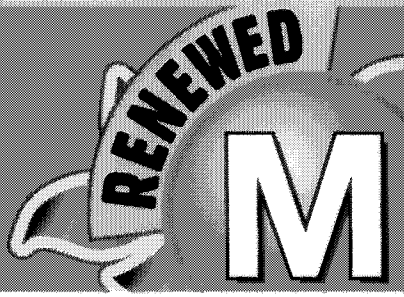
**FOR INFORMATION CONTACT:  
ORANGE COUNTY TRANSPORTATION AUTHORITY  
(714) 560-5923**

Visit our web site at [www.octa.net](http://www.octa.net)



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## Introduction

### **Measure M Promises Fulfilled**

On November 6, 1990, Orange County voters approved Measure M, a half-cent local transportation sales tax for twenty years. All of the major projects promised to and approved by the voters are underway or complete. Funds that go to cities and the County of Orange to maintain and improve local street and roads, along with transit fare reductions for seniors and persons with disabilities will continue until Measure M ends in 2011. The promises made in Measure M have been fulfilled.

### **Continued Investment Needed**

Orange County continues to grow. By the year 2030, Orange County's population will increase by 24 percent from 2.9 million in 2000 to 3.6 million in 2030; jobs will increase by 27 percent; and travel on our roads and highways by 39 percent. Without continued investment average morning rush hour speeds on Orange County freeways will fall by 31 percent and on major streets by 32 percent.

Responding to this continued growth and broad support for investment in Orange County's transportation system, the Orange County Transportation Authority considered the transportation projects and programs that would be possible if Measure M were renewed. The Authority, together with the 34 cities of Orange County, the Orange County Board of Supervisors and thousands of Orange County citizens participated during the last eighteen months in developing a Transportation Investment Plan for consideration by the voters.

### **A Plan for New Transportation Investments**

The Plan that follows is a result of those efforts. It reflects the varied interests and priorities inherent in the diverse communities of Orange County. It includes continued investment to expand and improve Orange County's freeway system; commitment to maintaining and improving the network of streets and roads in every community; an expan-

sion of Metrolink rail service through the core of Orange County with future extensions to connect with nearby communities and regional rail systems; more transit service for seniors and disabled persons; and funds to clean up runoff from roads that leads to beach closures.

### **Strong Safeguards**

These commitments are underscored by a set of strong taxpayer safeguards to ensure that promises made in the Plan are kept. They include an annual independent audit and report to the Taxpayers'; ongoing monitoring and review of spending by an independent Taxpayers' Oversight Committee; requirement for full public review and update of the Plan every ten years; voter approval for any major changes to the Plan; strong penalties for any misuse of funds and a strict limit of no more than one percent for administrative expenses.

### **No Increase in Taxes**

The traffic improvements detailed in this plan do not require an increase in taxes. Renewal of the existing Measure M one-half cent transportation sales tax will enable all of the projects and programs to be implemented. And by using good planning and sensible financing, projects that are ready to go could begin as early as 2007.

### **Renewing Measure M**

The projects and programs that follow constitute the Transportation Investment Plan for the renewal of the Measure M transportation sales tax approved by Orange County voters in November of 1990. These improvements are necessary to address current and future transportation needs in Orange County and reflect the best efforts to achieve consensus among varied interests and communities throughout the County.



## Overview

The Renewed Measure M Transportation Investment Plan is a 30-year, \$11.8 billion program designed to reduce traffic congestion, strengthen our economy and improve our quality of life by upgrading key freeways, fixing major freeway interchanges, maintaining streets and roads, synchronizing traffic signals countywide, building a visionary rail transit system, and protecting our environment from the oily street runoff that pollutes Orange County beaches. The Transportation Investment Program is focused solely on improving the transportation system and includes tough taxpayer safeguards, including a Taxpayers' Oversight Committee, required annual audits, and regular, public reports on project progress.

The Renewed Measure M Transportation Investment Plan must be reviewed annually, in public session, and every ten years, a detailed review of the plan must take place. If changing circumstances require the voter-approved plan to be changed, those changes must be taken to the voters for approval.

### **Freeways**

Relieving congestion on State Route 91 (the Riverside/Artesia Freeway) is the centerpiece of the freeway program, and will include new lanes, new interchanges, and new bridges. Other major projects will make substantial improvements on Interstate 5 in southern Orange County and the I-405 (San Diego Freeway) in western Orange County. The notorious Orange Crush, the intersection of the I-5, State Route 22 and State Route 57 near Angel Stadium, will be improved and upgraded. Under the plan, major traffic chokepoints on almost every Orange County freeway will be remedied. Improving Orange County freeways will be the greatest investment in the Renewed Measure M program: Forty-three percent of net revenues, or \$4.871 billion, will be invested in new freeway construction.

### **Streets and Roads**

More than 6,500 lane miles of aging streets and roads will need repair, rejuvenation and improvement. City streets and county roads need to be maintained regularly and potholes have to be filled quickly. Thirty-two percent of net revenue from the Renewed Measure M Transportation Investment Plan, or \$3.625 billion, will be devoted to fixing potholes, improving intersections, synchronizing traffic signals countywide, and making the existing countywide network of streets and roads safer and more efficient.





### **Public Transit**

As Orange County continues to grow, building a visionary rail transportation system that is safe, clean and convenient, uses and preserves existing rights-of-way, and, over time, provides high-speed connections both inside and outside of Orange County is a long term goal. Twenty-five percent of the net revenue from the Renewed Measure M, or \$2.83 billion, will be dedicated to transit programs countywide. About twenty percent, or \$2.24 billion, will be dedicated to creating a new countywide high capacity transit system anchored on the existing, successful Metrolink and Amtrak rail line, and about five percent, or \$591 million, will be used to enhance senior transportation programs and provide targeted, safe localized bus service.

### **Environmental Cleanup**

Every day, more than 70 million gallons of oily pollution, litter, and dirty contaminants wash off streets, roads, and freeways and pour on to Orange County waterways and beaches. When it rains, the transportation-generated beach and ocean pollution increases tenfold. Under the plan, two percent of the gross Renewed Measure M Transportation Investment Plan, or \$237 million, will be dedicated to protecting Orange County beaches from this transportation-generated pollution (sometimes called "urban runoff") while improving ocean water quality.

### **Taxpayer safeguards and audits**

When new transportation dollars are approved, they should go for transportation and transportation purposes alone. No bait-and-switch. No using transportation dollars for other purposes. The original Measure M went solely for transportation purposes. The Renewed Measure M must be just as airtight. One percent of the gross Measure M

program, or \$118.6 million over 30 years, will pay for annual, independent audits, taxpayer safeguards, an independent Taxpayers' Oversight Committee assigned to watchdog government spending, and a full, public disclosure of all Renewed Measure M expenditures. A detailed review of the program must be conducted every ten years and, if needed, major changes in the investment plan must be brought before Orange County voters for approval. Taxpayers will receive an annual report detailing the Renewed Measure M expenditures. Additionally, as required by law, an estimated one and a half percent of the sales taxes generated, or \$178 million over 30 years, must be paid to the California State Board of Equalization for collecting the one-half cent sales tax that funds the Renewed Measure M Transportation Investment Plan.

In this pamphlet, every specific project, program, and safeguard included in the Renewed Measure M Transportation Investment Plan is explained. Similar details will be provided to every Orange County voter if the measure is placed on the ballot.





## Freeway Projects Overview

Every day, traffic backs up somewhere on the Orange County freeway system. And, every day, freeway traffic seems to get a little worse.

In the past decade, Orange County has made major strides in re-building our aging freeway system. But there is still an enormous amount of work that needs to be done to make the freeway system work well. You see the need for improvement every time you drive on an Orange County freeway.

Forty-three percent of net revenues from the Renewed Measure M Transportation Investment Plan are dedicated to improving Orange County freeways, the largest portion of the 30-year transportation plan.

### **SR-91 is the Centerpiece**

Making the troubled SR-91 (the Riverside/Artesia Freeway) work again is the centerpiece of the Renewed Measure M Freeway program. The fix on the 91 will require new lanes, new bridges, new overpasses, and, in the Santa Ana Canyon portion of the freeway, a diversion of drivers to SR-241 (Foothill Corridor) so the rest of the Orange County freeway system can work more effectively.

And there's more to the freeway program than the fix of SR-91 – much more. More than \$1 billion is earmarked for Interstate 5 in South County. More than \$800 million is slated to upgrade the 405 (the San Diego Freeway) between Irvine and the Los Angeles County line. Another significant investment is planned on the congested Costa Mesa Freeway (SR-55). And needed projects designed to relieve traffic chokepoints are planned for almost every Orange County freeway.

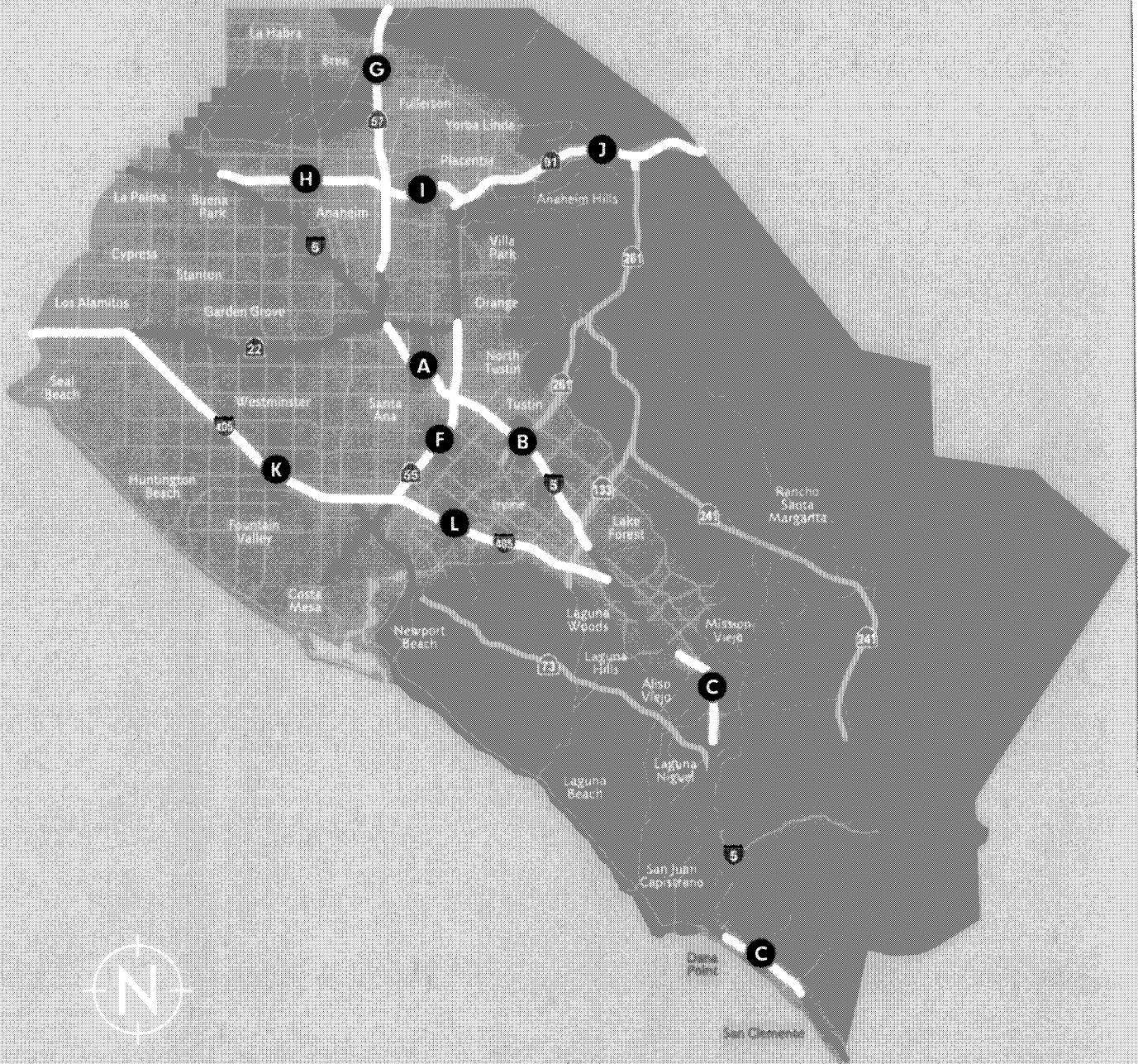
To make any freeway system work, bottlenecks at interchanges also have to be fixed. The notorious Orange Crush Interchange – where Interstate 5 (the Santa Ana Freeway) meets the 57 (the Orange Freeway) and the 22 (the Garden Grove Freeway) in a traffic tangle near Angel Stadium is in need of a major facelift. And the intersection of Interstate 5 and the Costa Mesa Freeway (State Route 55) is also slated for major repair.

### **Pays Big Dividends**

Local investment in freeways also pays big dividends in the search for other needed freeway dollars. Because of state and federal matching rules, Orange County's local investment in freeway projects acts as a magnet for state and federal transportation dollars – pulling more freeway construction dollars into the county and allowing more traffic-reducing freeway projects to be built sooner.



# Proposed Orange County Freeway Projects



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## Freeway Projects

### Santa Ana Freeway Interchange Improvements (I-5)

#### Project A

##### Santa Ana Freeway (I-5) Improvements between Costa Mesa Freeway (SR-55) and ("Orange Crush" area) (SR-57)

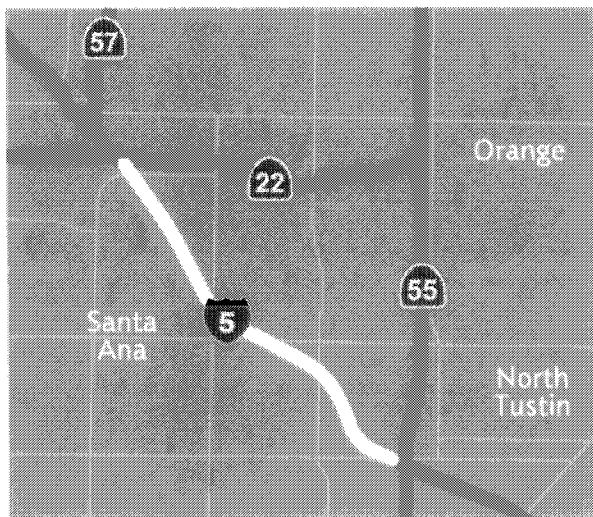
###### Description:

Reduce freeway congestion through improvements at the SR-55/I-5 interchange area between the Fourth Street and Newport Boulevard ramps on I-5, and between Fourth Street and Edinger Avenue on SR-55. Also, add capacity on I-5 between SR-55 and SR-57 to relieve congestion at the "Orange Crush".

The project will increase freeway capacity and reduce congestion. The current daily traffic volume on this segment of the I-5 is about 389,000. The demand is expected to grow by more than 19 percent by 2030, bringing the daily usage to 464,000 vehicles per day.

###### Cost:

The estimated cost to improve this section of the I-5 is \$470.0 million.



#### Project B

##### Santa Ana Freeway (I-5) Improvements from the Costa Mesa Freeway (SR-55) to El Toro "Y" Area

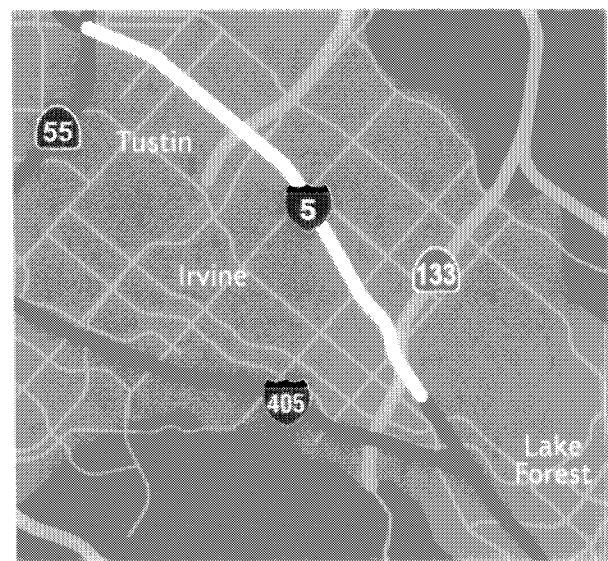
###### Description:

Build new lanes and improve the interchanges in the area between SR-55 and the SR-133 (near the El Toro "Y"). This segment of I-5 is the major route serving activity areas in the cities of Irvine, Tustin, Santa Ana and north Orange County.

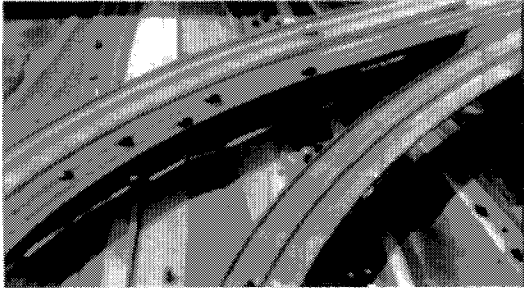
The project will increase freeway capacity and reduce congestion. The current traffic volume on this segment of I-5 is about 356,000 vehicles per day and is expected to increase by nearly 24 percent, bringing it up to 440,000 vehicles per day.

###### Cost:

The estimated cost to improve this section of I-5 is \$300.2 million.







## Freeway Projects

### Santa Ana Freeway/San Diego Freeway (I-5)

#### Project C

##### San Diego Freeway (I-5) Improvements South of the El Toro "Y"

**Description:**

Add new lanes to I-5 from the vicinity of the El Toro "Y" Interchange in Lake Forest to Crown Valley Parkway in Mission Viejo. Also add new lanes on I-5 between Coast Highway and Avenida Pico interchanges to reduce freeway congestion in San Clemente.

The project will increase freeway capacity and reduce congestion. Current traffic volume on I-5 near the El Toro "Y" is about 342,000 vehicles per day. This volume will increase in the future by 35 percent, bringing it up to 460,000 vehicles per day.

**Cost:**

The estimated cost to improve these segments of I-5 is \$627.0 million.



#### Project D

##### Santa Ana Freeway / San Diego Freeway (I-5) Local Interchange Upgrades

**Description:**

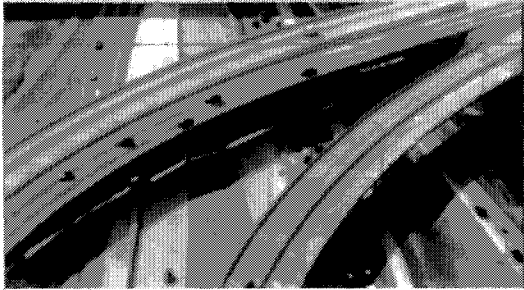
Update and improve key I-5 interchanges such as Ortega Highway, Avery Parkway, La Paz Road, and others to relieve street congestion around older interchanges and on ramps.

**Cost:**

The estimated cost for the I-5 local interchange upgrades is \$258.0 million.







## Freeway Projects

Garden Grove Freeway (SR-22)

Costa Mesa Freeway (SR-55)

### Project **E**

#### Garden Grove Freeway (SR-22) Local Interchange Upgrades

**Description:**

Construct interchange improvements at Euclid Street, Brookhurst Street and Magnolia Avenue to reduce freeway and street congestion near these interchanges.

**Cost:**

The estimated cost to improve the SR-22 interchanges is \$120.0 million.

### Project **F**

#### Costa Mesa Freeway (SR-55) Improvements

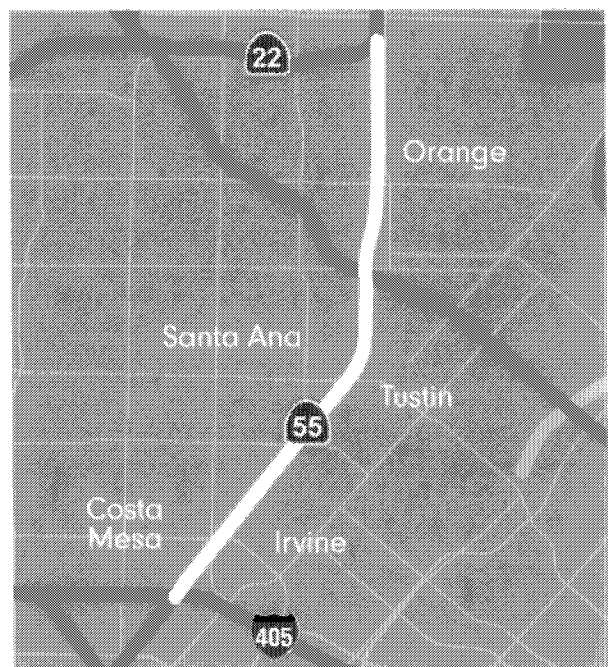
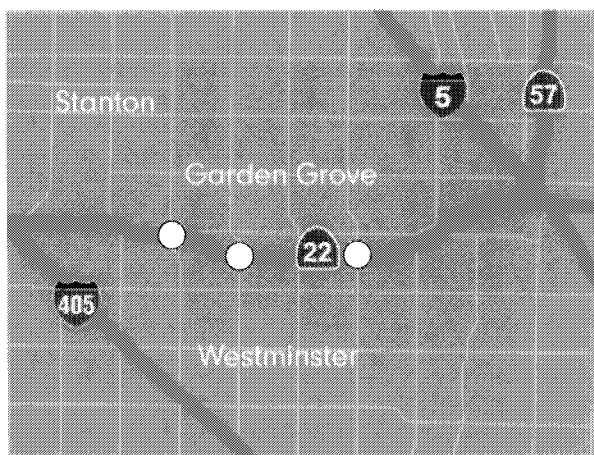
**Description:**

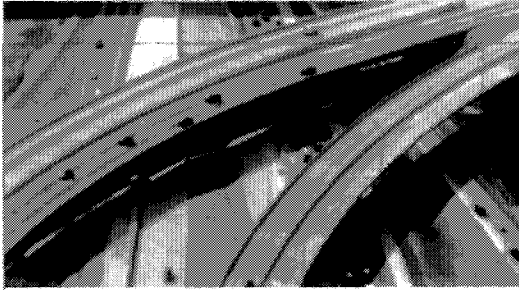
Add new lanes to SR-55 between Garden Grove Freeway (SR-22) and the San Diego Freeway (I-405), including merging lanes between interchanges to smooth traffic flow. This project also provides for freeway operational improvements for the portion of SR-55 between SR-91 and SR-22.

The project will increase freeway capacity and reduce congestion. This freeway carries about 295,000 on a daily basis. This volume is expected to increase by nearly 13 percent, bringing it up to 332,000 vehicles per day in the future.

**Cost:**

The estimated cost for these SR-55 improvements is \$366.0 million.





## Freeway Projects

### Orange Freeway (SR-57)

#### Project **G**

#### Orange Freeway (SR-57) Improvements

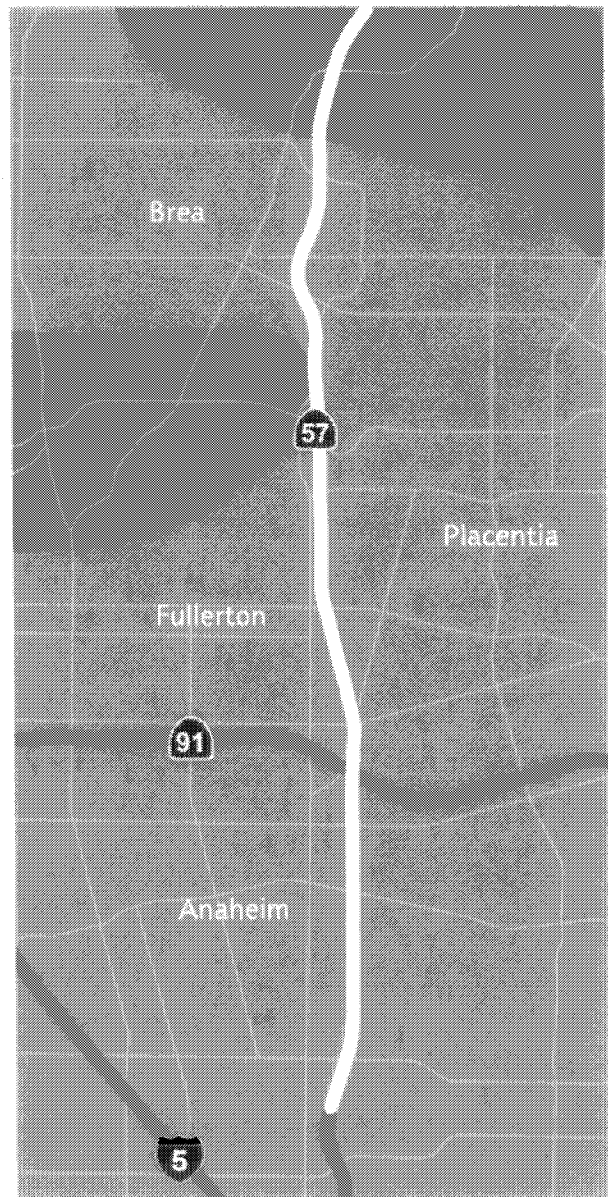
##### Description:

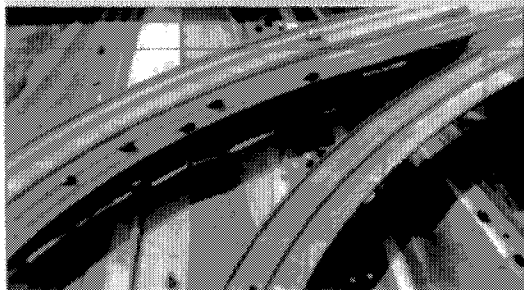
Build a new northbound lane between Katella Avenue and Lambert Road. Other projects include improvements to the Lambert interchange and addition of a northbound truck climbing lane between Lambert and Tonner Canyon Road.

The project will increase freeway capacity and reduce congestion. The daily traffic volume on this freeway is about 315,000. By 2030, this volume will increase by 15 percent, bringing it up to 363,000 vehicles per day.

##### Cost:

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





## Freeway Projects

### Riverside Freeway (SR-91)

#### Project H

##### Riverside Freeway (SR-91) Improvements from the Santa Ana Freeway (I-5) to the Orange Freeway (SR-57)

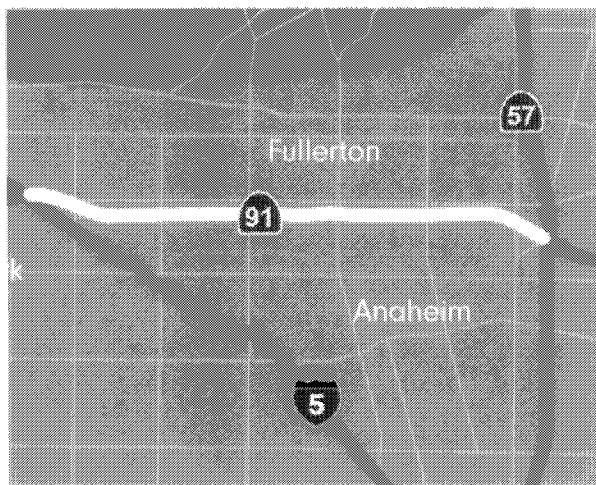
###### Description:

Add capacity and provide operational improvements at on and off ramps to the SR-91 between I-5 and the Orange Freeway (SR-57) to smooth traffic flow and relieve the SR-57/SR-91 interchange.

The current daily freeway volume along this segment of SR-91 is about 256,000. By 2030, this volume is expected to increase by nearly 13 percent, bringing it up to 289,900 vehicles per day.

###### Cost:

The estimated cost for improvements in this segment of SR-91 is \$140.0 million.



#### Project I

##### Riverside Freeway (SR-91) Improvements from Orange Freeway (SR-57) to the Costa Mesa Freeway (SR-55) Interchange Area

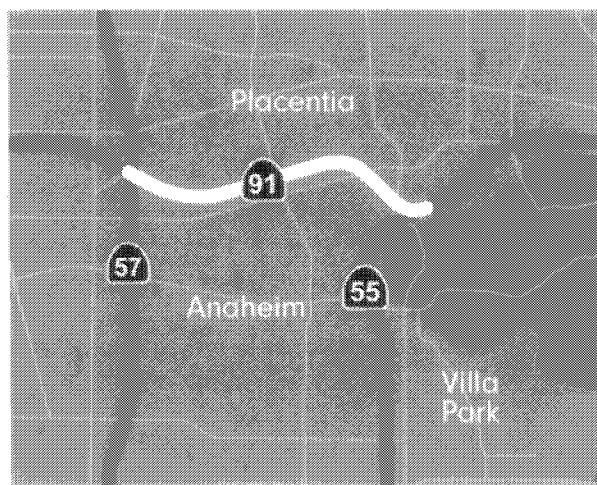
###### Description:

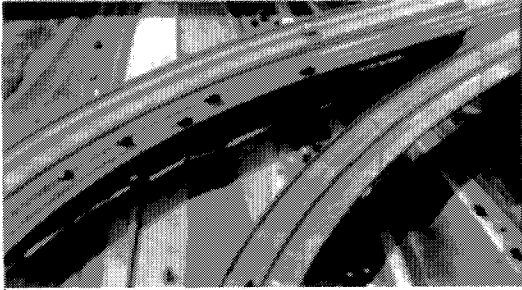
Improve the SR-91/SR-55 to SR-91/SR-57 interchange complex by improving nearby local interchanges such as Tustin Avenue and Lakeview as well as adding freeway capacity between SR-55 and SR-57.

Current freeway volume on this segment of the SR-91 is about 245,000 vehicles per day. This vehicular demand is expected to increase by 22 percent, bringing it up to 300,000 vehicles per day in the future.

###### Cost:

The estimated cost for these improvements to the SR-91 is \$416.5 million.





## Freeway Projects

### Riverside Freeway (SR-91)

#### Project **J**

#### **Riverside Freeway (SR-91) Improvements from Costa Mesa Freeway (SR-55) to the Orange/Riverside County Line**

##### **Description:**

This project adds capacity on SR-91 beginning at SR-55 and extending to I-15 in Riverside County.

The first priority will be to improve the segment of SR-91 east of SR-241. The goal is to provide up to four new lanes of capacity in this segment by making best use of available freeway property, adding reversible lanes, building elevated sections where feasible and improving connections to SR-241. The portion of improvements in Riverside County will be paid for from other sources.

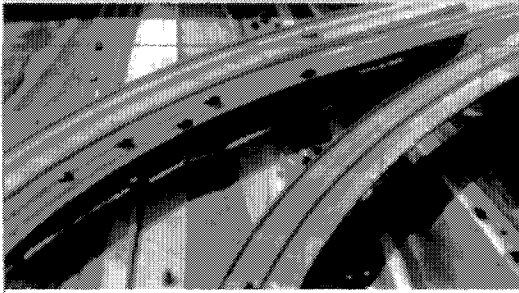
This project also includes improvements to the segment of SR-91 between SR-241 and SR-55. The concept is to generally add one new lane in each direction and improve the interchanges.

Today, this freeway carries about 314,000 vehicles every day. This volume is expected to increase by 36 percent, bringing it up to 426,000 vehicles by 2030.

##### **Cost:**

The estimated cost for these improvements to the SR-91 is \$925.0 million.





## Freeway Projects

### San Diego Freeway (I-405)

#### Project **K**

#### **San Diego Freeway (I-405) Improvements between the San Gabriel River Freeway (I-605) in Los Alamitos area and Costa Mesa Freeway (SR-55)**

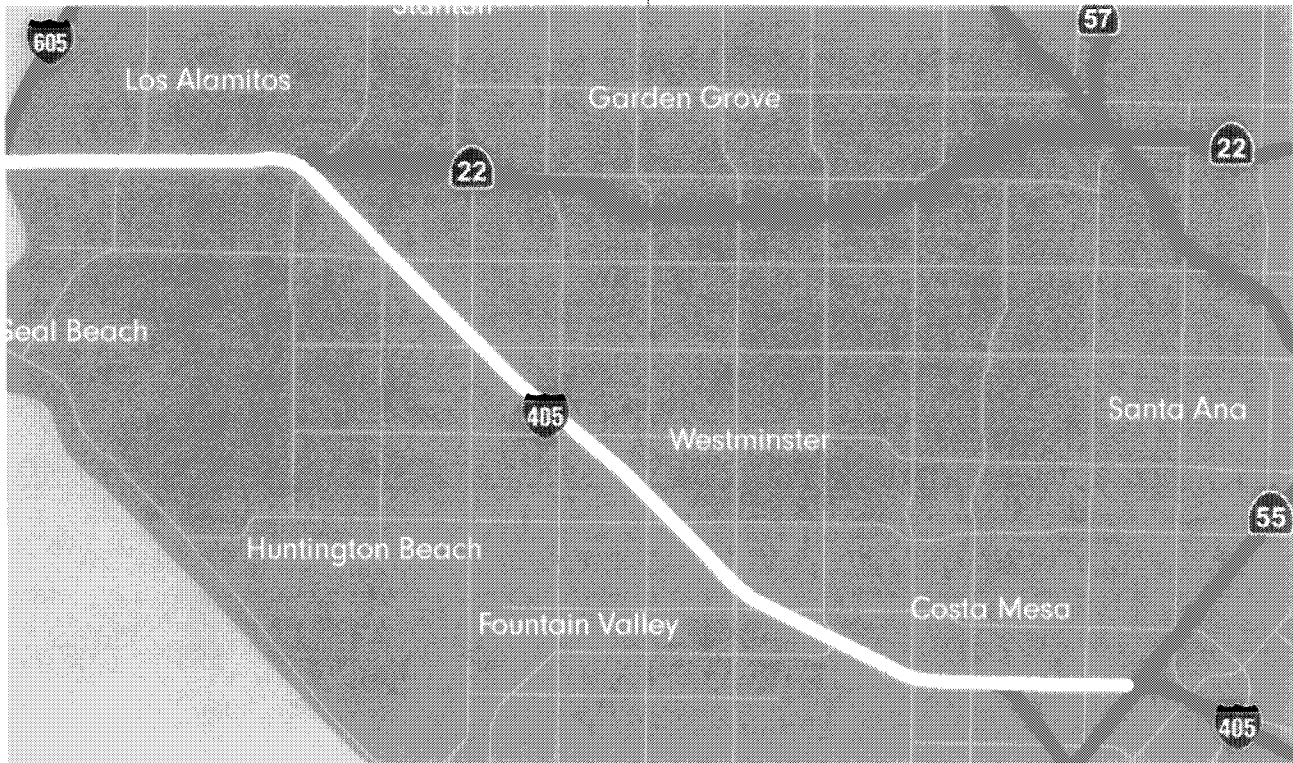
##### **Description:**

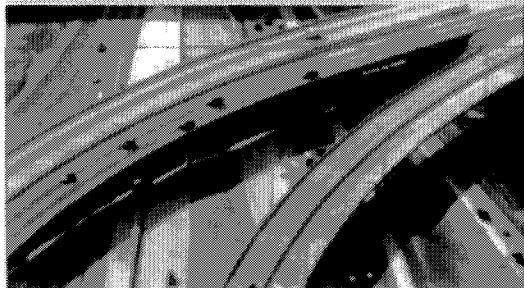
Add new lanes to the San Diego freeway between I-605 and SR-55. The project will make best use of available freeway property, update interchanges, add merging lanes near on/off ramps and remain consistent with approved plans. The improvements will be coordinated with other planned I-405 improvements in the I-405/SR-22/I-605 interchange area to the north and I-405/SR-73 improvements to the south.

Today, I-405 carries about 430,000 vehicles daily. The volume is expected to increase by nearly 23 percent, bringing it up to 528,000 vehicles daily by 2030. The project will increase freeway capacity and reduce congestion.

##### **Cost:**

The estimated cost for these improvements to the I-405 is \$500.0 million.





## Freeway Projects

### San Diego Freeway (I-405)

#### Project **L**

#### San Diego Freeway (I-405) Improvements between Costa Mesa Freeway (SR-55) and Santa Ana Freeway (I-5)

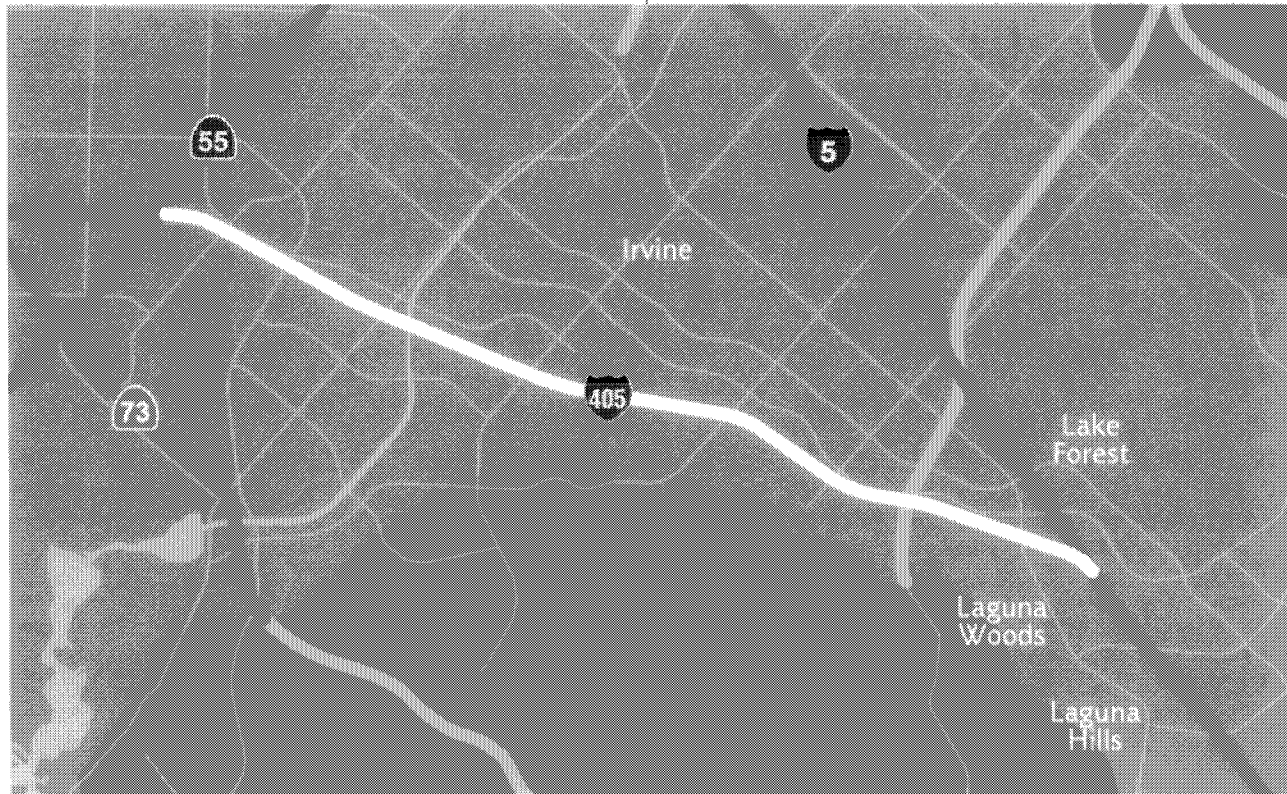
##### Description:

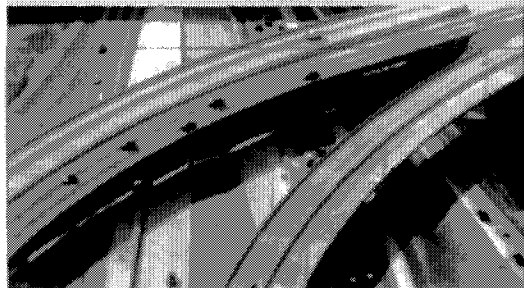
Add new lanes to the freeway from SR-55 to the I-5. The project will also improve chokepoints at interchanges and add merging lanes near on/off ramps. The improvements will be coordinated with projects in the I-405/I-5 El Toro "Y" area.

This segment of the freeway carries 354,000 vehicles a day. This number will increase by nearly 13 percent, bringing it up to 401,000 vehicles per day by 2030. The project will increase freeway capacity and reduce congestion.

##### Cost:

The estimated cost for these improvements to the I-405 is \$319.7 million.





## Freeways Projects

Freeway Access Improvements (I-605)

Freeway Service Patrol

### Project **M**

#### I-605 Freeway Access Improvements at Katella Avenue

**Description:**

Construct interchange improvements at Katella Avenue to improve freeway and arterial system connections in the Los Alamitos area.

**Cost:**

The estimated cost to make these I-605 interchange improvements is \$20.0 million.

### Project **N**

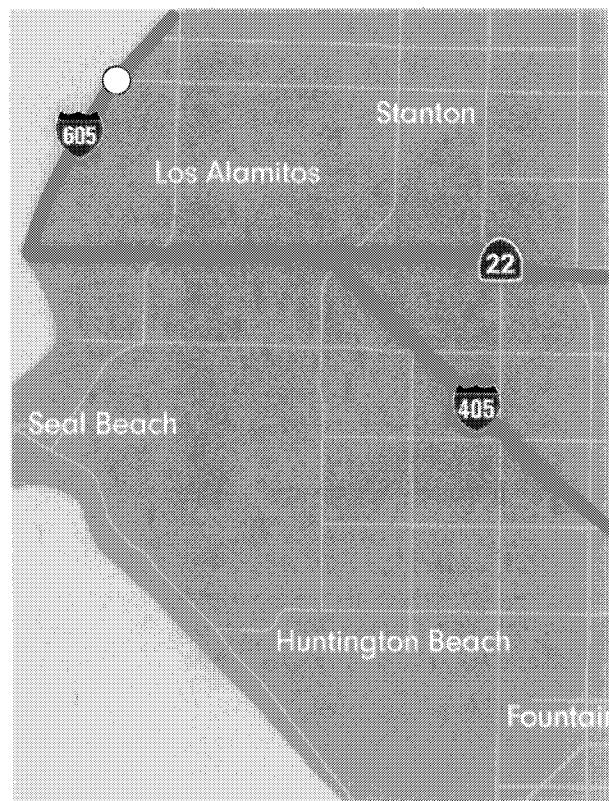
#### Freeway Service Patrol

**Description:**

The Freeway Service Patrol (FSP) provides tow truck service for disabled motorists on the freeway system. This service helps stranded motorists and quickly clears disabled vehicles out of the freeway lanes to minimize congestion from rubbernecking.

**Cost:**

The estimated cost to support the Freeway Service Patrol Program for thirty years beyond 2011 is \$150.0 million.



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## Streets and Roads Projects Overview

Orange County has more than 6,500 lane miles of aging streets and roads many of which are in need of repair, rejuvenation and improvement. Intersections need to be widened, traffic lights need to be synchronized, and potholes need to be filled. And, in many cases, to make Orange County's transportation system work smoothly, we need to add additional lanes to existing streets.

Thirty-two percent of net revenues from the Renewed Measure M Transportation Investment Plan are dedicated to the maintaining streets, fixing potholes, improving intersections and widening city streets and county roads.

### **Making the System Work**

Making the existing system of streets and roads work better – by identifying spot intersection improvements, filling potholes, repaving worn-out streets – are the basics of making a countywide transportation system work. Those basics have to be the first priority. But to operate a successful, countywide system of streets and roads, we need more: street widenings and traffic signals synchronized on a countywide basis. And there's more: pedestrian safety near local schools needs to be improved. Traffic flow must be smoothed. Street repairs must be made sooner. And, perhaps most importantly, cities and the county must work together –collaboratively –to find simple, low-cost traffic solutions.

Renewed Measure M provides financial incentives for traffic improvements that cross city and county lines, providing a seamless, county-wide transportation system that's friendly to regional commuters and fair to local residents.

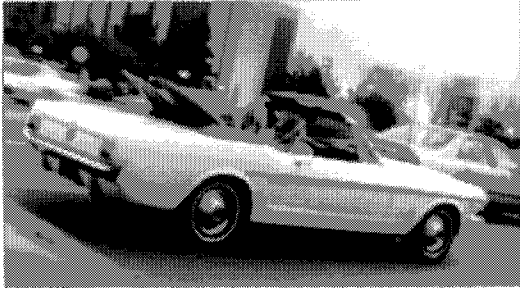
### **Better Cooperation**

To place a higher priority on cooperative, collaborative regional decision-making, Renewed Measure M creates incentives that encourage traffic lights to be coordinated across jurisdictional lines, major street improvements to be better coordinated on a regional basis, and street repair programs to be a high priority countywide. To receive Measure M funding, cities and the county have to cooperate.

The Streets and Roads program in Renewed Measure M involves shared responsibilities – local cities and the county set their local priorities within a competitive, regional framework that rewards cooperation, honors best practices, and encourages government agencies to work together.







## Streets and Roads Projects

### Regional Capacity Program

#### Project

##### Regional Capacity Program

###### Description:

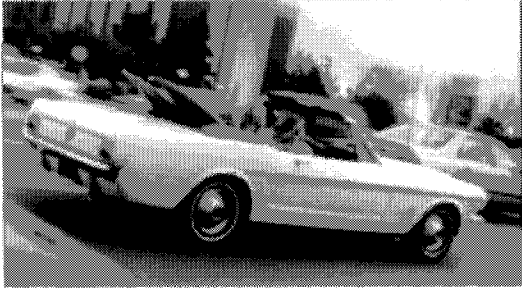
This program, in combination with local matching funds, provides a funding source to complete the Orange County Master Plan of Arterial Highways (MPAH). The program also provides for intersection improvements and other projects to help improve street operations and reduce congestion. The program allocates funds through a competitive process and targets projects that help traffic the most by considering factors such as degree of congestion relief, cost effectiveness, project readiness, etc.

Roughly 1,000 miles of new street lanes remain to be completed, mostly in the form of widening existing streets to their ultimate planned width. Completion of the system will result in a more even traffic flow and efficient system.

Another element of this program is funding for construction of railroad over or underpass grade separations where high volume streets are impacted by freight trains along the Burlington Northern Santa Fe railroad in northern Orange County.

###### Cost:

The estimated cost for these street improvement projects is \$1,132.8 million.



## Streets and Roads Projects

### Traffic Signal Synchronization

#### Project **P**

##### **Synchronize Traffic Signals Across Jurisdictions**

###### **Description:**

This program targets over 2,000 signalized intersections across the County for coordinated operation. The goal is to improve the flow of traffic by developing and implementing regional signal coordination programs that cross jurisdictional boundaries.

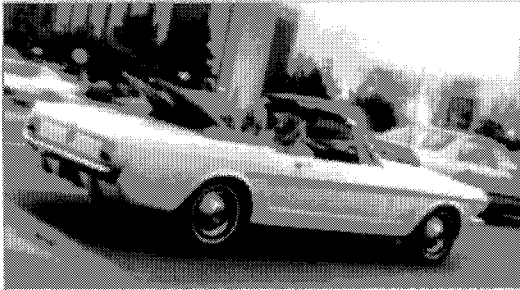
Most traffic signal synchronization programs today are limited to segments of roads or individual cities and agencies. For example, signals at intersections of freeways with arterial streets are controlled by Caltrans, while nearby signals at local street intersections are under the control of cities. This results in the street system operating at less than maximum efficiency. When completed, this project can increase the capacity of the street grid and reduce the delay by over six million hours annually.

To ensure that this program is successful, cities, the County of Orange and Caltrans will be required to work together and prepare a common traffic signal synchronization plan before receiving funds. In addition, cities will be required to provide 20 percent of the costs. Once in place, the program will provide funding for ongoing maintenance and operation of the synchronization plan. Local jurisdictions will be required to publicly report on the performance of their signal synchronization efforts every three years.

###### **Cost:**

The estimated cost of developing and maintaining a regional traffic signal synchronization program for Orange County is \$453.1 million.





## Streets and Roads Projects

### Flexible Local Funding Program

#### Project

#### Flexible Local Funding Program

##### Description:

This element of the program will provide flexible funding to help cities and the County of Orange keep up with the rising cost of repairing the aging street system. In addition, cities can use these funds for other local transportation needs such residential street projects, traffic and pedestrian safety near schools, etc.

This program is intended to augment, rather than replace, existing transportation expenditures and therefore cities must meet the following requirements to receive the funds.

1. Continue to invest General Fund monies (or other local discretionary monies) for transportation and annually increase this commitment to keep pace with inflation.
2. Agree to use Measure M funds for transportation purposes only, subject to full repayment and a loss of funding eligibility for five years for any misuse.
3. Agree to separate accounting for Measure M funds and annual reporting on actual Measure M expenditures.
4. Develop and maintain a Pavement Management Program to ensure timely street maintenance and submit regular public reports on the condition of streets.

5. Annually submit a five-year Capital Improvement Program and commit to spend Measure M funds within three years of receipt.
6. Agree to assess traffic impacts of new development and require that new development pay a fair share of any necessary transportation improvements.
7. Agree to plan, build and operate major streets consistent with the countywide Master Plan of Arterial Highways to ensure efficient traffic flow across city boundaries.
8. Agree to participate in the Traffic Signal Synchronization Program to implement and maintain effective signal synchronization. This requires cities to balance local traffic policies with neighboring cities - for selected streets - to promote more efficient traffic circulation overall.
9. Agree to consider land use planning strategies that are transit-friendly, support alternative transportation modes including bike and pedestrian access and reduce reliance on the automobile.

The funds under this program are distributed to cities and the County of Orange by formula once the cities have fulfilled the above requirements. The formula will account for population, street mileage and amount of sales tax collected in each jurisdiction.

##### Cost:

The estimated cost for this program for thirty years is \$2,039.1 million.





## Transit Overview

Building streets, roads and freeways helps fix today's traffic problems. Building a visionary rail system that is safe, clean and convenient focuses on Orange County's transportation future.

Twenty-five percent of net revenues from the Renewed Measure M Transportation Investment Plan are allocated towards building and improving rail and bus transportation in Orange County. Approximately twenty percent of the Renewed Measure M funds are allocated to developing a creative county-wide rail program and five percent of the revenues will be used to enhance programs for senior citizens and for targeted, localized bus service. All transit expenditures must be consistent with the safeguards and audit provisions of the Plan.

### **A New Transit Vision**

The key element of the Renewed Measure M rail program is improving the 100-year-old Santa Fe rail line through the heart of the county. Then, by using this well-established, operational commuter rail system as a platform for future growth, existing rail stations will be developed into regional transportation hubs that can serve as regional transportation gateways or the centerpiece of local transportation services. A series of new, well-coordinated, flexible transportation systems, each one customized to the unique transportation vision the station serves, will be developed. Creativity and good financial sense will be encouraged. Partnerships will be promoted. Transportation solutions for each transportation hub can range from monorails to local mini-bus systems to new technologies. Fresh thinking will be rewarded.

The new, localized rail programs will bring competition to local transportation planning, creating a marketplace of transportation ideas where the best ideas emerge and compete for funding. The plan is to encourage civic entrepreneurship and stimulate private involvement and investment.

### **Selection Criteria**

Each local rail vision will be carefully evaluated on well-defined, well-known criteria that values:

- Traffic congestion relief;
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan;
- Local funding commitments and the availability of right-of-way;
- Proven ability to attract other financial partners, both public and private;
- Proximity to jobs and population centers;
- Regional as well as local benefits;
- Ease and simplicity of connections;
- Compatible, approved land uses;
- Modern technology; and
- A sound, long term operating plan

In terms of bus services, more specialized transit services, including improved van services and reduced fares for senior citizens and people with disabilities, will be provided. Safety at key bus stops will be improved. And a network of community-based, mini-bus services will be developed in areas outside of the central county rail corridor.

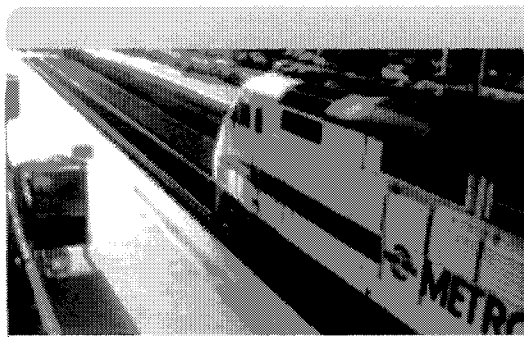




# Proposed Orange County Transit Projects



- R** Expand Metrolink rail service page 24
- S** High-capacity transit extensions page 24
- T** Connections to regional high speed rail systems (Not mapped) page 25
- U** Expand mobility choices for seniors and persons with disabilities (Concepts, Not mapped) page 25
- V** Community circulators and shuttles (Concepts, Not mapped) page 26
- W** Safe transit stops (Concepts, Not mapped) page 26



## Transit Projects

High Frequency Metrolink Service

High Capacity Transit Extensions to Metrolink

### Project **R**

#### High Frequency Metrolink Service

**Description:**

This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This program is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and parking; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means, to move arriving passengers to nearby destinations.

The program also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

**Cost**

The estimated cost of capital and operations is \$1,014.1 million.

### Project **S**

#### High Capacity Transit Extensions to Metrolink

**Description:**

Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions will be evaluated against clear criteria such as congestion relief, project readiness, local funding commitment, private investment, connectivity, compatible land uses, proven technology and a sound operating plan.

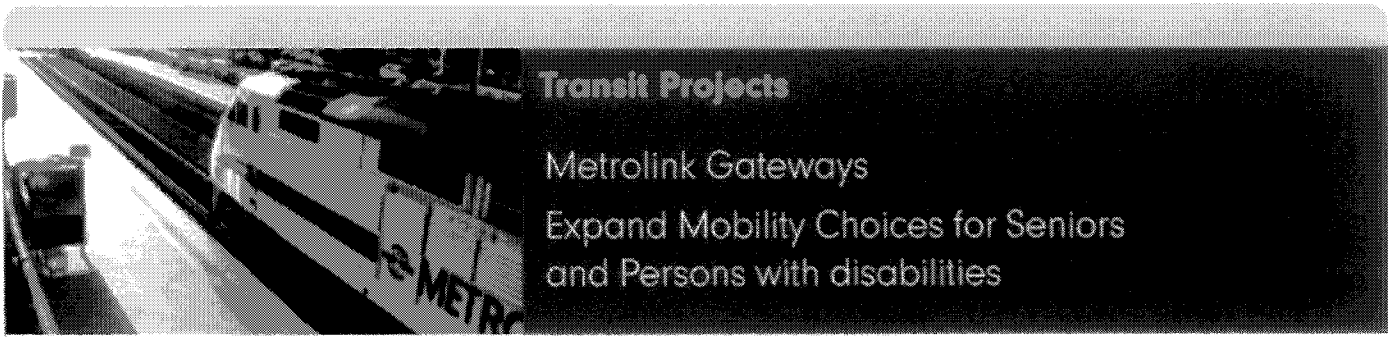
These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

**Cost:**

The estimated cost to implement this program over thirty years is \$1,000.0 million.







## Transit Projects

### Metrolink Gateways

Expand Mobility Choices for Seniors and Persons with disabilities

#### Project **T**

**Convert Metrolink Station(s) to regional gateways that connect Orange County with high speed rail systems**

**Description:**

This program will provide the local improvements that are necessary to connect planned future high speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties are also being planned or proposed by other agencies.

**Cost:**

The estimated Measure M share of the cost for these regional centers and connections is \$226.6 million.

#### Project **U**

**Expand mobility choices for seniors and persons with disabilities**

**Description:**

This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities. This includes fare discounts for bus services, specialized ACCESS services and future rail services.

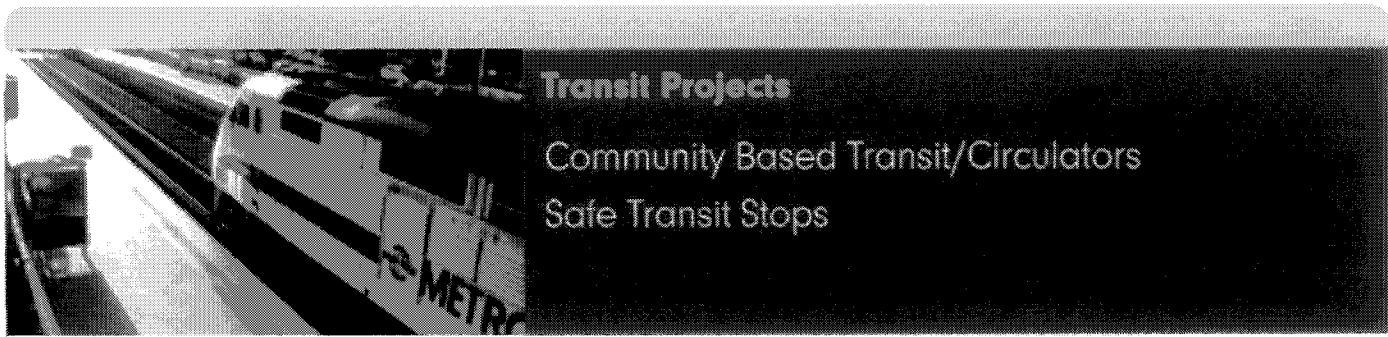
One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program. Another one percent will supplement existing countywide senior non-emergency medical transportation services.

Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

**Cost:**

The estimated cost to provide these programs over 30 years is \$339.8 million.





## Transit Projects

Community Based Transit/Circulators

Safe Transit Stops

### Project **V**

#### Community Based Transit/Circulators

**Description:**

This project will establish a competitive program for local jurisdictions to develop local transit programs such as community based circulators, shuttles and bus trolleys that complement regional transit services. Projects will need to meet performance criteria for ridership, connection to bus and rail services, and financial viability to be considered for funding.

**Cost:**

The estimated cost of this program is \$226.5 million.

### Project **W**

#### Safe Transit Stops

**Description:**

This project provides for passenger amenities at high-transfer transit stops across the County. Enhancements will include improved lighting, information systems, and easier access.

**Cost:**

The estimated cost of this program is \$25.0 million.





## Environmental Cleanup

Every day, more than 70 million gallons of oily pollution, litter, and dirty contamination washes off streets, roads and freeways and pours on to Orange County waterways and beaches. When it rains, the transportation-generated pollution increases tenfold, contributing to the increasing number of beach closures and environmental hazards along the Orange County coast.

Prior to allocation of funds for freeway, street and transit projects, two percent of gross revenues from the Renewed Measure M Transportation Investment Plan are set aside to protect Orange County beaches from transportation-generated pollution (sometimes called "urban runoff") and improving ocean water quality.

### **Countywide Competitive Program**

Measure M Environmental Cleanup funds will be used on a countywide, competitive basis to meet federal Clean Water Act standards for controlling transportation-generated pollution by funding nationally recognized Best Management Practices, including:

- Catch basins and state-of-the-art biofiltration systems;
- Special roadside landscaping systems called bioswales that filter oil runoff from streets, roads and freeways;
- Environmentally-sensitive street cleaning programs.

The environmental cleanup program is designed to supplement, not supplant, existing transportation-related water quality programs. This clean-up program must improve, and not replace, existing pollution reduction efforts by cities, the county, and special districts. Funds will be awarded to the highest priority programs that improve water quality, keep our beaches and streets clean, and reduce transportation-generated pollution along Orange County's scenic coastline.



## Environmental Cleanup

### Project **X**

#### Environmental Cleanup

##### Description:

Implement street and highway related water quality improvement programs and projects that will assist Orange County cities, the County of Orange and special districts to meet federal Clean Water Act standards for urban runoff.

The Environmental Cleanup monies may be used for water quality improvements related to both existing and new transportation infrastructure, including capital and operations improvements such as:

- Catch basin screens, filters and inserts
- Roadside bioswales and biofiltration channels
- Continuous Deflective Separation (CDS) units
- Maintenance of catch basins and bioswales
- Other street-related "Best Management Practices" for capturing and treating urban runoff

This program is intended to augment, not replace existing transportation related water quality expenditures and to emphasize high-impact capital improvements over local operations and maintenance costs. In addition, all new freeway, street and transit capital projects will include water quality mitigation as part of project scope and cost.

The Environmental Cleanup program is subject to the following requirements:

- Development of a comprehensive countywide capital improvement program for transportation related water quality improvements.
- A competitive grant process to award funds to the highest priority, most cost-effective projects.
- A matching requirement to leverage other federal, state and local funds for water quality improvements.
- A maintenance of effort requirement to ensure that funds augment, not replace existing water quality programs.
- Annual reporting on actual expenditures and an assessment of the water quality benefits provided.
- A strict limit on administrative costs and a requirement to spend funds within five years of receipt.
- Penalties for misuse of any of the Environmental Cleanup funds.

##### Cost:

The estimated cost for the Environmental Cleanup program is \$237.2 million. In addition it is estimated that new freeway, road and transit projects funded by the Renewed Measure M Transportation Investment Plan will include more than \$165 million for mitigating water quality impacts.



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# Taxpayer Safeguards and Audits

## Taxpayer Safeguards and Audits

### Description:

Implement and maintain strict taxpayer safeguards to ensure that the Renewed Measure M Transportation Investment Plan is delivered as promised. Restrict administrative costs to one percent (1%) of total tax revenues and State collection of the tax as prescribed in state law [currently one-and-one-half (1.5%) percent].

Administration of the Transportation Investment Plan and all spending is subject to the following specific safeguards and requirements:

### Oversight

- All spending is subject to an annual independent audit.
- Spending decisions must be annually reviewed and certified by an independent Taxpayer Oversight Committee.
- An annual report on spending and progress in implementing the Plan must be submitted to Taxpayers'.

### Integrity of the Plan

- No changes to the Plan can be made without review and approval by 2/3 vote of the Taxpayers' Oversight Committee.
- Major changes to the Plan such as deleting a project or shifting projects among major spending categories (Freeways, Streets & Roads, Transit, Environmental Cleanup) must be ratified by a majority of voters.

- The Plan must be subject at least every ten years to public review and assessment of progress in delivery, public support and changed circumstances. Any significant proposed changes to the Plan must be approved by the Taxpayer Oversight Committee and ratified by a majority of voters.

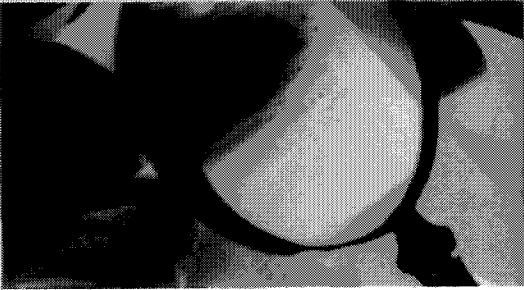
### Fund Accounting

- All tax revenues and interest earned must be deposited and maintained in a separate trust fund. Local jurisdictions that receive allocations must also maintain them in a separate fund.
- All entities receiving tax funds must report annually on expenditures and progress in implementing projects.
- At any time, at its discretion, the Taxpayers' Oversight Committee may conduct independent reviews or audits of the spending of tax funds.
- The elected Auditor/Controller of Orange County must annually certify that spending is in accordance with the Plan.

### Spending Requirements

- Local jurisdictions receiving funds must abide by specific eligibility and spending requirements detailed in the Streets & Roads and Environmental Cleanup components of the Plan.
- Funds must be used only for transportation purposes described in the Plan. The penalty for misspending is full repayment and loss of funding eligibility for a period of five years.
- No funds may be used to replace private developer funding committed to any project or improvement.
- Funds shall augment, not replace existing funds.
- Every effort shall be made to maximize matching state and federal transportation dollars.





## Taxpayer Safeguards and Audits

### **Taxpayer Oversight Committee**

- The committee shall consist of eleven members – two members from each of the five Board of Supervisor's districts, who shall not be elected or appointed officials -- along with the elected Auditor/Controller of Orange County.
- Members shall be recruited and screened for expertise and experience by the Orange County Grand Jurors Association. Members shall be selected from the qualified pool by lottery.
- The committee shall be provided with sufficient resources to conduct independent reviews and audits of spending and implementation of the Plan.

### **Collecting the Tax**

- The State Board of Equalization shall be paid one-and-one-half (1.5) percent of gross revenues each fiscal year for its services in collecting sales tax revenue as prescribed in Section 7273 of the State's Revenue and Taxation Code.

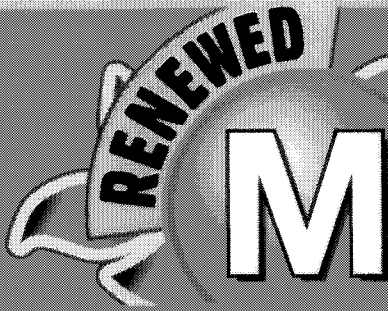
### **Cost:**

The estimated cost for Safeguards and Audits over thirty years is \$296.6 million.



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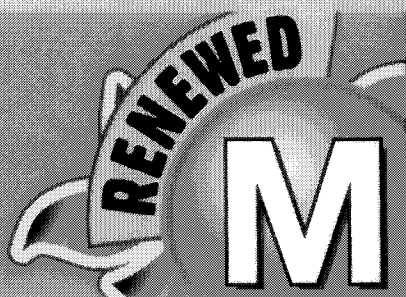


# Proposed Measure M Investment Summary

(Prepared January 2006)

LOCATION		PROJECTS	COSTS 2005 estimates in millions	
<b>Freeway Projects (in millions)</b>			<b>\$4,871.1</b>	
I-5	Santa Ana Freeway Interchange Improvements	A	\$470.0	
I-5	Santa Ana/San Diego Freeway Improvements	B C D	1,185.2	
SR-22	Garden Grove Freeway Access Improvements	E	120.0	
SR-55	Costa Mesa Freeway Improvements	F	366.0	
SR-57	Orange Freeway Improvements	G	258.7	
SR-91	Riverside Freeway Improvements	H I J	1,481.5	
I-405	San Diego Freeway Improvements	K L	819.7	
I-605	Freeway Access Improvements at Katella Avenue	M	20.0	
All	Freeway Service Patrol	N	150.0	
<b>Streets &amp; Roads Projects (in millions)</b>			<b>\$3,625.0</b>	
	Regional Capacity Program	O	\$1,132.8	
	Regional Traffic Signal Synchronization Program	P	453.1	
	Flexible Local Funding Program	Q	2,039.1	
<b>Transit Projects (in millions)</b>			<b>\$2,832.0</b>	
	High Frequency Metrolink Service	R	\$1,014.1	
	High Capacity Transit Extensions to Metrolink	S	1,000.0	
	Metrolink gateways to high speed rail systems	T	226.6	
	Mobility choices for seniors and persons with disabilities	U	339.8	
	Community based transit/circulators	V	226.5	
	Safe Transit Stops	W	25.0	
<b>Environmental Cleanup (in millions)</b>			<b>\$237.2</b>	
	Clean up highway and street runoff that pollutes beaches	X	\$237.2	
<b>Taxpayer Safeguards and Audits (in millions)</b>			<b>\$296.6</b>	
	Collect sales taxes (State charges required by law)		\$178.0	
	Oversight and annual audits		118.6	
<b>Total (2005 dollars in millions)</b>			<b>\$11,861.9</b>	

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We want to know  
what you think.

The Renewed Measure M Transportation Investment Plan details the traffic improvement projects and programs that can be done if the Measure M one-half cent transportation tax is renewed for another thirty years. We are looking for your thoughts and ideas on this proposed Plan.

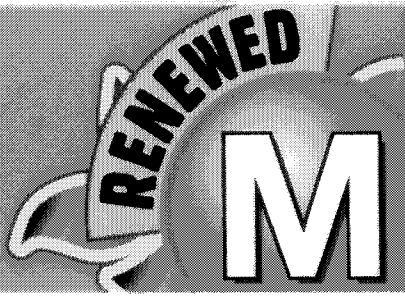
To contribute your ideas, please fill out this card on the reverse side, fold and tape shut, attach a postage stamp and mail it no later than March 31, 2006.

Orange County Transportation Authority  
Attn: Ellen Burton  
PO Box 14184  
Orange, CA 92863-9831

Place stamp here



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**We want to know  
what you think.**

The Renewed Measure M Transportation Investment Plan details the traffic improvement projects and programs that can be done if the Measure M one-half cent transportation tax is renewed for another thirty years. We are looking for your thoughts and ideas on this proposed Plan.

**Are there any projects that you think should be deleted from the Plan?**

**Which projects or programs are most important to you in the Plan?**

**Do you have any other comments or suggestions?**

---

**Which projects or programs are least important to you in the Plan?**

**Are there any projects that you think should be added to the Plan?**

**Keep me posted: (optional):**

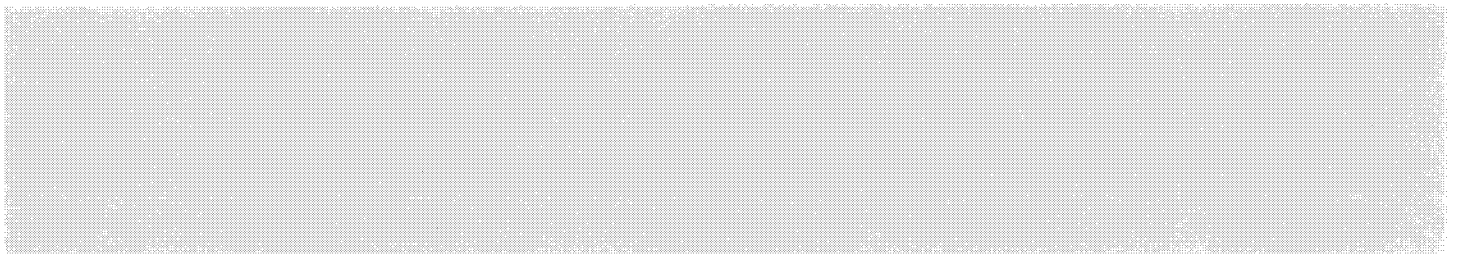
Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_

E-mail \_\_\_\_\_

To contribute your ideas, please fill out this card, fold and tape shut, attach a postage stamp and mail it no later than March 31, 2006.





**December 16, 2005**

**To:** Transportation 2020 Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Renewed Measure M: Draft Transportation Investment Plan

### **Overview**

For more than a year, under the direction of the Transportation 2020 Committee, staff, consultants, and members of the Board of Directors have sought input from community leaders and the public regarding priorities for a possible renewal of the Measure M one-half cent transportation sales tax. A draft Transportation Investment Plan is presented, along with recommendations for next steps to finalize the Plan for consideration by Orange County cities and the County of Orange.

### **Recommendations**

- A. Authorize the release of the Renewed Measure M Draft Transportation Investment Plan for review and comment.
- B. Direct the Chief Executive Officer to develop an Ordinance for renewal of the Measure M one-half cent transportation sales tax, including the formation of an Ordinance Legal Advisory Committee.
- C. Direct that a recommended Final Renewed Measure M Transportation Investment Plan and implementing Ordinance be submitted for consideration by the Transportation 2020 Committee and the full Board of Directors in April 2006.

### **Background**

Extensive public outreach activities undertaken in support of developing a Transportation Investment Plan for the renewal of Measure M are documented in a separate report to the Transportation 2020 Committee, (Committee) entitled, "Measure M Investment Plan Outreach Update." It documents contacts made with thousands of community leaders and citizens regarding their views on transportation and the potential renewal of Measure M.

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On October 14, 2005, the Board of Directors adopted general policies for purposes of developing a draft Transportation Investment Plan for the renewal of the Measure M one-half cent transportation sales tax in Orange County as follows:

- Assume a thirty-year duration from 2011 to 2041;
- Use a revenue estimate of \$11.862 billion in 2005 dollars;
- Maintain a general allocation of 43 percent for freeways; 32 percent for streets and roads; 25 percent for transit;
- Integrate taxpayer safeguards into the Plan; and
- Exclude long-term projects for which costs, funding, sponsorship and feasibility have yet to be determined.

In addition, at its meeting of November 14, 2005, the Committee reviewed detailed input from the League of Cities "Super Committee", the Orange County Transportation Authority (OCTA) Technical Advisory Committee, the OCTA Citizens Advisory Committee and Orange County business leadership regarding the potential allocation of funds from the renewal of Measure M for streets and roads. As a result, further direction was given to staff to help shape this portion of the draft Transportation Investment Plan as follows:

- Within the 32 percent of funds provided for streets and roads purposes, allocate 18 percent to local jurisdictions by formula and 14 percent on a competitive basis;
- Permit local flexibility in the use of the 18 percent of formula funds by local jurisdictions, with limitations to ensure money is spent only for transportation purposes and that basic maintenance and improvement needs are met;
- Further allocate the 14 percent of competitive funds to added regional road capacity (10 percent) and regional signal coordination (4 percent).
- Require local jurisdictions to provide a local match for competitive funds at a rate of 50 percent for the regional capacity program and 20 percent for the signal coordination program; and
- Retain current "maintenance of effort" requirements with an added inflation adjustor to ensure that local jurisdictions do not supplant local funding with Measure M.

### ***Discussion***

A Renewed Measure M Draft Transportation Investment Plan (Plan) is shown as Attachment A to this report. It reflects input compiled over the past year from transportation studies and experts; community and business leaders; local

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government leaders; public opinion polls, and thousands of citizen surveys. It is consistent with the policy direction and guidance provided to date by the Board of Directors and the Committee.

The draft Plan document is complete with regard to the text and funding allocation. It is still in rough form with regard to maps and graphics. Staff is seeking approval from the Committee for the text and funding allocations shown in Attachment A and comments and guidance regarding the graphic design and presentation of the information. With that approval and guidance, a more polished graphically complete document will be prepared and presented to the Board of Directors on January 9, 2006.

#### The Draft Transportation Investment Plan

The Plan anticipates and details the expenditure of \$11.862 billion of revenue over a period of thirty years. It provides nearly \$5 billion for freeway investments; close to \$4 billion for maintenance and improvement of streets and roads; and almost \$3 billion for new coordinated, safe, and convenient transit services. Funds are dedicated to environmental cleanup of polluted runoff from roads and highways. Strong taxpayer safeguards and audits of spending are built in to guarantee that funds are spent only for the transportation purposes described in the draft Plan.

Projects designed to relieve traffic chokepoints are planned for almost every Orange County freeway. Nearly \$1.5 billion is dedicated to improving the troubled Riverside Freeway (State Route 91). More than \$1 billion is earmarked for improvements to the I-5 in South County. More than \$800 million is provided to upgrade the San Diego Freeway (Interstate 405) between Irvine and the Los Angeles County line. Improvements are slated for the congested Costa Mesa Freeway (State Route 55). Fixes for bottlenecks at major interchanges are also planned, including the notorious "Orange Crush" and the overloaded intersection of I-5 with the Costa Mesa Freeway (State Route 55).

Funding for improvements to streets and roads is more than doubled from current Measure M levels. More money is available for basic maintenance – filling potholes and repaving worn-out streets. Streets can be widened, intersections upgraded, traffic flow smoothed, pedestrian safety near schools improved. Financial incentives are provided for a collaborative approach to synchronizing traffic signals across jurisdictional boundaries.

A visionary rail transit system is planned using the 100-year old Santa Fe rail line through the heart of Orange County and the well-established Metrolink

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commuter rail service as the platform for future growth. Existing rail stations will become regional transportation hubs, able to serve as regional gateways or the centerpiece for local transportation services. New localized high-capacity transit systems will be developed in a competitive marketplace of transportation ideas where the best ideas emerge and compete for funding. Each idea will be evaluated against clear, common sense criteria such as congestion relief, project readiness, local funding commitments, private investment, connectivity, compatible land uses, proven technology, and a sound operating plan.

More specialized bus transit service, including more local van services and reduced fares for seniors and persons with disabilities will be provided. Safety at key bus stops will be improved. A network of community-based small bus services will be developed in areas outside of the central county rail corridor.

Polluted runoff from our transportation system continues to be a major contributor to water pollution and beach closures. An environmental cleanup program will award funds on a competitive basis to the highest priority, state-of-the-art solutions to control transportation-generated pollution, improve water quality and keep our beaches and streets clean.

Strong taxpayer safeguards and independent audits will be put in place to guarantee that funds are used only for transportation purposes and only for the projects approved by voters. An independent Taxpayer's Oversight Committee will have the power to review expenditures, raise fiscal issues, ask tough questions, and independently certify each year that transportation dollars have been spent according to the Transportation Investment Plan. Because things will change over thirty years, a thorough examination of the Plan will be conducted every ten years, and more frequently if necessary, with any major changes taken back to the voters for authorization.

#### Getting From a Draft to a Final Plan

The Draft Transportation Investment Plan provides a vehicle for community comment and input leading toward a final plan that can be placed before Orange County voters on November 7, 2006.

An outreach program to seek comprehensive review and input on the draft plan is presented in the "Measure M Investment Plan Outreach Update" report to the Committee. The key elements and timetable for this program are summarized in the table below:



<b>Description</b>	<b>Timeframe</b>
Provide a draft Measure M Investment Plan to cities, County, key stakeholder groups, media and request feedback.	Jan 2006
Post the draft plan on the OCTA website; localize messages and offer cities similar website information and links.	Jan 2006
Mail plan information / fact sheets to an estimated 3,000 community leaders in the OCTA database; initiate speaker's bureau contacts.	Jan 2006
Intensify level of speaking engagements, conduct city council workshops, meet with industry and interest group participants, solicit formal feedback where possible.	Jan - Apr 2006
Host three regional general public open houses - one each in north, central and south Orange County. Use paid and non-paid media to announce places, dates and times; include minority media publications.	Feb - Mar 2006
Staff Super Committee, Citizens Advisory Committee and Technical Advisory Committee workshops to gather plan feedback.	Feb - Mar 2006
Launch localized outreach efforts; customize information to the local level and well as highlight regional projects and services.	Feb - Mar 2006

The timetable and key dates for completing review of the draft Plan are shown as Attachment B to this report. It shows that in addition to seeking input on the Plan in the period from January to April 2006, an implementing Ordinance must be developed. Since the Ordinance is principally a legal document, it is recommended that an adhoc Legal Advisory Committee be convened, consisting of OCTA's legal counsel, a representative from the Office of County Counsel, a municipal attorney designated by the Orange County Division of the League of California Cities, and a private sector attorney designated by the Orange County Business Council, to advise the staff and the Committee and assist in the Ordinance drafting process.

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With a recommendation by the Committee and action by the Board to release the Draft Transportation Investment Plan, staff will proceed with implementation of the outreach program and development of the Ordinance. A staff recommended Final Plan and Ordinance will be presented to the Committee on April 10, 2006, and to the Board on April 24, 2006. From May through June 2006, city councils and the Board of Supervisors will be asked to approve the Renewed Measure M Transportation Investment Plan. If a majority of the cities representing a majority of municipal residents and the Board of Supervisors approve, the Plan and Ordinance can be adopted by the OCTA Board of Directors and forwarded to the Board of Supervisors to be placed on the ballot. This will need to occur no later than the end of July 2006 for the matter to be placed on the November 2006 ballot.

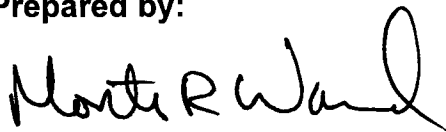
***Summary***

A Draft Transportation Investment Plan for renewal of Measure M is presented along with recommendations to seek further public input and develop an implementing Ordinance.

***Attachments***

- A. Renewed Measure M: Draft Transportation Investment Plan
- B. Renewed Measure M: The Next Steps

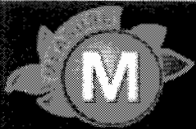
**Prepared by:**



Monte R. Ward  
Director of Special Projects  
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THE PREVIOUS "DRAFT TRANSPORTATION  
INVESTMENT PLAN"  
HAS BEEN REPLACED  
WITH THE REVISED DRAFT PLAN,  
WHICH FOLLOWS THE  
COMMITTEE TRANSMITTAL  
AT THE FRONT OF THIS AGENDA ITEM

THANK YOU



# Renewed Measure M: The Next Steps

<b>2020 Committee: Draft Plan/Ordinance Direction</b>	<b>Dec. 16, 2005</b>
<b>OCTA: Release Draft Plan/Ordinance Direction</b>	<b>January 9, 2006</b>
<b>Public Review of Draft Plan/Development of Ordinance</b>	<b>Jan. - April 2006</b>
<b>2020 Committee: Recommend Final Plan and Ordinance</b>	<b>April 10, 2006</b>
<b>OCTA: Release Final Plan and Ordinance</b>	<b>April 24, 2006</b>
<b>Cities and County Approve Renewed Measure M Plan</b>	<b>May - June 2006</b>
<b>OCTA Adopts Renewed Measure M Plan and Ordinance</b>	<b>July 2006</b>
<b>Board of Supervisors Put Renewed Measure M on Ballot</b>	<b>July 2006</b>
<b>Public Votes</b>	<b>Nov. 7, 2006</b>





*January 9, 2006*

**To:** Members of the Board of Directors  
**From:** Arthur T. Leahy, <sup>ATL</sup>Chief Executive Officer  
**Subject:** Review of Request for Proposal for ACCESS, Contracted Fixed Route, Stationlink and Express Bus Services

**Overview**

At the December 12, 2005, Board of Directors meeting, Orange County Transportation Authority staff presented an overview of the Request for Proposal for ACCESS, Contracted Fixed Route, Stationlink and Express Bus Service. The scope of work presented included combining all services and operating from the Orange County Transportation Authority's Irvine Base. Staff is returning to the Board to clarify the direction given regarding the use of facilities.

**Recommendation**

Authorize staff to issue Addendum No. 1 to Request For Proposal C-5-3021, ACCESS, Contracted Fixed Route, Stationlink and Express Bus Services to permit proposers to submit supplemental proposals to use their own facility.

**Background**

A procurement was recently conducted for the provision of ACCESS, Contracted Fixed Route, Stationlink and Express Bus Service. At the December 12, 2005, Board of Directors meeting all bids received were rejected and staff was directed to issue a revised Request for Proposals (RFP). To allow time for this process, the current agreement with Laidlaw Transit Services was extended on a month to month basis not to exceed four months.

Following the Board meeting and a review of the Board's action to approve an approach to this procurement, staff became concerned as to whether there might be some question as to the Board's intent. The specific issue in question is whether the Board intended to require that proposers use the Orange County Transportation Authority's (Authority) Irvine Base.

A review of the Board discussion and action makes it clear that the Board intent was to require that proposers use the Authority's Irvine Base. Bid documents have been issued reflecting this approach.

Somewhat less clear is whether or not the Board intended to permit proposers to submit a supplemental proposal using their own facility.

During this lengthy re-procurement process, the Board has consistently indicated that vendors should be permitted to be as creative as possible in submitting bids which will be the greatest benefit to the Authority. Permitting vendors to submit a supplemental proposal using their own facility is consistent with this general approach.

***Discussion***

In the previous procurement proposers were given the option to bid on a variety of service models. This included the use of the Authority's facility or the use of their own facility. Of the bids received, only the incumbent firm proposed the use of their own facility.

Discussions regarding this procurement and the use of the Irvine Base brought focus to the pending issues surrounding the property and the City of Irvine's future plans for a park in that area. Staff is in the process of developing a long term facilities plan which will address this issue and the issues of space constraints for contracted services in the future.

***Summary***

Staff is seeking clarification on the issue of use of facilities in the procurement for contracted transit services. Staff recommends issuing an addendum to the RFP to permit proposers to submit supplemental proposals to use their own facility.

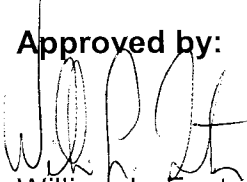
***Attachment***

None.

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